

SUMMARY OF THE DEBATE

The debate concentrated on three issues: the way in which the *Trade and Development Report* has been used, the reasons why the Report often has not received appropriate recognition, and ideas for major possible themes for the Report to address in the future.

Regarding use of the Report, one speaker from civil society mentioned that staff at his institution had used the *TDR* as a reference for their own analyses and for understanding global economic developments. It had also been used for disseminating to policymakers and to the general public UNCTAD's contribution to independent thinking and its exploration of ideas for developmental policy-making, as it often presented alternative views to those advocated by other international organizations. The Report's analysis and associated policy conclusions regarding the East Asian development experience and the East Asian crisis had been particularly useful, as was its evaluation of their implications for the reform of the international monetary and financial architecture. The Report's cautioning against big-bang trade liberalization, and its arguing that this would risk causing deindustrialization, especially in African countries, was considered equally valuable advice. He also said that the concerns expressed in the Reports about possible adverse impacts of too rapid trade liberalization had been among the reasons why, in the current Doha Round of multilateral trade negotiations, it was recognized that least developed countries should not move too swiftly towards full trade liberalization. The same speaker observed that the analyses in recent issues of the Report regarding the macroeconomic impacts of the current economic and financial crisis, which were in line with its traditional analyses and policy orientations, had also been very useful. Speakers from academia added that they had used the Reports as teaching material in conjunction with reports from other international organizations. They particularly valued the Reports' serious theoretical and empirical

analyses and their related nuanced policy conclusions. Speakers also pointed to the Report's utility for developing-country policymakers, as underlined by Mr. Ismail's presentation.

A range of speakers commented that the *TDR* had not always received the recognition it deserved, but differed in their assessment of the reasons for this. Some mentioned that the Report ran up against vested interests because of its support of developing-country interests, which did not always coincide with the interests of financial markets and the policies adopted by developed countries. Others said that the Report's theoretical tradition was, in addition to mainstream economic theory, based on the thinking of economists such as Gunnar Myrdal, John Maynard Keynes, Hyman Minsky, Raul Prebisch and Joseph Schumpeter, which for many years had been considered "outmoded". The alternative voice provided by the Report had often met with a collective attitude of denial that the very existence of any alternative to mainstream economic views could be relevant to today's problems. It was only with the current crisis that the usefulness of a plurality of views was acknowledged and that more mainstream economic analysis had "rediscovered" the pertinence of the thinking of the above-mentioned economists. In a sense, this rediscovery had brought mainstream thinking closer to the approaches and policies that the *TDR* had consistently upheld. It was also suggested that on some occasions the Report's policy recommendations may not have been mentioned deliberately. For example, in December 2001 the then chief economist of the International Monetary Fund proposed a "new" approach to sovereign debt restructuring along the lines of that used to address domestic bankruptcy – a position that had been advocated explicitly by the *TDR* much earlier. Recourse to the principles of orderly debt workouts along the lines of Chapter 11 of the United States Bankruptcy Code had first been proposed by UNCTAD in *TDR*

1986 (annex to chapter VI) in the context of the debt crisis of the 1980s, and further elaborated in *TDR 1998* (chapter IV) and the *TDR 2001* (chapter III), published in April of that year.

With regard to possible future topics that might be addressed by the *TDR*, there was some discussion as to whether and how new issues should be treated. There was also a discussion as to what extent new issues should draw on specific areas and policy messages that Raul Prebisch, UNCTAD's first Secretary-General, had examined in the 1950s and 1960s. One speaker mentioned that the key issues for the twenty-first century included human rights, the environment, inclusive development and the promotion of gender equality, and suggested that the Report should play an important role in mainstreaming these issues into general economic life. Some also believed that of similar importance was growth and development in commodity-based economies. Key challenges were how to avoid repeating these countries' disappointing performances during past commodity price booms, and how to maximize the benefits of buoyant commodity exports for economic growth and structural change. In this regard, it was noted that the Report could take its cue from Prebisch's work and also explore whether the East Asian model could be replicated in economies with different initial conditions.

Other speakers argued that it would not be useful to cling too closely to Prebisch's work. While extremely useful at the time, his casting of global interdependence in terms of centre versus periphery and commodities versus manufactures no longer reflected the way in which the global economy was functioning. The situation had changed and so had

the analytical approaches to examine it. Developing countries had assumed an increasingly important role in world economic relations and had become major exporters of manufactures. Indeed, this had led Hans Singer, whose name had been closely associated with that of Prebisch, to reformulate the so-called Prebisch-Singer hypothesis already in the early 1990s. A challenge for the Report was therefore to propose a new development paradigm more suited to the new context.

A third group of speakers shared elements of both these alternatives, emphasizing that the Report should continue to take a critical approach towards economic theory and facts, as well as support policies that benefit all, but especially citizens in developing countries. They believed that the *TDR* should continue to examine emerging issues of importance to developing countries, but also maintain its focus on where it could make valuable contributions. Many of the issues that had been UNCTAD's main concern during the 1960s and 1970s, as well as during the early years of the Report – namely trade, finance and macroeconomics – were still relevant and should not be abandoned. Rather than treating new topical subjects, the Report needed to maintain its tradition of trying to anticipate issues within its core competence of global interdependence and its impact on national policy-making. It was in these areas that it could adopt new approaches in order to provide new solutions aimed at ensuring that domestic policies and international action were mutually supportive in achieving sustainable development. This was also considered necessary for practical reasons, as the small number of staff preparing the Report could not acquire and maintain expertise in an ever-expanding range of topics.

This publication was prepared by the UNCTAD secretariat to commemorate the first three decades of the *Trade and Development Report (TDR)* – UNCTAD’s main flagship publication – whose first edition was published in 1981.

Part One of this publication traces the key issues relating to the global economy and development strategies discussed in various *TDRs* over the past three decades. It also shows how the ideas, analytical perspectives and policy proposals expressed in the *TDR* have differed from “mainstream” thinking, and how they have evolved in response to new challenges arising from global economic developments.

The salient features reviewed in this publication are:

- The concept of interdependence, which has shaped the *TDRs*’ policy analyses and recommendations over three decades;
- The approach of the *TDR* to macroeconomic and financial policies in both developed and developing countries;
- The *TDRs*’ contribution to the debate about the shortcomings and the need for reform of global governance in trade, finance and macroeconomics;
- The *TDRs*’ assessments of the failures and successes of development policy, as well as their recommendations for development strategies, taking into account lessons from past experiences; and
- Issues that remain topical and others that may become relevant for analysis in future *TDRs*.

Part Two of the publication comprises the contributions of the experts who participated in a panel discussion on “*Thinking Development: Three Decades of the Trade and Development Report*”, a pre-Conference event for UNCTAD XIII, which took place in Geneva on 20 February 2012.

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