
Part One

TRADE AND DEVELOPMENT REPORT, 1981–2011: THREE DECADES OF THINKING DEVELOPMENT

1. INTRODUCTION

This review traces the key issues relating to the global economy and development strategies that have been addressed in UNCTAD's *Trade and Development Reports (TDRs)* over the past three decades. It also intends to show how ideas, opinions and proposals expressed in the TDR, and the analytical approaches used, differed from those of proponents of "the mainstream" and how they evolved in response to new challenges arising from developments in the world economy.

Over its 48 years of existence, UNCTAD evolved from a negotiating forum (in the first 20 years of its existence) to a "development think tank", and the TDR has been its main outlet. Presenting the results of the Secretariat's policy analysis as mandated by the diverse Conferences, the TDR has served both as a document for debate in intergovernmental bodies, primarily in UNCTAD's Trade and Development Board, and as a publication directed at a much broader audience.

The launch of the TDR series responded to the interest of the Group of 77 in independent research on trade and development issues and in alternative views and policy options to those of the Bretton Woods institutions. Such "independent policy research and analysis" from a development perspective by a United Nations body was considered essential in the absence of an institution at the global level that reflected specific developing-country concerns and it provided intellectual inputs to a multilateral

North-South dialogue. The originality of the Report lies in its discussion of national policies and strategies in the context of the performance of the global economy and its institutions, with the aim of providing substance to the notion of a "global partnership for development".

In launching the TDR series in 1981, UNCTAD took a novel approach to the discussion of development challenges and development policies by giving up the dichotomy between short-term economic issues and long-term development issues that had shaped "development economics" during the post-war era. This implied not only linking demand management with policies in support of structural change and gradual integration into the world economy, but also linking success of development efforts at the national level with structural and cyclical developments in the world economy. In particular, the TDR emphasized the importance of the external environment for development in developing countries – thereby, in a way, anticipating the notion of globalization.

A recurrent aspect of the TDR has been its, frequently implicit, discussion of the role of the State in economic activity, in general, and in economic development, in particular. The TDR has distinguished itself from reports of other organizations in taking a prudent attitude towards the merits of the free market. However, it has never served as an agent in favour of an "anti-market" ideology. Rather, it has aimed at promoting well-targeted pragmatism in policy-making. The

concern of the TDR has not been “State vs. market”, but effective policy vs. “market fundamentalism”. Accordingly, it has tried to help developing countries to create what is sometimes called a “developmental state”. In this regard the TDR has remained consistent over the 30 years of its existence.

It has also remained consistent in basing its analysis on the concept of global interdependence – even at times when there was considerable pressure to restrict the policy debate to national issues in developing countries – and on Keynesian macroeconomics, even when such a concept had fallen out of grace. The TDR’s approach could be considered “structuralist”, because it has always seen many of the economic problems in developing countries as deriving from the way in which they have interacted with developed countries, and because its analysis and policy recommendations have been based on the recognition of factors that limit the capacity and willingness of private enterprises in developing countries to undertake long-term investments and to modernize their productive capacity, which hampers structural transformation.

An excursion into the past 30 issues of the TDR reveals that analyses in the Report frequently anticipated emerging economic problems at an early stage, and that in many instances policies came to be practiced that were in line with the TDR’s recommendations made several years earlier. Such analyses and recommendations often received little support from member States at the time they were formulated and little acknowledgment at later stages. The point is not that the TDR “predicted” future events – which it also did in several instances – but that it looked at the functioning of the world economy and the development process from a different angle than other

international organizations and a large segment of the economic profession. This different angle often proved to be the more appropriate one.

As the difficulty in concluding the Doha Round of multilateral trade negotiations – the so-called “Development Round” – shows, the promotion of a development-friendly integration of developing countries into the world economy remains a major challenge. The world economy has undergone major changes since the inception of the TDR series in the early 1980s, partly as a result of institutional developments, notably the creation of the World Trade Organization (WTO) and increased membership of developing countries in this organization, and partly as a result of structural changes in many countries. Nonetheless, the *raison d’être* of the TDR remains valid: it continues to provide critical assessments of current economic developments and policy action, forward-looking analysis and evidence-based policy recommendations.

This review first revisits the concept of interdependence, which has shaped the TDRs’ policy analyses and recommendations for three decades.¹ Section 3 then tries to explain the approach of the TDR to macroeconomic and financial policies in both developed and developing countries. Section 4 reviews the TDR’s contribution to the debate about the shortcomings and the reforms of global governance in trade, finance and macroeconomics. Section 5 summarizes the TDRs’ assessments of the failures and successes of development policy, as well as their recommendations for development strategies, taking into account the lessons from past experiences. The short concluding section discusses briefly some of the issues that remain topical and others that may become relevant for analysis in future TDRs.