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A little after the crumbling of the Berlin Wall, the philosopher Emmanuel Levinas was asked whether he thought that the democracies had won. ANo@ he said, A think they lost, and lost a lot. Despite all the horrors and excesses, communism had always stood for hope and waiting. Hope that it would be possible to redress the evil done to the weak, waiting for a more equitable social order. Not that the communists had a solution, nor were they preparing it. On the contrary. But there was the idea that history had a meaning, a direction, that living was not senseless, absurd. It was an idea that people in the West had had since the eighteenth century and which, thanks to Marx, had taken firm root in the twentieth century. I do not believe that to have lost this idea forever amounts to a great spiritual conquest. Until yesterday, we knew where history was heading and what value we should give to time. Now we roam aimlessly and lost, asking ourselves every few minutes: AWhat time is it?@In a fatalistic way, a little bit as some people keep asking in Russia: AWhat time is it?@No one knows any longer.”

This beautiful text of Levinas is a good starting point. It contains three basic ideas. First, history, that is, society on the move, has to have a direction, has to give a meaning to politics and the economy. Second, this sense of direction can only come from overcoming poverty and need, from building a better world. Third, we have to start here and now, to look around and ask ourselves: AWhere are we? Where do we want to go? What time is it?@

It is the dawn of a new century, the early days of the third millennium. We are at the heart of the great and ancient continent of Asia, home to most of mankind: the only region where, since the economic rise of Japan, followed later by a dozen success stories, including Thailand, it has been demonstrated that development is not an impossible dream. But we also stand in Bangkok, the epicentre, less than three years ago, of a financial earthquake that threatened to bring down what had been accomplished in thirty years.
Asia has now come out of its crisis and is back in force on the world stage. It achieved this through resilience, hard toil, suffering and thanks to the cooperation of the international community. The virtues behind these Asian exploits remain as valid today as before: high savings, sound macroeconomics, investment in human resources, export orientation, public-private sector partnership. Those are necessary conditions for development, the core, the bare minimum denominator about which we could perhaps all agree. The recent massive failure of financial markets has shown, however, that they are far from sufficient.

That failure hit not so much the least advanced, but rather the most advanced, among developing countries, precisely the ones that excel in the qualities mentioned. Admittedly they could have done more to improve regulations, bank supervision, to end political cronyism, and so on. But would this have spared them the pains of contagion? Nothing is more doubtful, judging by what we saw in some of the economies where such problems were less evident (in Hong Kong for example). They too had to pay a high tribute in lost output and in unemployment.

The fact is that we learned a hard lesson: that progress in development will not necessarily make you less vulnerable to external shocks. It may lessen the pain, shorten the trial, but will not provide total protection. The reason paradoxically is the same as the one that made development possible in Asia: integration into the global economy. It was thanks to integration that some Asian countries have been able to grow through exports to their neighbours and to global markets. It has also been because of integration, though, that they became the victims of the whims and caprices of the so-called herd behaviour of financial markets. Michel Camdessus said it all when, before the Lyon G-7 meeting, he stated that the twenty-first century had started with the Mexican crisis, which has shown how national decisions and global consequences and, of course, vice versa, global decisions and national consequences, were inextricably intertwined.

Interdependence, in other words, is here to stay and it works in both directions, for the better and for the worse. Some, however, are more interdependent than others because they are weaker, more vulnerable and need more protection.

This is what I understand by here and now, that is, the immediate background for our gathering. It is an appropriate stage to conduct a thorough, in-depth reflection on the experience of development over the last few decades. It should first be a stocktaking exercise: what went right, what went wrong and why? Secondly, we should ask what was missing from the original approach when the emphasis was on capital accumulation, productivity increases, trade not aid. Some of the answers are obvious: the environment and how it conditions the sustainability of development, the quality of growth, income distribution, poverty reduction, the role of women, institution building, human development. These are a few of the dimensions that have to be integrated in a new synthesis, a fresh paradigm. And thirdly, what are the challenges ahead? Taming short-term capital volatility, broadening the supply-basis away from dependence on a few commodities, incorporating technology in an age when development will depend more on knowledge than on other factors, would probably be on everybody’s list, but there are certainly many more.

You will have noticed that I omitted extreme, mutually-exclusive dichotomies such as the state versus the market, price stability against economic expansion, labour flexibility or
job protection, dirigisme versus free enterprise, foreign or national capital, integration against autarchy. I did so because I believe these are false problems, conceptually solved long ago. Instead of wasting time fighting past battles all over again, we should concentrate on the real challenges of the present, focusing on facts, empirical evidence, not on ideologies. Trying, among other things, to harmonize and compatibilize the elements of the classical dichotomies in a mutually reinforcing, more coherent way.

Coherence here is a keyword: between the external economic environment and domestic policies, but coherence as well inside each of the two poles. South-East Asia could be a case study in this regard. A problem that started in the financial sector soon spread to the currency and then brought trade markets tumbling down worldwide. Would it have been possible to treat the financial and monetary troubles with policies that, instead of forcing the affected countries to repress imports, could have helped them to recover through exports, keeping the level of import demand high? Or, putting it in a slightly different form, would it have been possible to implement policies to make finance, currency and trade more coherent with each other?

This also applies evidently to domestic policies, not only between the monetary and fiscal dimensions but in relation to social policies in the broadest possible sense. We citizens of the developing world should have no quarrel with the notion that efficient and honest government, human and social rights, strong investment in human resources, in education and health, a healthy environment, are all indispensable components of any worthwhile and sustainable development strategy. It is true that sometimes these goals have been politically instrumentalized or used in a biased and selective fashion to discriminate or impose unreasonable conditionalities. They are no less desirable or decisive because of this. After all, if we want to develop, it is exactly in order to be able to enjoy these benefits. And if there is a deep meaning for globalization, it is to be found in the awareness of the universality of democratic and human rights values, the realization that they do not belong to a particular culture or group of countries, but that they constitute the basis for a world ethic that promotes dialogue, understanding and cooperation among cultures, religions, civilisations, not clashes or conflicts or intolerance.

Notwithstanding this truth, the world remains a highly heterogeneous and unbalanced place and countries find themselves at extremely different vantage points as they attempt to achieve coherence or promote universal aspirations. One should not lose sight of this extraordinary variety of conditions and inequality of assets when striving to understand how development happens. Complexity lies at the heart of development and requires flexibility, gradualism, adaptability, diversity of policies and therapies, appropriate sequencing of reforms. This is why there can be no immutable set of recipes, no infallible or dogmatic paradigms or consensi. De Gasperi, the founding father of the Italian Republic, used to say that it is not true that politics needs patience: politics is patience. Likewise, we could say: development is patience.

Indeed it is. But development is equally solidarity. In the universal struggle for coherence, efficiency, competition, there will be winners and losers, not only among individuals and firms, but among countries, regions, entire continents as well. Africa, for instance, and the 48 least developed countries or at least a majority of them - and 33 LDCs are African - risk becoming the absolute losers in this game. Do we have the moral right to remain indifferent to their predicament? There are naturally local causes for this state of
affairs, some of them due to human shortcomings, some of an objective, geographical nature. Can we claim, though, that we share no responsibility for the situation? Should we, through our indifferent selfishness, condemn hundreds of millions of brothers and sisters to a life of quiet desperation?

Some still insist that the problem will be better dealt with by bringing about a level playing field, by just eliminating price-distorting mechanisms, by creating equal opportunity for all. The fact is though, that, peoples and countries start from astronomically differing starting points? How truly equal is equal in this case? Should we not recognize that the game of competition requires, as all games do, not only clear rules and impartial arbiters but training, preparation, as well? Is this not what countries that have long-deprived and underprivileged minorities do with their Affirmative action programmes aimed not at hypothetical equality but at the actual equality of providing the needy, that is, the unequal, with specific, differentiated opportunities to learn how to compete, how to produce, how to trade? This is a work of patience that will likely take generations, that will require, as President Clinton and other world leaders are urging, a massive, concerted cooperation effort for capacity and institution-building. It is a challenging but worthwhile endeavour, one that will come close to meeting the high standard that Dr. Martin Luther King set for us when he wrote from Birmingham: injustice anywhere is a threat to justice everywhere.

This is, by the way, what solidarity means in a comprehensive sense. It stems, of course, from the fundamental unity of humankind, the only possible basis for a shared responsibility for the global environment, for human rights, but also for fighting poverty and exclusion as well. The United Nations High Commissioner for Refugees, Mrs. Sadako Ogata, had this in mind when she stated that there can be no true globalization until we put an end to genocide. The moral imperative, the ethical commitment to the weak and vulnerable does not exhaust the full content of the concept. Solidarity also makes sense in a purely economic, objective fashion, it is equally a matter of self-interest.

It is for this reason that we in UNCTAD never speak about globalization without immediately adding and interdependence.

There is an arrogant strain of globalization that exclusively underlines the unfettered, unlimited power of footloose capital, and is only concerned with the search for profit. In contrast, interdependence highlights the mutuality of interest, the “win-win” situations. It draws attention to the links that should bind together the enterprise with its workers and local communities, producers and consumers, at the domestic level; suppliers and importers of commodities, emerging economies offering potential for fast growth and providers of capital and technology from mature economies, internationally.

From its very beginnings, UNCTAD has stressed three central ideas. First, developing countries’ growth depends on the rate of economic expansion and import demand of industrial countries, and vice versa. Second, emerging economies can only achieve their full growth potential if they are able to complement and multiply national resources with finance, investment and technology from abroad. Third, trade is the best instrument to generate the virtuous circle of development, but in order to fulfil its role it has to promote dynamic access to markets of developed nations for goods and services of increasing technological content and added value.
In one of his statements to the first UNCTAD in 1964, Dr. Prebisch spoke at length of what was then called “the trade gap”, that is, in his words, the fact that “the imports of capital goods and other goods, which the developing countries require, far exceed what they can now finance from their export earnings”. If those countries were to meet the 5 per cent minimum rate of annual income growth set by the United Nations for the decade – a target he described as a “very modest rate which must be exceeded as soon as the necessary conditions for raising it have been created” – by 1970 the gap would be US$20 billion. Prebisch remarked that the gap meant that there would be US$20 billion worth of capital goods that could not be exported, a loss of promising export opportunities by the industries of advanced economies. In today’s dollars, this would amount to $200 billion.

Last year, the UNCTAD Trade and Development Report revisited the concept. It found that, in spite of the results of the Tokyo and Uruguay Rounds, the average trade deficit of developing countries in the nineties was 3 percentage points of GDP higher than in the seventies, whereas economic growth was 2 points lower. Far from meeting or exceeding the 5 per cent growth target, many countries had failed to reach even the 3 per cent annual rate for the decade. This was the case, for instance, of Latin America where, at the same time, the trade deficit was higher, around 4 per cent.

There were naturally some bright exceptions, many of them in Asia, and the reasons for the overall mediocre performance are varied. Sluggish growth in the economy and import demand of industrial nations played an important role. Likewise, the fall in commodity prices and the deterioration in terms of trade bear a share of the responsibility in this regard, as does the choice of inadequate policies by developing countries.

There is no denying, however, that a significant part of the blame has to be laid on the unbalanced way in which trade liberalization has proceeded. A man beyond suspicion of harbouring a grudge against globalization, Professor Harold James, of Princeton, wrote in December in one of the IMF’s publications, that the trading system had been allowed to succeed because of the deliberate choice of excluding agriculture, and textiles and clothing. One can argue the point, of course, but no one can reject the fact that, after 53 years of existence, the system has not been able to cope fully with the need to integrate these two central sectors for developing countries.

For many years, UNCTAD was almost a lone voice drawing attention to the problem. Now, however, we take comfort from the support that we have been receiving from different quarters. Ms. Clare Short, the United Kingdom Secretary of State for Development Cooperation, called for a “development round” to be launched. Mr. Mike Moore spoke eloquently in the same vein during the Marrakesh Ministerial meeting of the Group of 77 and China. So did President Clinton in Davos, Mr. Pascal Lamy in Brussels. In OXFAM’s Gilbert Murray lecture of 11 January, Mr. Gordon Brown, the United Kingdom Chancellor of the Exchequer, stated that “the test for trade talks will be whether developing countries benefit”. In order to make progress in the WTO, he added, it has to reflect “the needs and views of the developing countries, and enable them to participate fully in the discussions and have ownership of the final agreement”.

I could well rest my case here were it not for the realization that the daunting task remains of translating these words into action. In this undertaking, UNCTAD’s role is clear. As a knowledge-based and consensus-building organization, it should assist developing
countries to build the institutions and develop the skills to formulate trade, investment and economic policies in general, to negotiate successfully with their partners and to take the best advantage of the opportunities resulting from negotiations.

The precondition for this goal is original, first-class research and analysis conducted by the secretariat but complemented and improved through discussions with outside experts and exchanges with similar international organizations. This will pave the way for consensus among countries at different stages of development and provide the basis for practical implementation, be it through programmes such as the positive agenda for trade negotiations, commercial diplomacy, investment training programmes, or through national or regional capacity building projects in all areas relating to trade, investment and correlated issues.

Nevertheless, to be able to negotiate effectively will not be enough when you have nothing to negotiate. For many developing countries, possibly the majority of them, the problem is not so much one of market access, but one of supply as well. If an economy depends on coffee, cocoa or oil to earn 70 per cent of its foreign exchange, as happens with more than 45 nations in Africa alone, it has to look beyond trade negotiations that cannot per se solve their supply problems. How to broaden the productive basis, how to become capable of offering a variety of goods and services in the market place is something that, much more than technical assistance, will require sustained national and foreign investments, technology, enterprise skills.

In the same statement that I have been quoting, Dr. Prebisch prophetically says: “I feel that some day an international (trade) organization of greater scope, with certain supranational powers which for the moment do not seem to enjoy general acceptance, will have to come into existence.”

This finally came to pass when WTO saw the light of day with the support of developing countries which had become persuaded of their interest in defending a rules-based, multilateral system embodied in an institution, not in a contract of provisional application. It did not possess to the same degree, of course, all the characteristics Prebisch had in mind. Such an organization should ideally provide the predictability and security of the rule of law alongside an equitable and balanced sharing in the benefits of the system in order to close the gap that separates the very rich from the extremely poor.

There is certainly considerable scope for improvement in all these areas, and UNCTAD, as the United Nations General Assembly body with a mandate to promote development through trade, has a legitimate role to play in this respect. It is an enterprise that has to be carried out by all countries together, not in some Utopian, ideal, alternative system that does not exist except in dreams, but from the inside of the only existing, real-world system, always imperfect, always perfectible, like all of us human beings and institutions.

Paul Tillich wrote that, contrary to the anguish of death and destruction that marked the end of the Ancient Greek-Roman world or the anguish of moral guilt at the close of the Middle Ages, our world was ending amidst the anguish of the void and the loss of spiritual meaning.

It is a fact that this beginning of a century, of a millennium, has been accompanied by a pervasive anxiety and anguish about globalization and its perceived threat to a world of
human values and to the possibility of a rich and meaningful life. This perhaps has something to do with the return of extremist political movements even in the absence of the historical causes that were deemed responsible for their first appearance in the 1930s.

These fears and concerns of society have to be addressed and a systematic, structured dialogue has to be started between Governments, international organizations and concerned people everywhere. We should seek inspiration from the “Cahiers de doléances”, the books of complaints where people expressed their needs on the eve of the French Revolution. Now, however, we should ask for “Cahiers d’esperance”, books of hope and aspirations. Instead of utopias, we should remind ourselves of what Alexander Herzen stated so well: “a goal which is infinitely remote is no goal, only a deception; a goal must be closer – at the very least the labourer’s wage, or pleasure in work performed”. This, Mr. President, Ladies and Gentlemen, is the duty of Governments, of international organizations, working hand in hand in this Bangkok Conference: to provide common people, here in Asia, in developed and developing countries alike but especially in the poorest parts of the world, to provide them with realistic, credible, practical, reasons to hope for a future that will be better than the cemetery of utopias and illusions that we left behind.