12th Raúl Prebisch Lecture

UNCTAD
Past and Present:
Our Next Forty Years

by

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I have always been fond of how Ramón Cárcano, an Argentinean diplomat and gentleman of the old school, entitled his autobiography. With a charming mixture of humour, irony and optimism, he called it *Mis Primeros Ochenta Años -- My First Eighty Years*. This is twice as many years as UNCTAD has been in existence -- reason enough, in our case, to call the volume we are launching today *Our First Forty Years*. On the other hand, what really counts is our next forty years, because that is the only fragment of fleeting time about which we can still hope to do something.

This being so, I will try not to repeat what I wrote in the preface about my nine years at UNCTAD, on its evolving role as a forum for intergovernmental deliberations, on what Celso Lafer, the former Minister of Foreign Relations of Brazil, called “its creative tension” with the GATT and then the WTO, and its constant efforts to bring the perspective of development into the trade negotiations. These subjects are better developed in the preface and, except where necessary, I will not refer to them here today.

Many of those who preceded me in this lecture series were scholars of great academic prestige. This is obviously not my case. The comments I am going to make are of another nature, that of personal reflections inspired by Raúl Prebisch’s teachings, trying to capture what has already changed and is still changing in the reality that will shape UNCTAD’s work in the next forty years, to be a little presumptuous. I will divide this presentation into four parts: 1) the lasting legacy of Prebisch; 2) the changes in the reality that he dealt with and the intellectual challenges they represented; 3) the more recent evolution of the international system and its significance for development; and 4) a few concluding remarks on how I view the essence of the development process.

### I - The Lasting Legacy of Prebisch

Raúl Prebisch’s most enduring legacy was his ethical commitment to a genuine development that would lift out of poverty the world's marginalized and excluded masses.

To guide us in this struggle, he left us a method, a systematic critical attitude with which he evaluated dominant theories and paradigms in the light of their concrete, practical results and in the context of the differences in economic and social structures of underdeveloped societies. This sort of double “reality check” is well illustrated in the first of the Raúl Prebisch Lectures, delivered here at the Palais des Nations on 6 July 1982. After describing how he had begun his working life as an economist during the Great Depression of the 1930s, he says: “Those years of the great slump saw the beginning in Latin America of a movement of intellectual emancipation that consisted of taking a critical look at the theories of the centres, not in an attitude of intellectual arrogance – these theories have great merits – but with the realization that they deserved critical study. I must say that the United Nations played a big part in this critical inquiry that led us to seek our own path towards development instead of copying others; to ponder the realities of the situation and to try to meet the economic, social and moral requirements of development – the path of equity”.

These few lines say it all: the ethical and social conscience of development, the indispensable reference to reality and – above all – the critical attitude (note that the word “critical” appears three times in the passage).
This is not to suggest that many other of his lessons are not also relevant to us today. How to forget, for instance, what he wrote about technical progress constituting the essence of the development process, or about the need to redress the imbalances in trade between the centre and the periphery in order to allow this progress to flow freely? The deterioration in the terms of trade that is a consequence of the imbalances, the necessary adoption of industrialization policies to correct them, the prescription of a strategy not only of import substitution but also of manufacture export as the best recipe for fighting the trade gap – these are some of the examples of Prebisch’s themes still at centre stage of current debates.

Nonetheless, at the root of all these themes we find his attitude of “intellectual emancipation”, the rejection of intellectual dependence defined as “the unconditional subordination to the centre-elaborated theories on the part of some circles at the periphery”. It is tempting to apply to Prebisch’s method of critical inquiry what is often said about Karl Marx’s. Irrespective of whether you share Marx’s conclusions, his method has become inseparable from the modern approach to the social sciences. So has Prebisch’s method become unavoidable in dealing with development problems. Essential components of his attitude were the readiness to change whenever necessary and the constant search for renovation, an evolution that he describes as follows in his contribution to the book *Pioneers in Development*: “my thinking on development has gone through five successive stages under the influence of a changing reality and the broadening of my own experience”. In the same text, he says how his intense personal experience marked his intellectual history: “When I started my life as a young economist and professor during the 1920s, I was a firm believer in neoclassical theories. However, the first great crisis of capitalism – the Great Depression – forced me to seriously question those beliefs. It was the beginning of a long period of heresies, as I tried to explore new views on development matters”.

In presenting his comments on Prebisch’s essay, Professor Jagdish N. Bhagwati stresses: “It is remarkable how he has interacted with his economic and political environment and has therefore grown as an economist”. Shortly before his death in 1986, Prebisch declared in one of his last lectures, in Medellín, Colombia, “To renew our ideas is an imperative”.

The founding father of UNCTAD was a man profoundly involved with the history of his times. His strong, even passionate convictions never stopped him from being attentive and receptive to history, from recognizing the signs of the times and evolving and growing accordingly. This is one of his most lasting legacies: the need to be innovative and bold, to keep mind and eyes open in facing the problems of the here and now.

**II – The Changes**

There is still no better way to decipher the nature of things to come than to look at how they have changed in our lifetime. I am not suggesting it would be sufficient to recall what happened in the past forty years in order to imagine what the next forty will bring. Through this process, however, one can identify the patterns of change, if they indeed exist, or on the contrary conclude that there are no clear, predetermined patterns, that history is and will remain the domain of the unpredictable, the unexpected, the impossible-to-foresee.

I refer to patterns because it would be hopeless to try and make sense of individual, fragmented events. Fernand Braudel, who used to say he had become intelligent in Brazil, tells how, stranded at the side of a dark and dirty road in the Bahía hinterland, he discovered
that historical events are like the fireflies of tropical nights: they shine but they do not show
the way. Something more is needed to discern the road, and that is to identify the structures
of change, the century-long cycles of the *longue durée*, “the long duration”.

Well, if, with this lesson in mind, we look at the moment when UNCTAD was created
-- say, between 1964 and 1969, Prebisch’s term of office -- the first thing that catches the eye
is that those were among the final years of the best phase of fast growth in economic history.
The period extending from the end of the Second World War to the oil shocks of the 1970s,
roughly the 30 years that the French call *les trente glorieuses*, “the glorious thirties”,
coincided with the reconstruction and recovery of the European and Asian economies that had
suffered widespread destruction during the conflict. World output expanded rapidly.
Economists like Prebisch, who were busy calculating what should be the minimum rates of
economic growth for the successive United Nations Development Decades, were engulfed in
that exhilarating atmosphere of capitalist expansion, which was more or less taken for
granted. To what extent were they aware that, a few short years later, that phase would come
to an end, never to return again; that the “thirty golden years” were the exception and not the
rule in the long evolution of the world economy?

After the sudden end of rapid growth, new and worrying phenomena made their
appearance, among them high structural unemployment. It seemed at first to be concentrated
in Europe but has now spread to Japan. Despite the extravagant promises of the globalization
of the 1990s, the growth rates of the world economy have more often than not been
disappointing. In 2003, the Bank of International Settlements in Basel asserted that the
pattern of the international economy over the past few years had been one of unfulfilled
expectations. Some went as far as to say that the United States economy had reached a stage
where it needed continuous and massive monetary and fiscal stimuli just to avoid deflation
and to post erratic and unstable rates of growth. Perceptions have lately improved, but in the
face of the major macro-disequilibria between the US and the rest of the world, it would be
rash to maintain that we are back on a solid path towards high, sustained expansion, or that
the euro zone and Japan have definitely emerged from their long period of slow growth.

Should we then conclude that Braudel was right when he suggested in *Le Temps du
Monde* that the years 1973-1974 signalled the beginning of the downturn of one of his very
long trends or century-long tendencies, the one that started its upturn around 1896? If the
facts confirmed this pessimistic prophecy, we would find ourselves in the unenviable position
of witnessing the long and painful decline of a cycle of which only our grandchildren might
see the end. Whatever the truth, even if the duration of the current phase of sluggish, erratic
growth proves shorter than Braudel feared, what will be the consequences for developing
countries of the uncertainty we are already experiencing? It is undeniable that even during the
mediocre growth period of recent decades, some of these countries, particularly in Asia,
managed to expand vigorously, due to their catching-up potential and in a few instances, such
as China, to internal dynamics. Many others, however, in Africa, the LDCs and elsewhere,
have only been muddling through. Latin America, so dear to Prebisch, has to this day never
succeeded in regaining the dynamism it displayed when the great Argentinean economist
directed ECLAC in the 1950s and 1960s, when he was preparing for the adventure of
UNCTAD, perhaps unconsciously dreaming of repeating worldwide a performance that
would soon end in crisis in his region of origin.

A second pattern to emerge among the changes that UNCTAD confronted during its
initial stage was the emergence of oil and energy as a central and lasting challenge for the
international economy. UNCTAD met for the first time in the mid-1960s, at a time when oil was priced at US$ 2 a barrel, less than mineral water. No one paid much attention to what then appeared to be a permanent situation. After the two oil shocks of the 1970s, however, the world would never be the same again. Oil crises, constant volatility in prices and periodic threats of shortages would return to haunt it again and again. There is perhaps some irony in the fact that the only concrete expression of the effort to stabilize or improve commodity prices that somehow managed to survive, OPEC, sometimes had a destabilizing effect on the world and on development -- not because it was unreasonable to seek more stable, fairer prices for oil, but because of the lack of political will on the part of the mighty to achieve this goal through a process of international cooperation that would also have addressed the predicament of other commodity producers in poor countries.

A third and even more important structural and lasting upheaval of the economic environment that inspired UNCTAD’s creation was President Nixon’s decisions between 1971 and 1973 to fundamentally alter the original cornerstones of the Bretton Woods system, introducing currency flotation and all that that implied, for better or for worse. Some will say the changes were for the better, making a repetition on a worldwide scale of the Great Depression of the 1930s much less likely. But others will point out that instability and unpredictability also increased as a result, entailing a more frequent resort to competitive devaluation and aggravating the lack of coherence between the monetary-financial system and the trade regime. The unilateral, cavalier way in which the Bretton Woods inspiring principles were cast aside was well captured in the phrase used by Nixon’s Secretary of the Treasury, John Connolly, about the dollar’s international impact: “our currency, but your problem”. Do I need to add that the phrase has kept its relevance at a time when the US external deficit and the need to finance it are sucking about 10% of the total savings of the world? Or when trade and finance links between the US and Asia are so much influenced by this problem?

I have been selective in concentrating on these few examples of change because all three of them share some unusual characteristics. First, they had far-reaching consequences that continue to be felt strongly to this day. Second, they all took place within a decade of the first UN conference on trade and development and were of course closely interrelated.

My purpose was not to be exhaustive but simply to suggest that what I implied in the opening paragraph of this part of my lecture was indeed true -- that there are no predictable, clearly discernible patterns of change in history. Even when some of the ideas and suggestions of Prebisch or of UNCTAD were apparently accepted, they were almost never implemented in the manner suggested. The GSP, the Generalized System of Preferences, for instance, should not depend on the unilateral choice of the granting Governments; rather, it had been proposed as a binding agreement, not selective in coverage and not open to manipulation for political purposes or selfish economic advantages. One of Prebisch’s key principles – that reciprocity could never be purely legal and apparent but had to be real, expressing the differences in structure and levels of development between advanced and underdeveloped economies – has only imperfectly been expressed in Special and Differential Treatment provisions, in Part IV of the General Agreement, in the Enabling Clause. Others, like the commodity agreements with price clauses, were soon to be undermined by the more influential and powerful consuming countries.

One could rightly claim that neither the three early structural changes in the economic environment, nor the implementation problems, have truly altered the basic challenges of
development faced by UNCTAD in the mid-1960s, or the adequacy of the policy recommendations it offered. They did, however, change the conditions and prospects of the international cooperation needed for those recommendations to succeed. This process was to be altered even further as a consequence of the profound transformation effected in the recent evolution of the international system.

**III – The Recent Evolution**

Much of the evolution this system has undergone since 1990 favoured the solution of grave outstanding international problems, notably in the political-strategical sphere. For reasons we will see later, that was unfortunately not the case with economic problems in general and those of development in particular.

The crumbling of the Berlin Wall in 1989 was, of course the event that best symbolizes the potential of this new era to bring an end to the deep ideological divisions of the cold war and their political consequences: the division of Berlin, of Germany, of Europe and of the world into two hostile and irreconcilable camps. Barriers -- physical, legal, political -- were demolished everywhere, followed by the reunification of cities, countries and an entire continent, where the enlargement of the European Union, bridging the two opposing sides of the Iron Curtain, was the concluding chapter and happy ending. The demise of the ideological conflict, the end of “real socialism” in Central and Eastern Europe and the disintegration of the Soviet Union represented a formidable thaw that allowed old frozen problems to melt away -- not just the typical cold war conflicts, but also questions only indirectly related to it. The wall of apartheid in South Africa is a good example of an apparently independent and insoluble problem that found a surprisingly peaceful solution at that propitious moment of international relations when peace appeared to have become contagious. Its effects were also to be found in the pacification of guerrillas in Central America; in the end of civil wars in Cambodia, in several African countries torn apart by conflict since the struggle for independence; and in the final defeat and withdrawal of Soviet forces from Afghanistan. The same impetuous momentum allowed for the creation of the plurilateral coalition of the first Gulf War and the cooperative efforts in Bosnia and Kosovo.

The condition that made possible this movement of rapid and efficient problem-solving was not only the concentration of power in the hands of the United States after the collapse of the Soviets and the bipolar system. At a deeper level, there was something else – something which appears only in those rare historic phases when the international system significantly increases its degree of ideological homogeneity. The first expression of growing homogeneity was the sharing of a common criterion of legitimacy – representative and pluralistic democracy – the second, the rising convergence of countries towards similar and compatible principles of political, economic and social organization. Both trends reinforced the preference for multilateral solutions among like-minded partners for previously intractable problems exacerbated by ideological divergence and confrontation.

If, in the political arena, the internal logic of the trend favoured international cooperation, the opposite held true in the economic field. Here, ideological convergence took the form of an almost universal preference for the market as the basic organizational principle of the economy. The problem is that those who believe in the almost miraculous capacity of markets for self-regulation have trouble accepting international cooperation as necessary to impose limits on undisciplined market forces or to correct market imperfections. Very often, even if wrongly, this kind of cooperation is viewed by free-market advocates as a poor
substitute for, and not as a complement to, the market; as a threat, and not an aid. This helps to explain why, in an era that saw the solution to so many political problems, it has proven impossible to mobilize international cooperation at the level necessary to solve economic challenges -- not only those of development, but also the catastrophic monetary and financial crises that continue to threaten so many countries.

Two other trends have reinforced this tendency against international economic cooperation. The first, in the philosophical and ethical sphere, was the demoralization and weakening of the ideology of socialism. If that helped pave the way for the removal of political obstacles, it also deprived the world and individual countries of a powerful counterbalancing force to the free play of greedy market influence in social matters. Gone was the pressure for more equitable treatment of poor countries, whether out of fear of communism or the attraction of an ideal; gone was the concern with increasing inequality or poverty in a society ruled by ruthless competition.

The second negative factor, of a political nature, was the conservative revolution of Reagan and Thatcher that gave the right, sometimes even the authoritarian far-right, a semblance of legitimacy in its effort to dismantle the remnants of the welfare State and of legislation intended to protect the weak and the vulnerable. As Emmanuel Levinas said shortly before he died, the demise of socialism was not a victory for democracy: not because socialism had a solution to the problem of social injustice -- far from it -- but because socialism somehow helped to keep alive the idea that history had a sense and a direction, that life was not senseless and absurd. To have lost that idea was not a spiritual conquest. Until yesterday, we knew where history was going and we knew the value we should attach to time. Now we wander about, disoriented, constantly asking, “What time is it?” Nobody knows any longer.

At the same time, other huge, powerful forces were at work, transforming the fundamental dynamics of human society. One is the demographic transition that is driving massive migrations of people from South to North. A second force, more cultural in nature, is the scientific revolution in the treatment of information and its extraordinary achievements in the technology of satellites, cell phones, telecommunications, computers and software. In a typically Schumpeterian way, it gave a strong push to productivity and renewed the vitality and self-confidence of capitalism, particularly its quintessence, American capitalism. Helped enormously by the political demolition of ideological barriers, technological innovations in telecommunications and electronics combined with the role of transnational corporations to create the most recent incarnation of globalization.

It would be utterly simplistic to reduce globalization to its economic dimension. It is, on the contrary, a macro-phenomenon of historic significance and very broad comprehensive character, encompassing, as we have seen, many political, cultural, scientific and demographic aspects. In essence, it expresses the acceleration of a trend that began gathering momentum towards the end of the Renaissance, with the great maritime voyages of discovery and exploitation: the unification not only of markets but of the whole planetary space for the mutual knowledge and cross-fertilization of exchanges between the different branches of human civilization that had lived more or less in isolation from one another or, in some extreme cases, whose very existence had long been ignored.

Among all the forces contributing to that acceleration, there is no doubt that the most decisive have been the changes that are making communications easier, quicker and cheaper.
Perhaps one of its most spectacular manifestations is outsourcing, opening the possibility to people in India, for example, to offer and provide services of a personal nature over distances of thousands of miles. It is no coincidence that this period is witnessing the re-emergence of China and India, two of the most accomplished non-Western civilizations, which were for a long time overshadowed by the political and economic rise of the West. As Professor Angus Maddison has shown in his quantitative measurement of economic achievements from a historical perspective, the two Asian giants together accounted for the greater share of the pre-industrial output of the world economy. As late as 1820, when the effects of the Industrial Revolution had still not been fully felt, China alone accounted for not less than one third of the world's gross domestic product. In that regard, one could compare India and China to two giant whales that took a long, deep dive into the ocean of the world economy. Now that they are resurfacing, it is no surprise that they will make big waves. The important thing, however, is that more and more people are able to surf on the crest of those waves.

A phenomenon of such magnitude and complexity requires an unprecedented level of high-quality international cooperation for its adequate governance. Unfortunately, excessive reliance on the alleged "self-regulatory" capacity of the market threw the problem to the mercy of unbridled competition among gigantic corporations for the sake of profits and shareholder value, with the deplorable consequences we have seen. Nowhere has this dominant prejudice caused more permanent damage than in the pathetic inability of the international community to attenuate the frequency and destructive power of monetary and financial crises that, according to the Bank of International Settlements itself, pose a threat to the very survival of the current system of international payments.

Since the terrorist attacks of September 11, 2001, brought to a brutal end the brief post-cold war era that began with the demolition of the Berlin Wall, a more sombre period has been ushered in by the renewed predominance of security and political-military priorities over economic considerations. One initial result has been the continuous reinforcement of the might of the State and its indisputable prevalence over the market and civil society. The internal logic of the process has also been turned upside down. Now, self-defence, the obsession with security that is as absolute as possible, even at the cost of pre-emptive attacks, has made the search for international political cooperation look like a second-best option, if an option at all. The pendulum is again swinging back towards heterogeneity and dissent, even among former allies. Walls, separation fences, barriers are again being erected everywhere. In the face of the mortal danger posed by a murderous and monstrous variety of international terrorism, impelled by utter contempt for the most sacred values of the lives of mothers and children, it is not difficult to understand why self-reliance, which formerly prevailed only in market fundamentalism, has now spread to the political arena. The net and paradoxical result is that consensus-building, international cooperation and multilateral solutions to common problems have become more difficult at the very time that they are more vitally needed and more unavoidable than ever.

The chances for survival of the ideal of a humanistic civilization, inspired by solidarity and the enlightenment of reason, depend on our capacity to solve this intricate equation. No one has better expressed the attitude we need in these dark times than did Antonio Gramsci, in a letter to his brother Carlo from his prison cell, from which, as you know, he would only come out to die, at the murderous hands of his enemies: “… under such conditions … man should have reached the maximum degree of stoic serenity and have acquired such deep conviction that man has in himself the source of his own moral forces, that everything depends on him, on his energy, on his will … (that he will) never despair, never fall into those
vulgar and trivial dispositions called pessimism and optimism. My present disposition synthesizes those two sentiments and overcomes them: I am pessimist in intelligence but optimist through will”.

In our days, when war -- until recently the *ultima ratio* -- is becoming almost ordinary or commonplace, we have been hearing more and more about what strategists call “the fog of war”. In situations like the Iraq war and its tragic aftermath, the expression is often used to explain the unexpected and unexplainable, the uncertainty, the confusion of the battlefield, the surprising turn taken by the apparently best planned events. Well, the “fog of war” is by no means confined to battles and wars. If we look at our own field, it is not hard to find examples of how the more careful predictions and thoughtful analysis of the economic or commercial problems of development can easily be turned into something quite different from what was planned, and with equally unexpected outcomes.

Take, for instance, the future of the multilateral trading system. For years and years we have been told how this system was inexorably breaking down into three regional blocs, centred on the EU, the US and Japan, each with its own currency. Actually, what has been taking shape before our eyes is something quite different: a huge bloc formed by China, Japan and other Asian countries on the one hand, and the US on the other; inside this heterogeneous group, the Asians export to the gigantic “black hole” of the American market and finance its enormous external deficit through the purchase of dollars and Treasury bonds. As someone has remarked, there are today only two groups among developing economies: those able to finance their growth through exports to the United States, and the rest, the legion of countries still plagued by Prebisch’s infamous “trade gap”, which they are forced to finance through debt. This is certainly not the coherence that we need between the trade and the financial systems, but it is the closest we have come to it.

Look now at manufacture exports from the South. The share of manufactures in developing countries’ exports grew steadily, from 20% of their exports in 1980 to nearly 70% in 2000. That would probably have seemed an impossible dream at the time of the first UNCTAD conference in 1964. The problem is that such a remarkable performance has been concentrated in a dozen countries, most of them Asian, and in many cases it was the result of integration into the production and distribution systems of transnational corporations. The downside of entering markets through the international production system is the uncertainty associated with it, as companies can easily relocate or restructure activities – which is particularly true when the country concerned contributes only marginally to value added through cheap labour. As UNCTAD has demonstrated, only those countries that have managed to acquire the capability needed to add value -- rather than simply assemble imported inputs -- can secure long-term benefits from their involvement in the international production system, increasing their share in world trade at the same time as they increase their share in world manufacturing value added. That had not been foreseen in 1964, when production was understood to be an essentially endogenous or national process. The Final Act of UNCTAD I called for “a modified international division of labour, which is more rational and equitable and is accompanied by the necessary adjustments in world production and trade”. To what extent did the international division of labour that actually emerged fit into that exhortation, and to what extent was the end result again the product of the “fog of war”?

If we still needed another example of a major, earthshaking change that never entered into anyone’s calculations, just think of China. Was it even remotely conceivable in 1964,
precisely on the eve of one of the most violent and radical phases of the Chinese Cultural
Revolution, to imagine that less than a generation later, that country would emerge as one of
the leading trading countries in the world, to a large extent because of transnational
corporations’ exports to the US market?

The obvious lesson from all those examples is that things rarely happen the way they
were supposed to happen, if they happen at all. Most of the time, they take a totally
unexpected form, or are crushed into irrelevance by some completely surprising development
-- such as the recent phenomenon of China. The problem thus lies not in our inability to see
clearly through “the fog of development” and predict the economic world of the future, but in
our inability to deal with the “unexpected” events that suddenly emerge from the fog and
divert us from our desired course onto a different trajectory.

I am proud to say that UNCTAD has met the challenge posed by unexpected events or
trends and, through the sound analysis of the Trade and Development Report, has been able to
“de-construct”, if we can call it that, mechanisms like the one that explains why even an
increase in manufactures exports may ultimately prove to be a futile illusion. So has the TDR
been equally capable of conveying an early warning, as early as 1990, about the mortal
dangers of financial globalization, proceeding in a series of memorable reports to offer a
comprehensive and profound set of analyses and policy options to deal with monetary and
financial crises.

Likewise, the systematic monitoring of international movements of foreign direct
investment and the growing role of TNCs carried out by the World Investment Report has
deserved the attention, interest and applause it has received from a very wide audience. The
same is true of the careful efforts to clarify and explain the complex issues related to
investment negotiations, embodied in a series of monographs that constitute an indispensable
guide for policy makers, and of the pioneering work on investment policy reviews and the
preparation of investment guides for LDCs.

With regard to the LDCs, a category that did not exist formally at the time of
UNCTAD I, the team responsible for the Least Developed Countries Report has been carrying
out, with penetrating analytical capacity and admirable devotion to the cause of the poorest of
the poor, the daunting task of filling a void in previous approaches to development
economics. In effect, the LDC Report has shown that, far from being just a stage in
underdevelopment, the LDC condition is a trap -- the poverty trap -- from which it is difficult
to escape; that is, to use Prebisch’s language, the LDCs belong to a category that is
structurally different and deserving of special efforts. I am particularly encouraged by the
findings of research on poverty issues in LDCs and on the complex and elusive links between
trade and poverty.

I have deliberately limited my choice to a few examples from the three oldest
analytical reports of UNCTAD, but it would not have been difficult to compile a long list of
similar cases from the work of various Divisions and branches of the organization.
Paraphrasing a statement made by an outstanding Minister of Foreign Relations of Brazil and
former Chairman of the G-77 at UNCTAD II in New Delhi, Antonio Francisco Azeredo da
Silveira, I feel confident enough to close this part of my lecture by saying that “UNCTAD's
best tradition is its capacity for continuous renovation”. 
IV – Conclusions

As it has become quite clear in the course of this exposition, the presumptuous idea that we could somehow manage to extract from the changes of the past a clue as to what the future holds in store is just that -- a futile, foolish hope. There are no discernible patterns in the succession of events that will lead us to the right path. Chesterton was exercising his love of paradox when he said that “History teaches us that History teaches us nothing”. It is not necessary to go so far. It would be wiser to believe that History is intelligible, comprehensible, not because it has some hidden, predetermined meaning, but because we can give it meaning through rational action.

The starting point for such action should be the realization that, despite all the surprising events of the past few years – and some of them were undoubtedly of a positive nature – the social concerns to which Prebisch attached paramount importance remain major concerns to this day. As he was growing old in the 1980s, the middle of what he described as “the second crisis of capitalism”, he grew more strongly committed than ever to the cause of equity and solidarity within and among societies. At the end of his contribution to *Pioneers in Development*, he affirms that the time had come “to search for a synthesis of both socialism and genuine economic liberalism, and thereby restore that essential philosophic unity of economic liberalism with political liberalism”.

In the absence of an in-depth transformation of the system, he feared the inevitable collapse of the democratic variety of capitalism and its replacement by authoritarian regimes, at least in many countries on the periphery. One of the discussants of his paper, Professor Albert Fishlow, argued that the frustrations with the dictatorships in Chile and Argentina were the evident source of the concern.

Nowadays we again feel anguish and distress from the oppression of depressing, revolting developments, such as recently occurred in the Caucasus, that seem to mark an alarming new stage in the march of folly, in the annihilation of human values.

That nihilistic destruction of innocent lives, that appalling menace against civilization and culture, has to be fought with the strength of democratic society and the legitimate power that can emanate only from the highest source of legitimacy in the world, the Charter of the United Nations. To uphold the Charter is everyone’s duty, but it is the duty above all of those of us whose loyalty to the United Nations ideal is the foundation of our work and lives. The words of Professor Thomas M. Franck, former President of the American Society of International Law, apply to each of us:

“What, then, is the proper role for the lawyer?” – and here I would read, “for the international civil servant?” “Surely, it is to stand tall for the rule of law. What this entails is self-evident. When the policy makers believe it to society’s immediate benefit to skirt the law, the lawyer must speak of the longer-term costs. When the politicians seek to bend the law, the lawyers must insist that they have broken it. When a faction tries to use power to subvert the rule of law, the lawyer must defend it even at some risk to personal advancement and safety. When the powerful are tempted to discard the law, the lawyer must ask whether someday, if our omnipotence wanes, we may not need the law. Lawyers who do that may even be called traitors. But those who do not are traitors to their calling.”

Five centuries ago, in an age of intolerance and religious atrocities, Erasmus refused to approve a call for a crusade against the Turks because he feared that, in fighting the Turks, Christians would forget their Gospel and behave like the Turks against whom they were fighting. Erasmus embodied some old-fashioned values that are as indispensable today as they were in his time: tolerance, enlightened reason, a healthy scepticism towards dogmatic and self-righteous certainties. As one phrase from that era had it: ‘‘Lutherus asseverat, Erasmus dubitat’’. Above all, he never lost what is usually the first casualty in times when, and I quote Yeats, ‘‘the best lack all convictions, while the worst are full of passionate intensity’’: a sense of measure and perspective, balanced judgement, discretio in Latin, equilibrium -- the queen of virtues, according to our master Saint Benedict.

I cannot not resist the temptation of reciting some of the first verses of ‘‘The Second Coming’’, where Yeats described with the astonishing prophetic power of the great poets what we are experiencing almost daily; you will see how it applies to the events we have been witnessing. Yeats wrote:

‘‘Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned.’’

It is indeed true, but it is no less true -- as Dickens wrote in the opening of A Tale of Two Cities, and as Carlos quoted in the UNCTAD secretariat report in preparation for UNCTAD XI -- that one could apply to our own historical period what he said of the time of the French Revolution: ‘‘It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, the epoch of belief, the epoch of incredulity, the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair’’.

These contrasts of light and shadow are as present today as they were in the age of Dickens. To a considerable degree it depends on us, on our efforts, whether we and our children will live in a spring of hope rather than a winter of despair. This brings us back to the central concern and responsibility of UNCTAD: development. More than ever, we have to do our best to avoid a repetition of what happened during the cold war: to relegate development needs to the back burner, at best, or to subordinate them to the legitimate search for security, or worse, to ideological prejudices.

As I near the conclusion of this presentation, I will not attempt to prescribe in detail what the priorities should be of UNCTAD’s work in the uncertain future ahead. There is a time to be analytical, and a time to concentrate on the essence of things.

For me, there are two essential themes that should structure and encompass all the innumerable activities of this organization. The first was the subject of our last conference in São Paulo: how to contribute to greater coherence between the external economic environment and national efforts and, in that context, how to ensure that the monetary-financial system on the one hand, and the trade system on the other, reinforce and not undermine one another. This is a task that can be faced only through a sustained effort of enlightened international cooperation.
Just now, we are living on the edge of a dangerous economic situation where trade and growth hinge on a precarious dependence on only one major source of global demand. This unilateral dependence is aggravated by the major macroeconomic disequilibria between that principal engine of growth – the US economy – and the other great industrial powers, along with a good part of the rest of the world.

Under these conditions, there is little comfort in witnessing the extraordinary rise of China and, to a lesser extent, that of India and the Asian economies in general. In the absence of better distributed growth elsewhere, in the face of resilient high structural unemployment in many industrial countries, that rise might be perceived by some as a threat, rather than as a reason for hope and opportunity, which is what it really is. A few days ago, speaking in Beijing at a forum on just this issue, I said that the problem was not that there is too much growth in China, but that there is too little in other developed countries, in the LDCs, in Africa, Latin America, Europe and Japan.

I reminded the audience of what the TDR said years ago. In an analogous situation during the 1950s and 1960s, when Japan and Italy were equally increasing their manufacture exports to the world at a very high rate, economic growth was widespread – remember the "glorious thirties" – and full employment was a reality. Countries like Germany and France had no trouble in accommodating Japan and Italy because they themselves were growing fast and had to import surplus labour, sometimes even from Italy. Now, the conditions for accommodating China’s rise in manufactures exports or India’s role in outsourcing of services are much less propitious.

The solution, of course, lies not in reducing China’s growth but in accelerating growth in the rest of the world. This goal will require, sooner or later, a correction of present disequilibria.

But above all else, the central concern of UNCTAD must be with the ethical and human dimensions of development. Perhaps precisely because I am not an economist, for me the very essence of development is to be found beyond the economic realm. I have often quoted the best definition of development, the one proposed by Jacques Maritain, as “the promotion of all man and of man as a whole”. In a few words, this contains a universe: all men, "tous les hommes”, women and men without exception, with equal opportunities. Man as a whole, “tout l’homme”, man in his integrality, with his economic but equally symbolic cultural needs. Promotion is a concept close to education; to promote is to elevate. This is why I strongly believe that development is a continuous learning process that will never stop. If there is indeed a pattern to history, it is the certainty that we evolve in the direction of growing complexity. And in the final analysis, to develop is to learn how to manage increasingly complex societies, not exclusively in economic terms, but in terms of equity, human rights, environmental protection, gender equality; in sum, the legacy of the Enlightenment, the best hope from a purely human perspective for transforming in depth the quality of relations among human beings. The only guarantee, as well, that we will have peace at last because, as Teilhard de Chardin used to say, “tout ce qui s’élève, converge” -- that is, everything that rises converges.

Our guiding inspiration in meeting the challenge of that type of development could be found in Bertrand Russell’s introduction to his autobiography. I read it many years ago and I am quoting from memory, but if I am not mistaken, he wrote that his whole life had been
governed by three passions: the longing for love, the search for knowledge and an unbearable pity for the suffering of mankind.

I will not dwell on the first two. Let me instead say a few words about compassion. Human suffering is an ocean with many islands, but dealing with development, we should concentrate on poverty, destitution, inequality. As many of you were not present when I addressed the closing ceremony ofUNCTAD XI in São Paulo, I will not be trying your patience if I repeat the verses of William Blake which, to me, are the most poignant expression of the mystery of the inequality in the share of suffering that falls on human beings. He said, in “Auguries of Innocence”:

“Every night and every morn
Some to misery are born
Every morn and every night
Some are born to sweet delight

Some are born to sweet delight
Some are born to endless night”.

We will never understand why there is so much suffering in the world. We can, however, do something to alleviate some of that suffering, and of course the first priority in that respect is towards the poorest of the poor -- the preferred option forUNCTAD.

In closing this long speech, I feel that in many ways it resembles what we experience in closing each stage of our working life, as I am doing today. As with life itself, we leave with the feeling that we did not complete our task, that even what we did finish was thanks to the generous help of all the people who worked with us. What depended on us more directly always appears incomplete, unfinished, far from the idea we had when we started. It reminds me of the final scene of The Decameron. Pasolini portrays the successive episodes of the book as they were supposed to have happened, in Naples, my mother’s home. At the same time, in the intervals between the different episodes, he shows how Giotto paints a fresco on the ceiling of one of Naples’ famous churches.

He describes the agony of artistic creation, the long periods of passivity and self-doubt, interrupted by fits of furious energy, sometimes in the middle of the night, by torchlight. When the last episode is recounted, the painter also puts the final touch on the fresco. The friars ring the bells and the church fills up with hundreds of people possessed of that unequalled capacity to wonder at the colour and design that only the medieval and the Renaissance Italian could boast with such intensity. Amidst all the celebration and joy, only Giotto-Pasolini does not join the general enthusiasm, sighing with resignation: “When it exists only in dreams, the work of art is much more beautiful than when it becomes reality”.

Thank you.