Assessment

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Walking the Tightrope:

UNCTAD, Development and Finance-Driven Globalisation[1]

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1 – Introduction

The United Nations Conference on Trade and Development (UNCTAD) was established in 1964 with a UN General Assembly mandate to promote global convergence through the creation of a new economic order supporting rapid development in the South. This mission, and the institution's political roots within the non-aligned movement (now G-77 and China), have led most advanced economies (AEs) and multilateral organisations to systematically and, at times, aggressively, undermine UNCTAD and its work (Bielshowsky and Macedo e Silva, 2016; Toye, 2014a; Wade, 2013).

In contrast with 'optimistic' mainstream economic development thinking that free markets, free trade and the free circulation of capital will spontaneously deliver global convergence, UNCTAD's work shows that the world economy is systemically uneven. Asymmetries across international flows of trade, finance and technology, vulnerability to external shocks, and capacity to exploit new sources of growth limit the economic prospects of developing nations, and reproduce global economic hierarchies.

In response, UNCTAD has led important initiatives to reform international trade, increase global co-operation, and improve the effectiveness of the intervention of developing and transition economies (DTEs) within international institutions. Those initiatives led to important achievements for the South, for example the establishment of special drawing rights (SDRs), the 0.7 per cent of GDP aid target, the General System of Trade Preferences (GSTPs), the identification of the needs of the least developed countries, persistent calls for external debt relief, and the inclusion of structural transformation into the Sustainable Development Goals (Toye, 2014b, pp.38, 45, 89; TDR, 2016, p.98; UNCTAD, 2012, p.vii).

These efforts were limited, in the early 1980s, by the global transition to neoliberalism and the international debt crisis. They gave rise to one (or even two) 'lost' decade(s) for many developing countries whilst, simultaneously, deepening the integration of DTEs into the global economy. Despite subsequent attacks on its funding, structures, staffing and capabilities, UNCTAD has continued to generate cutting edge research and policy advice promoting the interests of the DTEs and confronting the neoliberal 'one-size-fits-all' prescriptions pushed by the international financial institutions (IFIs) (Bielshowsky and Macedo e Silva, 2016).

The *Trade and Development Report* (TDR) was launched in 1981 to offer the DEs independent research on trade and development issues legitimised by the *imprimatur* of the UN system (UNCTAD, 2012, p.1). Over time, the TDR became UNCTAD's flagship publication and the lynchpin of the organisation's transition from a negotiating forum for North-South dialogue to the UN's most creative development think tank. Successive volumes of the TDR highlight the risks of an unbalanced global economy, the perverse outcomes of structural adjustment programmes, the threats from unregulated capital flows, liberalised trade and the aid industry, the dangers of premature deindustrialisation, and so on, while simultaneously offering the DTEs bold policy alternatives. These claims and conclusions are not universally accepted even within UNCTAD itself; the scope of the organisation has tended to become narrower and more mainstream over time, for example through its prestigious (and well-resourced) Investment Division, while UNCTAD initiatives have focused increasingly on small-scale development projects around logistics or customs software. Nevertheless, the Division on Globalization and Development Strategies, that publishes the TDR, unquestionably remains the (heterodox) intellectual core of UNCTAD.

This wide-ranging critique of neoliberalism and the global order it has spawned has become organised around the concept of 'finance-driven' (or 'finance-led') globalisation (FDG), that is, the 'dominant pattern of international economic relations during the past three decades' (UNCTAD, 2011, p.5; see also TDR, 2012 p.14, TDR, 2013 p.39, TDR, 2014 p.68, TDR, 2016 p.146 and UNCTAD, 2012, p.viii). A key feature of this new era of capitalism is that 'the financial sector has expanded significantly and international capital mobility … has soared following successive waves of financial innovation and market deregulation' (TDR, 2015, p.88). The notion of FDG captures the systemic character of these changes and is deployed in opposition to the mainstream cheerleading about the potential of 'globalisation' and neoliberal policies to deliver development (TDR 2015, pp.33, 88). Closely related to the critique of FDG, the TDR also insists on the need for better global governance and a more appropriate balance between multilateral rules and national policy autonomy, embodied in the concept of 'policy space' (see TDR, 2006, 2014). The TDR's contributions have been especially salient in the aftermath of the current global crisis, when successive Reports have highlighted the dysfunctionality of the dominant monetary, trade and financial policies, and their adverse implications for global fragility and the ensuing economic slowdown.

This article reviews the analysis and policy proposals in the TDR 2015, in the light both of the 'TDR approach' developed by UNCTAD, and the constraints under which the organisation operates (for an earlier assessment of the TDR in *Development & Change*, see Rada, 2014). The next section outlines the 'TDR approach' to macroeconomic policy and development, the third section summarises the main contributions of the TDR 2015, and the fourth examines the Report's limitations. The fifth section concludes.

2 – The 'TDR Approach'

It is impossible to understand the work of UNCTAD in general, and the TDR series specifically, apart from the intellectual traditions underpinning the Report, which support its critical positions on development thought and policy advice and provide a comprehensive critique of mainstream development currents (Karshenas, 2016). In contrast, the TDR supports an evolving set of developmental policy alternatives grounded upon heterodox economics.

The approach of the TDR is 'middle range' in the sense of Merton (1968). It draws conceptually on Keynes, Schumpeter, Kalecki, Prebisch, Kaldor, Minsky and their followers across the Structuralist, Post-Keynesian, Institutionalist, Evolutionary and other heterodox schools of thought (Calcagno, 2012, p.124; Fortin, 2012, p.103; UNCTAD, 2012, p.9). Middle range approaches are primarily inductive, eschewing 'grand' theoretical frameworks and departing, instead, from empirical generalisations, which Kaldor referred to as stylised facts. They ground the analytical structures that, eventually, explain those facts at increasing levels of generality (Saad-Filho, 2000).

This approach spawns policy alternatives based on the perceived structures of the world economy and on observed regularities, for example, global interdependence, trade and financial asymmetries between AEs and DTEs, policy space, unsustainable debt burdens, immiserising growth, premature deindustrialisation, and so on. These concepts figure prominently in each TDR, and the Reports privilege 'well-targeted pragmatism' (UNCTAD, 2012, p.1), policy coherence (e.g. TDR, 2004) and context-specificity (UNCTAD, 2012, p.43) in development policy-making. This approach is well suited to a UN agency under continuing existential threat, where rarefied academic debate or uncompromising policy choices logically derived from first principles would be both institutionally misplaced and politically untenable.

The intellectual thrust of the TDR is predicated on six key ideas. First, and along the traditional lines of Latin American structuralism, DTE development prospects are limited by the international economic and institutional architecture (Gore, 2004; Gore, 2012, especially p.91; Karshenas, 2016).

Second, the countries that converged with the advanced 'core' of the world economy since the 19th Century had to overcome binding cost, technological, labour market and balance of payments constraints. This was invariably done through the expansion of high productivity activities, drawing upon a careful choice of sectoral priorities, rapid capital accumulation, continuous technological learning, and institutional adaptation (UNCTAD, 2012, p.11; see also Amsden, 1997, 2001).

Third, those experiences validate the heterodox view that economic growth is sectorally-biased; that is, a unit of value-added can have a very different impact upon long-term growth depending on the sector where it is produced. Manufacturing is paramount in this respect, due to its greater scope for introducing new technologies and high-productivity activities; fostering dynamic economies of scale, economic diversification, backward and forward linkages and agglomeration economies; supporting export diversification, import substitution and alleviation of the balance of payments constraint; and providing higher than average wages, fostering growth through the Keynesian multiplier (Tregenna, 2009).

Fourth, investment financing depends on corporate profits, the propensity of firms to invest productively, and the 'functionality' of the domestic financial system (Studart, 1995), which the TDR calls the 'profit-investment nexus' (TDR, 2016, p.141; UNCTAD, 2012, p.10). Once this is in place, output, employment and income can rise rapidly, triggering structural economic changes (UNCTAD, 2012, pp.2, 9). This approach stands in sharp contrast with mainstream (especially endogenous) growth models drawing upon Solow, that suggest that DTEs ought to import capital from the AEs through foreign direct investment, portfolio inflows or loans. The TDR claims that, sometimes, the opposite holds; that is, manufacturing-led fast-growth economies can run current account surpluses and export capital to slower-growing economies, while capital-importing countries often grow less rapidly and confront greater volatility.

Fifth, development requires both long-term financing and macroeconomic stability. This includes strong regulations compelling finance to serve productive enterprise, and demand management policies to support structural transformation. For example, the pursuit of short-term fiscal stability can compress public investment in infrastructure, with adverse effects upon long-term growth. The cumulative curtailment of investment, employment, output and growth rates lowers the economy's productive capacity in the long-term, compared to outcomes from more growth-supporting policies.

Sixth, it is hard for small and poor DTEs to reach the level of investment in manufacturing and infrastructure that is essential for catching-up. The market, institutional, financial, technological and other requirements needed for successful growth and global convergence can be supported by international co-operation among the DTEs, and by a more constructive policy stance by the AEs (see TDR 2015, p.17). The latter is especially important, since the North-South orientation of trade, infrastructures and technologies makes many DTEs overly dependent on the macroeconomic, trade and financial policies of the AEs.

In sum, the 'TDR approach' suggests that a market-based economic structure drawing upon static comparative advantages and IFI policy advice is sub-optimal from the point of view of long-term growth. In contrast, historical evidence suggests that industrial policies inspired by heterodox economics, and supported by a compatible financial, institutional and regulatory framework can promote the intersectoral shift of resources towards manufacturing, raise aggregate productivity and sustain economic development.

3 – The TDR 2015

Finance is both the analytical lynchpin of the TDR 2015 and a major battleground of UNCTAD's work, and it is against this dual backdrop that the TDR 2015's contribution will be assessed. The Report focuses on the post-crisis world economy and the adverse impact of the international monetary and financial system (IMFS) upon the DTEs, across international flows of capital, liquidity provision, the regulation of banking and finance, debt restructuring mechanisms and long-term development finance. The TDR 2015 includes six chapters; the first reviews the state of the global economy and how global trends impact national development (plus a short annex on the de-financialisation of commodity markets). The second examines the macroeconomic costs of financialisation. The third focuses on the challenges confronting the IMFS and the scope for reform. The fourth assesses regulatory reforms in the post-crisis period. The fifth probes the perennial issue of the external debt of the DTEs, and the sixth explores the development potential of alternative channels of finance, including overseas development aid (ODA), public-private partnerships (PPPs), sovereign wealth funds (SWFs) and multilateral, regional and national development banks (DBs). Across these chapters the TDR 2015 offers a systematic critique of FDG and the failures of the IMFS to live up to the developmental outcomes promised by the IFIs and mainstream advocates of 'globalisation'.

3. 1 – FDG and the IMFS

The TDR 2015 argues that conventional policy advice concerning development finance, inspired by mainstream economics and neoliberal political agendas, leads to volatility and inefficiency in the global monetary and financial architecture, with high costs for the DTEs. Rather than helping to cover financing needs and supporting inclusive development and global convergence, the IMFS promotes short-termist and speculative resource flows, undermines monetary and financial stability, and works against the inclusive agenda in the SDGs. These limitations can be addressed only by proactive government policy, strong financial regulation and the allocation of resources for developmental goals.

The critique of FDG in the TDR 2015 contrasts a bloated global finance with a sluggish 'real' economy, amply illustrated by global trade flows:

> In 1980, global trade had been at a level relatively close to that of global finance, at around a quarter of world GDP, but by 2008 … global finance had grown to become nine times greater than global trade … [F]inance [also] became much more interconnected … [T]hese developments overwhelmed the institutional checks and balances that had ensured … financial stability during the three decades after the end of the Second World War … A new generation of policymakers responded with calls for the rapid dismantling of the remaining financial regulations, extolling, instead, the virtues of self-regulating markets as the best … approach for combining efficiency and stability in a globalizing world. The resulting financial system … turned out to be much less capable of identifying systemic stresses and weaknesses and anticipating bigger shocks … or mitigating the resultant damage. The burden of such crises has, instead, fallen squarely on the balance sheet of the public sector, and indeed, on citizens at large (TDR, 2015, p.ii; see also p.30).

The critique of the IMFS under FDG reaches surprisingly strong conclusions, for a UN publication:

> [T]he present international monetary system has acquired its own pyromaniac tendencies, by promoting policy interventions that have frequently exacerbated recessions, instead of softening them, and by placing … the burden of adjustment too heavily on the debtors and deficit countries (TDR, 2015, p.viii).

Despite its considerable strengths, the TDR 2015 also contains ambiguities which leave in relative obscurity central aspects of contemporary capitalism. In particular, the concept of FDG is used descriptively and almost unproblematically by UNCTAD, tacitly in the TDR 2015 and explicitly elsewhere. FDG, which may also be expressed as neoliberalism (a term used only ocasionally in the TDR series), encapsulates a wide array of changes in the structures, agencies and relations of economic and social reproduction across production, employment, international integration, the state, ideology and so on. These are grounded upon the spread of finance and financial interests into ever more areas of economic and social life, and they constitute (what we describe as) the neoliberal system of accumulation (Fine, 2013-14; Fine and Saad-Filho, 2016; Saad-Filho and Johnston, 2005).

The spread of neoliberalism has enhanced the influence of finance over resource allocation, including the flows of money, credit and foreign exchange, whose consequences are neatly captured in the TDR 2015 (see also Panitch and Gindin, 2012; Panitch and Konings, 2008; Rude, 2005). They include the diffusion of a peculiar form of (financialised) short-termism in economic decisions; the imperative for generating and appropriating surplus out of finance, and the explosive growth of rewards to high-ranking capitalists and managers in every sector, especially finance itself, fuelling the concentration of income. These forms of accumulation are mutually reinforcing, but they can also dysfunctionally diverge, triggering economic crises whose burdens are all-too-often shouldered by the public sector and the poor.

3.2 – Development Finance Today

The TDR 2015 focuses on the consequences of FDG for development, arguing that long-term developmental financing is poorly served by a short-termist and speculative IMFS. Not only does the profitability of private finance sit uneasily alongside social, environmental and other development goals, but resource flows under FDG are often highly concentrated both geographically and sectorally. They generally bypass the poorest and most financially constrained economies and the long-term investment needs of the DTEs. On this basis, the TDR 2015 (p.151) argues for the role of the state in mobilising and shepherding financial flows toward transformative projects, especially in infrastructure (with its large, long-term and lumpy financing needs), start-ups and small and medium enterprises (SMEs, which pose greater risks), and projects with positive social externalities (which do not readily meet narrow profit criteria). The global financial crisis has made these areas even less appealing, since ‘investors appear willing to accept very low returns on government bonds rather than assume the risk of investing in private productive enterprises’ (TDR, 2015, p.xviii).

The Report examines in detail the role of four potential sources of development finance: aid, PPPs, sovereign funds and development banks. It concludes that ODA and DBs (and public finance more generally) have the greatest development potential (TDR, 2015, p.167) but both need scaling up, with overall aid levels falling short of even of the modest 0.7 per cent target. ODA is also in need of reform, as between 1990 and 2013 'the share of ODA flows to economic infrastructure and the services sector, as well as to the production sectors, declined' (TDR, 2015, p.156). Similarly, most SWFs are not invested in support of development (TDR, 2015, p.166). Finally, the TDR 2015 suggests that PPPs should be treated with caution because they generally fail to create additional finance, and are often an accounting trick to cut fiscal spending in the short-term, while creating large fiscal liabilities in the longer-term (TDR, 2015, p.163). In such ways global finance can strain the public sector in DTEs, rather than delivering developmental outcomes.

In light of these serious limitations, the Report reiterates UNCTAD's long-held view that DTEs ought to rely primarily on domestic rather external sources of finance, and that the liberalisation of capital flows is incompatible with development (TDR, 2015, pp. xv, 38-39 and UNCTAD, 2012, p.46). In particular, DTEs have become 'frontier markets' attractive to volatile capital flows, while remaining vulnerable to sudden reversals. Instability also increases the risk of external debt crises, for which global provisions remain inadequate. These are some of the reasons why the much-hyped 'decoupling' thesis put forward in the aftermath of the global crisis stretches credibility (Akyüz, 2011, 2012; Saad-Filho, 2014).

3.3 – Global Challenges

The TDR 2015 offers a scathing assessment of global economic policies under FDG, arguing that they have fostered the growth of an unstable financialised world economy and promoted stagnation. In this context, the Report identifies several key policy challenges, starting with international currency flows. The dollar-based IMFS has expanded rapidly since the collapse of the Bretton Woods System; however, it remains prone to large swings in liquidity, making the world economy vulnerable to financial, exchange rate and balance of payments crises. Yet, despite rhetorical gyrations, the AEs and the IFIs have continued to insist on the liberalisation of domestic finance and international capital flows, even though they increase DTE vulnerability to external shocks, limit tools to manage them, and undermine long-term structural transformation. Creative macroeconomic solutions to manage these risks in the DTEs are essential, and they must be supported by global measures to curb speculative flows.

The next challenge concerns access to short-term liquidity to manage shocks. Given the risks and rigidities of the IMFS, several DTEs have adopted self-insurance policies to secure exchange rate stability and emergency finance, especially since the East Asian crisis in the late 1990s. They have done so either through the accumulation of foreign exchange reserves or (less successfully) through reserve pools and new DTE-led lending facilities, especially in East Asia, Latin America, and among the BRICS. This defensive strategy pushes the DTEs towards the maximisation of their current account surpluses, which is harder during a global slowdown, and in any case impossible for all countries simultaneously; attempts to do so are also deflationary for the global economy, and may trigger currency wars. Alternatively, the DTEs can seek capital inflows through portfolio investment or loans. This option became especially attractive as several AEs adopted ultra-low interest rates together with fiscal austerity and quantitative easing in the wake of the global crisis, making large amounts of resources available for speculative investment worldwide. However, even when those resources fuelled short-term growth in the DTEs, they also tended to inflate asset prices and consumption bubbles, rather than supporting long-term productive investment (TDR, 2015, pp.17, 31, 45; for the case of China, see Akyüz, 2011 and Yu, 2010).

Finally, given the contractionary bias of the IMFS, it is necessary to ensure a more equitable sharing of the burden of current account adjustments. This burden derives, in part, from the asymmetry due to the need to curtail spending in the deficit countries without offsetting spending increases in the surplus ones (TDR, 2015, p.56). These stagnationist tendencies compound the deflationary implications of the deteriorating wage share under FDG (examined in the TDR 2013), leaving the global recovery almost entirely dependent on bouts of expansion of liquidity (TDR, 2015, p.29). Taken together, these challenges derive from the structure of the IMFS which, in its current form, will inevitably generate instability as well as inequity (TDR, 2015, p.56).

3.4 – Towards a Resolution

The TDR 2015 claims that a 'positive reform agenda is needed to establish a closer link between financial systems and the real economy' (p.113). Rebuilding this link is the basis of UNCTAD's alternative to FDG, which it calls 'development-led globalisation' (UNCTAD, 2011; UNCTAD, 2012, p.viii).

For UNCTAD, AE monetary policies are insufficient to confront the twin problems of excess liquidity – partly due to post-crisis policies – and sluggish growth. Instead, demand- and incomes-focused policies should be used, including minimum wage legislation, stronger collective bargaining institutions, higher transfers and greater public investment (TDR, 2015, p.47). In the DTEs, these policies should be accompanied by monetary, fiscal and industrial policies to expand demand and raise productivity, and capital controls to prevent the boom-bust cycles of international capital flows from destabilising exchange rates and domestic financial markets (TDR, 2015, p.71; see also UNCTAD, 2012, p.29). Domestic policies:

> should be supplemented by global and regional measures that discourage the proliferation of speculative financial flows … [I]mplementing countercyclical macroeconomic policies, improving income distribution and extending fiscal space for development purposes have a significantly greater chance of success when applied also by … the world at large. Indeed, domestic policy stimuli, when applied by only a few countries, are considerably weakened … [and] can even yield perverse effects if global investors and international financial institutions respond in ways that generate greater volatility and uncertainty (TDR, 2015, p.47).

Securing global macroeconomic and exchange rate stability will require a reform of the IMFS (TDR, 2015, pp.64, 76), including a much greater role for SDRs at the expense of the US dollar, in order to reduce the bias in favour of the country issuing the world's reserve currency (TDR, 2015, p.66).

Finally, the TDR highlights the need for reform of international banking and finance. In particular, despite the apparent post-crisis consensus in favour of tighter regulation, there has been a remarkable failure to grapple with systemic fragilities and curb short-termist, speculative and procyclical behaviour amongst financial institutions, which particularly affect DTEs. Restoring the link between the real economy and the financial system requires the separation of retail and investment banking, the regulation of shadow banking, and reforming the credit rating agencies, whose reports can distort borrowing costs and deter DTEs from implementing reforms which may be deemed 'unfriendly' towards global investors.

4 – Limitations of the TDR 2015

A chief limitation of the TDR 2015 stems from its analysis of FDG and the attendant scope for policy reform. In common with other UNCTAD writings, FDG is seen here *both* as the policy-driven (reversible) outcome of the liberalisation of finance, *and* as a possibly irreversible (systemic) stage of capitalism (Saad-Filho, 2008).

On the one hand, then, FDG is reductively presented as the epiphenomenal consequence of a self-serving finance-led conspiracy, which has imposed liberalisation policies and driven the decoupling of finance from the 'real economy' (see, for example, TDR, 2015, p.113). In this case, the (otherwise unexplained) collapse of postwar Keynesianism could be reversed through the finance-taming reforms outlined in successive TDRs. Each policy change would help to reduce macroeconomic volatility and create incentives for further reform; gradually, something approaching postwar Keynesianism would be rebuilt by far-sighted policymakers, supported by industrial capital, the middle classes and organised workers. Together, they could build a world that is more egalitarian, better suited to the needs of DTEs, and more in tune with the interests of production rather than finance.

On the other hand, FDG is (implicitly) recognised systemically, as the contemporary mode of existence of capitalism; for example: 'the growing influence of financial markets and institutions, known as "financialization", affects how wealth is *produced* and *distributed*' (TDR, 2015, p. 27, emphasis added). This opens the door to the recognition – never explicit in UNCTAD writings – that, in practice, Keynesianism was not merely associated with progressive forms of state expenditure and intervention, and that the postwar boom was not simply driven by a 'consensual' social-democracy. Instead, both were distinguished by large-scale economic and social restructuring with internationalisation of all forms of capital to the fore, especially of productive capital, supported by (US-dominated) finance, with a heavy role for the state in promoting such restructuring (see Duménil and Lévy, 2004; Fine and Saad-Filho, 2016; Panitch and Gindin, 2012). Similarly, Keynesianism collapsed not because of a finance-led 'conspiracy' but because of the economic and social transformations that Keynesianism itself had engendered, and by the contradictions embodied in its own policies (Gowan, 1999; Saad-Filho, 2007). Finally, FDG has internal coherence and self-reinforcing features across the economy, society and political sphere, which have *transformed* rather than merely curtailed the state and public policies.

This perspective emphasises that FDG has not only changed government policies, but also modified the conditions within which policy is conceived, formulated, implemented and monitored; consequently, piecemeal reforms will tend to fine-tune rather than undermine the current stage of capitalism. For example, open regionalism and international policy co-ordination limit the scope for activist industrial and trade policies; membership of the IMF and the World Bank hamper the possibility of controlling finance, capital flows, exchange rates and the balance of payments; and the WTO curtails the internalisation of systems of provision, even though they are essential for macroeconomic stability and sustainable growth. Important openings for reformist policies may exist, but would have limited bearing on the long-term performance and underlying dynamics of the global economy and, even if achieved today, would remain hostages to neoliberal imperatives. This systemic perspective implies that transcending FDG will require changes across economics, politics and society, which are beyond the scope of the TDR analytically as well as politically.

This ambiguity is symptomatic of 'the difficult process of finding a balance between institutional coherence and analytical creativity and … establishing a line of research in the UN which combines a sense of institutional responsibility with pushing the boundaries' (Kozul-Wright, 2012, p.63). That is, the TDR is – possibly irrevocably – torn between its (institutionally necessary) faith in the international system to deliver improvements, while (implicitly) recognising that, especially under FDG, this system is geared to the exploitation of countries and peoples and the reproduction of inequality within as well as between countries.

This tension is partly due to the ideological differences between UNCTAD and most AEs, IFIs and the WTO, which have led powerful countries to nibble constantly at the scope of the TDR, demanding that UNCTAD stops 'trespassing' into the territory of (much more generously endowed) mainstream organisations. This difficulty is directly responsible for the resource limitations constraining the TDR: '[T]he TDR costs one-fifth of what it costs to produce the World Development Report. So all those who worry about value for money and results-based management may want to take a careful look at a comparison of what the TDR has achieved within its resource constraints compared with the reports of other organizations' (Kozul-Wright, 2012, p.63). Yet, the resource constraint will not resolve itself through benign institutional processes. Rather, it is both deliberate and politically-driven, designed to dampen the most important dissenting voice in the international policy arena. That this voice endures, and has gained fresh legitimacy and traction after its prescient pre-crash warnings about the systemic fragilities of the global financial system (for example TDR, 2001), is testament to why the world needs this radical development voice, now, arguably, more than ever.

5 – Conclusion

The TDR is the most important heterodox publication in the UN system. Over the years, the Report has provided much-needed global perspective on the asymmetries curtailing late development, trenchant critique of the IFIs and their policy prescriptions, and a keen insight into the instabilities and fragilities of FDG and its threats to the DTEs. The uncompromising approach of the TDR has helped to shift the IFIs from their intransigent fundamentalism, typical of the period between the early 1980s and the mid-1990s, towards a (reluctant and still heavily hedged) recognition of the importance of policy space, industrial policy, capital controls, debt relief, and international co-operation. The TDR has also helped to put such important aspects of development as structural transformation back on the global policy agenda, for example, in the SDGs.

Each volume of the TDR is also limited in different ways, but those shortcomings do not float in an intellectual vacuum from which they can be exorcised by alternative theories, more powerful tools, or better data. Instead, they must be understood within their institutional context: after all, the TDR walks an analytical tightrope hanging above a political minefield. UNCTAD's work remains under attack, and the four-yearly mandate renewal negotiations between AEs and DTEs provide insights into key fault-lines in contemporary North-South relations over development issues. For example, during the discussions at UNCTAD XIV, in 2016, the organisation's authorisation to work on such topics as policy space, debt, the WTO Doha Round, technology transfer and tax was – again – curtailed (Khor, 2016). Nevertheless, a reaffirmed mandate was provided to conduct independent analytical and research work, and to remain the key UN institution integrating of trade, development, finance, technology transfer, investment and sustainable development. Those relatively subdued debates stand in contrast with the vociferous exchanges at UNCTAD XIII, in 2012, when the organisation's mandate to work on the global financial system came under severe threat from AEs pushing for the delegation of analysis of the global financial system solely to the IMF (Wade, 2013).

These diplomatic pressures and resourcing constraints compound the theoretical and methodological ambiguities of the TDR's account of FDG. They drive the Report towards a pragmatic reformism, that is, the attempt to open spaces of contestation supporting global change against the constraints of FDG. However, the analysis in the TDR itself undermines the notion that political fiat or piecemeal policy changes can overcome the systemic flaws of FDG. Yet, despite these tensions, conceptual tangles and political difficulties, the TDR navigates the dangerous straits of contemporary political economy with flair. It remains the best annual report produced by any international organisation, a source of prescient insight on the contemporary world, and a lodestar for heterodox economists and policymakers everywhere.

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