

Policy Space for the Development of the South



T.R.A.D.E. Policy Brief

I. Policy Space as Freedom

Policy space is about freedom of choice.

For developing countries, it is about their freedom to choose the best mix of policies possible for achieving sustainable and equitable economic development given their unique and individual social, political, economic, and environmental conditions.

It refers to “the scope for domestic policies, especially in the areas for trade, investment and industrial development”¹ and reflects the idea that governments should have the leeway to “evaluate the trade-off between the benefits of accepting international rules and the constraints posed by the loss of policy space.”²

II. Principles of Policy Space

Policy space is therefore essentially a fusion of three key principles in international law and policy. These are:

- the principle of the sovereign equality of States³ – i.e. the binding nature and application of international rules and disciplines are dependent on the free and equal exercise of national sovereignty and self-determination by participating States;
- the right to development;⁴ and
- the principle of special treatment for developing countries⁵ – i.e. the provision of special and differential treatment so as to be responsive and accommodating to developing countries’ specific development needs and circumstances

Executive Summary

This T.R.A.D.E. Policy Brief of the South Centre discusses the concept of “policy space” and its role in promoting the development of the South. This is founded on the principles of the equal sovereignty of States, the right to development, and the provision of special and differential treatment to developing countries. The “one size fits all” economic approaches of the Bretton Woods institutions and the WTO have not worked. It hence argues that policy space is needed so as to provide developing countries with the freedom to choose the best mix of policies possible for achieving sustainable and equitable economic development given their unique and individual social, political, economic, and environmental conditions.

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rather than be based on a “one-size-fits-all” approach that, all too often, has characterized international rule-making for international economic relations in the past two decades.

When applied to trade and development issues, a good encapsulation of these international law principles would be the general principles to govern international trade relations and trade policies conducive to development that were adopted by the UN Conference on Trade and Development at its first meeting in June 1964, such as:⁶

General Principle One

Economic relations between countries, including trade relations, shall be based on respect for the principle of sovereign equality of States, self-determination of peoples, and non-interference in the internal affairs of other countries.

General Principle Three

Every country has the sovereign right freely to trade with other countries, and freely to dispose of its natural resources in the interest of the economic development and well-being of its own people.

General Principle Fifteen

The adoption of international policies and measures for the economic development of the developing countries shall take into account the individual characteristics and different stages of development of the developing countries, special attention being paid to the less developed among them, as an effective means of ensuring sustained growth with equitable opportunity for each developing country.

The principles above continue to be as valid and relevant today, forty years after they were first enunciated by UNCTAD, as they were then. In fact, they are even more relevant now, as the promises of international cooperation for achieving development continue to fall short of realization.⁷

When applied operationally, recognizing policy space means that developing countries should not be required to adhere to international disciplines that they may not be ready to apply or which may yet be inappropriate for them at their respective levels of economic development.

III. Economic Orthodoxy, Policy Space, Fairness and Justice

But in the forty years from 1964 to 2005, a different approach to economic growth and development has been aggressively pushed. This approach is characterized by the exertion of great pressure for countries to agree to and adopt harmonized rules and economic policies that would secure increasing levels of global economic integration. Such integration would be achieved through the use of economic liberalization measures in the trade, finance, and investment areas.⁸ This approach favoured the use of “development policies that have centred around greater openness to international market forces and competition and a reduced role for the state.”⁹ Many developing countries were required to undertake such measures as conditions for obtaining loans and other assistance from international institutions such as the World Bank and the International Monetary Fund or as a result of binding international commitments (such as those in the World Trade Organization).

This approach to economic growth, which puts international trade and investment liberalization as the lynchpins of development, is based on a number of myths. These include, in the words of one economist, the following:

“... the present system of post-colonial dependency, marginalization and underdevelopment ... has already resulted in ... a crisis of poverty and hope in developing countries ...”

One myth is that free trade is the surest way to national prosperity. Another one is that foreign investment, direct foreign investment in particular, is a key to national economic development. A third myth is that free capital flows allocate resources around the globe. And a fourth is that

international financial markets exert useful discipline on national monetary and fiscal policies. ... In the form I have just stated them, they are all false statements. ... But these kinds of ideas have been hijacked by a range of interests and people, whether it's in the media, whether it's by policy advocates, by policy advisors, by a number of governments, and certainly a lot of corporate interests. They have become part and parcel of conventional wisdom of what is good economic policy and what drives economic prosperity around the world.¹⁰

In creating a global economic order based on such myths, there have in fact been far more losers. The post-World War II developing country “winners” – e.g. the success of East Asian countries such as Japan, Chinese Taipei, Korea, Singapore (and lately Malaysia, Thailand, China) in achieving high rates of growth and development – became “winners” not so much due to a faithful observance of the prevailing economic orthodoxy but rather to a flouting of much of its major “principles;” whereas the failure of Sub-Saharan Africa and Latin America to de-

velop (they became poorer instead) between the 1970s to the present despite their compliance with such economic orthodoxy pushed on them by, e.g. IMF/World Bank loan conditionalities and structural adjustment programmes clearly shows the flaws of this orthodoxy.¹¹ The global income gap between rich and poor countries has, in fact, widened in the past three decades that this orthodoxy has become the economic buzzword.

Inequalities between rich and poor countries continue to exist. Developed countries and their populations continue to have a greater share of the world's income and consume a greater share of the world's natural resources than developing countries. Developed countries also continue to bear a disproportionate share of causing global environmental damage and decreasing global environmental space. As a result, most developing countries have to share an ever decreasing slice of the global economic and environmental pie, with consequent adverse effects on their future development prospects. In fact, UNCTAD at its eleventh meeting in June 2004 has recognized that the delivery of the benefits of the process of global economic integration has been unequal and that it has had, for many developing countries, adverse social impacts.¹²

When today's developed countries were still developing, they had the benefit of virtually unlimited policy space unbound by the wide-ranging set of multilateral rules and obligations that currently characterize the global economic order. This wide open policy space allowed today's developed countries to adopt trade and economic development policies that would be contrary to today's prevailing trade and economic orthodoxy (such as disregarding intellectual property rights, discriminatory trade treatment, provision of subsidies to domestic industries, high tariff walls, strict rules on foreign investments, etc.).¹³ To now require developing countries to adopt harmonized rules and economic approaches that would limit their policy space would be hypocrisy applied on a global historical scale. This will simply lock weaker countries into existing unsatisfactory and unfavorable relationships that fail to address their developmental problems in view of the unequal economic and political power relations currently prevailing between the North and the South.

Equal rules when applied to an uneven playing field in a game in which the opposing teams have different levels of playing capacity (e.g. differences in equipment, number of players, playing skills, training, backbench support) will only favour the stronger team. Treating unequals equally is just as unjust both morally and normatively as treating equals unequally.¹⁴ Hence, efforts to create a level international trade playing field through the development of equal rules must recognize and address the weaknesses of developing countries. More policy flexibility and choices should be provided to them in both rule-making and implementation. Fairness in the international trading system requires that trade rules open,

rather than close, development pathways for economically weaker countries.

It is increasingly becoming clear that the dominant "one-size-fits-all" macroeconomic approach towards global economic integration and trade liberalization favored by the WTO, World Bank/IMF, and, to a large extent, by developed countries, has not created a rising tide of economic growth and development that has lifted the economic prospects of developing countries.¹⁵ Instead, what has resulted over the past forty years has been a steady stream of net resource outflows from most developing countries to developed countries (in the form of, for example, debt payments, human migration, capital flight, intellectual property rights royalty payments, environmental resource transfers). These outflows have lifted the economic tide in developed countries and made them richer while leaving most developing countries progressively poorer.

Locking developing countries into the present system of post-colonial dependency, marginalization and underdevelopment will only create, if not has already resulted in, a crisis of poverty and hope in developing countries. Global conflicts and tension may increase, as economic deprivation, political and civil strife, environmental degradation, and personal insecurity due to poverty in the South create fertile breeding grounds for various manifestations of societal and individual frustration, anger, disillusionment, resentment, fear, and resistance at the national and global levels.¹⁶

Fairness and justice in the global economic order requires not a relationship of dependency and marginalization that does not lead to the genuine liberation and development of human societies, but rather a relationship of equal partnership and mutual respect and cooperation for the achievement of sustainable development. As one economist notes:

By being allowed to adopt policies and institutions that are more suitable to their conditions, the developing countries will be able to develop faster. This will also benefit the developed countries in the long run, as it will increase their trade and investment opportunities. That the developed countries cannot see this is the tragedy of our time.¹⁷

IV. The Variable Geometry of Policy Space

The universe of available policy choices for development may vary considerably among countries. Their choices may be reduced or enhanced depending on the political, financial, human, institutional, infrastructural, and environmental resources that are domestically available to them. For many developing countries, limitations on these domestic resources often tend to re-

duce their available policy choices. At the same time, their policy choices may also be further limited by various international commitments or obligations (whether global, regional, sub-regional, or bilateral) such as WTO agreements, WB/IMF loan conditionalities, bilateral trade and investment agreements, etc.

Hence, domestic and international constraints shape the “effective national policy space”, i.e. the range of policy choices available to countries in light of such domestic and international constraints. This “effective national policy space” may expand or contract depending on the state of such constraints (especially domestic constraints).¹⁸ For example, as a country becomes more developed and have more domestic resources available, it may find that its policy choices that were previ-

ously limited by domestic resource constraints will expand. If it is poor or becomes poorer, its policy choices may contract as domestic resources dry up.

Additional international obligations and commitments – such as, for example, new commitments to reduce tariffs and adopt new trade rules as a result of WTO negotiations – may serve to contract developing countries’ effective national policy space even more. On the other hand, provisions in international agreements that provide developing countries with flexibility with respect to new commitments or obligations may have the effect of maintaining or even expanding such countries’ effective national policy space. Figure 1 below shows how this interplay of domestic and international constraints affects effective national policy space.¹⁹

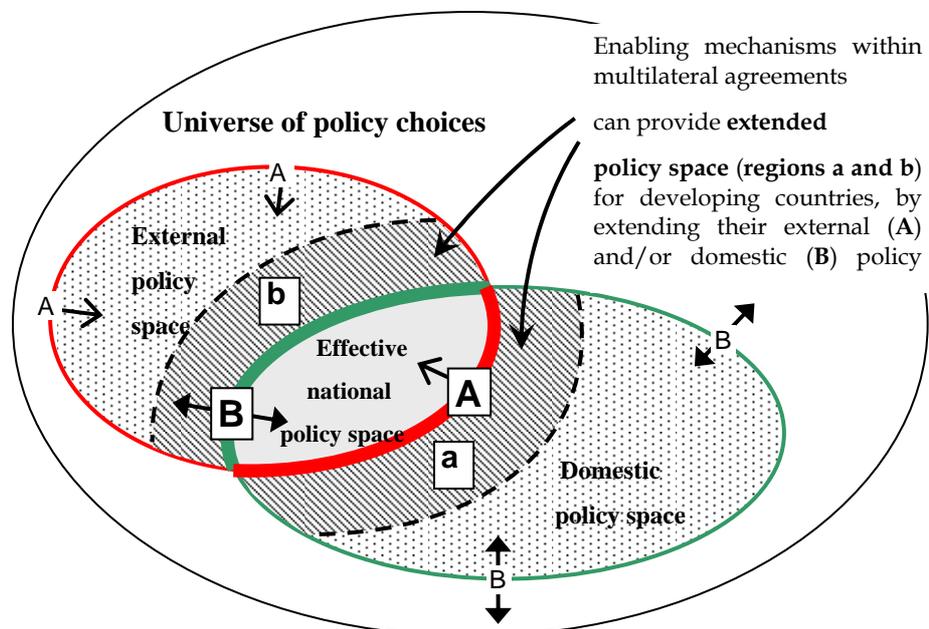


Figure 1: Determinants of effective national policy space. Both contractions and extensions of effective national policy space are possible.

V. Trade and Economic Development Policy Space

In the context of the on-going WTO negotiations, trade liberalization and the drive for increased market access should not be seen as ends in themselves but rather as among the tools or policies that countries can choose from to achieve their development objectives. Developmental benefits from trade liberalization will accrue only when the domestic conditions have been established (through a range of appropriate and autonomously determined domestic policies) that allow the domestic economy to adjust to global competitive pressures.

These ideally should be policies and growth strategies targeted at raising the standards of living of their peoples through the improvement and establishment of conditions that provide for a wide arrange of opportunities for individual and collective social and economic advancement. Environmental sustainability considerations that form the backdrop and natural resource basis for any economic growth plan also need to be taken into account within the universe of policy choices that countries may take as part of their development strategy.

Hence, countries should instead seek to maintain or expand the universe of their development policy choices. First, they should ensure that they do not enter into new

international commitments or obligations that may constrain such choices even more. Second, they should take a fresh look at the developmental impact of existing dominant macro-economic approaches and strive to be more creative and innovative in adopting a broader range of diverse (and even unorthodox) development policies and growth strategies that may not necessarily conform to such dominant macro-economic approaches.

It is now clear that the development process cannot be satisfactorily undertaken and its objectives achieved unless the role of the State in such a process is preserved. There is international consensus that “[t]here is a need to strike a balance between the objectives of efficiency and equity. Both the market and the state have an important role to play in the development process, and it is essential to ensure that their respective roles are complementary.”²⁰ The role of the State is to ensure that development benefits are distributed equitably through sound development policies, selective intervention strategies, infrastructure development, and regulatory frameworks.²¹ In order for the State to be able to perform its developmental role, it must have sufficient effective national policy space.²²

The experiences of developing countries that are currently experiencing high rates of growth, such as China, India, and Vietnam,²³ as well as the historical experience of those countries that are now developed, suggest that there must be a strategic and broad-based approach to development. It should not be overly focused on one or two aspects – e.g. trade and financial liberalization. These aspects, instead, should be approached in a gradual and sequenced way such that by themselves, they would not likely be accorded the highest development priority during the early stages of the economic development process.

The experiences of those countries that have managed to develop successfully show that a national leadership committed to development and supportive of a coherent and flexible growth strategy counts for a lot more than trade or financial liberalization – even when such a national strategy departs sharply from the current dominant view on economic reform and liberalization. Indeed, the lessons of these experiences highlight the point that a successful growth strategy would require a focus on the creation of a sound institutional and regulatory basis for the growth of the domestic economy that is sensitive to local opportunities and constraints²⁴ – i.e. an economy that is founded on and serves the needs of the people taking into account local conditions and limitations.²⁵ Furthermore, integration with the world economy is an outcome, not a prerequisite, of a successful growth strategy.

The preservation of development policy space for developing countries is particularly important at this current historical juncture, as WTO negotiations whose outcomes may shape the economic futures of developing countries in the next few decades take place. The current trade liberalization agenda that one sees in the WTO has

been shaped by the North, especially by special interests within the North. As a result,

a disproportionate part of the gains has accrued to the advanced industrial countries, and in some cases the less-developed countries have actually been worse off. After the [Uruguay Round of trade negotiations] ... the United States and Europe gained enormously. But sub-Saharan Africa, the poorest region in the world, lost by about 2 percent because of terms-of-trade effects. The trade negotiations opened their markets to manufactured goods produced by the industrialized countries but did not open up the markets of Europe and the United States to the agricultural goods in which poor countries often have a comparative advantage. Nor did the trade agreements eliminate the subsidies to agriculture that make it so hard for the developing countries to compete.²⁶

The inequality of gains derived from trade liberalization under the current economic orthodoxy (coming out of, for example, the WTO’s Doha negotiations) is likely to continue if the agenda is not substantially reshaped. The World Bank estimates that the potential “welfare gain from full liberalization” by 2015 as a result of the Doha trade negotiations would be US\$287 billion (US\$96 billion of which would come from expanding non-agricultural market access and the rest – US\$191 billion – from agricultural trade liberalization)²⁷. But in its own paper, the World Bank itself also shows that the distribution of global welfare as a result of fully removing agricultural tariffs and subsidies clearly favours developed countries (which will receive 75 percent of global gains) more than developing countries (receiving only 25 percent).²⁸

A critical analysis of the methodology used to derive this estimate as well as the distribution of such potential gains in fact corroborates the potential unequal distribution of gains.²⁹ Most of the benefits of full agricultural and non-agricultural market access liberalization would go to developed countries – i.e. the benefits from full liberalization would be US\$17 per person per year (US\$0.05 per person per day) in developing countries as compared to nearly US\$200 per person per year (US\$0.53 per person per day) in developed countries.³⁰ In effect, assuming full trade liberalization occurs (which in any case is not likely to happen since that objective is not currently on the negotiating table), a person living in a developed country will receive more than ten times more than a person living in a developing country. Furthermore, the distribution of gains even within developing countries is likely to be skewed, with most gains going to only a few countries (e.g. Argentina, Brazil, China, India, Vietnam, Mexico, Turkey, and Thailand).³¹ In analyzing the “likely Doha scenario” posited by the World Bank, the “differential pattern of liberalization tilts the benefits even more toward high-income countries.”³²

Under the Doha scenario, developing countries get 18% of their potential gains from full liberalization, or only \$16 billion. Doha is worth about \$3 per year, or less than a penny a day, for each person in the developing world. In contrast, high-income countries get 41% of their potential gains from full liberalization, amount to \$80 billion. Doha will mean a gain of \$79 per year, or more than \$.20 per day, for each person in high-income countries. Even as a percentage of GDP, the scenario favors affluent countries: it brings a projected (one-time) 0.24% increase in income to the developed world, versus 0.14% for developing countries.

Once again, the benefits are distributed very unequally, with losses rather than gains resulting from the scenario in at least Mexico, Bangladesh, the Middle East, and much of Africa.³³

In short, given a potential scenario in which the potential gains are likely to be small or virtually non-existent (i.e. a gain of less than a penny a day means a minuscule income increase of less than 1 percent for people in the developing world living below the UN's extreme poverty income threshold of US\$1 per day) and where most of the gains are likely to go to only a few countries, in exchange for agreeing to drastically reduce one's own policy space with respect to trade policy, the result of the cost-benefit calculus is clear. The global trade agenda needs to be reshaped to put development first and foremost as its objective, with the promotion and expansion of policy space as the means for achieving such objective. Developing countries need to ensure that as they concentrate on negotiating the best trade deals in the WTO (and, indeed, out of it), their policy space will be preserved and expanded.

As one author has put it:

"A world trade regime friendly to human development would provide domestic policy space and give developing countries flexibility to make institutional and other innovations. Such policy space should take precedence over market access considerations, even as the trade regime continues to recognize that market access can make an important contribution to human development in specific situations and for specific sectors and issues."³⁴

In the WTO negotiations, the preservation of policy space for developing countries could be achieved through, for example:

- expanding the breadth and scope of special and differential treatment (SDT) and making SDT effective and operational in a binding and immediately executory manner;

- not agreeing to new WTO rules, commitments or obligations for which the necessary implementation capacity among developing countries is lacking or inadequate;
- not agreeing to an rapid pace and sequence of trade liberalization in economic sectors (e.g. agriculture, industrial goods, services) in which developing countries wish to encourage the development of domestic productive capacity;
- ensuring that the WTO's Dispute Settlement Understanding (DSU) will not apply to any new WTO rules that might be negotiated insofar as the implementation of those new WTO rules by developing countries are concerned;
- relaxing or eliminating some existing WTO rules that currently constrict policy space of developing countries - e.g. various provisions in the TRIMs Agreement, the TRIPS Agreement;
- putting in place strong operational modalities for the provision of technical assistance and capacity-building support to developing countries in order to build up their supply-side capacity (so they become more competitive) and enhance their ability to implement WTO rules while taking advantage of all the flexibilities;
- maximizing existing flexibilities in WTO rules in order to promote and strengthen South-South cooperation and regional integration;
- elimination or reduction of excessively high, unreasonable, or unnecessary tariff and non-tariff barriers into developed country markets for developing countries' goods and services (including provision of bound duty-free and quota-free market access for least-developed countries' goods);
- elimination or reduction of subsidies provided by developed countries to their producers and exporters which lead to conditions of unfair competition and dumping of artificially cheap products into developing countries' markets, leading to the displacement of developing countries' own producers.

"... National policy space is about freedom of development policy choice. ..."

VI. Policy Space for Achieving the Development of the South

Hence, developing countries should take a strategic and deliberative approach to globalization and trade liberalization. Developed countries should be supportive of such approach. The focus should be on the preservation of a wide range of policy choices and flexibility that can be

used to adjust the pace and direction of economic development initiatives to the country's own economic development needs and priorities. Indeed, it is only when the preservation and expansion of national policy space for development is placed at the forefront of developing countries' negotiating positions that they can truly enjoy and exercise their right to development.

To set the context for the use of policy space in achieving development, developing countries need to formulate their country-specific development strategy. They need to provide their people with a positive vision of what their society and economy will look like ten, twenty, thirty years down the road; how this vision can be achieved over time with the participation of different social actors ranging from the government, civil society, business and industry, etc.; what institutions need to evolve and be created to manage the social transformation that will inevitably take place as the country moves towards its vision; and how social consensus in achieving the vision set forth will be obtained and maintained.³⁵

Developing countries should be selective and deliberate in choosing how and when, in which sectors and to

what extent, their domestic economies should become integrated into the global economy in the areas of trade, finance, and investments. Integration into the global economy can provide benefits to developing countries, but only if such integration is carefully undertaken on the basis of a pragmatic and realistic assessment of the potential impacts of such integration on national development policies, priorities, and goals. Developed countries should engage with developing countries in the spirit of multilateral cooperation and assistance, as developing countries seek to realize their right to development.

National sovereign equality. Self-determination. Right to development. Special and differential treatment. National policy space is about freedom of development policy choice. These are principles and concepts that are essential to the creation of a fair, just, equitable, sustainable and rule-based global economic order based on and capable of meeting the development needs and aspirations of all peoples, South and North.

End Notes

1. UN, *UNCTAD XI: Sao Paulo Consensus*, TD/410, 25 June 2004, available at http://www.unctad.org/en/docs/t410_en.pdf.
2. Id. In this regard, see also UNCTAD, *Notes on the concept of economic policy space*, 4 March 2004, para. 1, in which the UNCTAD Secretariat described the concept of economic policy space as referring to "the extent to which national governments have the authority to make decisions concerning economic policy and, correspondingly, the extent to which such authority is constrained by international disciplines and processes." This concept is also linked, according to the UNCTAD Secretariat, to the concept of "open nationalism" which "suggests policies and approaches that take appropriate account of the pursuit of national objectives and goals but are consistent with the growing integration of the world economy and the increasing participation of developing countries in its challenges and opportunities. Such policies and approaches are conceived primarily as efforts to upgrade the capabilities and skills of the national labour force, as well as of national capital, in order to better integrate into the global economy." See UNCTAD, *A conceptual note on "open nationalism"*, 4 March 2004, para. 26.
3. See e.g. UN, *Charter of the United Nations*, art. 2(1).
4. See e.g. UN, *General Assembly: Declaration on the Right to Development*, UNGA Res. 41/128, 4 December 1986; UN, *Conference on Environment and Development: Rio Declaration on Environment and Development*, A/CONF.151/6 (Vol. I), 14 June 1992, principle 3.
5. UN Declaration on the Right to Development, supra note 4, art. 4(2). See also WTO, *Agreement Establishing the World Trade Organization*, 2nd preambular clause and art. XI.2.
6. UNCTAD I, *Final Act*, para. 54, in South Centre, *RECALLING UNCTAD I AT UNCTAD XI* (2004), at pp. 10-11, available at <http://www.southcentre.org/publications/pubindex.htm#books>.
7. These principles were based on the report submitted by Dr. Raúl Prebisch, UNCTAD's first Secretary General (from 1963 to 1969), to UNCTAD I. In a recent article, Rubens Ricupero, UNCTAD's fifth Secretary-General (from 1993 to 2004) argued that Dr. Prebisch's ideas have "renewed currency" and relevance in today's world. See Rubens Ricupero, *The Renewed Currency of Raúl Prebisch*, CEPAL Review 84 (December 2004), at 7-18.
8. See e.g. Ha Joon Chang, *Kicking Away the Ladder: How the Economic and Intellectual Histories of Capitalism Have Been Re-Written to Justify Neo-Liberal Capitalism*, *Post-Autistic Economics Review*, Issue No. 15, 4 September 2002, article 3, at <http://www.paecon.net/PAEtexts/Chang1.htm>.
9. UN, *UNCTAD XI: Sao Paulo Consensus*, TD/410, 25 June 2004, para. 13. Joseph Stiglitz describes this approach – often termed as the "Washington Consensus" – as referring to "development strategies focusing around privatization, liberalization, and macro-stability (meaning mostly price stability); a set of policies predicated upon a strong faith – stronger than warranted – in unfettered markets and aimed at reducing, or even minimizing, the role of government." See Joseph Stiglitz, *Post Washington Consensus* (Initiative for Policy Dialogue Working Paper, 2004), at 1.
10. Dani Rodrik, *Social Implications of a Global Economy* (Lecture at Colorado College, 6 February 1999), at <http://www.coloradocollege.edu/Academics/Anniversary/Transcripts/RodrikTXT.htm>.
11. See e.g. Dani Rodrik, *Globalization for Whom?* (2002), at <http://www.harvardmagazine.com/on-line/070280.html>; Joseph Stiglitz, *Globalism's discontents*, *The American Prospect* (Winter 2002); and Joseph Stiglitz, supra note 9.
12. Id., paras. 6 and 12.
13. See e.g. Ha Joon Chang, supra note 8; and Dani Rodrik, supra note 10.
14. This can be traced back to Aristotle's insight that injustice also exists "when either equals have and are awarded unequal shares, or unequals equal shares." See Aristotle, *Nicomachean Ethics* (350 BC), Book V, Chapter 3 (translated by WD Ross), at <http://classics.mit.edu/Aristotle/nicomachaen.5.v.html>.
15. See e.g. Mark Weisbrot, Dean Baker, and David Rosnick, *The Scorecard on Development: 25 Years of Diminished Progress* (Center for Economic and Policy Research, September 2005), available at http://www.cepr.net/publications/development_2005_09.pdf.
16. This could include, for example, acts of State and non-State political, civil and armed violence, societal chaos due to the breakdown of social

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In August 1995, the South Centre was established as a permanent inter-Governmental organization of developing countries. In pursuing its objectives of promoting South solidarity, South-South cooperation, and coordinated participation by developing countries in international forums, the South Centre has full intellectual independence. It prepares, publishes and distributes information, strategic analyses and recommendations on international economic, social and political matters of concern to the South.

The South Centre enjoys support and cooperation from the governments of the countries of the South and is in regular working contact with the Non-Aligned Movement and the Group of 77. The Centre's studies and position papers are prepared by drawing on the technical and intellectual capacities existing within South governments and institutions and among individuals of the South. Through working group sessions and wide consultations which involve experts from different parts of the South, and sometimes from the North, common problems of the South are studied and experience and knowledge are shared.

End Notes (continued)

- values and institutions, loss of skilled human resources as people migrate to other countries (especially the North) to work, conflicts over shared scarce environmental resources, etc.
17. Ha Joon Chang, *supra* note 8. The idea of South-North interdependence, in which the South is also developed, was first forcefully articulated by Dr. Raúl Prebisch, the first Secretary General of UNCTAD, who continually insisted that it was in the interest of the North to promote the industrialization of the South, since such progress would create more demand in the South for the goods and technologies of the North, thereby boosting mutual trade on an equal footing. See Rubens Ricuperio, *supra* note 7, at 17.
 18. For more discussion on this, see e.g. Robert M. Hamwey, *Expanding National Policy Space for Development: Why the Multilateral Trading System Must Change* (South Centre, TRADE Working Paper 25, Geneva, September 2005), available at <http://www.southcentre.org/publications/workingpapers/paper25/wp25.pdf>.
 19. Figure 1 above is based on Figure 2 of *id.*, at 5.
 20. UN, *UNCTAD XI: Sao Paulo Consensus*, TD/410, 25 June 2004, para. 7.
 21. See e.g. Sanjaya Lall, *Reinventing Industrial Strategy: The Role of Government Policy in Building Industrial Competitiveness* (G-24 Discussion Paper No. 28, April 2004).
 22. See e.g. Colin I. Bradford, Jr., *Prioritizing Economic Growth: Enhancing Macroeconomic Policy Choice* (G-24 Discussion Paper No. 37, April 2005).
 23. See e.g. Dani Rodrik, *supra* note 11.
 24. See Dani Rodrik, *Growth Strategies* (August 2004).
 25. As Joseph Stiglitz pointed out: "Each of the successful globalizing countries determined its own pace of change; each made sure as it grew that the benefits were shared equitably; each rejected the basic tenets of the 'Washington Consensus', which argued for a minimalist role for government and rapid privatization and liberalization." See Joseph Stiglitz, *Globalism's discontents*, *supra* note 11.
 26. World Bank, *Agricultural Market Access: The Key to Doha Success* (World Bank Trade Note, 27 June 2005).
 27. *Id.*
 28. *Id.*, at 2 (Table 2).
 29. See Frank Ackerman, *The Shrinking Gains from Trade: A Critical Assessment of Doha Round Projections* (Global Development and Environment Institute Working Paper No. 05-01, October 2005). For critiques of current mainstream projections of gains from trade liberalization and the extent to which trade reduces poverty, see also, e.g. Mark Weisbrot, David Rosnick and Dean Baker, *Poor Numbers – The Impact of Trade Liberalization on World Poverty* (Center for Economic and Policy Research Briefing Paper, November 2004); Sanjay Reddy and Thomas Pogge, *How Not to Count the Poor* (Columbia University, October 2005); Sanjay Reddy and Camelia Minoiu, *Has World Poverty Really Fallen During the 1990s?* (Columbia University, May 2005).
 30. *Id.*, at 5.
 31. *Id.*
 32. *Id.*
 33. *Id.*, at 9.
 34. Kamal Malhotra, *Trade, Growth, Poverty Reduction and Human Development: Some Linkages and Policy Implications* (Study prepared for the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, March 2004), at 5.
 35. For more on what a new development strategy could look like, see Joseph Stiglitz, *Towards a New Paradigm for Development: Strategies, Policies and Processes* (1998 Raul Prebisch Lecture, UNCTAD, October 1998).