



**TRADE AND
DEVELOPMENT**
REPORT 2019

FINANCING A GLOBAL GREEN NEW DEAL



**TRADE AND
DEVELOPMENT**
REPORT 2018

POWER, PLATFORMS AND
THE FREE TRADE DELUSION



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DEVELOPMENT**
REPORT 2017

BEYOND AUSTERITY:
TOWARDS A GLOBAL NEW DEAL

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



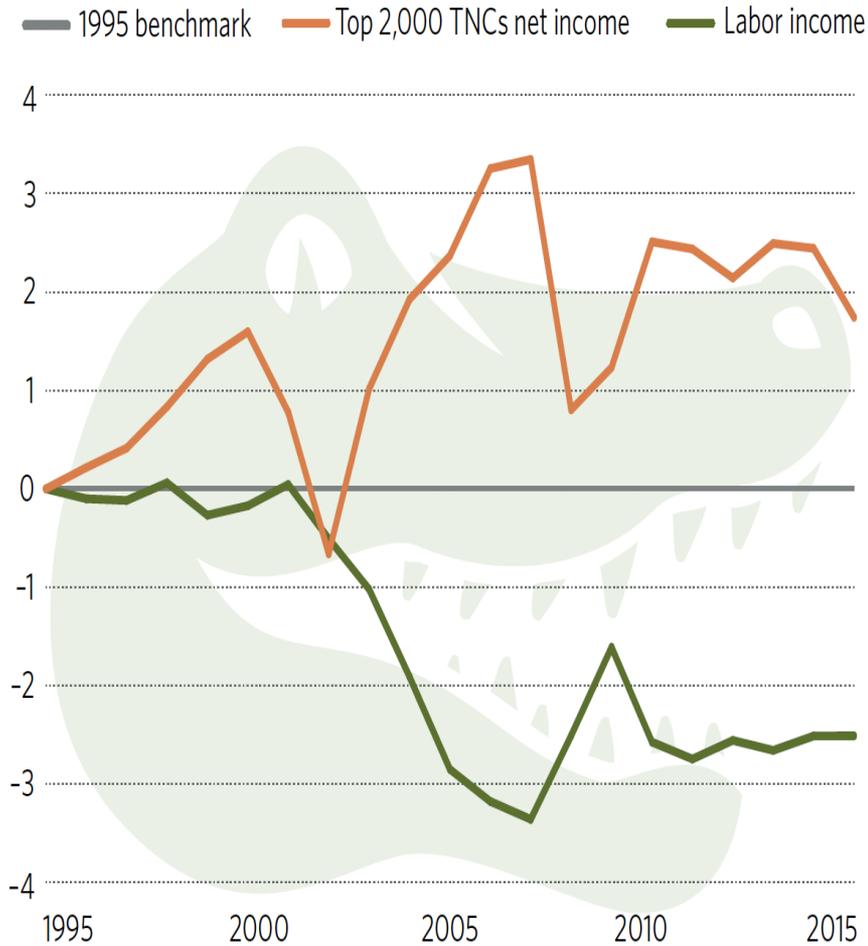
An Age of Anxiety

- Hyperglobalised world dominated by footloose capital, concentrated corporate power and neo-liberal policies; social contract has frayed and working families everywhere are being squeezed ... **age of anxiety**
- Hyperglobalisation driven by a combination of credit creation and wealth extraction (rent-seeking) rather than wealth creation ... and extraction is taking environment to the brink ... **age of extraction**
- If we don't tackle economic and environmental breakdown together age of anxiety will become an **age of extinction**
- Nothing natural about this hyperglobalized world ... a game that is rigged by a set of rules norms and policies that benefit the few and reinforces positions of power at the expense of the many
- A world of inequality, insecurity, instability, indebtedness and insufficient investment ... broke down in 2008



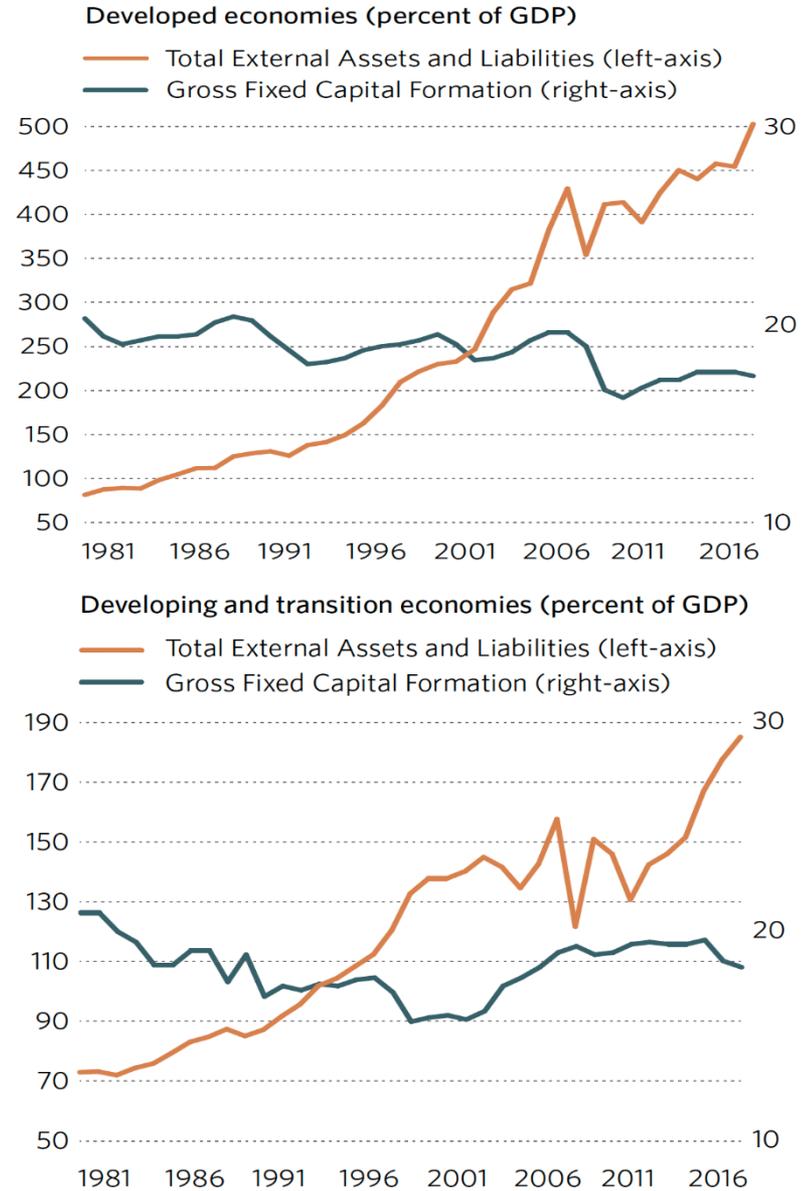
Figure 6: The Crocodile Graph: Superstar Predators

Top 2,000 transnational corporations' profit and the global labor income share, 1995-2015 (percentage point change in GDP)



Source: UNCTAD 2017.¹⁶

Figure 1: Financialization Takes Over, Investment Stalls

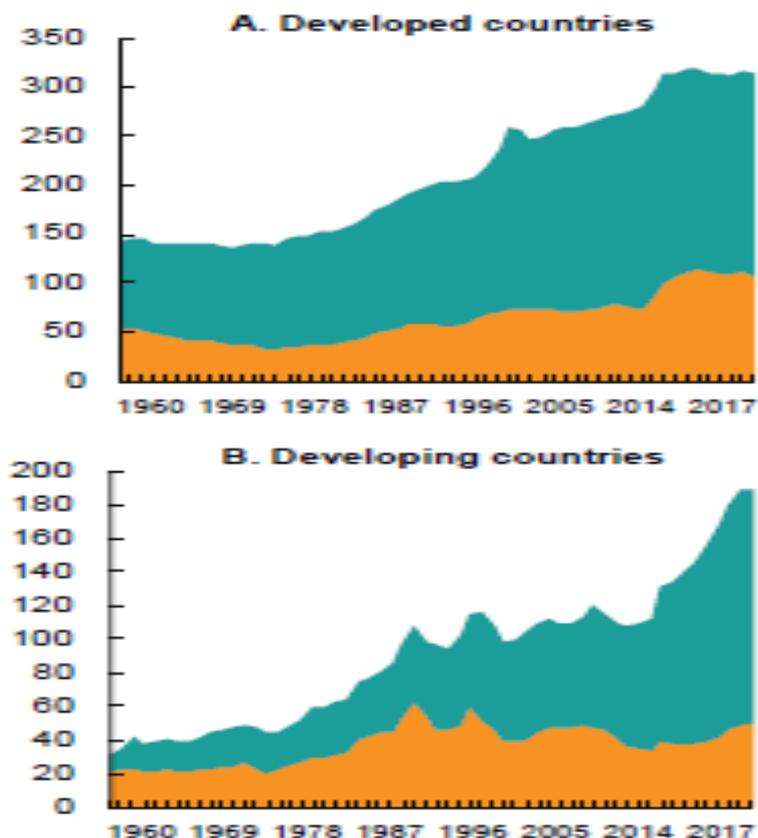


Source: Izurieta, Kohler and Pizarro 2018.⁵

Til debt do us part

- Hyperglobalization has been debt driven; 14 fold increase in global debt stocks since 1980 mainly private particularly in DCs
- Rampant deregulation, mega-banks and “shadow-banking” has lead to privatized credit...but weak developmental outcomes
- Countries exposed to excessive overseas lending, financial crises and predatory investors in search of high short-term yields
- SDGs unattainable by 2030 under current scenarios. No external assistance: Average public debt-to-GDP ratios of around 185% by 2030

Total debt, developed and developing countries, 1960-2017 (percentage of GDP)



The politics of hyperglobalisation

- The rise of neo-liberalism ... TINA goes global

“I hear people say we have to stop and debate globalisation. You might as well debate whether autumn should follow summer. They’re not debating it in China and India. They are seizing its possibilities in a way that will transform their lives and ours...In the era of rapid globalisation, there is no mystery about what works – an open liberal economy, prepared constantly to change to remain competitive. The new world rewards those who are open to it. Foreign investment improves our economy.”

“Thanks to globalisation, policy decisions in the US have been largely replaced by global market forces ... it hardly makes any difference who will be the next president.”

- The Medici vicious circle
- The “morbid symptoms” of free trade agreements (from tax havens to Trump)

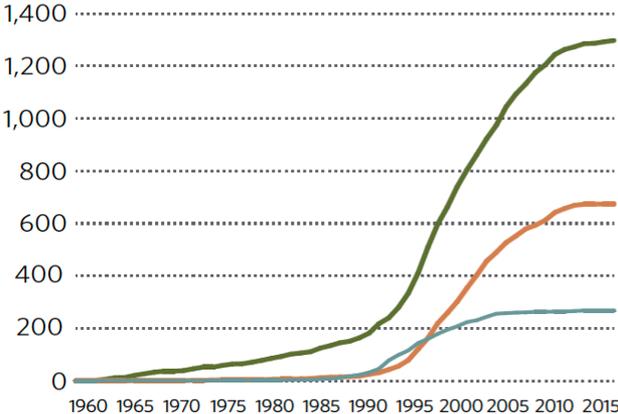


Figure 7: Locking in Neo-Liberalism

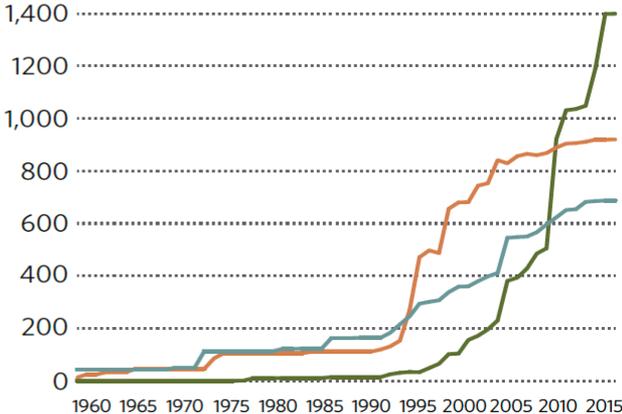
Number of country pairs per treaty at each point in time

- Developed with developed economies
- Developing with developing economies
- Developed with developing economies

Bilateral investment treaties



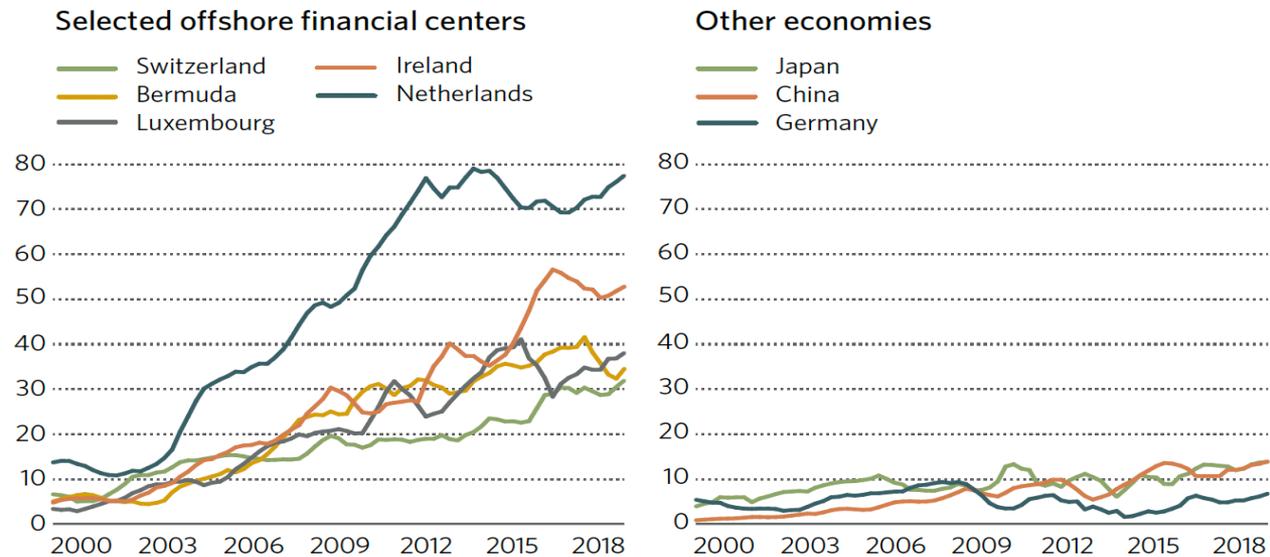
Free trade agreements



Source: FTA data: De Souza 2015; BIT data: UNCTAD 2017.¹⁸

Figure 5: Financial Black Holes

Income of the United States on direct investment abroad, selected countries, 2000-2018 (billions of dollars)

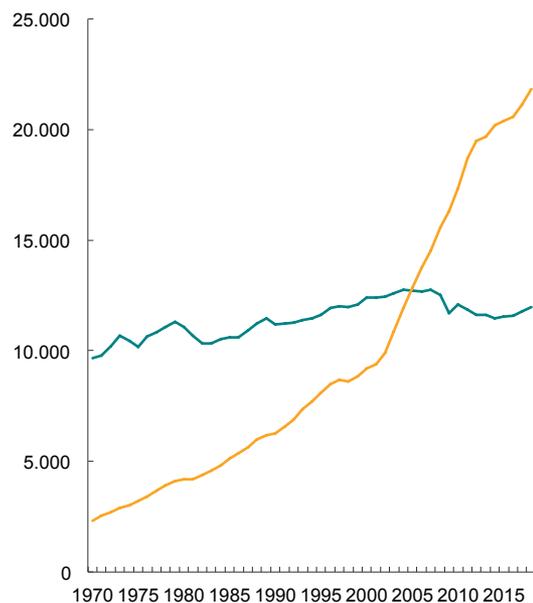


Source: Setser and Frank 2018 (based on United States Bureau of Economic Analysis).¹⁵

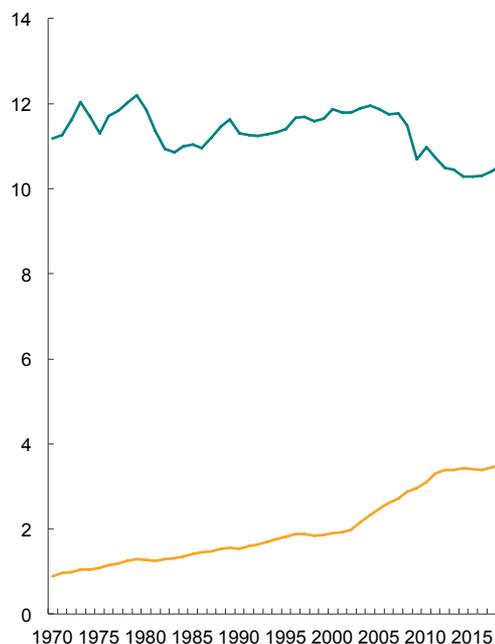
Note: Data correspond to the four-quarter trailing sum.

The energy climacteric

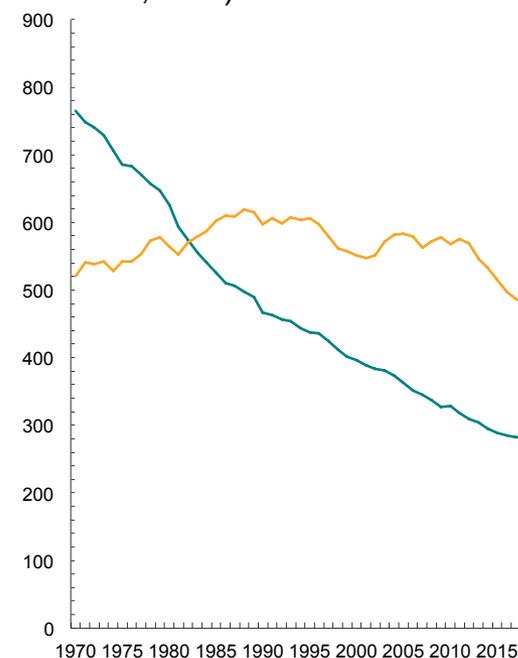
CO2 Emissions (million tonnes)



CO2 Emissions per capita (tonnes)

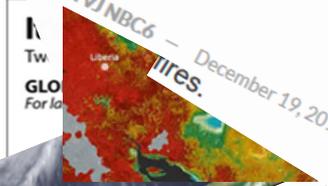


CO2 Emissions per unit of output (grams/constant 2005 dollar, PPP)



A weatherman
Bahdtime to protect
Tell climate
Death

By John Morales, WTVJ NBC6 — December 19, 2018 in Influencers



Time is running out
says UN chief
Mythili Sampathkumar New York |
Wednesday 15 November 2017 20:3

The Uninhabitable Earth

Life After Warming

David Wallace-Wells



East Asia Pacific
China
By Agence France-Presse
August 11, 2019 02:14 AM

Our World in Data

NO COMMENT PROGRAMMES AFFILIATIONS

reaches 62, ab... ple

climate change

Death toll reaches 52 in Myanmar landslide
Troops called in to help search-and-rescue efforts as more than 4,000 houses submerged by floodwaters

Damage goes beyond

running out of
warming

drier. Dry
ger-burning

use-gas

se?

Y

The (st)art of the deal ... green global now!

- The rules of the hyperglobalisation game haven't changed since 2009
- A **massive investment push** needed in a series of interconnected public goods .. from billions to trillions (World Bank); \$1.9 tr per year (UNDESA); \$2-3 tr per year (UNCTAD); \$1.6tr per year for the US (Sanders); 2 per cent of global GDP per year (TDR/PERI)
- From the Washington Consensus to the Wall Street Consensus; **maximising finance**, securitization, derisking, special purpose vehicles, PPPs, disaster bonds, etc ... everything is an asset class with a potential income stream subject to logic of portfolio management ... that includes the environment ...
- not really a new agenda ... the corporate friendly climate agenda dates back to the late 1980s
- perpetrators of financial collapse will not save us from environmental breakdown? no evidence that footloose capital delivers public goods to scale; evidence that it will deliver more inequality and less sustainability



The (st)art of the deal ... green global now!

- Need a green new deal: reclaiming policy agenda from footlose capital, delivering economic justice for those thrown under the bus and reversing decades of environmental piliging and degradation
- Why a “new deal”?
 - “faith in the wisdom and the power of Government”
 - Internationalist (BWIs/ITO, etc)
- It was an avowedly political project; responded to the anxiety of the times with **a transformative agenda**; acknowledged that there were vested interests to confront; embraced popular voices but took policy details seriously
- Political will, public sector leadership, planning; these PPPs framed the fight against fascism (“the arsenal of democracy”) not todays PPPs



Pull up the people cool down the planet

- **Ending austerity and shift to wage-led growth**, positive effects on aggregate demand ... degrowth debate?
- Increases of **public spending** on goods, services, and transfers around industrial and environmental transformation
 - Reductions in **energy intensity of production and consumption**, accelerating trends in developed and developing countries
 - Changes in the **composition of energy production** to reduce CO2
- **Progressive direct taxation** for revenue and redistribution
- **Private investment** crowded in by aggregate demand stimuli and structural shift; but needs **industrial policy**
- Domestic **credit** directed to productive, green and employment intensive activity (**public banks inc more active CBs**)
- **Policy coordination** (industrial, macro, trade policies)



Where's the money?

- Can we afford to do it? The cost of going above two degrees ranges from \$70tr to \$550tr. Most vulnerable communities will be hit hardest but no one will be spared on “uninhabitable earth”
- Mobilising resources from a variety of sources:
 - **Wasted:** macro mismanagement (expansionary austerity); fossil fuel subsidies, \$400 billion up to \$5trillion (IMF) and agricultural subsidies of \$700bn;
 - **Abused:** \$20tr rise in CB balance sheets since crisis; huge expansion of credit since 1980, on average \$5.3 trillion dollars a year
 - **Hidden:** capital transfers and tax evasion, close to \$700bn for developing countries alone
 - **Promised:** \$3.4 trillion in additional ODA (constant prices) since 2002 if advanced economies had met 0.7 per cent target



Where's the money?

Klein (2014)

- A financial transaction tax (\$650bn)
- Closing tax havens (\$190bn)
- A billionaire's tax (\$46bn)
- 25 per cent reduction in military budgets (\$325bn)
- \$50 pmt tax on carbon in advanced economies (\$450bn)
- Reducing fossil fuel subsidies (\$775bn)

Pollin (2019)

- Clean energy investment agenda of \$3.6tr pa between 2021-2050
- \$20 pt Carbon tax -- with rebates (\$160bn)
- 5 per cent transfer from military budgets (\$90bn)
- Green bond funding by Fed and ECB (\$200bn)
- Reducing fossil fuel subsidies (\$750bn)
- Special-purpose green development banks



A New Bretton Woods?

- Can't be a Northern agenda ... TDR modelling exercise shows the importance of development policy and coordination ... but the multilateral system is drifting!
- Back to 1944?
- What did Morgenthau want to do? Committee on Banking and Currency
 - Subordinate finance to the real economy
 - Cant have political independence without economic independence Cant have inclusive development in a world of economic aggression and bullying
- Not enough ...
- A global green new deal refers to a set of principles that can only be applied to different regions and countries working collaboratively at the international level, takes different conditions in to account, and, with the active participation of citizens, be implemented by local and nationally accountable institutions that reflect domestic conditions



Multilateralism for Shared Prosperity

- A productive economy built around **full and decent employment** at liveable wages, for all countries
- A **just society** that targets closing socio-economic gaps, within and across generations, nations, households, race and gender
- A **caring community** that protects vulnerable populations and promotes economic rights
- A **participatory politics** that defeats policy capture by narrow interest groups and extends the democratic principle to economic decision making
- A **sustainable future** based on the mobilization of resources and policies to decarbonize growth and recover environmental health in all its dimensions
- Global rules calibrated toward the overarching goals of social and economic stability, shared prosperity, and environmental sustainability and protected against capture by the most powerful players
- Common but differentiated responsibilities in a multilateral system built to advance global public goods and protect the global commons
- The right of states to policy space to pursue national development strategies should be enshrined in global rules
- Global regulations designed both to strengthen a dynamic international division of labor and to prevent destructive unilateral economic actions that prevent other nations from realizing common goals
- Global public institutions accountable to their full membership, open to a diversity of viewpoints, cognizant of new voices, and have balanced dispute resolution systems

Pull up the people cool down the planet

- Reforms are needed at the international level to make this work:
 - **Policy space** and coordination .. Start with revising FTAs and ITs and supporting capital controls
 - Clamping down on **corporate tax avoidance**; Beyond BEPs project a common unitary taxation system with global minimum tax rate set at 20–25 per cent, (the current average global nominal rates) plus “formulary apportionment”,
 - A **debt jubilee**: a huge programme of debt relief and new rules to help debt distressed states in the future (SDRM)
 - A properly funded **global climate bank** to support green transitions all over the world but particularly in the South
 - A **Green Marshall Plan**; technology transfer + specific adaption funds for developing countries different funding mechanisms SDRs; ODA;
 - **Regional** trade and financial arrangements ...



CAPITALISM. TIME FOR A RESET.

Business must make a profit but
should serve a purpose too.

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FINANCIAL
TIMES

THE NEW AGENDA



A New Multilateralism for Shared Prosperity



Global Development Policy Center



UNITED NATIONS
UNCTAD

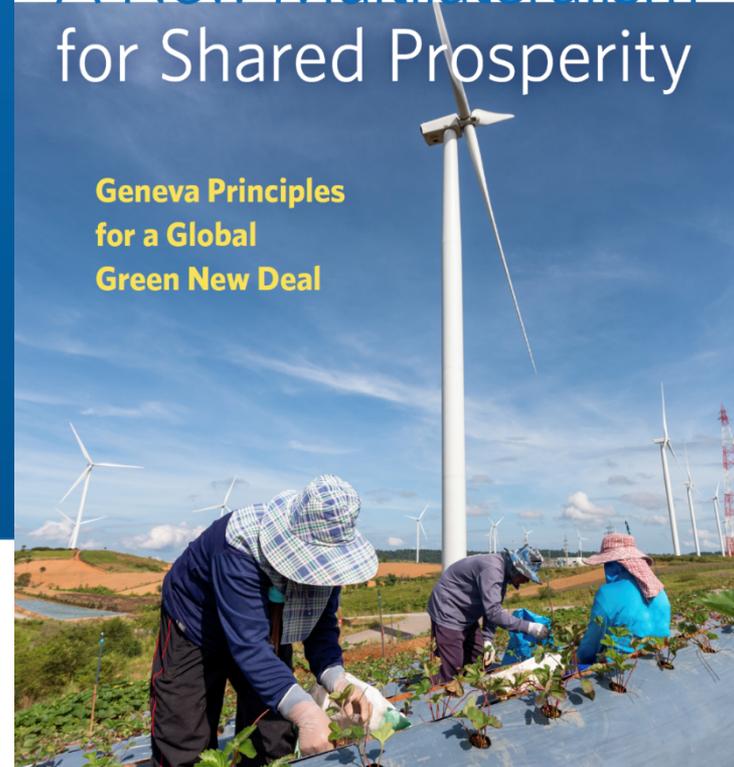


Global Development Policy Center



A New Multilateralism for Shared Prosperity

Geneva Principles
for a Global
Green New Deal



Kevin P. Gallagher
Richard Kozul-Wright