# Globalization disrupted: Prebisch, trade imbalances and the future of the global economy[1]

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## Abstract

This article presents an analysis of globalization since the 2008 global crisis. Amid sluggish growth and weakened global trade in goods relative to the hyperglobalization boom of the 1990s and 2000s, the international economy is undergoing a process not of deglobalization so much as polyglobalization, characterized by the rising decentralization of global economic governance, multipolarity, geoeconomics and the return of industrial policy. Recalling the legacy of Raúl Prebisch with respect to the critical role that industrial policy played in development success stories, exemplified by the Republic of Korea, I argue that successful industrial policy must both boost exports and strike a harmonious balance between autonomy and public-private integration in State-market relationships.

## Keywords

Globalization, economic crisis, deindustrialization, international trade, multilateralism, Prebisch, Raúl, industrial policy, terms of trade, economic cooperation among developing countries

## JEL classification

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# I. Introduction

The United Nations Conference on Trade and Development (UNCTAD) and the Economic Commission for Latin America and the Caribbean (ECLAC) are sister institutions, because they have the same father: Raúl Prebisch. Among other things, ECLAC gives all the economists that spend time at the Commission a healthy and lifelong dose of heterodoxy, and that dose has immunized me against many of the excesses of public policy, which has been dominated by the Washington Consensus, the pursuit of increasingly mathematical economic models and blind faith in the free market.

The truth is that, as Edith Hamilton said, “the heterodoxy of one generation is the orthodoxy of the next” (Hamilton, 1930). Now that the reductionism of the Washington consensus has been recognized, the world has lived through the 2008 crisis, and the enormous setbacks caused by the coronavirus disease (COVID-19) pandemic have been witnessed, we are finally seeing a return of industrial policy in the West: heterodoxy is back in fashion. This is a call to ECLAC and UNCTAD and, of course, it links back to Raúl Prebisch. ECLAC celebrated its seventy-fifth anniversary in 2023 and UNCTAD will celebrate its sixtieth in 2024. It is an auspicious time to reflect on unanswered questions.

This is the main purpose of this article: to examine this generational change in economic thinking, reflecting a tectonic shift in globalization, which I describe as a transition from a period Rodrik has called “hyperglobalization” (Rodrik, 2011), to a period that I call “polyglobalization”.

This article is divided into three sections, in addition to the Introduction. The first section addresses the issue of hyperglobalization; the second section presents some ideas on this period of possible emerging polyglobalization; the last section explores the legacy of Raúl Prebisch in the context of the work that ECLAC, UNCTAD and the entire United Nations system are called upon to perform in this new state of affairs.

It is crucial to keep in mind a particularly important piece of information: millions of people are suffering. Cascading economic crises, COVID-19, relentless climate disasters, war, geopolitics and unmanageable debt burdens are testing the very fabric of our global society. The shared agendas drawn up together in 2015, when we were convinced of our collective destiny and humanity, are in jeopardy. At the current rate, just 15% of the Sustainable Development Goals (SDGs) will be met by 2030 and poverty, hunger and gender equality indicators have all shown setbacks (United Nations, 2023a).

Foreign direct investment, which for so long was a driver of growth and development, has stalled since the 2008 crisis in the vast majority of developing countries. There is a US$ 4 billion financing gap for the SDGs in the global South, a gap that has only grown, as in 2015 it was estimated at US$ 2.5 billion (UNCTAD, 2023a). What is more, 3.3 billion people live in countries that spend more on interest payments than they do on health or education (UNCTAD, 2023b). We find ourselves in a situation in which the SDGs and the Paris Agreement appear very difficult to fulfil, and this is tremendously dangerous, because the SDGs are too important to not be achieved. The SDGs are much more than a set of Goals. They are our foundational common agenda in a world that is more polarized than ever, and in desperate need of solidarity, fraternity and multilateralism.

The suffering that surrounds us is a reminder of what happens if we lose sight of the long term, if we leave people behind, if we lose the ability to empathize. What we are seeing is a warning of how the world could look in 2030 if efforts to meet the SDGs fail. Therefore, the changes in the globalization model proposed herein do not represent a mere academic analysis. They are a hopeful endeavour to shape a vision and imagine how we can build a different paradigm before it is too late.

# II. Hyperglobalization

There is no unanimous verdict on when hyperglobalization began or when it ended. However, there is no doubt that it reached a pinnacle in the two decades from 1990 to 2010. Those years were marked macroeconomically by three key positive factors: growth in foreign investment, growth in international trade, and growth in the use of information and communication technologies (Subramanian and Kessler, 2013; ITU, 2022). For Latin America, the first decade and a half of the twentieth century was a period of rapid growth, with poverty and inequality in decline thanks to the tailwind of the commodity supercycle. There are those who say that hyperglobalization did not end in 2010 with the financial crisis, but in 2016 with Brexit and the administration of President Donald Trump or even in 2020 with the COVID-19 pandemic (Subramanian, Kessler and Properzi, 2023). I tend to agree with the more recent date, but what is clear is that from 1980 to 2020 we can clearly see a bell curve with two tails, in the first and in the last decade.

So, what happened in those years? What is clear is that there was an abundance of growth and a huge reduction in poverty worldwide, but especially in China. From 1990 to 2010, extreme poverty in the world halved; nearly 800 million people, more than half of them in China, were lifted out of extreme poverty (Olinto and others, 2013). As a result, the Millennium Development Goal related to poverty reduction was achieved five years early. In addition, there was convergence between the global South and the global North.

However, beneath the surface, three negative factors expanded during the period. The first was inequality. According to Oxfam, the world's richest 1% received 54% of all wealth created in the 2010s (Oxfam, 2023).

The second factor was the premature deindustrialization of many countries. According to data from Rodrik (Rodrik, 2015), employment in manufacturing peaked in Brazil in 1986; in India in 2002; in Mexico in 1980; in Indonesia in 2001; in Ghana in 1978, and in Nigeria in 1982. The UNCTAD productive capacities index (PCI) shows the same at the global level: 20-year stagnation and an increase in commodity-dependent countries.[3] Currently, 76% of the least developed countries are commodity dependent (which is to say that they depend on commodities exports for more than 60% of their income) (UNCTAD, 2023c). Fifteen years ago, there were 15 fewer countries that were commodity dependent.

Deindustrialization has been particularly damaging because, as Prebisch rightly argued, there can be no development without industry. Here industry is of course used in the wider sense of the word. In the twenty-first century, given the importance of the digital economy and the growing robotization of "Industry 4.0", we cannot reduce industrial thinking to manufacturing alone. The evidence is overwhelming in this regard. With the exception of a few commodity-rich countries, especially Gulf States, almost no country in the world has escaped the middle-income trap without a strong manufacturing sector or productive diversification that enables a complex economic structure. One of the consequences of this premature deindustrialization was growth of the dual economies or productive heterogeneity that ECLAC and UNCTAD have analysed so frequently, which characterize a good part of the world's middle-income countries.

Such economies have, on one hand, a strong export sector, with large, formal companies that pay good wages. On the other hand, they have a local service economy, marked by informality, self-employment and low value added. In other words, there is more inequality, but this time at the very heart of the economic structure. As found by in-depth expert analysis of this period, the vulnerable middle classes emerged in particular from this second sector of the economy but then fell back into poverty during the COVID-19 pandemic (Messina and Silva, 2017; López-Calva and Lustig, 2011).

[3] See more data at [online] https://unctadstat.unctad.org/EN/Pci.html.

This brings us to the third negative factor of hyperglobalization: a lack of resilience in the international system. All was well with hyperglobalization for the duration of the commodity supercycle boom, which ended in 2015. Once the boom was over, vulnerabilities came into sharp focus. Since 2015, Latin America has been in another lost decade, as ECLAC has documented in detail (ECLAC, 2023a). As a result of the COVID-19 pandemic, the region was stripped of decades of social progress in just months and it became clear that the term "development" was being used for something that was not development at all, since per capita GDP concealed more than it revealed.

The lack of resilience is a consequence of several factors. The first is the lack of diversified economic structures in developing countries. The second is the trade dynamic that some call a "winner-takes-all market": value chains are concentrated in a few industrial hubs with higher productivity and lower costs, especially in Asia (Gros, 2018). The third factor, which I consider pivotal, is the weakening of public capacities both nationally and internationally, and especially the weakening of the development finance system. Hyperglobalization led to the State's withdrawal not only from what have traditionally been matters of public policy, but also from the development finance system and the Bretton Woods institutions.

For example, the World Bank's contribution to development policy is now less than one-fifth of what it was in the 1960s (United Nations, 2023b). Likewise, the liquidity that the International Monetary Fund (IMF) makes available to developing countries in one year is equivalent to what the United States Federal Reserve System can print under a quantitative easing policy in just one month (Cachanosky and others, 2021; Georgieva, 2023). Despite the debt crisis of the 1980s, the world still does not have a multilateral debt restructuring system. Now it is needed urgently. As indicated in the United Nations report *A World of Debt* (UNCTAD, 2023b), 3.3 billion people live in countries that spend more on debt interest payments than on health or education. As argued in the ECLAC report *Public debt and development distress in Latin America and the Caribbean* (ECLAC, 2023b), this is not a debt crisis, it is a development crisis.

A lack of investment by multilateral banks, meagre private investment, rising capital costs and inadequate access to liquidity through IMF on the scale called for by external shocks have meant that, crisis after crisis, countries have only been able to resort to increasingly expensive credit, meaning that debt is taking up more and more fiscal space, resulting in less social investment, less investment in infrastructure and less investment in sustainable development.

Inequality, deindustrialization and fragility had far-sweeping repercussions for the world, first political and then geopolitical. Notably, the areas with the most votes for Trump and Brexit were the ones that suffered most from deindustrialization in the offshoring wave of the 1990s and 2000s (Inglehart and Norris, 2016).

As has been said, with good reason, the countries of the global South have felt acutely abandoned, owing to broken promises of climate finance, the lack of solidarity on vaccines during the COVID-19 pandemic and growing development investment gaps, which has led those countries to adopt more sceptical geopolitical stances. Moreover, given the growing inequality and a glaring lack of climate action during the period of hyperglobalization, the younger generations have become disillusioned. Lastly, increased trade tension has led to something of a deadlock in the multilateral system, above all in terms of trade, meaning that the World Trade Organization (WTO) has been without an Appellate Body since late 2019.

I believe Jake Sullivan, National Security Advisor to President Biden, captured this new zeitgeist well, when in April 2023 he gave a presentation to the Brookings Institution on the United States' new industrial strategy, in which he began by thanking the audience for indulging a National Security Advisor to discuss economics. In his speech, Sullivan said that the assumption was that trade-enabled growth would be inclusive growth —that the gains of trade would be broadly shared within nations— but that in reality those gains had failed to reach a lot of working people (Sullivan, 2023).

There is no unanimous verdict on when hyperglobalization ended. The speech by Sullivan is worth highlighting, as it was the first time a policymaker had distinguished, at a high-profile event, the key difference between the old globalization and the new globalization: the subordination of trade to geopolitical interests, rather than purely economic interests.

In any case, the question is now what is going to happen to this period. The second part of this analysis, which follows, examines the rise of what I call possible polyglobalization.

# III. Polyglobalization

The fact is that the word is in a transition period, and the problem with transitions is that it is easy to lose oneself in them, because, as Gramsci said, the old world is dying, and the new world is struggling to be born.

There appears to be a fork in the road ahead. One way leads to total trade disconnection (or decoupling, as some call it in reference to trade with China), which IMF and WTO estimate would lead to a drop in global GDP of 5% to 7%, equivalent to the impact of two COVID-19 pandemics (Georgieva and Okonjo-Iweala, 2023) and the other way leads to risk reduction strategies (derisking), with diversification of value chains to find new trading partners —in an attempt to remedy the excesses of hyperglobalization— and bring variety in terms of suppliers and markets through reshoring and nearshoring; in this respect, it is important to bear in mind that 85% of battery refining and 50% of lithium, cobalt and graphite processing takes place in China (IEA, 2022). Regionalism is being revived and there is renewed protectionism in some sectors (a small yard and high fence, as Sullivan says in his speech) (Sullivan, 2023).

The pendulum has clearly swung the other way, and the world is facing a different form of globalization; the question is whether, in addition to being different, globalization is also diminished. Some signs suggest the world is deglobalizing, such as international trade growing more slowly than the global economy and the slowdown in trade since the 2008 crisis (Subramanian, Kessler and Properzi, 2023). However, while there have been declines in trade in goods, trade in services has proved to be more resilient, and digital trade is continuing to grow, a process some have called the "dematerialization" of trade.

Three key factors are apparent in this respect.

The first factor is that the world is facing more decentralized globalization. There is a shift from a system dominated by a few global powers to a network of regional hubs, large "continental" economies of the South, and the rise of various plurinational forums. The result is that more policy is shaped in the Group of Seven (G7), the Group of 20 (G20) and BRICS (Brazil, Russian Federation, India, China and South Africa) than in multilateral forums. Consequently, fewer treaties are passing through WTO, and more treaties are being drafted at the regional level, be it the Agreement Establishing the African Continental Free Trade Area (AfCFTA), the new Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or the efforts of the Southern Common Market (MERCOSUR) to reach a treaty with the European Union. In turn, this means that the World Bank is playing a less prominent role, but also that regional banks such as the Development Bank of Latin America and the Caribbean (CAF), the African Development Bank (AfDB) or the BRICS New Development Bank are looking to fill the newly empty spaces. As will be addressed later, the world is facing multilateralism that is competitive, not universal.

The second factor, which stems from the first, is multipolarity and geoeconomics. At the turn of the millennium, the question was posed of whether multipolarity would make the world more multilateral. It remains unanswered, but what is clear is that major political poles are emerging in Asia, Africa, Europe, the Arab world and, to a lesser extent, Latin America.

Thus far, however, the geopolitics of multipolarity is leaving no free space. For example, the United Nations has for years strived to ensure that humanitarianism does not depend on political or geopolitical interests, but on humanitarian law itself. The same has been said about international cooperation. Multilateralism should include independent spaces, but today it seems that everything (technology, international relations, humanitarian issues, cooperation and trade) is in thrall to geopolitics. Blocs are not only competing economically and militarily, they also have different worldviews. This is another aspect of multipolarity, and one that is central to discussion of ethical issues: the end of the single political and cultural development model, the demise of the idea from the end of history that liberal democracy was a logical continuation of the market economy. As I have been saying for some years now, the market has done much better than democracy has.

Some describe this change as a dichotomy of democracy versus autocracy. This is an overly simplistic reading. The correct word is not "split", but rather "fragmentation". Even in democracies, in this context of polarization, a significant fragmentation of values is occurring. This, in turn, is leading to fluidity and volatility of international alliances.

The consequence for trade of this clash between poles is an intention to move value chains to "allied" or "friendly" countries (friend-shoring). It remains to be seen how much of this intention will become action, as many countries in the global South are not interested in this new perspective. When it comes to choosing poles, what many countries are looking for, after so many broken promises, is results.

This is something the Brookings Institution has called "competitive multilateralism" (Jones, Feltman and Moreland, 2019), whereby poles compete to see who delivers the best results. Examples of this can already be seen, with China's Belt and Road Initiative, the European Union's Global Gateway[4] and President Biden's Build Back Better World (B3W) Partnership,[5] among others. But there is an alternative reality, one of the dualism of good against bad that extends to peoples, that feeds into racism, that punishes the "other", those who are different, and offers no moral alternative.

The third factor of polyglobalization is the return of industrial policy, which is the factor with the strongest link back to Prebisch. In his speech, Sullivan sought to justify two major Biden industrial policies, those stemming from the Inflation Reduction Act[6] and the CHIPS and Science Act.[7] The first is a programme to promote renewable energies, based largely on extremely generous subsidies, which has sparked complaints from some countries, especially in Europe. The second is an industrial policy programme, but of a more protectionist nature, based on sanctions against the semiconductor sectors of some countries, especially targeting China.

Such policies are mirrored by similar programmes in the rest of the world, such as the NextGenerationEU[8] Funds in the European Union and Vision 2030 in Saudi Arabia. China, Japan and the Republic of Korea —which have never shied away from industrial policy— have doubled down on their programmes, focusing on semiconductors and renewable energies. In Africa, political leaders are openly talking about the Agreement Establishing AfCFTA as a vehicle for reindustrialization of the continent. Indonesia, to promote diversification away from commodities, enacted a law to restrict exports of nickel ore in 2019. In Latin America, countries such as Argentina, Chile, Peru and the Plurinational State of Bolivia are seeking to establish similar policies to foster a local lithium industry.

[4] The European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy have set out the Global Gateway, a new European strategy to boost smart, clean and secure links in digital, energy and transport sectors and to strengthen health, education and research systems across the world.

[5] A G7 initiative launched in June 2021 for infrastructure development in low- and middle-income countries.

[6] Signed into law by President Biden in August 2022, this Act provides for a set of public subsidies to stimulate environmentally sustainable consumption, production and investment.

[7] Signed into law by President Biden in August 2022, this Act provides for United States investment in semiconductor manufacturing, research and development and workforces.

[8] COVID-19 pandemic recovery plan.

The irony is that very little of this would be possible if WTO had a functioning Appellate Body. This highlights the ambiguity of the new system. The world does not have a trade framework that is suited to a context in which all poles are setting industrial policy; this, in the long term, could be dangerous, especially for small countries, which depend on a rules-based international trading system. Chile or Costa Rica are unlikely to find a successful strategy while the major poles, especially the major industrial powers, are fighting a subsidy war. Nonetheless, industrial policy, if used well, can be very beneficial at the national and international levels when based on multilateral agreements.

At the national level, there is the potential to close the economic gaps opened up by hyperglobalization, reverse deindustrialization and promote diversification and productive transformation in the countries of the South. Africa, for example, has 48% of cobalt and manganese reserves, 80% of rock phosphate and 92% of platinum-group metals (UNCTAD, 2023d). The energy transition can be a great opportunity for diversification.

This was the premise of the General Agreement on Tariffs and Trade (GATT), one of the great legacies of Prebisch's thinking. Devising a different kind of trade —one that is more conducive to productive transformation of the countries of the South, more oriented to energy transition and development— is valuable, but we must not throw the baby out with the bathwater. It must be done in a multilateral, negotiated, transparent and fair way. Unilateral measures, led by polarizing geopolitics, will have a domino effect, making the world worse for everyone.

Another important issue relating to production diversification is what will happen with digitalization. In fact, the key transformation of value chains in recent years has been the increase in their intangibility. Trade in goods fell in 2022 in volume terms; trade in services grew. Within services, what is growing the most is trade in intellectual property and above all data. All this is being driven, of course, by growth in the digital economy. But, as is widely known, the trading system already had a huge regulatory vacuum in the digital area. The question now is how industrial policy will affect all of this. India has shown that industrial policy can promote digitalization-driven development. Those who believe that industrial policy in the twenty-first century is a manufacturing-only issue are mistaken.

This article will not examine this subject in detail, but artificial intelligence will bring major challenges in a polyglobalized world. The main challenge is posing the most fundamental question of all: how do we know what is true or what is real? With the rise of artificial intelligence, "fake news" is less important: now there are "fake photos", "fake videos" and "fake voicemails", which hide falsehoods in almost exact copies of reality. The world is facing this question at a time when information abounds, but truth is elusive. We have witnessed the repercussions: disinformation campaigns that affect democratic processes, fuel wars and conflicts, and undermine public health work. The integrity of institutions, trust in governments and international organizations, and social cohesion of communities are all at stake. The answer to this question is not technological: it is ethical. When we abandon our ethics, we abandon our humanity, and nothing can guide us to a better place.

# IV. Prebisch's legacy and the role of the United Nations

The starting point of this section is an incontrovertible truth: Prebisch was right.

Looking at which countries achieved higher levels of development over the last 70 years, there is no doubt that the clear winners were those that were able to implement good industrial strategy policies.

The Republic of Korea is perhaps the quintessential example of a country that conscientiously followed Prebisch and succeeded. However, this must be qualified. The Republic of Korea's policy was one of industrialization with a view to trade. It was an open industrial policy, looking outward to world trade rather than turning its back on it. The Korean case is also a reminder that the fundamental question with regard to industrial policy is how best to implement it. The Republic of Korea —and to a greater extent China— demonstrated that industrial policy is, above all, an exercise in trial and error, a willingness to innovate through different methods. Asia did not draw up economic models on a blackboard and then see if they worked; Asia started on the ground, let what failed come to natural end and replicated what succeeded. That is why good industrial policy must be accompanied by an industrial, strategic and innovative culture. Mariana Mazzucato has written extensively about this and delivered a Prebisch lecture a few years ago (Mazzucato and Rodrik, 2023).

A considerable body of literature has been produced in recent years on how to prevent State capture, something that Latin America has certainly suffered, and which the Republic of Korea was able to solve by disciplining its large business conglomerates (chaebol) —its private sector giants— through what Peter Evans called embedded autonomy (Evans, 1995), which is to say a system in which the private sector and the public sector work together closely, but each with autonomy. Evans' argument is that in the public-private relationship of industrial policy there are two variables: autonomy and embeddedness. These, in turn, lead to four possibilities: low autonomy and low embeddedness (predatory States), low autonomy and high embeddedness (client States), high autonomy and low embeddedness (Weberian regulatory States (European Union)), and high autonomy and high embeddedness (developmental State (Republic of Korea)). It is important to revisit this literature and look at it with fresh eyes. Juhász, Lane, and Rodrik published a study in August 2023, *The New Economics of Industrial Policy*, which contains an anthological review of recent industrial policy literature (Juhász, Lane, and Rodrik, 2023).

In other areas, Prebisch's legacy has proved even more incontrovertible. Dependence on commodities is a clear case in point. Policies such as those implemented by Indonesia with respect to nickel or those that are beginning to be pursued in the Southern Cone with respect to lithium are clearly Prebischian.

However, there are things that Prebisch was not able to foresee.

The main thing, perhaps, is the emergence of "centres" within the periphery. The case of China may be the most obvious. Prebisch believed that the industrialized countries would never want to lose the advantage that their manufacturing power gave them. The main consequence of what has happened is that the theory of asymmetric interdependence now goes both ways. It could be said that there are advanced countries that depend on countries like China more than China depends on them. The German automotive industry is a clear example of this.

In the world of polyglobalization, what we are witnessing is a multiplicity of centres and peripheries. Countries such as China or India do not exactly fit the characteristics of the centre that Prebisch described, and instead possess a singular blend of centre and periphery characteristics, a hybrid that defies the traditional dynamic. This has significant implications, given multilateral negotiations both within the United Nations and outside it, in forums such as G20 and WTO, because these new centres are clearly post-colonial, and their natural affinities are with the global South. India's role in bringing the African Union into G20 is one example.

In any case, there is no doubt that even within the multiple centres, there will also be dynamics typical of the periphery. This has started to appear in economic data. The latest edition of the *Trade and Development Report*, (UNCTAD, 2023e) describes economic growth in 2023 as being marked by double divergence: divergence in the global North —between Europe and the United States, with the former in recession and the latter in a "soft landing"— and divergence in the global South —the BRICS countries are growing rapidly and the other countries are developing, while the frontier economies face major challenges, in particular debt. Frontier economies lie between large emerging markets and least developed countries, which in most cases are small middle-income countries such as Viet Nam, Senegal or Ghana (UNCTAD, 2023e).

Another Prebisch hypothesis that is important to revisit is that of deteriorating terms of trade, the famous Prebisch-Singer hypothesis, and particularly its relevance to the new digital and data economy. Specifically, in the modern economy, data are comparable to a raw natural resource. Data are extracted in vast quantities, often at little or no cost to the companies that collect them. However, like natural resources, data requires processing (through analytics and machine learning, for example) to produce something useful, such as actionable information or artificial intelligence products.

This was explained in the *Digital Economy Report 2021*, the most recent UNCTAD report on the digital economy. Just two countries, China and the United States, account for 50% of the world's hyperscale data centres, 94% of all startup capital for artificial intelligence, 70% of the world's top artificial intelligence researchers, and almost 90% of the market capitalization of the world's largest digital platforms (Amazon, Alphabet, Google, Alibaba and Tencent) (UNCTAD, 2021). This unequal transfer of value can perpetuate a cycle of dependence, a situation that has clear echoes of the deterioration of the terms of trade in the traditional commodity trade.

An important omission by Prebisch that must be taken into account is the absence of a gender perspective in his analysis, something very typical of his time. ECLAC has made an enormous contribution by demonstrating how trade can accentuate inequalities through various channels: the labour market, concentration of production, overrepresentation of women in precarious and low value-added sectors, increasingly unfair distribution of unpaid care work in societies, and the wage gap to the detriment of women. That is why it is crucial to establish and pursue initiatives to analyse and take action on the differential impact of international trade on women. At the Eleventh Ministerial Conference of the World Trade Organization, held in Buenos Aires in December 2017, the Joint Declaration on Trade and Women's Economic Empowerment was adopted, signed by 117 countries.[9] A similar initiative was pursued by Chile and Uruguay in 2016.[10] The Declaration has gained increasing support from countries, in the European Parliament and at the regional level and, over the course of the years, more and more gender provisions are appearing in regional trade agreements. The main proponents in this area have been the European Union, Chile and Canada.

Lastly, from Prebisch's legacy, I would like to call to mind the original idea that led to the creation of the two institutions, UNCTAD and ECLAC: the firm belief in multilateral and regional cooperation as a vital tool for economic development, social justice and reducing tension between developed and developing countries.

Prebisch's vision was not of simply assessing the problems inherent in global economic structures, but also of encouraging collective action to address those inequalities. He understood that peripheral economies faced challenges not only with respect to the terms of trade, but also with respect to their ability to influence policies and decisions that affected their future. Multilateral cooperation, in this regard, entails giving a voice to countries that have historically been marginalized in global decision-making. UNCTAD and ECLAC, over their long histories, have done much to give countries that voice, closing the gap and providing fair solutions for the world.

But the biggest task is just beginning. We are being called to shoulder three major tasks.

The first is to bring order to chaos. UNCTAD and ECLAC are heterodox institutions, but still institutions. It is important that they continue to function as such. Their conferences must bring stakeholders together. The spaces they offer must not vanish. They must not lose people's trust in their research. This is increasingly difficult in polyglobalization. Some poles will want UNCTAD and ECLAC to say one thing, others will want them to be silent. Maintaining fairness, transparency and trust is a growing challenge, but also an increasingly important one.

9 See [online] https://www.wto.org/english/thewto_e/minist_e/mc11_e/mc11_e.htm.

10 See [online] https://conexionintal.iadb.org/2017/09/01/analisis-del-tlc-chile-uruguay/?lang=en.

Another important aspect in this regard is mitigating the collateral damage of value chain disruption, an issue that UNCTAD has specifically addressed. One example is the disruption of the Black Sea grain trade, in response to which work was done on the Black Sea Initiative and the United Nations memorandum with the Russian Federation.

The second task is to research emerging phenomena. Many unprecedented things are happening in the world, and UNCTAD and ECLAC must be in the vanguard. When the war in Ukraine began, for example, a rapid assessment was performed at UNCTAD in just three weeks of the effects of the war on food and energy value chains (UNCTAD, 2022). Similar research is being done on the impact of advanced countries' climate regulation on the least developed countries.

The third task is to actively promote South-South cooperation and regional integration, to better adapt to and take advantage of polyglobalization. As a pole, Latin America is perhaps the least cohesive of all regions. This is partly a reflection of the lack of integration, an undertaking our generation has yet to complete and which it is vital to resume with determination. If Latin America does not unite today, it will not know how to dance with elephants tomorrow.

In short, we are in a transition period, a swing of the pendulum in terms of the extent of globalization. Polyglobalization may promise convergence between diversity and unity, a path to a more uncertain but possibly also more inclusive future. But this transition is not without risk. We face resistance from old structures, inertia of obsolete practices and, most critically, the real risk of not understanding each other. Not only are we witnessing a disheartening increase in human conflict, the spectre of a new world war has also emerged, and the 2030 Agenda for Sustainable Development, the only common agenda we have left, is on the wrong path.

Therefore, I call on all of you to be part of this transition. To contribute from the front line, to build bridges, to listen and learn from the diversity that surrounds us. Polyglobalization with multilateralism is an invitation to expand our horizons and to empathize and collaborate. It is a more complex, but richer version of the global village. As I like to say: in complex times, only complexity can save us.

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