



Statement by His Eminence Cardinal Peter K. A. Turkson
Prefect of the Dicastery for Promoting Integral Human Development of the Holy See.
at the 65th Session of the UNCTAD Trade and Development Board General Debate
Palais des Nations, Geneva
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Secretary-General,
Distinguished Delegates,
Ladies and Gentlemen,

Mr. President, the Delegation of the Holy See takes the opportunity to congratulate you on your election as president and wishes to thank the secretariat for all the work done and the document prepared for this session of the Trade and Development Board. In Nairobi two years ago, UNCTAD's mandate was renewed with a strong focus on building an *inclusive economy*. UNCTAD was founded on the conviction that developing countries needed more support by the international community to achieve inclusive and sustainable development. Surely, we agree that such development must promote progress and that this means integral human development, based on clear ethical principles. As has been argued here, this fuller understanding of development, as integral and human, is under greater threat today than at any time since the foundation of our respective “bodies”. The High-Level Segment of this Session of the Trade and Development Board has discussed many of these challenges, including trade relations, the rise of new technologies, the growing influence of financial markets on human well-being, and the many vulnerabilities – environmental, macroeconomic and political - an increasingly complex web of international relations faces.

International Trade

The multilateral trade and employment agenda that was designed in the early post-war period recognised a fundamental principle, namely, that for international trade relations to work in support of human development, they need to be an integral part of a balanced and expanding world economy – one in which countries are protected against external shocks and predatory corporate behaviour, in which strong public action manages the full use and equitable distribution of mankind’s human and natural resources, and in which countries contribute to international commitments according to their levels of social and economic development. The expansion of international trade was understood, not as a goal in itself, but as a means of ensuring stability and peace and promoting equal human development.

What stands in the way of a return to, and strengthening of, a multilateral trade system that reclaims these objectives, are not only rising political and economic tensions between leading nation States and protectionist threats. Rather, we share the growing concerns about the proliferation of plurilateral, bi-lateral and mega-regional trade and investment agreements. This fragmentation of trade and related negotiations has further opened the door to the growing influence of large multinational corporations over national policy spaces and thus concerns the well-being of millions of people.

In the 1930s, Pope Pius XI already warned of the dangers of ‘a global economic dictatorship’. A few decades later, Raúl Prebisch, UNCTAD’s first Secretary-General, argued that growing market concentration and corporate power had limited development in the South after the end of the Second World War, which had systemically tilted the gains from international trade and investment in favour of the North. He warned about "the drainage of income through the transnational corporations, as they came to play a more and more active part in industrialization, often sheltering behind an exaggerated degree of protection"¹.

Today, the economic and political reach of a few large corporations is far more extensive than almost one hundred years ago. As claimed in the 2017 UNCTAD Trade and Development Report, the vicious circle of big money begetting power and power begetting more big money now permeates almost all areas of financial and non-financial economic activities, and poses a core obstacle to inclusive, productive and equitable economic relations. Active policies, policy coordination and international cooperation will be needed to reign-in corporate rentierism and turn international trade again into a force for development.

New technologies

Rapid technological change is without a doubt part of what UNCTAD refers to as ‘hyperglobalization’. Digital technologies, in particular, have broken down traditional borders between nations and opened up new areas of economic opportunities and possibilities for trade.

At the heart of these new technologies are two developments: the replacement of the human person with artificial intelligence, for example, through robotics, and the collection, processing and dissemination of data, including big data, using the internet, new software applications, cloud computing, and the like. However, we are far from fully understanding the long-term impacts of these technological developments on the prospects of integral human development.

We must therefore avoid both alarmist scenarios about threats to decent work as well as an overly optimistic and naïve acceptance of the inherent abilities of markets to enable the development and use of these technologies for the common good. Moreover, we must exercise caution and allow for fuller analyses to emerge, before rushing to rule-making and adequate policy responses.

¹ Prebisch R., Address delivered at the twenty-first session of ECLAC, Mexico City, 24 April. CEPAL Review, 29: 13–16 (1986).

The Church, with humble certainty, maintains that no area of human action can legitimately claim to be outside of ethical principles based on liberty, truth, justice and solidarity. This also holds true for the development and use of new technologies. Even though detailed policy designs will require a better understanding of the phenomena under discussion, the choices made must help, not hinder, the dignity of all human beings and their integral development. They must not serve vested interests or facilitate predatory behaviours and the ‘economic dictatorship’ of the few over the many.

We must remember that many of the basic technological building blocks of the digital revolution were created in the public sector and through public policy action. What we must ask is not whether trade or technology are the bigger source of disruption, but how changing trade and technological patterns can be governed, through deepened multilateral relations, such that they serve the common good, inclusive and sustainable development, and the just and equitable distribution of wealth.

Finance

As I will argue at more length this afternoon, perhaps the greatest threat to the promotion of integral human development arises from the overbearing role played by the world of finance. We strongly welcome the focus on illicit or illegitimate financial flows at this session of the Trade and Development Board. We also welcome, in this context, the Agreed Policy Recommendations of the First Session of UNCTAD’s new Intergovernmental Group of Experts on Financing for Development, which also address this issue very clearly.

The Holy See strongly emphasises the intrinsic connection that exists between economic reasoning and ethical reasoning. Unfortunately, this connection has broken down in many areas of the international financial system and financial sectors, again reinforcing tendencies towards the growing influence of large corporations and abusive business practices.

To reign-in the excesses of the activities of financial investors, advisors and core players cannot be left to the formal observation of existing laws, or even new regulations. Actions directed towards bypassing the existing normative principles without directly contradicting these, for example, through tax avoidance, are harmful, reprehensible and lead to the unjust removal of resources from the real economy.

Strengthening international legal and soft law frameworks to promote just financial practices, such as UNCTAD’s Principles on Sovereign Lending and Borrowing, as well as to enforce financial transparency and facilitate international tax cooperation is therefore a core concern. We strongly support UNCTAD’s important work in this area, in cooperation with other UN agencies.

We also believe that this will help to tackle one of the greatest vulnerabilities the developing world currently faces, namely, the growing threat of a new “debt trap”. In this regard, we look forward to the next session of UNCTAD’s Intergovernmental Group of Experts on Financing for Development that will address this important issue in more detail.

Conclusion

Allow me to close by emphasising the importance of UNCTAD's consensus-building role, as well as its impressive research activities and policy initiatives in these areas. In these troubled times, strengthening this role and UNCTAD's mission to promote the integrated treatment of trade, investment, finance and technological issues from a developmental perspective is essential.

In its last Trade and Development Report (2017), UNCTAD provided the first outlines of an integrated and co-ordinated policy framework to tackle the crisis of multilateralism and to promote trade, technological and financial relations that meet the challenges of eliminating poverty, promoting integral human development and a more egalitarian and just global economy. To continue to promote the important debates at this 65th Session of the Trade and Development Board, we look forward to the further work on UNCTAD's Global New Deal.

Thank you, Mr. President.