

Joseph L. Love
Dept. of History, U. of Illinois
309 Gregory Hall
810 S. Wright St.
Urbana, IL 61801 USA
fax: (217) 333-2297
e-mail: j-love2@uiuc.edu
November, 2001

LATIN AMERICA, UNCTAD, AND THE POSTWAR TRADING SYSTEM

The generation of Latin Americans who made policy in the 1930s had learned the bitter lesson of overdependence on commodity prices, and their representatives took the lead at Bretton Woods Conference of the United Nations to call for a trading system that would support prices at stable and remunerative levels. At the 1944 meeting, delegates from Chile, Cuba, Bolivia, Brazil, and Peru all presented resolutions to that effect¹. Brazil even proposed a special conference on price stability in commodities. Chile and Iraq sponsored a declaration to “bring about orderly marketing of staple commodities at prices fair to producer and consumer.”² Yet Bretton Woods created a liberal international monetary and trading system, establishing the International Monetary Fund and the World Bank,³ and paying little heed to the Latin American concern about commodities.

Latin American delegations took a similar position on commodities at the United Nations’ Conference on Trade and Employment at Havana, Cuba, in March, 1948. The delegates met to consider a “third leg” for the tripod of the international trading system—

¹ United States of America, Department of State. Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1-22, 1944, 2 vol., (United States Government Printing Office, Washington, 1948), passim.

² Ibid., p. 941.

an International Trade Organization (ITO), along with the Bank and IMF. The General Agreement on Tariffs and Trade (GATT) had been established at Geneva in 1947, but its “most-favored-nation” provision was seen as inadequate for the needs of the developing countries, eager both to industrialize and to defend their commodity exports. GATT was the club of the rich nations, and Latin American delegates at Havana strongly attacked GATT while they “sought freedom to set up new preferential systems, impose import quotas, and employ other restrictive devices without prior approval”[from GATT].⁴

At that meeting Latin Americans also favored industrialization and commodity stabilization agreements⁵: They wanted the ITO to have been an organization more favorable to the poorer agriculture- and minerals-trading nations than the U.S.-sponsored draft proposed, especially if the ITO were able to regulate and support commodity prices. In the end, however, the original free trade-inspired project prevailed.⁶ It, in turn, was rendered null when, after the outbreak of the Korean War in 1950, the Truman administration abandoned the idea of getting the recalcitrant U.S. congress to approve the ITO.

The French economist Francois Perroux has somewhere remarked that to get what you want, it is far more important to set the rules than to play the game well. Such was the case with GATT as far as the incipient Third World was concerned. Therefore, the creation in 1964 of the United Nations Conference on Trade and Development (with its clumsy acronym UNCTAD) seemed to fulfill the longstanding Latin American aspiration

³ Originally named the International Bank for Reconstruction and Development.

⁴ Clair Wilcox, A Charter for World Trade (New York: Macmillan, 1949), p. 49.

⁵ Ibid., pp. 26, 120.

⁶ U.S. Dept.of State, Havana Charter for an International Trade Organization and Final Act and Related Documents (Dept. of State pub. 3117, Washington, D.C., n.d.).

for an international trading agency devoted to commodity protection and development through trade.

UNCTAD's initial program did promise the realization of those hopes. The first organization was established at the highest level of U.N. agencies, and its director held the title of Secretary-General. The first person to hold that post was Raul Prebisch, who had shaped U. N. policy for Latin America at the Economic Commission for Latin America (usually know by its Spanish acronym, CEPAL).⁷ The Argentine economist, who had organized and directed his country's central bank during the years 1935-1943, had raised his U.N. agency out of the realm of technical assistance to a dynamic research institution and policy formulator; CEPAL had developed a set of theories and a program based on them, announced in Prebisch's 1949 manifesto, Latin America and its Principal Problems.⁸ In the 1950s and early 1960s, the halcyon years of CEPAL, Prebisch had directly influenced government policy in a number of countries--notably Brazil, Chile, and Mexico, and he had recruited leading young economists to his organization from across Latin America.⁹ Along the way, Prebisch had earned a reputation as one of the few renowned authorities on development issues who hailed from a Third World venue.¹⁰

⁷ Comision Economica para America Latina.

⁸ English ed., 1950.

⁹ On these matters, see Love, "Economic Ideas and Ideologies in Latin America since 1930," in Bethell, ed., Cambridge History of Latin America (Cambridge: Cambridge U. Press, 1994), vol. 6, part 1, pp. 393-460.

¹⁰ The other two in this period were Hla Myint of Burma and Arthur Lewis of the British West Indies. Of course, Prebisch's ideas were controversial, but that was also the case of all the other first-generation economists represented in the World Bank-sponsored Pioneers in Development (New York, 1984), edited by Gerald M. Meier and Dudley Seers. Prebisch's essay was called "Five Stages in My Thinking on Development," pp. 173-204.

Prebisch was chosen to direct the agency by the (overall) U.N. Secretary-General, U Thant, among several other contenders. In 1961 Prebisch had welcomed John F. Kennedy's Alliance for Progress, and he was the coordinator of the "Nine Wise Men" who oversaw the ambitious program to deliver \$20 billion in public and private investment to Latin America over a ten-year period. The Alliance's "clock" coincided with the Development Decade declared by the United Nations.

As early as 1961, Prebisch had begun to doubt the validity of the original formulation of his development program, in the wake of widespread abuses of CEPAL's recommendations for import-substitution-industrialization (ISI), and the rising import bill associated with industrialization. Therefore, he now recognized the necessity of stimulating (remunerative) exports in the development process.

The number of Third World nations represented at the U. N. was expanding rapidly in the 1960s, as nations on the African continent gained their independence. Together, and working with the Economic and Social Council of the U.N. (ECOSOC), the nations of the "South" successfully promoted the creation of UNCTAD in the General Assembly in 1962. The first UNCTAD meeting took place in Geneva, the seat of the new Secretariat, from March to June, 1964. According to one account, this meeting had 4,000 official delegates from 119 countries, along with representatives of numerous international organizations, and was the "largest international event ever held on any subject to that time." A permanent structure to deal with trade issues was approved, and

the link between trade and development was recognized. This organization, in Prebisch's view, was to be "activist, not policy-neutral."¹¹

The original UNCTAD program was that of CEPAL, *mutatis mutandis*, extended to the global level. Prebisch's reports to the organization, if not cepalismo whole cloth, were definitely international adaptations of the regional agency's program as it had evolved by the early 1960s. Prebisch, in an unpublished interview, did not take credit for establishing the organization—rather he saw as its chief architect the U. N. economist, Wladyslaw Malinowski, a Polish citizen who had previously been instrumental in the establishment of the U.N.'s regional economic organizations (ECE, ECAFE, and CEPAL) and headed ECOSOC in the early 1960s. Together, Prebisch and Malinowski were most responsible for establishing UNCTAD as a permanent U.N. organization, rather than a one-off conference.¹²

Prebisch's Reports on the two UNCTAD conferences that he organized, those of 1964 and 1968, contained some of the theses familiar to all those acquainted with CEPAL structuralism. First of all, the world was divided into "Centers" and "Peripheries."¹³ Secondly, the secular deterioration of the terms of trade of agriculture

¹¹ Edgar J. Dosman and David H. Pollock, "Hasta la UNCTAD y de regreso: divulgando el evangelio. 1964-1968" in Estudios Sociologicos del Colegio de Mexico, 14, 48 (September- December 1998), pp. 573- 603.

¹² Raul Prebisch, interview by David Pollock, Washington, D.C., 21-23 May 1985, MS (courtesy of David Pollock). Zenon Carnapas credits Prebisch and Malinowski jointly with making UNCTAD a permanent entity of the U.N. See Carnapas, "Wladyslaw R. Malinowski (1909-1975)" in Michael Zammit Cutajar, UNCTAD and the South-North Dialogue: The First Twenty Years (Oxford, UK: Pergamon, 1985), p. xiii.

¹³ Raul Prebisch, "Towards a New Trade Policy for Development" (New York: UNCTAD, 1964), pp. 20-26; Prebisch, "Toward a Global Strategy of Development," UNCTAD, Second Conference (1968), pp. 27-28.

and mineral exporters was affirmed as a fact, presumably to the displeasure of representatives of the First World.¹⁴

Prebisch's views on trade—beginning with the terms-of-trade thesis—and his experience in CEPAL had taught him that commodity policy, such as buffer stocking, however necessary, was not sufficient to advance the growth and development of the world's agrarian nations. Industrialization was necessary, and Third World countries needed as part of their industrialization policies to move over time from exporting raw materials to exporting manufactures.¹⁵

As noted, Prebisch had learned to emphasize the expansion of trade for underdeveloped countries in the latter 1950s, because of the need to pay for imports of capital, inputs, and fuels, as ISI proceeded in Latin America. He recognized the limits of ISI in his 1964 report to UNCTAD. But in addition he now insisted on *ESI*—*export-substitution industrialization*--replacing traditional commodity exports with manufactures or semi-manufactures.¹⁶ (Prebisch clearly saw the direction in which world trade was moving, because by 1975 one-third of LDC exports by value, excluding petroleum, were manufactures.¹⁷) Thus commodity price supports were a basic concern of UNCTAD, but they could not be the exclusive concern.

Prebisch emphasized the “trade gap,” a rather vague term which he introduced with the remark that the demand for primary products grew slowly as an element in world demand, compared to the demand for industrial products. The deterioration argument

¹⁴ Prebisch., “Towards a New Trade Policy,” pp. 14-17.

¹⁵ Prebisch was prescient in this prescription.

¹⁶ Prebisch, “Toward a New Trade Policy,” pp. 20-25, 123-125.

¹⁷ W. Arthur Lewis, The Evolution of the International Economic Order (Princeton, N. J.: Princeton U. Press, 1978), chap. 6.

was implicit in that very observation,¹⁸ along with an even older conviction of Prebisch's that the "external imbalance" of poor nations was a sustained and structural feature of underdevelopment.¹⁹ By 1964 Prebisch was already concerned about income concentration in Third World countries, with an eye perhaps to disquieting studies based on the Latin American national censuses of 1960. Partly as a solution, Prebisch called for land reform at UNCTAD I, an idea put forth in the Charter of the Alliance for Progress (1961) and in Prebisch's Towards a Dynamic Development Policy for Latin America (1963); in fact, however, the problem was more acute in Latin America than in other world regions.²⁰

What was *not* part of previous CEPAL programs was an appeal for a Generalized System of Preferences (GSP) whereby the industrialized countries would make tariff and other trade concessions to low-income countries for their new industrial products, without requiring reciprocity.²¹

In his confidential report to U Thant on the UNCTAD's first conference in 1964, Prebisch was optimistic about the prospects of the new organization, reiterating his view that the underdeveloped countries could close the "trade gap" through future industrial exports. Yet he also noted the conference's insistence in its resolutions on "stable, equitable and remunerative" prices for staple commodities produced by low-income countries, coupled with the need for greater access to the markets of developed countries (e.g., the lifting of quantitative restrictions on imports) and, in the Lesser Developed Countries (LDCs), export diversification, facilitated by state planning of industrialization.

¹⁸ *Ibid.*, pp. 11-14.

¹⁹ *Ibid.*, pp. 107-108.

²⁰ *Ibid.*, pp. 112-117.

²² The conference established three permanent committees—one on commodities, another on manufactures, and a third on invisibles and financing.

As a practical politician, Prebisch realized that resolutions could only be effective if they were translatable into meaningful agreements. Crucial, of course, was the support of the United States and other rich countries, which could exercise a veto over the programs of all three committees; invisibles and financing were almost totally under the control of the high-income nations. Advancing the Secretary-General's agenda within UNCTAD meant the development of "conciliation machinery," and outside the organization, it meant long and hard bargaining.

Perhaps the greatest reason for optimism, thought Prebisch, was the constitution of a new force within the Third World contingent in UNCTAD, namely, the "Group of 75," which by the end of the meeting at Geneva had become the "Group of 77."²³ This political alliance, he believed, could exercise real pressure in pursuit of its members' interests in the years to come. In fact, the *G77* soon became a permanent entity, and over time organized chapters in other international organizations (see below).

Encouraged by initial Third World victories in principle—and there had been few concessions to Third World interests, even in principle, at Bretton Woods and Havana—Prebisch became an itinerant preacher to spread the UNCTAD evangel. He took his message on unequal exchange, the Trade Gap, concessionary financing and export-substitution industrialization to Africa and Asia, as well as to Latin America. Between

²¹ Ibid., pp. 117-122

²² [Raul Prebisch], "Report on First UNCTAD to U Thant." Dag-1/5.2.1.7/3; Office of the Secretary-General; Records of U Thant—1961-1971; UN Commissions, Committees and Conferences; Folder title: UNCTAD, Raul Prebisch, Confidential Report to U Thant, pp. 3, 10. (Located at U. N. Archives, New York, N. Y.)

1964 and 1969 he logged 600,000 miles giving speeches and meeting heads of government and their ministers.²⁴ On the force of his ideas and personality, Prebisch attempted to strengthen and expand the Group of 77 as an effective voice on trade and development. In this he succeeded, and the considerable majority of the G77 nations supported Prebisch's Generalized System of Preferences, whereby the industrialized nations would suspend the most-favored-nation provisions of GATT to lower tariffs on new industrial exports from the countries of the South.

In the meantime, he recruited first-rank economists to carry out commodity agreement studies, notably Alfred Maizels of Britain and Jan Tinbergen, the future Nobel Prize Winner, of the Netherlands. The former became a permanent UNCTAD employee, while Tinbergen was contracted to work with Maizels on the details for a model commodity agreement; they elaborated a study on a buffer stock scheme for cocoa. This commodity was chosen because it was widely produced in Africa and Latin America, but not in developed countries, and therefore competition in production between rich and poor countries would be absent.. The study would be used as a model for UNCTAD II negotiating in 1968. The cocoa scheme was an exemplar for Prebisch's Integrated Commodity Program. But political factors intervened: Buffer stocks would have to be paid for, and Prebisch wanted a tax for that purpose on cocoa importers. Another relevant political factor, Prebisch and his staff learned, was that U.S. cocoa traders made considerable sums on arbitrage actions that would be lost if there were a stabilization of cocoa prices. Not surprisingly, the United States delegation rejected the project.²⁵ An

²³ Ibid., p. 15.

²⁴ Dosman and Pollock, [Eng. version], p. 7.

²⁵ Prebisch interview MS, pp. 101-102.

additional motive, thought David Pollock, Prebisch's assistant at UNCTAD, was that the U. S. thought a model agreement on cocoa would help consolidate the G77 as a political force at UNCTAD II.²⁶

In a statement at the that meeting in New Delhi in February, 1968, Secretary-General Prebisch reiterated his message of persistent external disequilibrium;²⁷ he pointed to the “savings gap”—the difference between mounting investment requirements and the domestic savings of the developing nations; and he referred to developing countries’ “external vulnerability,” to sudden changes in the Centers’ economic performance and signals, such as interest rates. The “vulnerability” term dates back to his characterization of Latin American economies at the Banco de Mexico in 1944. In his final report on UNCTAD’s Second Conference, Prebisch criticized the industrialized countries for dallying on meaningful agreements for the GSP, for not agreeing to finance export shortfalls (supplementary financing), and for raising nontariff barriers against Third World manufactures.²⁸

Secretary-General Prebisch further criticized the machinery of UNCTAD as far too unwieldy. In the 1985 interview Prebisch said, “New Delhi was unmanageable. I could not see what was going on, notwithstanding that every sector had a responsible man.”²⁹ In fact, 137 countries were represented at the Conference, along with 44

²⁶ Dosman and Pollock, [Eng. p. 12].

²⁷ Raul Prebisch, “Statement by Dr. Raul Prebisch, Secretary-General, UNCTAD, at the Thirty-Ninth Plenary Meeting of the Conference, (Feb. 2, 1968),” in United Nations Conference on Trade and Development, Report on 2nd Conference Held at New Delhi (February 1 to March 29, 1968), pp. 70-76.

²⁸ *Ibid.*, pp. 70-76.

²⁹ Prebisch, interview with David Pollock, Washington, D.C., 21-23 May 1985, MS., p. 107.

international organizations. There were 965 separate working meetings, occurring over the eight weeks of the meeting.³⁰

Though unwieldy, the huge and sprawling organization did have the merit of being relatively transparent, while its bureaucratic rival GATT was shrouded from public view.³¹ GATT officials liked to think of UNCTAD as the “General Assembly” of U.N. trade-related agencies, where rhetoric was produced, while GATT was the “Security Council,” where all the consequential decisions were made. GATT tried to woo away members of the Group of 77 from loyalty to UNCTAD by setting up a Committee on Trade and Development in 1965.³² Meanwhile, the IMF, another non-transparent organization, would not provide UNCTAD with sufficient data to study if and how the former entity’s policies harm developing countries’ interests.³³

The most basic cleavage in UNCTAD, of course, was the rich against the poor, obfuscated in part by the lip service that the former were willing to render to the aspirations of the poor. Still another problem was divisions among the commodity-exporting countries, of which the most obvious was that of the OPEC countries against the petroleum-poor members of the G77 after the quadrupling of oil prices in the wake of the Arab-Israeli war of 1973.³⁴ Another example was a resistance to the GSP by African countries that had special trading privileges from the European Economic Community;

³⁰ Dosman and Pollock, [Eng. p. 14].

³¹ R. Krishnamurti, “UNCTAD as a negotiating instrument on trade policy: the UNCTAD-GATT relationship” in Cutajar, UNCTAD and the South-North Dialogue, p. 66.

³² Dosman and Pollock, [Eng., p. 13].

³³ Iqbal Haji, “Finance, Money, Developing countries and UNCTAD” in Cutajar, UNCTAD and the South-North Dialogue, p. 164.

³⁴ Marc Williams, Third World Cooperation. The Group of 77 in UNCTAD (London: Printer Publishers Ltd., 1991), p. 148-151 [ck].

according to one researcher, Prebisch played a critical role in defending the GSP against regional schemes to benefit former colonial areas.³⁵ Finally, there was the problem of cleavages *within* Third World Countries' bureaucratic elites: The minister of development would tend to favor UNCTAD recommendations, while the minister of finance would tend to favor those of the IMF.³⁶ It was an unequal match. One harsh judgment on the organization was that UNCTAD stood for "Under No Circumstances, Take Any Decisions."³⁷ In fact, it took many decisions: The problem was implementation in the face of opposition from the rich nations.

Nonetheless, getting UNCTAD II to approve the Generalized System of Preferences was a victory.³⁸ The most economically advanced Latin American countries stood to gain most from the GSP in the short run, while the large majority of African countries would not, as they had few immediate prospects of exporting manufactures. Later the Africans received some compensatory considerations at the ministerial meeting of the G77 in Algiers in 1967. In a separate and more vital effort to sell the GSP, Prebisch deployed Latin American diplomats and trade experts to try to reverse the United States' initially negative attitude toward the GSP, and they succeeded in the same

³⁵ Williams, pp. 121.

³⁶ Dosman and Pollock, p. ??

³⁷ On the politics of UNCTAD, see Joseph S. Nye, "UNCTAD: Poor Nations' Pressure Group" in Robert W. Cox et al., The Anatomy of Influence: Decision Making in International Organizations (New Haven, Conn., 1973), pp. 334-70; quotation on p. 334. But UNCTAD was not the only U.N. agency criticized for its inaction; the glacial pace of GATT negotiations has prompted critics to suggest the term stands for "General Agreement to Talk and Talk." Don Babai, "General Agreement on Tariffs and Trade," in Joel Krieger, ed., Oxford Companion to Politics of the World (New York: Oxford U. Press, 1993), pp. 342-348.

³⁸ Dosman and Pollock, [ENG, p. 13].

year, 1967, one year ahead of the UNCTAD II.³⁹ The Johnson government may have reversed its position to repair its image in Latin America after the bad feelings engendered by the invasion of the Dominican Republic two years earlier.

But the GSP could not yet be implemented, and the world was changing rapidly in the 1960s, while Prebisch's own views on the problem of development were also quickly evolving; he was moving toward a dependency perspective, and at UNCTAD he was criticizing the role of Third World elites—African politicians, he thought were abusing the “trade gap” concept to cover up their own corruption. In fact, by the late 1960s Prebisch favored conditionality in lending and other practices by international agencies to Third World regimes⁴⁰ For all these reasons—and the fact that Prebisch did not want to preside over a “forum” as he now considered UNCTAD, he announced his resignation from the organization in November, 1968, effective the following March. He returned to regional Latin American agencies, doing a special study for the Inter-American Development Bank and later returning to CEPAL.

However effective UNCTAD was, Prebisch played the leading role not only in founding the G77, but in initiating the process that would result in the “Declaration on the Establishment of a New International Economic Order” (NIEO) by the U. N. General Assembly in 1974.⁴¹ The declaration consisted of twenty broadly-stated demands, mostly derived from previous UNCTAD programs, but often radicalized. These included

³⁹ Williams, p. 121.

⁴⁰ Dosman and Pollock, [Eng., p. 16, 18].

⁴¹ That the NIEO movement began with Prebisch's efforts at UNCTAD is confirmed in standard economics textbooks on development and in a history of development theory--e.g., Michael P. Todaro, Economic Development in the Third World, 3rd ed. (New York, 1985), p. 560; H[einz] W. Arndt, Economic Development: The History of an Idea (Chicago, 1987), p. 141.

“sustained improvement in the terms of trade for primary products”; favorable terms for obtaining financial transfers for Third World nations; a reform of the international monetary system; preferential treatment for LDCs in trade agreements; and regulation of multi-national corporations by all states which claimed “sovereign equality.”⁴²

The complex process culminating in the 1974 demand for an NIEO occurred largely through the interaction of the G77 and the Non-Aligned Movement, an association founded in 1961 and rising to 102 members by 1992. Early in the second decade of its existence, the turbulent sixties, the NAM moved beyond political issues to take an interest in the Third World trade matters. Though the membership of the Non-Aligned Movement and that of the Group of 77 largely overlapped, the somewhat smaller NAM—in which Latin America was significantly underrepresented, because of the region’s close association with the United States—pressed for more radical policies within the G77. The dramatic success of OPEC in 1973-74 was a stimulus to demand a broad range of price spikes for commodities producers. The result was a call for an NIEO in the General Assembly in May, 1974.⁴³ While the charge of “politicization” circulated in GATT and IMF circles, such an epithet almost inevitably arises when the prevailing rules of the game are challenged.⁴⁴

The oil crisis of the seventies and the debt crisis of the eighties severely weakened Third World unity, and the unwillingness of the First World nations to accede to NIEO

⁴² Arndt, p. 142.

⁴³ Karl P. Sauvant, The Group of 77: Evolution, Structure and Organization (New York: Oceana Publications, Inc., 1981).

⁴⁴ C. F. Bergsten, R. O. Keohane, and J. S. Nye, “International Economics and International Politics: A Framework for Analysis,” in Bergsten and L. B. Krause, eds., World Politics and International Economics (Washington, D. C.: Brookings, 1975, pp. 5-6.

demands left its agenda largely unfulfilled. However, the G77 did push the Prebisch program beyond the Generalized System of Preferences in further bending the GATT rules. The Ministerial Meeting of the G77 at Arusha, Tanzania, in 1979, in preparation of UNCTAD V, produced the “Arusha Program for Collective Self-Reliance.” After its adoption by UNCTAD at the Manila meeting the same year, this manifesto, contrary to many others, had a positive outcome. Its force secured the permission of developed countries during the Tokyo Round of GATT negotiations to permit Third World nations to offer tariff concessions to one another, thereby obviating the most-favored-nation provisions of GATT. The Arusha Program thereby initiated the process to create what was confusingly termed a “Global System of Trade Preferences” along with the Generalized System of Preferences, which referred to concessions to low-income countries by developed countries.

Although less important, UNCTAD also established a “Common Fund” in 1980. The G77 wanted indexation of prices across a range of commodities supported by a Common Fund, but the developed countries, led by the United States, Germany, and Japan, rejected the idea, and were likewise cool to the basic idea of buffer stocking to protect prices. The rich countries rejected significant financing for the Common Fund, and in the end, the developing countries at UNCTAD V established little more than the principal that the Common Fund was a legitimate device to serve the interests of primary commodity producers. The G77 settled for what they could get, “dependent as it was on the magnanimity of the developed world.” The Common Fund finally began to operate in 1988.⁴⁵

⁴⁵ Marc Williams, p. 155.

* * * * *

Latin Americans had led the way in the effort to cut a larger wedge of the international economic pie for commodity-dependent countries at Bretton Woods, at Havana, and within CEPAL. When Raul Prebisch became the first Secretary-General of UNCTAD, he represented a regional aspiration to defend the commodity-exporting countries' interests. Prebisch projected the program he had developed at CEPAL onto the world scene with UNCTAD. In a judgment that has the force of crudity, Heinz Arndt has written that UNCTAD was "a trade union of LDCs, with a program of demands on the developed countries ready-made by Raul Prebisch."⁴⁶ Although Prebisch left UNCTAD shortly after UNCTAD II at New Delhi, the Portuguese economist Eduardo de Sousa Ferreira believes that Prebisch's ideas dominated the first four meetings of UNCTAD—corresponding to the first decade and a half of the organization's existence, during which the UNCTAD sought to change the structure of world trade. At UNCTAD V, the effort turned more to changing structures within the blocs of the rich and poor nations.⁴⁷

Prebisch lived long enough to see the implementation of an International Cocoa Agreement (1981), and it was the first to use buffer stocks. It was not notably successful, however, in raising world prices.⁴⁸ The Generalized System of Preferences was a more obvious success, in that every year \$70 billions' worth of LDC exports were receiving preferential treatment by 1994. More modest gains had been scored by an agreement on a Global System of Trade Preferences among Third World countries, finally achieved in

⁴⁶ Arndt, p. 141.

⁴⁷ Sousa Ferreira, "UNCTAD V: O carácter neoclássico da Nova Ordem Económica Internacional," Estudos de Economia: Revista do Instituto Superior de Economia, 1, 2 (Jan-Apr., 1981), p. 157.

1989. In addition, by the mid-1990s, a half-dozen international commodity agreements were in effect, and the Common Fund had begun to support buffer stocks in 1988.⁴⁹

Yet in 1985, the year before his death, Prebisch still held that very little had been achieved concretely, other than the GSP. In retrospect, he was surprised that rich Arab states benefiting from OPEC's windfall gains of 1973-74 did nothing to support buffer stocks at the Manila meeting of UNCTAD in 1979. He had hoped for \$500 million to start the Common Fund. But they gave nothing; India alone among the low-income countries pledged \$30 million.⁵⁰ But Prebisch principally faulted the developed countries for the ineffectiveness of international development policies--and not so much for preventing the implementation of UNCTAD-negotiated agreements, but for increasingly posing trade barriers to Third World manufactures in the form of non-tariff restrictions.⁵¹

Blocking the path of "reform," from the Third World perspective, was the policy of the United States, which has consistently preferred liberalization of trade from Bretton Woods to the present. True, there was a diminution of, if not a hiatus in, neoliberal rules from the Kennedy government through the first half of the Johnson administration, when UNCTAD was formed, but the moment was relatively brief.

Perhaps the chief achievement of Prebisch—and by extension, the Latin American governments who backed his initiatives in the 1960s—was the mobilization of

⁴⁸ M. A. G. van Meerhaeghe, International Economic Institutions (Boston: Kluwer, 1991), p. 147.

⁴⁹ UNCTAD, Securing Growth and Development: A Guide to UNCTAD. 30 Years and Beyond (Geneva, U. N., 1994), p. 5.

⁵⁰ Prebisch, interview with David Pollock, Washington, D.C., 21-23 May 1985, MS , p. 110.

⁵¹ Raul Prebisch, "Two decades after," in Michael Zammit Cutajar, UNCTAD and the South-North Dialogue. The First Twenty Years. Essays in Memory of W.R.Malinowski (Oxford: Pergamon Press Ltd., 1985), pp. 3-9.

Third World governments to take common action on commodity and trade issues of mutual concern. One hundred and sixty nations attended the tenth UNCTAD conference in Bangkok in the year 2000, at which occasion LDCs were still demanding better access to rich countries' markets and charging that the World Trade Organization (formed in 1995) was as much a rich man's club as GATT had been.⁵² In 2001, according to its website, UNCTAD had 191 member states, and its goal remains that of a partisan body, to promote the welfare of developing countries. The organization is currently directed by Secretary-General Rubens Ricupero of Brazil and the chief economist is Carlos Fortin of Chile. Within UNCTAD, the Group of 77 now includes 133 member states, and is apparently alive and well as a bureaucratic structure. In 2000 the G77 held its first meeting of heads of state; that is, countries were represented at the highest political level. By the late 1960s, the G77 had developed a continuing institutional structure, which in turn developed chapters of the Group of 77 in FAO in Rome, UNIDO in Vienna, UNESCO in Paris, UNEP in Nairobi, and the Group of 24 in the IMF and World Bank.

Given the growth of the GSP, the existence of a Common Fund, several commodity agreements, and the continued mobilization of the G77, Prebisch today might evaluate UNCTAD's experience differently than he did in 1985. One can imagine his pronouncing the same judgment he did for Latin American regional integration in the 1980s: "It was not a failure. It was not a success. It was a mediocrity. A typical Latin American mediocrity."⁵³

⁵² New York Times, Feb. 20, 2000.

⁵³ Prebisch, interview with David Pollock, Washington, D.C., 21-23 May 1985, MS, p.79.