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U.N. CONFERENCE ON TRADE AND DEVELOPMENT PART 5 THE U.S. MUST REASSESS ITS ROLE

INTRODUCTION¹

The United Nations Conference on Trade and Development (UNCTAD) was founded to help Third World nations grow and develop through trade instead of the charity of foreign aid.² Yet since its creation in 1964, UNCTAD has done little to spur either trade or development. Indeed, it has compiled a record for flawed proposals, irresponsible actions, and abuses of power that is probably unparalleled in the U.N. system. United States financial backing for UNCTAD this year is \$7 million; since UNCTAD's founding U.S. support has totalled almost \$100 million. This money has been wasted; it has not been used to help developing countries grow economically.

As such, a U.S. reassessment of its role in UNCTAD is long overdue. Such a reassessment would reveal UNCTAD's many glaring flaws. Among the most serious are:

1. This paper is the fifth in a series on UNCTAD. It was preceded by Heritage Backgrounder No. 348, "Cheating the Poor," April 30, 1984; Backgrounder No. 374, "Blocking Economic Growth," August 20, 1984; Backgrounder No. 394, "The Truths UNCTAD Will Not Face," November 26, 1984; and Backgrounder No. 438, "The Bias Impeding Third World Growth," June 4, 1985.

2. For an introduction to the history and politics of UNCTAD since its founding in 1964, see the author's UNCTAD: An Organization Betraying Its Mission, The Heritage Foundation, 1983.

1) UNCTAD is preoccupied with statist and collectivist approaches to economic development, despite the great variety of political and economic cultures represented by its member states.

2) The economic premise that underlies UNCTAD's basic philosophy--the so-called terms of trade thesis--has been rejected not only by most Western economists, but by a blue ribbon commission that was created by the organization's own Secretary-General.

3) The collectivist strategies prepared by the organization's secretariat frequently are flawed, inadequately prepared, poorly defined, and not fully articulated.

4) The organization's political processes permit a bloc voting system controlled by Third World radical states unwilling to consider nonstatist strategies for economic growth.

5) Dialogue is virtually absent in the halls of UNCTAD because the agenda of the organization and its program of research are carefully controlled to include topics that fit only collectivist world views.

6) Politicization, selective attention, double standards, and forays into ungermane areas are chronic in UNCTAD.

7) Members of the Secretariat have perceived themselves as a vanguard in the struggle to create the so-called New International Economic Order.

8) Many studies produced by UNCTAD's staff are openly biased ideological tracts.

9) The Third World bloc known as the Group of 77 has begun using the organization's funds to pay for meetings closed to other members and to produce studies and documents circulated only to Third World members.

10) Documents frequently appear too late to be read in time for meetings.

For the above reasons alone, the U.S. seriously should consider withdrawing from UNCTAD. Making the case for withdrawal even stronger is the sad fact that what the organization is seeking will actually hinder economic development in the Third World. UNCTAD is misleading those poor nations that can least afford a misstep. It may be time for the U.S. to stop being an accomplice and lending credibility to UNCTAD's proposals.

IGNORING MARKET SUCCESSES

The post-World War II international economic order was founded on the principles of free trade, comparative advantage, reciprocity, and nondiscrimination. Until the rise of OPEC, this market-oriented international economic order triggered extraordinary economic growth for developed and developing nations alike. In fact, in the three decades after the war, the developing nations grew much more quickly than today's developed nations did when they were at similar stages of development. Between 1950 and 1980, the average Gross Domestic Product of the developing nations increased each decade--from 4.5 percent in the 1950s, to 5.3 percent in the 1960s, to almost 6 percent in the 1970s. Industrial growth moved ahead at even higher rates. Gross domestic capital formation, an indicator of decreasing dependence on external resources for internal investment, rose from 10 to 12 percent in the 1950s, to 17.8 percent in the 1960s, to nearly 27 percent by the end of the 1970s.

UNCTAD consistently has ignored this record of growth and has sought to discard the market-oriented system. In its place, UNCTAD advocates an economic system based on world planning, centralized controls, state dominance, and a mandatory transfer of resources and wealth from developed to undeveloped nations. Under UNCTAD's vision of a New International Economic Order, the prices of raw materials would be raised and regulated by international bureaucrats; OPEC-like cartels for a variety of natural resources would be organized under UNCTAD's auspices; the debts that developing countries have amassed because of OPEC's confiscatory pricing policies would be paid for by the developed, capitalist countries; international planners would decide which factories in the developed capitalist countries would stay open, which would be closed, and which would be "transferred" to the developing countries;³ schemes for international taxation would be "enacted"; the International Monetary Fund, if it survived at all, would become an international "printing press," issuing new "resources" to the developing countries in the form of slips of paper gold called Special Drawing Rights (SDRs); and UNCTAD would become the central organization or "planning commission" of the international

3. For a look at the early thinking of UNCTAD's secretariat on this issue, see the document, "Restructuring World Industry: New Dimensions for Trade Co-operation," TD/219, U.N. Publications Sales No. E.77.II.D.7, New York, 1978.

economy, replacing or subsuming the IMF, the General Agreement on Tariffs and Trade (GATT), and the World Bank.⁴

Rare, indeed, is the UNCTAD document that proposes or endorses the use of market mechanisms, entrepreneurship, or private investment to alleviate or solve any of the problems facing developing nations. Running through UNCTAD's myriad of documents is open hostility to market forces, multinational corporations, private capital, and the rights of individuals to make decisions freely as consumers.⁵

UNCTAD'S FLAWED ECONOMIC WORLDVIEW

UNCTAD's anti-market programs stem from an economic theory which views the postwar international economic system as the major obstacle to growth and development in Third World nations. At the first meeting of UNCTAD in 1964, this view was set forth in a lengthy report by Raul Prebisch, UNCTAD's first Secretary-General and a former Secretary-General of the Economic Commission for Latin America.⁶ According to Prebisch, developing countries began to grow and develop in the 19th and early 20th centuries by trading primary goods for manufactured goods and using the surpluses obtained to invest in projects that would spur modernization. But after World War II, according to Prebisch, the terms of trade became unfavorable for primary producers. In predicting that this trend would continue as long as market forces were unchecked, Prebisch disputed the classic argument "that the free play of international economic forces by

4. The above are a few examples of ideas that have been proposed by the UNCTAD coalition. A number of UNCTAD's statist ideas are presented and discussed in more detail in the first two Backgrounders in this series, "Cheating the Poor," No. 348, and "Blocking Economic Growth," No. 374. Even a cursory perusal of UNCTAD's Monthly Bulletin documents the organization's impulse to collectivism and statism. A more extended tour of the international collectivism pervasive in UNCTAD can be taken by reading a lengthy collection of former Secretary-General Gamani Corea's speeches, Need for Change, published by Pergamon Press in 1981.

5. For examples drawn from studies under UNCTAD's auspices, see Backgrounders "The Truths UNCTAD Will Not Face," No. 394, and "The Bias Impeding Third World Growth," No. 438.

6. Towards a New Trade Policy for Development, report by the Secretary-General of the United Nations Conference on Trade and Development, E/CONF.46/3 (New York: United Nations, 1964). For a summary of Prebisch's views see D. Blake and R. Walters, The Politics of Global Economic Relations (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1983), pp. 34-43; A. O. Hirschman's "Ideologies of Economic Development in Latin America," in A. O. Hirschman, ed., Latin American Issues (New York: The Twentieth Century Fund, 1961), pp. 3043; and UNCTAD, op. cit., ch. 2.

itself leads to optimum expansion of trade and the most efficient utilization of the world's productive forces."

To correct the bias that he saw against developing states, Prebisch proposed a series of "reforms" that would later appear in the mid-1970s as the proposals for a New International Economic Order.⁷ What Prebisch sought, in effect, was an international welfare state whereby the developing countries would be freed from the risks and opportunities presented by market forces. "The international community [i.e., the Western, capitalist countries]," Prebisch wrote, "should recognize that it has a clear responsibility towards developing countries that have suffered deterioration in terms of trade in the same way as governments recognize a similar responsibility toward their domestic producers."⁸

Prebisch's theory provided a basis for the argument that developed countries had a moral obligation to aid the developing nations. Since the alleged declining terms of trade for developing countries meant gains for the industrial countries, Prebisch and others argued that the developed nations had an "obligation" to transfer back resources "unfairly" extracted from poor countries. This perception also led to the argument that the principles of free trade, reciprocity, and nondiscrimination were mere rationalizations that legitimized the extraction of wealth from the poor countries to the rich countries.⁹

Prebisch's views were quickly challenged by Western economists. The "trend" identified by Prebisch was found to exist only because he selected 1950 as the base year for his calculations. This year witnessed the onset of the Korea War boom and was a time when commodity prices were at their highest levels in history. If a very broad variety of other base years are used, Prebisch's "irreversible" declining trend disappears.

Despite the mounting challenge to Prebisch's theory, UNCTAD forged ahead under the leadership of Gamani Corea, who was the organization's Secretary-General from 1974 until this year. In his first year in office, Corea appointed a group of independent experts to study the feasibility of stopping the "declining terms of trade" by

7. For a presentation of Prebisch's theory and his proposals for reforming the postwar international order, see UNCTAD, op. cit.

8. Prebisch, op. cit., p. 28.

9. This argument that free trade is essentially theft is developed in UNCTAD, op. cit., chapter 2. See also Kenneth R. Minogue, UNCTAD and the North South Dialogue (St. Leonards, NSW, Australia: The Centre for Independent Studies, 1984), CIS Occasional Papers 9.

indexing--that is, pegging the prices of primary products exported by developing countries to the prices of manufactured goods imported from developed countries. This group, known as the Houthakker Commission, consisted of economists from such disparate countries as the U.S., Algeria, Poland, and Argentina. On one point the group was unanimous: it could find no evidence of a declining trend in the terms of trade. When this report failed to document the basic premise upon which UNCTAD was founded, Corea simply ignored it.

THE MISSING DIALOGUE

Most Americans take for granted the opportunities for critical assessment and evaluation typified by the congressional legislative process--once a problem is raised, testimony is taken from expert witnesses; issues are clarified in committee reports; legislative proposals are drafted to deal with the problem; hearings are held on all facets of the legislative proposals; committees again draft reports; legislation is debated before votes are taken; and so forth.

This process of study, debate, and delay is virtually nonexistent in UNCTAD. Instead, the processes of both the General Conferences that are held every four years and the interim biennial meetings of the Trade and Development Board usually take the following format: 1) collectivist proposals are tabled by the Group of 77; 2) delegates respond with formal statements; and 3) after removing a few sections most unacceptable to the Western delegates, the proposals are adopted by consensus. These deletions usually involve any obligatory or binding commitments in the resolutions. If they are not implemented "voluntarily," these resolutions frequently reappear at later meetings. Thus, the process begins again with delegates from Group of 77 chiding the developed countries for not "carrying out" the will of the majority.

Given this process, there is no genuine dialogue about development in UNCTAD; nor is there any shared information as a result of the topics aired. Because a coalition of radical Group of 77 delegates and members of the Secretariat controls the research agenda, items that might challenge UNCTAD's underlying ideology are seldom discussed and never subjected to study. Example: any consideration of OPEC's impact upon the world economy has been taboo. Also forbidden are comparative studies designed to determine which developmental models have and have not worked in Third World countries and under

what conditions. Western nations have tried to place such studies on the research agenda for almost a decade, but to no avail.¹⁰

Studies prepared by the Secretariat or outside scholars are never subjected to the independent reviewing process that is routine for scholarly journals or book publishers. When reports are issued by UNCTAD and meetings are held for experts from member states to comment upon them, experts respond with discrete formal statements, which are merely added to the burgeoning UNCTAD documentation on a subject. There is no dialogue and there are no major revisions.

Over the past several years, Western delegates have become increasingly critical of this "steamroller" process. At the 29th Session of the Trade and Development Board in September 1984, U.S. Deputy Assistant Secretary of State for International Economics and Social Affairs Richard Kauzlarich complained:¹¹

Agenda items which ought to be opportunities for exchanges of views have become opportunities rather to introduce prejudged and poorly conceived resolutions. Too often those resolutions represent politically motivated attempts for a rhetorical victory rather than an occasion to thoroughly discuss concrete economic problems on which different countries, even within the same group, can have different views. True dialogue is sacrificed to score debating points.

Committees are too often by-passed. Issues which should be discussed in committees are, at the first sign of disagreement it seems, raised to higher levels or other forums before any real understandings have been arrived at.

DOUBLE STANDARDS, ORWELLIAN LANGUAGE, AND POLITICIZATION

Double standards, one-sided agendas, selective attention, Orwellian language, and politicization plague UNCTAD.

Trade is discussed, but development is not. While UNCTAD insists that the developed countries have an obligation to provide whatever funds the developing countries decide they need, the developing countries have no obligation to account for how or if such funds are

10. For more detailed discussion of the questions that UNCTAD will not address, see Backgrounders three and four in this series, "The Truths UNCTAD Will Not Face" (No. 394) and "The Bias Impeding Third World Growth" (No. 438).

11. Statement reported in UNCTAD Bulletin, No. 206, October 1984.

used for development. At the end of UNCTAD VI, the general conference held in Belgrade in 1983, the radical leaders of the Group of 77 denounced economic measures that the United States had taken against the Nicaraguan government. By a vote of 81 to 18 with 7 abstentions, the Group of 77 secured adoption of a resolution condemning all "trade restrictions, economic blockades, embargoes, and economic sanctions" taken by developed against developing countries. Embargoes by OPEC, however, are a different matter; so, too, would be a Western economic boycott of South Africa.

In addition to double standards and selective attention, UNCTAD also has coined its own Orwellian phrases. "Inequalities" are, ipso facto, "inequities." "Remunerative prices" are a euphemism for rigged prices imposed by resource producers such as OPEC on consumers in the developed world. The statement that developing nations "are primarily responsible for their own development," does not mean that such nations are responsible for generating internally the resources they need for development. Instead, the phrase means that whatever the developing nations do with the resources they obtain through international transfers is the business only of the developing countries. It means that they are not accountable to donors how the money is used.

Politicization and forays into largely irrelevant areas also prevail at UNCTAD. The Southwest African People's Organization (SWAPO) and the Palestine Liberation Organization (PLO) are UNCTAD members. When delegates from these groups attend the organization's meetings, UNCTAD pays their travel and per diem expenses. Predictably, therefore, UNCTAD has sponsored studies of development of the peoples of Namibia, Palestine, and South Africa.

Since the origin of UNCTAD, its leaders and staffers have viewed themselves not as international civil servants but as committed partisans in the struggle for the New International Economic Order. When his impartiality once was challenged, UNCTAD's first Secretary-General, Raul Prebisch, responded that he did have a "bias" for development and that "one cannot be impartial when he sees a child beaten by an older man." While there can be little dispute with that, none of the complicated issues of international economic development are as clear-cut as child beating. But to Prebisch, they apparently were, as they were to Gamani Corea, who saw UNCTAD's role as "implementing a new order."

THE BIASES IN UNCTAD STUDIES

The conclusions of many UNCTAD studies are easily predicted, given the statist biases that determine what is chosen for study, what information will be collected or neglected, and how the data will be evaluated. The activities and benefits of multinational corporations

are almost always minimized by measuring them against utopian standards. On the other hand, the collectivist schemes of UNCTAD are presented in the most favorable light. In evaluating economic trends, activities, or proposals, balance sheets are often juggled to ignore costs or benefits depending on the conclusions that UNCTAD researchers seek.¹²

Increasingly, Western delegates are becoming more critical of the biased studies that set the stage for UNCTAD's discussions. In January 1985, UNCTAD's permanent Sub-Committee on Commodities met to deal with ways of increasing the role of developing countries in processing and marketing their primary commodities. The basis for the meeting was a set of thirteen studies prepared by the UNCTAD Secretariat.

Western delegates had made extensive critical comments on earlier drafts of these studies. When the subcommittee met, however, the studies appeared largely as they were in the original. This prompted Joan Plaisted, the U.S. delegate, to criticize the studies for failing "to identify, define, document and analyze the issue in an objective, empirical, and balanced manner."

She cited: 1) "a tendency to ignore or belittle the considerable progress already made by the developing countries in most cases"; 2) "forced interpretation of fragmentary information to state or imply that developed market economy countries systematically act against developing country interests"; 3) "a heavy-handed and frequent use of innuendo which seeks to discredit, without any supporting data, international market institutions and intermediating factors such as multinational corporations, trading companies, terminal markets and futures markets"; and 4) "a massive attack on the world market system--a curious approach indeed in an exercise where practically every proposal made implies expectations of benefits from that same market system."¹³

Until the Secretariat's studies become more balanced and objective, nations will not be able to rely upon UNCTAD as a source of information about what will and what will not help Third World nations in their pursuit of development.

12. The fourth Backgrounder in this series presented and illustrated a set of biased techniques that are hallmarks of UNCTAD studies. See "U.N. Conference on Trade and Development, Part 4: The Bias Impeding Third World Growth," No. 438, June 4, 1985.

13. The quotations are taken from an article, "New attempt to help developing marketing countries in the processing and marketing of their commodities," UNCTAD Bulletin, February 1985, No. 209, p. 14.

UNCTAD'S SPECIAL TREATMENT OF COMMUNIST STATES

While policies of the Western nations and the activities of multinational corporations are subjected to perfectionist standards, Soviet bloc countries appear to be held to no standards by UNCTAD. Instead, there is a presumption that Soviet bloc countries are beneficent and well motivated. Completely ignored is the stingy record of aid from Soviet bloc countries. In most years, private Western charitable groups have been providing about as much aid to the developing countries as have the Soviet Union and other East bloc states. While half of all the manufacturing in the Third World is the result of activities by Western multinational corporations, UNCTAD does not even collect data on the contribution to developing nations of Soviet bloc enterprises or joint ventures.

Yet Western countries are incessantly chided at UNCTAD for hindering or obstructing economic development, while Soviet bloc countries are referred to as "partners in development." States one UNCTAD document on ways and means of expanding relations between developing and Soviet bloc countries:¹⁴

The Socialist countries and the developing countries constitute important segments of the world economy. Acting together within the framework of international cooperation, the two groups of countries can contribute more effectively to rectifying the adverse effects of the inequitable operations of the international market and thus pave the way for the restructuring of the present international economic order.

CLOSED MEETINGS

The most recent disturbing trend in UNCTAD has been the Group of 77's insistence that the organization pay for meetings open only to developing countries and that documents and minutes related to such meetings should be available only to members of the Group of 77. This problem has arisen as a result of the Group of 77's new focus on what is called Economic Cooperation among Developing Countries (ECDC). Since such cooperation presumably involves only developing countries, the Group of 77 argued that meetings and access to documents on ECDC

14. Ways and means of expanding trade and economic relations between countries having different social systems, TD/B/AC.38/2. For further illustrations of UNCTAD's presumption of benevolence toward Soviet bloc countries see Background 4 in this series, "U.N. Conference on Trade and Development, Part 4: The Bias Impeding Third World Growth," No. 438, pp. 8-9.

should be restricted. In 1982, UNCTAD's Trade and Development Board ruled that documents prepared by the Secretariat and relating to direct negotiations on ECDC "shall be distributed only to those countries participating in the negotiations."

The result of this resolution is that the developed countries, which contribute about 80 percent of UNCTAD's budget, are paying for the preparation, publication, and circulation of documents that they now have no right to see. This violates two principles of UNCTAD's charter--universality and sovereign equality of membership.

UNCTAD'S ADMINISTRATION

UNCTAD's slipshod administration has become legendary.¹⁵ Meetings seldom begin on time. Relevant documents rarely are ready in time to allow delegates to prepare for discussion. At a recent Trade and Development Board meeting, the delegate from Peru spoke for all the Latin American nations and expressed their concern that some of the Board's documents were not yet available in Spanish. The partial and late distribution of documents, he asserted, made it difficult for a large number of developing nations to prepare themselves adequately for the sessions and placed them at a disadvantage.¹⁶

UNCTAD'S PRESCRIPTION FOR ECONOMIC FAILURE

The most significant weakness of UNCTAD is that its philosophy of development is a prescription for failure and stagnation. For two decades, UNCTAD delegates have deliberated and debated. The organization's bureaucrats have churned out study after study. As the delegates droned on and the studies mounted, Third World nations have sought to develop by a variety of ideological paths. Nations that have ignored UNCTAD's philosophy and instead worked within the existing international economic order often have done quite well. But nations that have followed the UNCTAD philosophy typically have made little progress. Where entrepreneurship, the use of market forces, and partnership with multinational corporations have been pursued, economic growth, rising living standards, and a more even distribution

15. For a detailed presentation of the administrative problems of UNCTAD's Secretariat, see the essay by Robert Ramsey, a person with 16 years experience as a delegate and member of the Secretariat, entitled "UNCTAD's Failures: The Rich Get Richer," International Organization, Spring 1984, pp. 387-397.

16. Trade and Development Board, 29th Session, Summary Record of the 646th Meeting, TD/B/SR.646, September 19, 1984.

of incomes have resulted. Those nations that have chosen centralized planning, government-run industries, collectivized agriculture, and rigid price controls have frequently suffered low growth, inefficiency, a lack of competitiveness in the international economy, and the rise of a new and unproductive class that all too often enriches itself through extractions from the poor.

UNCTAD ignores economic successes in the Third World. Instead of acknowledging the gains of market economies in South Korea, Sri Lanka, and elsewhere, UNCTAD keeps plugging for a New International Economic Order. UNCTAD even seems impervious to the second thoughts of some of NIEO's most committed supporters. Tanzania, for instance, became fed up with its stagnant economy and has begun to transfer its government-run industries to the private sector. This has had no impact on UNCTAD's ideologues. Nor has the People's Republic of China's great shift from strictly managed agricultural prices to prices set largely by market forces.

THE U.S. AND UNCTAD

While early studies romanticized UNCTAD as a "poor nation's pressure group," the truth is that what UNCTAD proposes does not serve the interests of poor nations.¹⁷ Since its founding, UNCTAD's achievements in the areas of trade or development have been minimal. The General System of Tariff Preferences, the International Trade Center that gives advice to developing countries on export marketing techniques, the International Code on Restrictive Business Practices, and the Code of Conduct for Liner Conferences are undoubtedly achievements. But their impact on the developing countries has been and will continue to be marginal.

There is, of course, probably a need for some institution where nations can address, study, and talk about what will and what will not work nationally and internationally when it comes to economic development. But UNCTAD has not served as such an institution. As long as the Group of 77 rigidly controls UNCTAD's agenda and work, and as long as anti-market biases lie embedded within the Secretariat, UNCTAD will continue to be a place where, as a former U.S. State Department official put it, "There is no dialogue; there is no learning."

For the past year, the Reagan Administration has been attempting to launch a reform effort in UNCTAD. So far, however, even such

17. See J. S. Nye's essay, "UNCTAD: Poor Nation's Pressure Group," in R. Cox and H. K. Jacobson, The Anatomy of Influence (New Haven, Connecticut: Yale University Press, 1973).

seemingly simple issues as starting meetings on time or having documents ready on schedule appear intractable. Until very recently, in fact, the prospects for any real reform were slim.

A major obstacle to reform lies in the fact that the West has almost no levers of power to influence either UNCTAD's political processes or administration. The West's only leverage is to refuse to participate in and finance UNCTAD's schemes for a New International Economic Order. The U.S. and its allies thus have blocked programs for compensatory financing, new special drawing rights, the abolition of trademarks, a binding code on the transfer of technology, and mandatory foreign aid targets. The West also has been able to prevent any major encroachments upon the power and prerogatives of the International Monetary Fund or the General Agreement on Tariffs and Trade.

Where the West is virtually powerless, however, is in preventing or even tempering the research agenda of the organization, the biased studies and analyses, the politicization of issues, and the legitimation of national liberation movements. Even the power of the purse is not easily wielded by the West. Unlike UNESCO, UNCTAD is not an autonomous specialized agency with a budget of its own. Instead, it is a creature of the General Assembly. This means the U.S. is automatically billed for one-quarter of UNCTAD's \$58 million biennial budget in the U.S. assessment for the general United Nations budget. Even if the U.S. withdrew from UNCTAD, it still technically would be obliged to provide one-quarter of UNCTAD's budget--although means could be devised to stop U.S. funds from going to UNCTAD.

The United States has two possible strategies in regard to UNCTAD--damage limitation or withdrawal. For 20 years, Washington has tried to limit the damage UNCTAD inflicts. This has failed to prevent the organization from becoming not only useless and costly, but also an obstacle to Third World economic development.

With damage limitation having failed, the U.S. must address the question--why not withdraw? Given UNCTAD's record, there is a powerfully convincing case.

Before withdrawal, however, the Reagan Administration should make one last ditch effort to convince UNCTAD to reform its procedures and methods. Such a final effort to reform UNCTAD might succeed because the American withdrawal from UNESCO has made it clear that the U.S. is taking seriously a policy of selective participation toward the U.N. Moreover, the fact that America's withdrawal from UNESCO has led Britain and other nations to withdraw should persuade anti-Western ideologues in other U.N. agencies to take Washington's efforts at reform seriously.

At UNCTAD itself, the failure to reappoint former Secretary-General Gamani Corea and the departure of Deputy Under

Secretary Jan Pronk of The Netherlands have meant the exit of two inflexibly anti-market ideologues. Corea's immediate replacement, former Deputy Under Secretary Alister McIntyre of Grenada, has spoken out against the nonproductivity of the bloc system in UNCTAD and has emphasized the diverse interests that exist within each group. He has told the less developed countries that they must be much more willing to discuss their experience with various national development strategies in international forums such as UNCTAD. He has also told the developing countries that they must be willing to offer quid pro quos if they expect the developed countries to agree to new programs and proposals.¹⁸

In his first address to the Trade and Development Board as Officer in Charge of UNCTAD, McIntyre stated that the international economy was undergoing dynamic changes, which presented new opportunities to the developing nations. He said that:

...these (opportunities) cannot be realized without unlocking and developing the entrepreneurial capacities in their economies and without the mobilization of domestic resources to secure accelerated and sustained development. There will be a great need to innovate, to try new technologies and modes of production, to search for new markets, and to find, if required, new partners for joint ventures and other forms of organization.¹⁹

Such pragmatism and candor from a highly placed UNCTAD official are refreshing. A more flexible leadership in the Secretariat could do much to transform the bloc confrontation so characteristic of UNCTAD in the past to cooperation among varied groups of interested countries on problems that they share in common.

Other signs of hope appeared in a recent series of UNCTAD studies on problems of the least developed countries. For the first time, UNCTAD studies focused on resource mobilization within countries. The summary report on these studies called upon the least developed countries to improve tax yields, encourage private savings, use public funds more efficiently, and employ prices and market signals to increase food production.²⁰

18. "Alister McIntyre suggest new strategies for North/South negotiations," UNCTAD Bulletin, October 1983, pp. 5-6.

19. "Alister McIntyre stresses the challenge of change," UNCTAD Bulletin, March 1985, p. 3.

20. "UNCTAD Studies suggest measures for mobilizing domestic resources in LDCs," UNCTAD Bulletin, August-September 1985, p. 15.

At the same time, the Group of 77 appears as resistant as ever to reforming UNCTAD. When the Trade and Development Board met this March, several spokesmen for the group argued that the problems of UNCTAD lay not with the Group of 77 or the Secretariat, but with the West. Speaking for the Group of 77, Hortencio Brillantes of the Philippines called upon the Western governments "to examine and evaluate their own conceptual frameworks, policies, approaches, and orientations on the issues in the North-South dialogue." Another spokesman, India's Muchkund Dubey, stated that the Group of 77 would not accept any change that "would prevent us from using the UNCTAD as a political forum for bringing about changes in the system even though such changes are not found acceptable in the short run to a particular group of countries."²¹

Despite this recalcitrance on the part of the Group of 77, UNCTAD's new leadership has a chance to mark a new beginning in the Secretariat. At the same time, the Reagan Administration should continue pushing for reforms that would "make UNCTAD relevant," to quote the words of U.S. Deputy Assistant Secretary of State for International Economic and Social Affairs Richard Kauzlarich.

- o The U.S. should continue to insist that the research agenda of UNCTAD be opened up and that UNCTAD's studies should be undertaken from multiple perspectives. The U.S. should insist that UNCTAD focus upon the "success stories" in the area of development and study what kinds of international strategies have promoted development.
- o The U.S. should continue to insist that UNCTAD move away from its indiscriminate approach of "global problems and global solutions" and focus upon how different kinds of problems affect the various developing, and in some cases developed, countries.
- o The U.S. should continue to insist that no resolutions be tabled in plenary sessions until the problems they cover have been carefully defined, studied, and their solutions fairly well agreed upon in their relevant committees.
- o The U.S. should continue to oppose the entry of UNCTAD into areas that fall within the domain of other international institutions. For example, discussions of a code of conduct for the pharmaceutical companies should take place in the World Health Organization, if anywhere, and not in UNCTAD.
- o The U.S. should use bilateral diplomacy with its allies in the developing world to effect changes in UNCTAD.

21. "Spring session on Board reaches agreement on services and protectionism," UNCTAD Bulletin, April 1985, pp. 7, 8, 9.

CONCLUSION

The Reagan Administration has a well thought out set of reforms that it would like to effect in UNCTAD, and it should continue the fight for another year or so.²² But if change does not come and the politics of confrontation continues, the U.S. should withdraw from UNCTAD just as it did from UNESCO. In withdrawing from UNCTAD, Washington would not be turning its back on the world's poor, for the world's poor are not well served by UNCTAD. The U.S. would continue offering economic assistance to countries trying to help their people move from poverty to higher levels of abundance and dignity. But U.S. assistance should always be based upon a recipient government's demonstration of a genuine effort to pursue economic growth and to raise its people's standards of living.

UNCTAD's approach of automatically transferring resources from rich to poor countries refuses to tie resources transferred to the performance of recipient governments. Yet experience teaches that what particular governments do or do not do makes the crucial difference for growth and development. Perhaps the greatest intellectual failure of UNCTAD is its confusion of ends and means. "Resource transfers" are not growth and development; they are, in fact, means and not ends. For some nations, resource transfers will become mere transfer payments like welfare; for others, resource transfers will become engines in growth that produce more goods and services.

The U.S. should work to keep its markets open to the exports of the developing countries. Trade is indeed an engine of development, and Washington should take the lead in opening new trade talks to lower nontariff barriers on goods and developing countries.

In sum, the U.S. does not need UNCTAD to help nations develop. Nor do developing nations need UNCTAD.

Prepared for The Heritage Foundation by
Stanley J. Michalak
Professor of Government
Franklin & Marshall College

22. The Reagan Administration's assesment of UNCTAD and some of the proposals for reform were presented in UNCTAD Bulletin 206, October 1984, pp. 7-8 and 10-12.