GLOBAL MONITOR

The United Nations Conference on Trade and Development

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The United Nations Conference on Trade and Development (UNCTAD) was formed in 1964 to 'create a forum in which the more prosperous member countries [of the United Nations] would come under pressure to agree to measures benefiting the less-developed countries'. More specifically, its formation was 'a deliberate effort to use international bureaucracy and conference diplomacy to alter current norms affecting trade and development'. UNCTAD's founding reflected the growth in membership of the United Nations of newly independent states. A large number of the elites of these new entities keenly felt the inequity of the world order which had ushered in their formal statehood. UNCTAD and the later call for a 'New International Economic Order' (NIEO) therefore were rejoinders to problems encountered by developing countries as a result of the creation and operation of the Bretton Woods system.

UNCTAD’s aim—particularly during and immediately after the tenure of the organisation’s energetic first head, Raul Prebisch (1964–9)—was to address the various issues surrounding the ongoing trade and investment regimes that were felt to hinder development. Indeed, during the height of the South’s activism against global inequality (the mid 1970s), UNCTAD led the way as one of the key actors voicing the concerns of the developing world. Promoting an ideological mix of global Keynesianism and dependency theory, the organisation urged market intervention to promote development, while calling attention to the external and structural constraints on development. For its part, the West was highly ambivalent towards UNCTAD’s establishment, preferring to rely upon the General Agreement on Tariffs and Trade (GATT) to regulate global trading relations. Such a preference suited its own interests, and the developed world’s reluctance to discuss substantial issues vis-à-vis development (which threatened to open up all manner of questions regarding the global trading architecture, unequal terms of trade etc.) manifested itself in the demand to allow decisions made by UNCTAD to be reached by consensus. Such a procedure meant that the terms of the debate and the manoeuvrability of UNCTAD were constrained from the beginning, with the developed world granted effective influence in line with

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its material power (thus perpetuating its global dominance over the South), but out of all proportion to its numerical strength. Such structural power enabled Northern countries to ‘generally confine their role [in UNCTAD] to opposing any proposals for change’, while ostensible ‘positive proposals’ of their own were invariably ‘of a cosmetic nature designed to conceal their underlying resistance to change’.3

This is not to say that UNCTAD was a doomed body from the start. Indeed, during the epoch surrounding the demand for a NIEO, UNCTAD had some limited success, notably the formulation of the Generalised System of Preferences and the Integrated Programme for Commodities. Yet much of the success of such formulations was sabotaged by the North’s unwillingness to fully implement the agreements, so much so that ‘it had become obvious by the late 1970s that the high expectations held in some quarters for progress towards a new order were being frustrated’, symbolised by the breakdown of the Paris Conference on International Economic Co-operation in June 1977 and the failures of UNCTAD IV, V and VI (May 1976, June 1979 and June 1983, respectively).4 Furthermore, the inflexibility of the North vis-à-vis the developing world began to harden as the neoliberal counter-revolution gained momentum under Reagan and Thatcher. This was perhaps most graphically illustrated by Reagan’s response to the 1980 Brandt Commission’s proposals for a meeting to overcome the deadlock in global negotiations over trade and development. Reagan only agreed to attend provided that Cuba was excluded, the meeting was to avoid substantive issues and would not issue any form of final communiqué!

This arrogant attitude towards the South was compounded by Washington’s behaviour at the actual summit in Cancun in 1981 when Reagan used the meeting as an ‘opportunity to lecture Third World leaders on Reaganomics and offer American technical assistance to Third World governments that wanted to emulate his domestic policies.… Afterwards, the US simply refused to engage in global negotiations, forcing the North–South dialogue to a stall.5 Such actions were applauded by Thatcher, who suggested that one of the ‘valuable’ outcomes of Cancun was that it ‘was the last of such gatherings’. Henceforth, she noted, ‘the intractable problems of Third World poverty, hunger and debt would not be solved by misdirected international intervention, but rather by liberating enterprise, promoting trade—and defeating socialism in all its forms’.6

As Augelli and Murphy have demonstrated, throughout the 1980s Washington (and London) actively pressurised the South into accepting neoliberal policies. This saw the focal point of power in terms of global economic governance drastically transferred to those international financial institutions where the North possessed preponderance (this was why Washington and London had fiercely rejected any notion of putting the IMF and World Bank under United Nations control). Those organisations, struggling on behalf of the South, which dared to step out of line incurred the wrath of the London–Washington axis: the frequent condemnation of the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the threats against the World Health Organisation (WHO) and the Food and Agriculture Organisation (FAO), and the enforced inertia of the General Assembly being prime examples of an unrelenting offensive against
bodies that in any way seemed to challenge the prescriptions of those who controlled the global economy.

The ability to withstand the liberalising thrust promoted by the North was further weakened by the Uruguay Round of GATT, which not only sought to lock in the developing world but also effectively made UNCTAD’s role as a discussion forum on trade issues somewhat redundant. This was particularly so as the World Trade Organization (WTO) took on the substantive role of the arena where binding trade agreements were resolved. Ironically, it had been ‘global Keynesians’ within UNCTAD who had ‘argued that the Uruguay Round ... be capped by the transformation of GATT into a full-fledged world trade organisation.’7 This action, which effectively undercut much of UNCTAD’s relevance, must be contextualised within an epoch of an ever-increasing hegemonic consensus among transnationalised élites over the liberalisation of economic policies and the belief in a central role for the market in development—concomitant with the collapse of alternative economic projects located in the East. In short, the previous ideological tendency of UNCTAD to base its assumptions around regulation of the global economy as a means to promote development was dramatically undercut.

Reinvention of UNCTAD

It was in this context that state élites and the bureaucratic staff within UNCTAD sought to repackage the organisation, for while the logic of neoliberalism was broadly accepted by many, the negative effects of a liberalised world were equally felt. This process was perhaps first exhibited at UNCTAD VIII in Cartagena, Colombia, in 1992 where the ‘spirit of Cartagena’ recognised the central roles of private enterprise and the market for growth, albeit wrapped up in the rhetoric of ‘shared responsibility and partnership for development.’8 A recognition of the globalised, neoliberal normative order was explicit throughout the summit as ‘the texts agreed upon in Cartagena included references to a host of principles that earlier had only been championed by the OECD: an unambiguous preference for free markets; disregard of any notion of withdrawal from the world economy; an equation of democratisation and the protection of human rights with development; and all the rhetoric regarding the need to decrease corruption and increase efficiency of governments in the South.’9

For sure, this essential acceptance of the normative order was exemplified by the abandonment of any confrontational posturing. Instead, the rhetoric talked of the need to ‘overcome confrontation and to foster a climate of genuine co-operation and solidarity’.10 Yet behind this placatory rhetoric was an implicit recognition by the South that the globalising impulses that shaped the contemporary world order had reduced the options for the South to construct any viable alternative along the lines of the NIEO. This had profound effects on the positions of those international organisations that were ostensibly representative of the developing world, where a retreat from demands for any structural change in the global economy and a gradual and at times partial move towards the rising consensus at the élite level concerning the commonsensé precepts of neoliberalism was experienced. As Hoogvelt put it post-UNCTAD VIII:
Whereas up until that time [i.e. Cartagena] UNCTAD had been a platform where developing countries demanded adjustment of the international ... system to their developmental needs, it now expressed the belief that adoption of [neo-liberal] laws and related efforts in ... GATT would facilitate technology transfers to developing countries. The structural power of transnational capital has not just formed the policy agenda of deregulation, it is also responsible for the drive to privatisation of the state sector in all countries of the world.\(^1\)

Acceptance of the hegemonic discourse while (at best) attempting to ameliorate the worst aspects of the established order hence became the tactic for much of the developing world. This was a remarkable sea-change in UNCTAD’s normative posture, for ‘until [Cartagena] UNCTAD could be viewed as a counter-hegemonic organisation resisting the dominance of the Bretton Woods institutions. The restructuring of the organisation [at UNCTAD VIII] gave it a less confrontational role in the North–South dialogue.\(^1\) Indeed, many of the South’s elites had by this point bought into the hegemonic project and were actively pursuing neoliberal policies. Yet a certain unease in some quarters over the globalisation juggernaut was exhibited. Such hesitancy was reflective of the uneven adoption of neoliberalism as the path to development by Southern elites—a scenario that was to change somewhat by the time of UNCTAD IX. It was in this context, where ‘with the exception of Cuba and North Korea, no state ... objected to the ideology of a market economy’, that UNCTAD has been operating over the last decade or so.\(^1\) The last two UNCTAD summits (UNCTAD IX in South Africa and UNCTAD X in Thailand) have demonstrated the essentially non-confrontational nature of the organisation.

**UNCTAD IX**

The meeting in South Africa in 1996 continued the broad trajectory of UNCTAD VIII. At the same time, concern was expressed from the South that the ‘spirit of Cartagena’ had been a largely one-sided affair, with the developing world accepting the remit of the hegemonic order, abandoning confrontational postures and calling for partnership, while the developed world did very little to reciprocate. Yet, in the era of the WTO, the ability of UNCTAD to promote changes in the global economic environment was rigorously critiqued by the developed world. Indeed, questions regarding how UNCTAD related to the WTO emerged as paramount concerns of the North at UNCTAD IX as the developed world sought to limit even further the role the organisation had to play in any ordering of the global architecture.

Thus, as UNCTAD IX progressed, it became clear that the North opposed any reference to the implementation of ‘specific WTO agreements, especially if developing countries suggested that their developed counterparts were not honouring their obligations’, whilst vigorously manoeuvring against ‘granting UNCTAD a specific mandate in [various] areas, particularly the notion that UNCTAD should take up and examine issues before they are taken up in the
WTO. Importantly, many ‘developed countries were reluctant both to allow UNCTAD to examine their macroeconomic policies and its impact on the global economy, and to continue its work on behalf of developing countries with regard to debt management’.

Emboldened by the hegemonic status of neoliberalism and the perennial weakness of a South which had abandoned demands for a NIEO in favour of ‘partnership’, the North showed no mood for compromise, rejecting any terms that hinted at new financial responsibilities, such as propositions to erect financing devices and trust funds for the South. Even condemnation of unilateralism and extraterritorial measures were stalled, as Washington saw this as an attack on its foreign policies. Essentially the North—as a British government briefing paper put it—wanted at the very least that UNCTAD be ‘reformed’ and relegated to undertaking ‘policy analysis and research into trade and developmental issues’, and to abstain from ‘very general concerns such as interdependence, in favour of specific, targeted types of work in key areas’. At the same time, heads of disciplinary institutions such as the WTO (its director general), the IMF (its managing director) and the World Bank (its managing director) played a prominent role in the proceedings—a manifestation of a move away from social concerns to much narrower conceptions of what constituted economic ‘competitiveness’.

The so-called Midrand Declaration at the end of the Summit captured much of the impulse referred to above. First, the document was grounded very much within the ongoing globalising discourse. The WTO was referred to as having ‘strengthened the rules-based trading system and furthered the process of liberalisation’, while such a scenario was claimed as ‘opening new opportunities for sustainable development and growth’. The Declaration also asserted that UNCTAD IX had ‘responded to these changes and challenges’ by attempting to ‘give new and real meaning to the partnership for development’. Market forces were said to ‘play a pivotal role’, while the WTO was claimed to ‘facilitate [the] positive integration of countries into the global trading system’.

With acceptance of trade liberalisation went a certain recognition of the uneven process of globalisation. Thus the principles of the ‘spirit of Cartagena’ were reinforced with a renewed call for ‘partnership for development’. Reflecting unease at the North’s tardy response to the idea of ‘partnership’, the Declaration pointedly remarked that such partnerships had to be grounded on a clear definition of roles, common objectives and joint actions. Yet even observers sympathetic to the neoliberal project noted the agenda behind the Declaration, namely, that ‘the only way [Southern] countries will gain from globalisation is if they make major adjustments in policies, resource allocation and production structures’. In fact, a number of developing world delegations expressed wariness at such an open embrace of neoliberal prescriptions. For example, the Indian representative called for a complete embargo on new issues to be added to the WTO trade agenda, while Bangladesh, Mauritius and China criticised the way in which developing countries were expected to integrate themselves into a global economy with very little assistance from the North. Such comments reflected a divergence of opinion among the South at UNCTAD
IX with certain states—the host, South Africa being one—largely enthusiastic about the benefits of globalisation, while others urged greater caution.

At the same time, a deeper malaise for the South was in evidence at UNCTAD IX as state elites scrambled to attract investment from the North. Certainly, the meeting in South Africa was marked by a great flurry of bilateral negotiations behind closed doors. In what may be viewed as a rush for the best deal in a situation where Southern solidarity was manifestly absent, individual state elites attempted to fashion agreements on an individual basis. As one report put it, ‘such buying and selling of agreements, especially on trade issues, [spoke] volumes about the absence of cohesion among African states in their dealings with each other and with the international community’. In a situation where neoliberal globalisation seemed to be overwhelmingly dominant, the motives for competing for investment with little regard for an overarching normative framework on how best to coordinate this process seemed logical, if not desirable.

In short, UNCTAD IX was marked by an ascendant North and a demoralised South, with the organisation itself suffering. Post-Midrand, it was evident that UNCTAD was losing its direction and spirit as guardian and defender of the development principle and perspective, and was trying to ‘mature’ into an agency seeking ‘consensus’. Since the prevailing consensus is the free-market liberalisation model that is promoted by the Bretton Woods institutions and the WTO, UNCTAD seems to be seeking a role to be relevant to this model and to be accepted, for instance, by the WTO and the International Chamber of Commerce, rather than to challenge or provide alternatives to the model.

Indeed, the Midrand Declaration’s emphasis on partnership with the private sector as a tool for development was criticised as promoting the idea that foreign investment was ‘the panacea to solve every problem’. Furthermore, the ‘consensus’ so carefully crafted at UNCTAD IX was cast as ‘the ideology of pragmatism’; yet, ‘in the present international context, this meant supporting the intense international competition for markets in which states have little control over their own economies’. Certainly, after UNCTAD IX, development ran the danger of being measured solely by macro-economic indicators and levels of investment, rather than by reference to the overall condition of society. Such a scenario suited the interests of the North, now that common-sense attitudes to market-friendly policies, rather than an aspiration to address the broader underpinnings of the international political economy, were regarded as the key to development. In short, UNCTAD IX continued and extended the move away from questioning the overall global situation and how this structurally affected development, and towards the more pragmatic position of making economies in the South as attractive as possible to foreign investors.
UNCTAD X

The most recent summit, held in February 2000 in Thailand, was characterised by a limited recognition, absent in large measure from recent UNCTAD meetings, that development objectives had to be placed at the core of the globalisation process. Indeed, one of the features of UNCTAD X was an expressed concern regarding the glaring imbalances incumbent within globalisation. It must be remembered that UNCTAD X came very soon after the collapse of the WTO meeting in Seattle in November 1999 and it was within this context that some space seemed to open up for a more resolute stance vis-à-vis the pace and thrust of globalisation. However, this change in tone should not be exaggerated as perhaps one of the main reasons why discussion regarding neoliberal globalisation in Bangkok was so ostensibly free was because UNCTAD had been progressively stripped of its teeth. Indeed, UNCTAD’s secretary-general, Rubens Ricupero, admitted as much, saying that debate could be more expressive as ‘the organisation ... does not set rules on trade or investment, has no enforcement authority and does not resolve disputes involving the national interests of its members’. In other words, very little was at stake and the North’s interest was not in any way under threat. This was amply demonstrated by the fact that neither the European Union nor the US even bothered sending senior trade officials to the meeting. In addition, it is true that after Seattle there was a greater receptiveness to the developing world’s concerns and a recognition that a nascent backlash against globalisation was in the offing. But antipathies evidenced by élite delegations from the developing world at UNCTAD X reflected a variety of positions on often contradictory agendas. These ranged from the demand for sweeping global reform, to special treatment for Southern exporters, to equal treatment for the same. However, as has been evident for a good time now, what most developing world delegations demand at such multilateral meeting points is increased access to the world market for the externally-oriented fractions of their business classes. Far from stopping neoliberal globalisation, the élites from the developing world push for greater integration into the global capitalist order.

This position, a basic acceptance of the tenets of the current world order, reflects the reality that élites from the developing world are, in general, committed to continuing the global system. As Silver and Arrighi have remarked:

Third World élites were not the passive victims of the US liquidation of the development project. At least some fractions of such élites [i.e. the externally-oriented] were among the strongest supporters of the new Washington Consensus through which the liquidation was accomplished. To the extent that this has been the case, Third World élites have been among the social forces that have promoted the liberalisation of trade and capital movements.

Thus imagining that resistance to neoliberal globalisation at meeting points such as UNCTAD X might be found in élite representatives from the South is
somewhat optimistic. Indeed, many of the positions advanced in Bangkok amounted to little more than strategies to defend neoliberal globalisation from the sort of populist counter-hegemonic impulses evidenced in Seattle. This is not to say that representatives from the developing world do not express genuine grievances at forums such as UNCTAD. But such expressions remain hidebound by an essential acceptance of the logic of a global ‘free market’, which just needs tampering with here and there to make globalisation ‘work’ for development. It was this confused position from the developing world, combined with an obstinate refusal by the North to negotiate seriously on substantive issues within the ambit of UNCTAD, that meant that the Declaration emanating from the Bangkok meeting was ambiguous and lacking in any clear statement. In fact, the 52-page Plan of Action adopted at the end of the meeting had nothing at all to say on how future talks at the WTO should be framed and was little more than a synopsis of ongoing debates on global trade, finance and investment.

Indeed, UNCTAD X put forward only general expressions of hope that North and South might in due time arrange some sort of agreement to promote both globalisation and development. Thus the Bangkok Declaration talked of how it was ‘essential to persevere in the search for consensual solutions’, without going into any meaningful detail as to what these were.24 In particular, the Bangkok meeting failed to resolve the demand by developing nations that the developed world open up its markets fully to their products, without tariff barriers. The North’s position was to pledge a ‘possible commitment’ to free access for ‘essentially all’ exports from the Least Developed Countries (LDCs).25 European delegates in particular were keen to claim that ‘essentially all’ meant 99 per cent of the LDCs’ products. However, cynics—probably correctly—noted that the missing one per cent would unquestionably include ‘difficult’ exports that might impact upon important sectors such as textiles and agriculture, which are, as is well known, provided with intense protectionism (contra neoliberal dogma) because of pressure from powerful domestic constituencies. Devoid of meaningful content, both the Declaration and Plan of Action from UNCTAD X were little more than collections of seemingly innocuous statements on the importance of development and poverty reduction, laced with vague assertions that free market globalisation ‘should’ provide benefits to all.

Where to now for UNCTAD?

The future effectiveness of UNCTAD as an organisation remains open to question. The Bangkok Declaration talked of how ‘UNCTAD must make a substantial contribution to the pursuit of development objectives’ and how ‘it must also play an active role in consensus building around well-defined trade supporting and development issues’.26 But, as the head of the US delegation made clear, the North vigorously opposes any serious role for UNCTAD in international trade negotiations, as ‘an operational role for UNCTAD ... would involve a confusion of institutional roles and a diversion of limited resources for which UNCTAD is not the best-suited organisation’.27

In light of acute hostility to UNCTAD from the developed world, combined with the fact that UNCTAD has no negotiating authority, exactly what might its
role be? A starting point in evaluating possible strategies for UNCTAD is predicated on one simple assertion: in the view of many, UNCTAD—unlike the WTO—has an important quality, namely legitimacy. This, combined with UNCTAD’s apparent opening up to non-governmental participation, suggests a latent site for a potentially reinvigorated organisation. Robert Cox has recently written that ‘a major factor in the apparent dominance of globalisation ideology ... has been the weakness of civil society in both West and non-West’. Cox goes on to note that counter-hegemonic reactions against neoliberal globalisation ‘are fragmented and still lack a coherent doctrine and institutional support’. It is here that UNCTAD may conceivably play a rôle. Rubens Ricupero has recently shown a determination to encourage civil society input into the UNCTAD process—despite opposition from a number of states. The NGO Plenary Caucus for UNCTAD X was a major innovation in Bangkok. In light of the widespread legitimacy that UNCTAD enjoys from various quarters, a reinvigorated organisation operating in tandem with civil society may be identified as a possible site of counter-hegemonic struggle. Certainly, an increasingly responsive UNCTAD that takes on board the concerns of voices within civil society might emerge as a potential agent of transformation. The obstacles to this are profound, but NGOs—particularly in the South—might consider directing energy to lobbying their member governments to promote the gaining of negotiating authority for UNCTAD. It is perhaps in this direction that UNCTAD should head if it wishes to retain any meaningful role as a multilateral body pushing development and a fairer world.

Notes
15. Ibid., p. 3.
18. Finance Week (Johannesburg), 25 April–1 May 1996.
19. The Sowetan (Johannesburg), 17 April 1996.