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Foreword

It is surprising that there is no comprehensive history of the United Nations family of organizations. True, a few of the UN funds and specialized agencies have written or are in the process of writing their institutional histories. But this is mostly a recent endeavor and, indeed, it is no more than what should be expected of all public organizations, especially internationally accountable ones, along with enhanced efforts to organize their archives. We are all aware that institutions tend to put forward the best parts of their stories, but independent researchers should also document and analyze dispassionately institutional shortcomings as well as achievements. All this is an essential part of the record of international governance during the last half-century.

Faced with this major omission—which has substantial implications for the academic and policy literatures—we decided to undertake the task of beginning to write an intellectual history, that is, a history of the ideas launched or nurtured by the United Nations. Observers should not be put off by what may strike them as a puffed-up billing. The working assumption behind this effort is straightforward: ideas and concepts are a main driving force in human progress, and they arguably have been one of the most important contributions of the world organization.

The United Nations Intellectual History Project (UNIHP) was launched in 1999 as an independent research effort based in the Ralph Bunche Institute for International Studies at The Graduate Center of The City University of New York. The project also maintains a liaison office in Geneva. We are grateful for the enthusiastic backing from the Secretary-General and other staff and governments within the UN system. Generous financial support from five foundations and eight governments ensures total intellectual and financial independence. Details of this and other aspects of the project can be found at our web site: www.unhistory.org.

The work of the UN can be divided into two broad categories: economic and social development, on the one hand, and peace and security, on the other.
The UNIH is committed to produce fourteen volumes on major themes in the first arena and a further three volumes if sufficient resources can be mobilized for the latter. All these volumes will be published in a series by Indiana University Press. In addition, the Project has also completed an oral history collection of some seventy-five lengthy interviews of persons who have played major roles in launching and nurturing UN ideas—and sometimes in hindering them! Extracts from these interviews will be published in 2004 in UN Ideas: Voices from the Trenches and Turrets. Authors of the Project’s various volumes, including this one, have drawn on these interviews to highlight substantive points made in their texts. Full transcripts of the oral histories will be disseminated in electronic form at the end of the Project to facilitate work by other researchers and interested persons worldwide.

There is no single way to organize research and certainly not for such an ambitious project as this one. The way that we have structured this history is to select topics—ranging from trade and finance to human rights, from transnational corporations to development assistance, from gender to sustainability—to tease out the history of ideas under each of these topical headings. We have selected world-class experts for each topic, but each has been given freedom and responsibility to organize their own digging, analysis, and presentation. Guidance from ourselves as the project directors as well as from peer review groups is provided to ensure accuracy and fairness in depicting where the ideas came from, what happened to them within the UN system, and what happened afterward.

The present volume is a crucial input in understanding how trade, finance, and development have been a main arena for the North-South encounter. This volume is written by John Toye and Richard Toye—a well-known development economist with a passion for history and a bona fide economic historian, respectively, who happen to be father and son. And how clearly this professional history background that runs through the Toye family comes out in the following pages! The authors have searched through UN archives in Geneva, New York, and Santiago de Chile. They have scoured personal files of UN officials—alive and dead—in Oxford, Washington, and other places.

A large part of the study is woven around seven creative personalities who have put their stamp on the topic under consideration during the first quarter-century of the UN, thus dramatizing and personalizing the world organization’s story. In many places the book reads like a passage from Sir Arthur Conan Doyle in which Sherlock Holmes and Dr. Watson are in search of who is responsible for certain ideas, good or bad, within the UN and who was the first to put them on the international agenda. This is particularly striking in connection with the famous terms-of-trade debate and the Prebisch-Singer

thesis of deteriorating terms of trade for developing countries. Anxious readers may wish to flip immediately to Chapter 5 to satisfy their curiosity and learn the answer.

The study highlights the subtlety of Prebisch’s import-substitution approach, correcting the crude criticism of those who have not read the work of this extraordinary personality carefully enough. But above all, the authors show how difficult it is to come up with unorthodox ideas within the context of intergovernmental organizations and to stand up for them in the face of internal bureaucratic politicking and external pressures.

The historical sweep is impressive—the UN’s antecedents in the League of Nations are systematically reviewed, while the final chapter contains important forward-looking suggestions for changes in the Bretton Woods international financial institutions and in the World Trade Organization. Finally, and perhaps most important, trade and finance are situated within the comprehensive setting of development policies. This approach means that it is possible for readers to make interesting comparisons with other volumes in the UNIH series—those four others already published and listed at the outset of the volume as well as those to come.

We are convinced that the UN story must be documented if it is to be better understood and appreciated. As UN Secretary-General Kofi Annan kindly wrote in the “Foreword” to Ahead of the Curve: UN Ideas and Global Challenges: “With the publication of this first volume in the United Nations Intellectual History Project, a significant lacuna in twentieth-century scholarship and international relations begins to be filled.” John and Richard Toye have filled a huge gap in the historical record.

We hope that readers will enjoy this journey through time.

Louis Emmerij, Richard Jolly, and Thomas G. Weiss
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to Professor Sir Hans Singer, not only for granting us access to his papers but for generously sharing his memories with us and answering patiently our persistent questions. John Shaw, Hans Singer’s biographer, and Edgar Dosman, Prebisch’s biographer, both kindly sent us valuable material that is acknowledged in the endnotes.

Despite all of this input from others, some errors of fact and interpretation will no doubt remain, and for these the authors bear full responsibility. Translations of foreign-language material into English are the authors’ own.

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Abbreviations

ADs       Anti-dumping duties
ASG       Assistant Secretary-General
CANEX     Documents on Canadian External Relations
CCF       Compensatory Financing Facility
CDF       Comprehensive Development Framework
CENIS     Center for International Studies
CEPAL     Spanish acronym for ECLA
CIAP      Inter-American Committee on the Alliance for Progress
CICT      Commission on International Commodity Trade
CIEC      Conference on International Economic Cooperation
CIFT      Committee on Invisibles and Finance Related to Trade
COMECON   Council for Mutual Economic Cooperation
CVDs      countervailing duties
DDRS      Declassified Documents Reference System
DEA       Department of Economic Affairs
DESA      Department of Economic and Social Affairs
DSM       Dispute Settlement Mechanism
ECAFE     Economic Commission for Asia and the Far East
ECE       Economic Commission for Europe
ECLA(C)   Economic Commission for Latin America (and the Caribbean)
ECOSOC    Economic and Social Council
EEC       European Economic Community
EFTA  European Free Trade Area
EIS   League of Nations Economic Intelligence Service
EPTA  Expanded Program of Technical Assistance
ESAF  Extended Structural Adjustment Facility
FAO   Food and Agriculture Organization
FBI   Federal Bureau of Investigation
FRUS  Foreign Relations of the United States
G10   Group of Ten
G77   Group of 77
GA    General Assembly
GAOR  General Assembly Official Records
GATT  General Agreement on Tariffs and Trade
GSP   Generalized System of Preferences
HUAC  House Un-American Activities Committee
IADB  Inter-American Development Bank
IA-ECOSOC Inter-American Economic and Social Council
IBRD  International Bank for Reconstruction and Development
ICAs  international commodity agreements
ICC   International Chamber of Commerce
ICCCICA Interim Coordinating Committee for International Commodity Arrangements
IDA   International Development Association
IDD   International Development Decade
IDY   International Development Year
ILO   International Labour Organization
ILPES Latin American Institute for Economic and Social Planning
IMF   International Monetary Fund
ISA   import-substituting agriculture
ISI   import-substituting industrialization
ITC   International Trade Commission
ITF   International Trade Files
ITO   International Trade Organization
LDCs  Less Developed Countries
LSE   London School of Economics
MFN   most favored nation
MIT   Massachusetts Institute of Technology
NARA  National Archives & Records Administration (U.S.)
NGOs  nongovernmental organizations
NIEO  New International Economic Order
NIFE  National and International Measures for Full Employment
OECD  Organization for Economic Cooperation and Development
OEEC  Organization for European Economic Cooperation
OPEC  Organization of Petroleum Exporting Countries
PEP   Political and Economic Planning
PRO  Public Record Office (UK)
QRs   quantitative restrictions
RG    Record Group
RIIA  Royal Institute for International Affairs
SAF   Structural Adjustment Facility
SDR   Special Drawing Right
SG    Secretary-General
SSRC  Social Sciences Research Council
SUNFED Special United Nations Fund for Economic Development
UNCTAD United Nations Conference on Trade and Development
UNDP  United Nations Development Programme
UNRRA United Nations Relief and Rehabilitation Administration
UNRISD UN Research Institute for Social Development
WER   World Economic Report
WIDER World Institute for Development Economics Research
WTO  World Trade Organization
The UN and
Global Political Economy
Introduction

- The North-South Encounter and the United Nations
- The Paradox of Protectionism in the UN Secretariat
- International Public Organizations as Intellectual Actors
- The North-South Encounter in Outline
- The Contribution of This Volume
- Methodology and Sources

The North-South Encounter and the United Nations

After the Second World War, the new United Nations organization was the bearer of extravagant, even utopian, hopes for the development and maintenance of an international order that would safeguard the peoples of the world from the recurrence of the extraordinary destruction that they had just suffered. In the founding vision of faith and optimism, economic and social security was accorded an importance at least as great as, if not greater than, political and military security. The rationale for this was the acute collective consciousness of the economic disaster of the Great Depression of the 1930s and the political opportunity that it provided for the forces of fascism and militarism to gain control over large populations in Europe and Asia.

As long as this consciousness remained strong, so did the will of the member nations to cooperate in the reconstruction of the international economic order inside the framework the UN provided. This order was intended to encompass and benefit both the developed industrial countries and what were then referred to as the underdeveloped countries. However, this early period was cut short. As relations between the United States and the Soviet Union deteriorated and each marked out the boundaries of their respective spheres of influence, Cold War attitudes suffused the whole international diplomatic climate. The solidarity of the great powers who were to lead the UN organization very quickly evaporated.
Meanwhile, the intended parity of esteem within the UN between economic and military security concerns swiftly eroded. Diplomatic and military crises that potentially could have had nuclear consequences took center stage. The Security Council became the UN organ on which world attention focused, while the new Economic and Social Council became a cipher. Both councils were paralyzed by distrust and dispute and delivered little but stalemate, stagnation, and disappointment. The UN Secretary-General became wholly absorbed in the unenviable task of trying to mediate between two inflexible superpowers and was not able even to protect his own staff from the repercussions of that conflict.

Between 1947 and 1955, the United States was able to maintain overall political control of the UN through the steady two-thirds majority it could command in the General Assembly. As the geopolitical situation stabilized after the death of Stalin in 1953, circumstances began to enhance the authority and legitimacy of the UN as a genuine world forum. The accelerating process of decolonization played a crucial part in this. The number of countries that were members of the UN swelled as more and more underdeveloped countries, free from the restraints of colonialism, joined the organization. The UN thus developed from a Western-dominated agency into a more truly global entity.

For the United States, the accession of ex-colonial underdeveloped countries to the world body meant a gradual dilution of its ability to control and manage the organization. After 1960, the U.S. could no longer rely on being able to muster a simple majority. The newly admitted countries, which refused to align themselves with either of the two superpowers, came to hold the balance of power in the General Assembly. For these recent ex-colonies, membership in the UN was both a symbol of and a guarantee for their newfound independence. They looked to the Secretary-General to support their rights and liberties through the UN, thereby enhancing his political role and making him less purely dependent on American guidance. Dag Hammarskjöld's intervention in the Congo in 1959–1961 was the major manifestation of this new UN politics.

After Hammarskjöld's death in 1961, a typical Cold War struggle ensued between the U.S. and the Soviet Union over his successor, ending with the appointment of the first non-European UN Secretary General. U Thant was a Buddhist and socialist from Burma who had experienced colonialism at first hand and who saw the major division of the world as that between rich and poor countries rather than between capitalism and communism. He embodied a new "Third World" perspective that identified economic development as a central concern of the UN system. The term "Third World," popular in the 1960s as a collective phrase for underdeveloped countries, linked the state of underdevelopment negatively with the East-West Cold War conflict. Underdeveloped countries were seen as belonging neither to the capitalist nor to the socialist system; they were not only poor but also alienated from these two rival political economies of development.

In practice, during his ten years of office, U Thant's energies were largely absorbed in mediating the international political and military crises of the 1960s in Congo, Cuba, India and Pakistan, the Dominican Republic, the Middle East, and Vietnam. Nevertheless, he gave much sympathy and moral support to the campaigns that the new "Third World" member countries fought in the UN to highlight what they regarded as historical injustices, to appeal for greater international solidarity, and to canvass proposals to restructure the international economic order in their favor. These campaigns helped to revive the original view of the founders of the UN Charter that the organization should through its economic and social work contribute to a more peaceful world—with the crucial difference that this objective was now being pursued on a much more extensive scale and in much more intractable conditions.

U.S. president John F. Kennedy responded to the loss of American control of the UN by assuming a role of moral leadership, including proposing that the 1960s be designated a "development decade" by the UN. This raised the prestige of the UN, even though, in terms of substantial achievements, the decade fell short of what were always optimistic targets and exaggerated expectations. The UN had other successes to its credit, as its specialized agencies proliferated (with the setting up of the World Food Programme, the United Nations Development Programme, the United Nations Industrial Development Organization, the United Nations University, the International Telecommunications Union, the International Civil Aviation Organization, the World Maritime Organization, and so on). In the field of trade, finance, and development, the hopes of the Third World rode on the new UN Conference on Trade and Development (UNCTAD). It provided a forum for the intergovernmental discussion and negotiation of this nexus of issues, one in which the developing countries—now forming a political bloc and euphemistically renamed—hoped to gain economic concessions from the West.

By the end of the 1960s, the moral leadership of the U.S. had faltered, most obviously because of its war in Vietnam. When the Bretton Woods system finally broke down, no new system replaced it. Within the developing countries, the producers of oil flexed their market muscle, which had unanticipated disruptive effects on international lending and indebtedness, accelerating inflation and decelerating economic growth. It was in these unpropitious conditions that the developing countries as a bloc, now increasingly referred to as
“the South,” renewed their campaign to persuade “the North” (the Organization for Economic Cooperation and Development [OECD] countries) to set up a New International Economic Order (NIEO) that would be more supportive of their development ambitions. They had made only piecemeal progress in this direction in the 1960s, despite the creation of UNCTAD. Focusing on the issue of better terms of trade for primary commodity producers, grandiose claims were made in the 1970s, but in the end the North-South negotiating encounter produced very little.

The North-South dialogue was effectively dead by 1981, when the Cancún summit meeting took place. The global political and ideological climate, partly in reaction to the South’s demands for a NIEO but partly as a result of the Latin American debt crisis, underwent a major transformation thereafter. New conservative governments in the OECD countries were determined to restore their own economic positions regardless of the repercussions on the countries of the South. The OECD countries chose to operate through those multilateral institutions over which they could exercise effective control, such as the International Monetary Fund (IMF), the World Bank, and the new World Trade Organization (WTO). The UN therefore became more marginal than ever in the trade and development field, and the U.S. and some other developed countries used the tactic of withdrawal and withholding of contributions as a means to force cutbacks on UN functions and budgets.

The evolving phases of the UN’s journey from high aspirations to a more just world order to its present reluctant acceptance of ancillary status in the field of trade, finance, and development provides the basic structure of our narrative. It is one that is well enough known, and we do not claim to have made any major revisions to it. Rather, the novelty of our contribution lies in our examination, against this broad background, of the UN as an intellectual actor in this field in order to show why its positive achievements (which were not negligible) proved insufficient to arrest the decline. To this end, we explore the problems inherent in bureaucracies’ attempts to produce original research, highlighting the likely tensions between the higher management’s aims and the tendency of talented intellectuals in their employ to produce truths that their managers find uncomfortable. In so doing, we look closely at the intellectual contributions to the trade and development debate made, in particular, by seven famous economists while they worked in the UN.

The Paradox of Protectionism in the UN Secretariat

During the two decades from 1945 to 1964, a small number of economists working as officials of the United Nations engineered a major shift in ideas about how international trade and finance affect economic development. In 1945, the near-unanimous view of the international community was that a return to freer trade and payments on a multilateral and nondiscriminatory basis should be the chief long-term objective of international economic policy, provided that adequate safeguards against mass unemployment were built in to the international economic arrangements. Such a course would act as a permanent antidote to war, since shared prosperity would be a reliable guarantor of peace. By 1964, a powerful challenge to this orthodoxy had been mounted by economists operating within the UN Secretariat, although it had been established to implement the orthodox view. These few economists, who were almost all radicals of some shape or form, had deployed arguments suggesting the existence of systematic economic forces that diminished the benefits that underdeveloped countries gained from trade and foreign investment. They had also designed a package of interventionist measures that constituted “a new trade policy for development” and rallied support for a new international organization to put them into effect. This book examines the causes and the consequences of this historic shift in economic and political opinion.

The paradox of a twenty-year revolt against free trade orthodoxy by economists inside the United Nations is partially explained by two remarkable changes in the global landscape of political power that occurred during the two decades after the Second World War. One was the start of the “Cold War” between the United States and its allies and the Soviet Union and its allies, while the other was the decision of European countries to grant independent statehood to their former colonies, partly as a consequence of U.S. pressure. These two profound currents were mediated by the UN system’s rule of majority voting. They created a momentum in favor of paying much more attention in international forums to the aspirations of the new leaders of poor, less-developed countries than had ever previously been paid. At the same time, the hopes placed by these leaders in the postwar international economic settlement were being severely disappointed. The generosity of U.S. Marshall Plan aid was to be confined to Europe. The laboriously negotiated International Trade Organization (ITO), whose constitution reflected at least some of the trade and development concerns of the underdeveloped countries, never came into being. The General Agreement on Tariffs and Trade (GATT)—a transitional entity that came to substitute partially for the ITO—concentrated its efforts throughout the 1950s on reducing tariffs on industrial goods, an issue of limited importance to the many underdeveloped countries that had yet to industrialize.

It would be too simple, however, to say that the growth of neoprotectionism in the UN Secretariat merely reflected great geopolitical upheavals taking place elsewhere or the limited horizons of U.S. government trade policies. That
would be to separate illegitimately events from the matrix of ideas in which they are formed (as if events could occur mindlessly) and to decree arbitrarily that the line of causation can run only from events to ideas. The truth is more complex. It is not just that the new protectionist arguments were a product of the Cold War, decolonization, and the narrow front on which freer trade was advancing. It is equally true that these ideas modified the terms of superpower competition with respect to economic development, influenced the attitudes of postcolonial regimes, and widened the scope of international trade and finance policies. This volume is the story of how radical economists in the UN created the intellectual manifestations of contemporary global political changes. It is also about how they collectively, within the UN Secretariat, animated the UN member states to take up new positions by setting agendas and mediating interest-group alliances and thereby helped to shape the ways in which future events unfolded. 

The interdependence of international trade, finance, and development is the subject matter of the intellectual history with which we shall be concerned. The focus of the story will therefore not be on the entire UN system but on those parts of it that have responsibilities in our field of interest and even then only on those parts of the organization in which the economic radicals made the most significant intellectual contributions. So we do not deal with most of the UN's specialized agencies, funds, and other UN organizations but only with the economic and social departments of the UN Secretariat, especially, but not only, in its relations with the IMF and the World Bank. The spotlight will be on the Department of Economic Affairs (DEA) (later renamed the Department for Economic and Social Affairs [DESA]) in New York and, after 1964, on UNCTAD in Geneva. Among the UN regional commissions, the Economic Commission for Latin America (later, and the Caribbean) (ECLA/ECLAC) in Santiago de Chile will occupy center stage.

**International Public Organizations as Intellectual Actors**

That international public organizations aspire to be intellectual actors is startling. The role of an international bureaucracy may extend to the collection and dissemination of available knowledge if this helps it in the discharge of its functional responsibilities. That the production of novel ideas should be one of its functions would come as a surprise. It could well be interpreted as going into competition with universities, institutes, think tanks, and consultancy firms but doing so without having the necessary advantages of human and physical infrastructure or, perhaps more important, in terms of the structure of institutional incentives. "Universities and think-

tanks can out-perform the UN in research," according to Michael Edwards, because they are "without the combination of high costs and low levels of innovation that characterises organisations lacking both market discipline and social pressures to reform."

Admittedly, knowledge is a public good, and the market, if left to itself, will tend to supply too little of it to achieve maximum welfare. The force of this argument is to justify public intervention to boost investment in new knowledge. However, it does not entail that the new knowledge must be produced in a public-sector institution. Underinvestment by individuals in health and education is not a sufficient justification for setting up state schools and hospitals, because a better outcome might result from giving private schools and private hospitals a public subsidy. Similarly, if knowledge is undersupplied, it might be better for public-sector institutions to subsidize its private production rather than to produce it themselves.

Some international public institutions have, nevertheless, wanted to be intellectual actors rather than just investors in the production of knowledge. In the field of economic and social development, perhaps the foremost current example of this ambition is that of the World Bank. It is the rise of the World Bank to its current position of contested intellectual dominance in the development field that has provoked renewed interest in exploring the intellectual contribution that was made by the United Nations. This way of putting the comparison acknowledges the de facto separation of the bank and the fund from the UN, which took place in 1946–1947, although the bank's pursuit of intellectual dominance has developed only during the last twenty-five years. The economic justification advanced for it is that only by producing knowledge in-house can its benefits for the bank's functional operations—such as its loan projects—be secured. Partly, it is argued, this is a matter of the bank's being able to ensure that outside researchers undertake the research agenda that the bank wants them to undertake. Partly it is that, in the absence of in-house champions of specific pieces of research, potentially useful research will not get noticed and will not in fact be used. While there is doubtless merit in these arguments, they look only to the advantages of doing research in house, and these advantages always need to be balanced against the potential difficulties.

What then are the drawbacks? For the answer to this, one must turn from the economics of public goods to the sociology of bureaucracy. Weber argued that modern bureaucratic organizations would increasingly replace patrimonial ones. He claimed that they are formally the most rational means of exercising control over human beings, because their goals are set by their sponsors and are implemented by bureaucrats who remain politically neutral. In making this
claim for the efficiency of modern bureaucracy, Weber simply assumed that bureaucrats' assigned formal roles are always congruent with their actual motives and orientations. However, this is not necessarily so: officials may don their organizational masks, but they do not easily or frequently become them. Weber's ideal type needs to be modified to take account of the fact that people inside bureaucracies can rebel against the machine-like expectations of formal rationality. Experience forces us to confront the fact that "defiant bureaucrats" exist, who engage in behavior that is from the perspective of organizational goals and procedures irrational and dysfunctional. A modified Weberian theory of bureaucracy asserts that inside all public organizations, authority stands in potential tension with power. Authority is hierarchical and is formally delegated from the pinnacle of the executive secretary (or other like role) downward in a very precise manner. Power—the ability to make others do as one requires—may be distributed differently. It will be exercised from above only to the extent that those in authority at the top have the resources of power—personal leadership skills, access to information, incentives, and sanctions—with which to motivate, control, and appropriate the efforts of those below them in the hierarchy. This potential tension sets the scene for the outbreak of power struggles between superiors and subordinates, as the former seek to conjure up from the latter the activity that will support the goals of the organization (that is, those of its sponsors) and as from time to time they meet resistance. Maintaining the congruence of power with authority is a quite onerous task that heads of bureaucracies often fail to perform.

This is especially so in international bureaucracies. Here control by sponsors is weaker because the conflicting interests of the multitude of sponsors permanently dilute it. This is partly a matter of a lesser ability to determine clear and consistent objectives. It is also because divergent interests of sponsors can reduce the resources of power available to those in high authority in international organizations; requirements of geographical balance in recruitment or the diplomatic consequences of disciplining officials of particular nationalities deplete the normal armory of sanctions for officials engaging in dysfunctional behavior.

Within an international bureaucracy, the in-house research function presents a special case. Intellectual originality and creativity are achievements that, almost by definition, cannot be commanded, sometimes not even by their authors. Original research, when produced, also has the potential to be dissonant with the objectives that a bureaucracy and its sponsors are seeking to fulfill. Therefore its authors, because of the peculiar nature of their specialized expertise, run a particularly large risk of becoming "defiant" bureaucrats in the course of defending their research procedures and results. The political neutrality required of a Weberian bureaucrat is at odds with the intellectual disinterestedness that must discipline the good researcher. Researchers need to be disinterested in their results—not uninterested, but disinterested. Ideally, they should have no personal stake in the results of their enquiries. It should not matter to them whether trade liberalization does or does not stimulate economic growth or whether commodity prices are set to rise or fall. When the organization that employs researchers aims to persuade external agents of the truth of certain propositions, this threatens to damage the integrity and quality of their work. Thus in-house intellectual activity will be constantly in danger of being to some degree distorted by managers' success in imposing their organizational goals.

Even if to a lesser degree than national bureaucracies, international bureaucracies still wield some incentives and sanctions. Officials who are researchers resemble their colleagues in that all are wholly dependent on their organization's managers for their material rewards, so they may face disincentives to coming up with results that top managers find unhelpful to their goals even if the results that they produce are intellectually sound. Similarly, they may face incentives to certify propositions as valid knowledge, even if they are not, when their top managers find it helpful to their goals that that be done. The independence that is the only safeguard for intellectual honesty will be lacking when the internal power struggle favors the top management.

The significance of this drawback is amplified as we recognize that international public institutions do indeed at times identify with and defend certain doctrines. They are often required to do so by the governments that are their members and their main financial sponsors. The World Bank, for example, began by merely defending the doctrine of sound finance and had little use for its few economists. Even this limited engagement with doctrine required some editorial control. An early example of the urge to control occurred in 1955, when the bank held up the publication of Jan Tinbergen's The Design of Development for three years because the Bank's president at the time objected to Tinbergen's support for a mixed private and public economy. In the 1980s, however, the bank formulated a stronger and more elaborated doctrinal stance at the behest of the U.S., Germany, and Britain, whose governments favored the spread of economic policies that became characterized as the "Washington Consensus." This consensus set up the doctrinal boundaries that had to be defended by the bank.

The defense of an organization's core doctrines can be managed in several different ways. One is to design the research agenda in a way likely to support the consensus—for example, by not devoting resources to researching topics
that are regarded as marginal or potentially antagonistic to it. Another is for top
managers to vet carefully high-profile research output and to edit out unwanted
messages.17 Another is the self-censorship of the researchers, who can usually
guess where the limits of acceptability lie. Even when top managers try to avoid
shooting the messengers that bear bad, but accurate, tidings, not every staff
member will venture to put that restraint to the test.

In these circumstances, it is not surprising that when the World Bank’s role
as an intellectual actor was evaluated, little evidence was found for the originality
of the ideas emanating from it. Even in the area of economics that concerns
its own operations most closely, namely the economic appraisal of projects, the
bank did not pioneer new methods.18 However, despite failure to originate key
ideas or methods in development economics, the bank’s power to propagate
ideas is well attested in the media and in university graduate-level syllabi. The
bank has also become “the single most important external source of ideas and
advice to developing-country policymakers.”19 The example of the World Bank
seems to show that international public organizations can become powerful
propagators of ideas if they invest sufficiently in the mechanisms of intellectual
propagation. Yet it is almost impossible for them, especially when those in high
authority in the organization can command the resources of power, also to op-
erate successfully as creative intellectual actors.

The North-South Encounter in Outline

In Chapter 1, we chart the first intellectual stirrings of the North-South
encounter. These can be found as early as the 1940s, particularly during the
course of the series of international conferences that paved the way to the
agreement for an International Trade Organization. In these debates, the rep-
resentatives of the underdeveloped countries expressed the view that freeing
the forces of the market would not bring about the economic changes to which
they aspired. The problem they sought to define was not merely one of mar-
et failure in the economist’s usual sense of that term. Rather, they believed in
the existence of economic forces that, by reinforcing the existing division of
labor between their countries and the industrial world, would condemn them
to a permanently inferior economic status.20

As member governments debated this issue, the UN Secretariat was estab-
lishing its program of economic research. In Chapter 2, we introduce the seven
 economists whose contributions while in UN service provided the main intel-
llectual substance of the South’s point of view. They are Michal Kalecki,
Nicholas Kaldor, Sidney Dell, Hans Singer, Raúl Prebisch, Celso Furtado, and
Juan Vazquez Noyola. Their previous careers and their motives for joining the
UN are examined. Drawing on the modified Weberian theory of bureaucracy
discussed in the previous section, we then explore the particular difficulties
in managing in-house economic research in the UN Secretariat, contrasting
its experience with that of the League of Nations.

The difficulties of UN research management are then illustrated in Chap-
ter 3 by the sobering tale of Michal Kalecki’s UN career. Kalecki is often pres-
ented as a victim of Senator McCarthy’s anti-communist crusade and its
targeting of the UN. The reality turns out to be more complicated. Although
Kalecki was adversely affected by the stress of working through that poison-
ous and demoralizing period, his resignation has to be seen as a response to
top officials’ efforts to improve the coherence and usefulness of a key UN
research publication, the World Economic Report. Apart from this editorial
power struggle, Kalecki was involved in various other assertions of his inde-
pendence, as a result of which he promoted unorthodox ideas. He was very
much the typical defiant bureaucrat of the revised Weberian theory.

Chapter 4 continues the theme of management efforts to control conten-
tious researchers. In the early years, UN Secretariat proposals were aimed at
the maintenance of full employment, but the new national and international
measures proposed by Nicholas Kaldor for this purpose never commanded
American support. After 1953, Dag Hammarskjöld, the new Secretary-General,
sought to steer the UN away from what was referred to as “extreme Key-
nesianism.” By the mid-1950s, the less-contentious goal of “economic de-
velopment” had emerged as a central focus of UN interest and efforts. This shift
of focus brought with it new instruments of technical assistance, pre-invest-
ment planning, and food aid as novel forms of multilateral endeavor. Even
with these additional types of international assistance, however, what the UN
could do to accelerate economic development within the resources at its dis-
posal was extremely limited. The problem, as perceived by the underdevel-
oped countries, of the legitimacy of existing multilateral arrangements in a
world of unequal development therefore persisted.

The fear that underdeveloped countries would be condemned to a perma-
nently inferior economic status was reinforced by Hans Singer’s thesis of secu-
lar decline in the terms of trade for primary commodities, examined in Chapter
5. Again, we show how senior UN officials tried to distance the organization
from this radical message after Raúl Prebisch repeated it con brio in Latin
America. Prebisch, however, was less radical than the other six economists
whose contributions we consider. Although Latin American countries invested much
hope in inducing economic development by means of import-substituting in-
dustrialization (ISI), Prebisch tried to educate them about its limitations. This
depiction of Prebisch, which runs contrary to conventional wisdom, will be
explained and justified in Chapter 6, which also contrasts his orthodox view of
inflation with the structuralist theory of Juan Vazquez Noyola.
In the early 1960s, the election of President Kennedy precipitated a new series of American-led global initiatives, which are analyzed in Chapter 7. They took their ideological inspiration from the anti-communist modernization theory of Walt W. Rostow. Their culmination, however, was a campaign by a surprisingly united developing world that the U.S. proved unable to resist. The campaign was for a major addition to the machinery of international economic cooperation, which came into being in the form of UNCTAD. UNCTAD was intended to pioneer specific new policies of international cooperation in the field of trade and development, policies that were firmly based on an acknowledgment of the economic and political inequality of nations. The story of its inception is told in Chapter 8.

The first two-thirds of our narrative, then, is in effect a pre-history of UNCTAD, taking the story from the abortive negotiations for an International Trade Organization forward to the first UNCTAD conference in 1964. The final third of the book is devoted to the intellectual consequences of the decision to set up a UN institution to act on behalf of the developing countries. Under the leadership of Prebisch (1964–1968) and Manuel Pérez-Guerrero (1969–1974), the UNCTAD Secretariat had to preach a doctrine that supported a series of demands by developing countries—for international commodity agreements, a generalized system of trade preferences, and a world monetary order that improved financial assistance for development. In this context the generation of new ideas faltered, and the Group of 77 developing countries failed to set up its own think tank on similar lines to the OECD. During Gamani Corea’s campaign for a Common Fund for commodity stabilization schemes, the intellectual impoverishment of UNCTAD was cruelly exposed. Our account of these developments is in Chapters 9 and 10.

The final two chapters of the book bring the story up to date and then look to the future. Chapter 11 explains how the Latin American debt crisis of the 1980s gave the conservative governments of leading industrial nations the opportunity to pressure developing countries to adopt what they called sensible economic policies and how those policies came to be defined. It also tells how UNCTAD was maneuvered into an ancillary role to the World Trade Organization in the 1990s. The lessons that we draw for the future are set out in Chapter 12. In brief, they are that for the time being the developing countries must make the best of a twin-track approach to global governance in which responsibility for implementation rests not with the UN but with the multilateral agencies that the main providers of funds are willing to trust. At the same time, these agencies need to be reformed in a multitude of ways to meet the evolving needs of developed and developing countries alike.

The Contribution of This Volume

We hope that we have succeeded in doing two important things. The first of these is corrective in intent. The American mania for recording allows us to recover U.S. trade negotiators’ arrogant attitudes toward, and casual dismissal of, the developing countries’ views on trade policy during the early years of the GATT.22 The bias is absolutely explicit there, but it permeates much more subtly other writing on international economic relations. For our part, we have tried to redress this bias by treating seriously the developing countries’ view that differences in the level of economic development are relevant to the obligations that countries should be asked to assume in international trade and financial relations. In principle, this is a perfectly respectable argument, although how to apply it in practice is inevitably contestable. Those who promoted it in the 1940s and 1950s made a genuine creative contribution to economic thinking that needs to be recovered and celebrated.

Our second objective has been constructive in intent. In our attempt to elucidate the conditions for intellectual creativity in the field of economics within the UN, we have found it helpful to regard the UN in comparative perspective as one case among several of the general phenomenon of international public bureaucracy. By seeing bureaucracy as an arena in which authority and power potentially conflict, we are able to uncover the internal tensions that inhibit the flourishing of good in-house research and critical thinking in all such agencies, including the UN. These tensions are expressed through struggles over recruitment of researchers, editorial control, and rules of publication, struggles that those in the highest authority do not necessarily win.

This understanding has helped us to explain why the UN, like the World Bank, has usually acted as a disseminator, or transmission belt, rather than a creator of ideas. It illuminates why the seven economists who were creative contributors of ideas were so often seen as mavericks inside the UN as well as outside it. It has allowed us to resolve the paradox of “UN economists” being renowned for their protectionist sympathies. The UN, we argue, like all international bureaucracies, has two aspects that do not always, or perhaps even usually, overlap—its official face expresses what its sponsors wish it to express, and its actual face, which is much more variegated, shows the somewhat chaotic interaction of those who participate in it.

An awareness of this double nature of a bureaucracy is useful in clarifying the conditions in which the interests of the developing countries could be articulated successfully in the UN. It highlights particularly the increasing difficulties that the South faced over time. One was associated with the transition after the first UNCTAD conference from relying on research findings
independently generated to “preaching a doctrine” that was institutionally determined. Another was the shift in the locus of activity from the periphery to the center, from regional to global, from ECLA to UNCTAD—in short, from less to greater international political visibility.

In the end, we hope that we have raised the debate about the intellectual contribution of the UN beyond the level of “for and against.” For those deeply imbued with the original idealism of the founders of the United Nations, it is tempting to assume that the UN has acted as a fertile source of new economic and social ideas. However, those with a more cynical turn of mind, which is often described by them as realism, will be tempted to assume the opposite—that economic and social ideas emerging from the UN will come to nothing unless they are in conformity with the interests of the U.S. government or of the governments of the main industrial countries, which will determine what actually comes to pass in the contemporary world. We assert that neither of these alternative hypotheses is sophisticated enough to do justice to reality. Our historical work, guided by the modified Weberian view of bureaucracy, has demonstrated that the UN, because it is not a monolithic entity, cannot sensibly be embraced wholeheartedly or dismissed out of hand. Like all such institutions, it has to be appraised in a multitude of different dimensions.

Methodology and Sources

This is a work of intellectual history. Intellectual history is like any other history in that it constructs from relics of the past a chronological narrative of change. It is different from any other history in that its subject matter is the evolution of ideas. Intellectual history is concerned in the first instance with intellectual actors—that is, individuals or groups of people who express their beliefs in text form—and with the meaning of those texts both for the authors themselves and for their contemporaries. Intellectual historians for many years treated famous texts—ancient and modern—as a timeless, universal corpus of “works of genius.” In reaction against this neglect of time and space, it was then argued that to recover the meaning of beliefs from historical texts, the linguistic conventions of the time of writing must first be established. The view that intellectual history is about nothing more than reinterpreting classic texts is far too narrow to encompass the intellectual history of a modern international organization such as the UN. When the objects of intellectual history are widened downward and outward beyond the stratospheric few, and as we move closer to modern times, this narrow view has to be modified and expanded. Some of the economic and social ideas generated within the United Nations, scattered in UN reports, regular publications, and so on, have become minor classics of international economics, development economics, and international political economy. Part of our task is to offer an interpretation of them and to say what we think they meant to their authors and their contemporaries.

Yet in many ways, the elucidation of their meanings is the least demanding part of our task. The conventions of discourse have changed little in the last fifty years, so that meanings in our documentary evidence remain highly transparent. This transparency does not imply that authors have been correctly interpreted, only that misinterpretation when it has arisen has derived principally from failure to pay sufficient attention to the text. In our work, seeking to understand and explain the organizational context of documents has been a more central and challenging preoccupation than seeking to understand their linguistic or ideological conventions.

It is for this reason, then, that we have placed a good deal of reliance on archival material. This has been preserved (and catalogued) inconsistently across the UN system. For example, in the central UN archive in New York, the decision was taken to preserve only selected types of records—interoffice letters and memoranda—but these are catalogued and readily accessible. In contrast, UNCTAD in Geneva has kept quantities of material so large that the ongoing cataloguing process looks set to be long and drawn out. This naturally presents a problem for researchers—yet it is certainly not one of shortage of archival sources, except in the case of ECLA, where no records before 1970 have survived. However, to develop a full picture of the UN’s activities, these sources need to be complemented by the records of national governments and collections of private papers.

Yet here we encounter a deep structural bias. Preserving historical material consumes current resources. Developed countries can afford better facilities for generating and preserving documentation. Developed countries also have much larger historical communities than do the underdeveloped; they produce far more academic books, they have better archive services, and they are far more likely to produce published series of historical documents such as Foreign Relations of the United States (FRUS). Their national records and private papers can therefore be drawn on more abundantly. Readers will note that with key exceptions such as the Raül Prebisch papers, our non-UN archival sources are mainly from the U.S. and the UK.

What are the effects of this? On the one hand, the discrepant secrets of these countries are likely to be preserved for posterity alongside the records of their more credible actions. On the other hand, our unavoidable dependence on developed-country sources may have the insidious effect of reinforcing the worldview of the developed countries at the expense of that of the
developing countries. Fortunately, this tendency can be counteracted to some degree through the use of oral history. As is well established—and as some interviewees attest—this is not a method that can be relied upon to establish the minutiae of distant events with any sure degree of accuracy. Nevertheless, if treated with the necessary caution, the evidence gathered can be valuable, allowing us to recover the perspective of individuals who may have been marginalized in the archival record and thus in mainstream historiography. It establishes indispensable biographical detail on the background and motivation of those who served the UN in a whole range of different capacities.

Oral history also taps into a great reservoir of informed opinion on the origins and impacts of ideas that animated the UN's debates on trade, finance, and development. Moreover, taken cumulatively, these testimonies create a picture of the interaction between leading figures in the evolution of ideas cultivated within the UN and of their different relationships with the organizational framework that encouraged or constrained them. The story to which they contribute, although by no means one of unqualified success for the UN, forms a salutary reminder of the continuing importance of the values of international economic order and justice for which they strove.  

The UN Trade and Development Debates of the 1940s

- The Pursuit of Multilateralism
- The Lessons of the Interwar Years
- Planning for the United Nations
- An International Commercial Union
- A UN Economic and Social Council
- The Idea of Underdevelopment
- Initial Dissent by Developing Countries
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- Prebisch's Later View of the 1940s Debate
- Conclusion

The Pursuit of Multilateralism

In June 1942, U.S. vice president Henry A. Wallace sat next to Soviet foreign minister Vyacheslav Molotov at a reception at the Soviet embassy in Washington. The conversation turned to postwar problems. Molotov, Wallace recorded, “realizes that Russia cannot have the enduring peace which she requires to develop her territory unless there is economic justice elsewhere in the world.” Wallace, for his part, “thought one of the great problems of the postwar world was to bring about a rapid industrialization and improvement in nutrition in India, China, Siberia and Latin America.” Molotov “agreed completely and felt that there was a 50- or a 100-year job in developing these areas and that the job should be done by the United Nations together. No one nation could do it by itself. . . . He was very enthusiastic about the way in which the United Nations could cooperate to develop the so-called backward
areas of the world which have not yet been industrialized.” Although it is possible to question Molotov’s sincerity, and Wallace’s realism, this talk was illustrative of some conceptions which were widely held at the time—that the establishment of economic order and justice was a precondition of peace and that the United Nations could help achieve this by promoting economic development. These conceptions in due course had a vital impact upon the form of the UN Charter, which was agreed upon at the San Francisco conference in 1945. What, then, were the intellectual bases for these suppositions? How did they influence the creation of the UN and its specialized agencies? And what consequences did they have for the UN’s approaches to trade, finance, and development questions in the first crucial years of its existence?

The economic aspects of the UN system as it was designed were, with important caveats, broadly based on an American blueprint (albeit with significant British input). The central principle behind this blueprint was that just as collective action was necessary to maintain security in the military sphere, so nations needed to work together to solve the international economic, social, and humanitarian problems which themselves tended to undermine world peace.

The fundamental causes of these problems, it was believed, could be eradicated by the creation of a world economy based on multilateral nondiscriminatory trade and payments regimes. This in turn would facilitate a high degree of international economic specialization, unleashing forces that would help develop “backward” countries, thus increasing the prosperity both of the world as a whole and of all its constituent national parts. However, American postwar planners’ concomitant belief in procedural multilateralism—that is, that the form and purposes of multilateral institutions should be arrived at by international negotiation between prospective member countries—also had the potential to undermine the implementation of these principles. In other words, the processes of negotiation might force the United States into compromises, which subverted the purposes for which she had entered negotiations in the first place.

This chapter will suggest that such compromises did in fact take place. First, it will examine the thinking that lay behind American and Allied planning for the United Nations and the extent to which this thinking was reflected (and/or modified) in the eventual UN Charter. Second, it will investigate the ways in which, in the immediate postwar years, these precepts were, to differing degrees, perpetuated and challenged within UN fora, in particular during the trade negotiations conducted at Geneva and Havana in 1947–1948. In so doing, it will address the question of whether or not the proposed moves toward freer trade on a nondiscriminatory basis were consistent with the aspirations of poor agricultural countries to economic development. It will be argued that procedural multilateralism under UN auspices did permit underdeveloped countries to challenge, with a degree of success, the dominant affirmative response to this question. This was a harbinger of further intellectual challenges to economic orthodoxy that would subsequently emerge from UN bodies, most notably ECLA, UNCTAD, and the UN Department of Economic Affairs (DEA). Accordingly, the chapter will conclude by examining the interpretation Raúl Prebisch placed upon these immediate postwar developments in his report to the first UNCTAD conference. For the rejection of the economic universalism he and others perceived as inherent in the postwar international settlement provided an intellectual basis for the radical developments of the 1960s and 1970s and this explicit critique of the postwar “system” helped stimulate aspirations toward a “New International Economic Order.”

The Lessons of the Interwar Years

The Japanese attack on Pearl Harbor on 7 December 1941 facilitated the end of U.S. isolationism in economic relations as well as in foreign policy. The alternative universalist policy of international economic cooperation, which consequently gained such a boost, was predicated on an analysis of the perceived failures of isolationism in the interwar years. America had erred, not only through nonparticipation in the League of Nations, the UN’s predecessor, but through “economic nationalism,” manifested through its high tariff policy. This had contributed, in the words of Edward Stettinius (U.S. secretary of state from November 1944 to July 1945), to a vicious circle of isolationism and economic depression, culminating in war. U.S. participation in the economic and social activities of a new world organization would create an opportunity to break this cycle “once and for all.” Although such an analysis required there to be a national psychological shock such as Pearl Harbor before it could become the dominant discourse, its roots were significantly older, dating back at least until the First World War.

That war, of course, highly disruptive of the established patterns of world trade. On 8 July 1916, Democratic congressman Cordell Hull argued in the House of Representatives that the president of the United States should call an international trade conference, to be held in Washington at the close of the war, for the purposes of establishing “a permanent international trade congress.” (Later, in 1925, he used the term “International Trade Organization.”) As he recalled in his memoirs, Hull had come to the conclusion that “unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war.” The proposed trade congress, he told the House, should therefore consider “all international trade methods, practices, and policies which in their
effects are calculated to create destructive commercial controversies or bitter economic wars, and to formulate agreements with respect thereto, designed to eliminate and avoid the injurious results and dangerous possibilities of economic warfare, and to promote fair and friendly trade relations among all the nations of the world." Hull appears to have influenced President Woodrow Wilson, with whom he discussed his ideas. Wilson's Fourteen Points, the president's agenda for a peace settlement, included, third on the list, "the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance." The clear implication here was that free trade was a precondition of the maintenance of peace, and this would later be an underlying assumption in American planning for the United Nations.

The eventual World War I peace settlement did not live up to the idealism that the Fourteen Points expressed. The Paris Peace Conference did not deal with economic questions except insofar as the victorious powers aimed at extracting reparations from Germany. The perception of the harshness of the terms was crystallized in the public mind by John Maynard Keynes's *The Economic Consequences of the Peace* (1919). Keynes wrote his book chiefly with an English and American audience in mind. He argued that by aiming at an economic subjection of Germany and making no provision for economic reconstruction, the Treaty of Versailles ignored the need for social and economic peace and would "sow the decay of the whole civilized life of Europe." Moreover, one of the positive remedies that he advanced to help "repair the mischief" was the establishment of a "free trade union" under the auspices of the League of Nations. Countries adhering to it would undertake "to impose no protectionist tariffs whatever against the produce of other members of the union." (Arguably, like Hull's proposed trade congress/organization, this idea was a precursor of the International Trade Organization proposed in the 1940s, although Keynes's own ideas on trade did not remain consistent over the decades.) Whether or not U.S. policymakers during World War II were directly influenced by Keynes's ideas, there was certainly a tendency to endorse the tenor of his arguments. As Vice President Wallace argued, "The seeds of the present world upheaval were sown in the faulty economic decisions that followed the war of a generation ago. The vast sums of reparations imposed on Germany...were an indigestible lump in Europe's financial stomach." Another perceived post–World War I error was the U.S. Congress's refusal to allow American participation in the League of Nations. Nevertheless, in spite of this refusal, the United States did, in the interwar years, gradually come to associate itself with many of the League's economic activities (which included attempts to reduce trade restrictions). These activities, considered as a whole, were perceived by British and American contemporaries as a suc-

cess, at least by comparison with the League's political failures. The International Labour Organization (ILO) in particular was singled out for praise (even though the U.S. had a poor record of ratifying ILO conventions). Although financed from the League's budget, the ILO had in practice won for itself almost total independence, and the USA had joined, although it was not a member of the League. The ILO's raison d'être was to promote better labor standards throughout the world, and, by so doing, to prevent nations and employers from competing unfairly by imposing poor conditions of work. Preparations for the ILO's inception had been well advanced before 1914—that is to say, there was a "felt need" for it independent of the post–World War I peace-making process—and it continued to exist when the League itself became defunct. As Evan Luard has argued, it to some extent became a model for the future. Its success within its field encouraged the notion of establishing similar specialized agencies in other fields; and the benefits that were believed to have derived from its de facto independence encouraged the idea that such agencies, if created, should similarly be allowed a wide measure of autonomy. Intellectual beliefs about the failures and successes of the interwar period were thus reflected in Allied planning for postwar reconstruction.

### Planning for the United Nations

That planning process began in earnest in America in the aftermath of Pearl Harbor. Moreover, on 1 January 1942, the "Declaration by United Nations" was issued, signed by twenty-six countries pledged to defeat Nazism. The countries also subscribed to the principles laid down in the Anglo-American "Atlantic Charter" of 14 August 1941, which included the aim of "the fullest collaboration between all nations in the economic field with the object of assuring, for all, improved labor standards, economic development and social security." (Churchill was quick to stress, though, that the Charter did not apply to India.) For the next three years, the term "United Nations" would have a double meaning, denoting both the countries participating in the existing military alliance and a putative international organization with the purpose of establishing economic, as well as military, collective security. But how was such security to be achieved? One key proposal was initiated by Keynes, now an advisor to the British Treasury.

Under Article VII of the Anglo-American Mutual Aid Agreement, which was signed in February 1942, the United States was entitled to "consideration" from Britain in return for lend-lease aid. This took the form of a commitment to "the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers." In order to make progress toward meeting this obligation, the British Treasury adopted Keynes's
plan for an international clearing union, which he had first mooted (in the form of an “international currency union”) in September 1941. The plan went through many drafts before emerging as a government white paper in April 1943. Its purpose was to create balance-of-payments equilibrium between all nations without poorer countries having to undertake internal deflationary policies in order to achieve this.

An important aspect of Keynes’s scheme was that it could, he hoped, be used to finance an international buffer-stock scheme to stabilize the prices of important primary commodities. His aim was to reduce short-term price fluctuations without disturbing longer-term price trends while maintaining a roughly constant reserve. In 1938, when he had first addressed this question, he had argued in favor of short-period stabilization of commodity prices, as “assuredly nothing can be more inefficient than the present system by which the price is always too high or too low and there are frequent meaningless fluctuations in the plant and labour force employed.” Yet he felt that “attempts at the long-period stabilization of individual prices” should be viewed with suspicion. As he put it in 1942, the purpose of the scheme was “to ensure that the necessary changes in the scale and distribution of output should take place steadily and slowly in response to the steady and slow evolution of the underlying trends.” Keynes’s proposal was not adopted by the British government, owing to opposition from the Bank of England. U.S. proposals for an International Commodity Stabilization Corporation also fell by the wayside during Anglo-American wartime negotiations. However, the question of primary-commodity price stabilization was revived postwar in the charter for the proposed International Trade Organization and later still in the creation of the UNCTAD Common Fund.

The American counterpart to the clearing union plan was Harry Dexter White’s scheme for a United Nations Stabilization Fund, and, in addition, an International Bank for Reconstruction and Development (which would finance White’s proposed commodity corporation, mentioned above). White was assistant secretary to the U.S. Treasury; his plan was made public at the same time as Keynes’s, and it was, broadly speaking, White’s ideas that became the basis for Anglo-American agreement. As White explained in the scheme’s first draft, the United Nations Stabilization Fund was “to provide an instrument with the means and the procedure to stabilize foreign exchange rates and strengthen the monetary systems of the United Nations.” Its resources, subscribed to by member countries in accordance with quotas determined by a complex formula, would be available to countries in temporary balance-of-payments difficulties. In return, member nations’ rights to maintain exchange controls and to vary exchange rates would be limited and domestic policy would be subject to fund supervision, based on a four-fifths majority decision (which, given the proposed size of its quota, would give the U.S. an effective veto). The corollary of monetary stability, in White’s eyes, was the adoption of liberal trade policies by the fund’s members. His vision for the proposed international bank was that it should be “an agency with resources and powers adequate to provide capital for economic reconstruction . . . to provide relief for stricken people . . . to increase foreign trade, and permanently increase the productivity of the United Nations.”

An indication of the close link envisaged by the Americans between the UN and economic reconstruction is the fact that White, unlike Keynes, specifically related his ideas to a United Nations framework. In due course, the International Monetary Fund and the World Bank, to which they gave rise, became UN specialized agencies. However, both he and Treasury Secretary Henry Morgenthau were allegedly “determined that the United Nations was never going to tell the World Bank or the International Monetary Fund what to do.” This tension between the formal UN status and the de facto operational independence of the IMF and the World Bank has been a constant feature of the international scene ever since.

In all this, there was no apparent recognition that the interests of countries participating in the proposed multilateral regime might differ—there were no special concessions to countries with less-developed economies. Furthermore, close cooperation between the British and American delegations to the July 1944 United Nations Monetary and Financial Conference at Bretton Woods (which set up the World Bank and IMF) helped ensure that the voices of developing countries were drowned out. Indeed, Keynes and White were casually disparaging of such countries, the former referring to the conference as a “monkey-house” and the latter commenting that the role of the Cuban delegation was merely to provide the cigars. As Gerald M. Meier has noted, several Latin American countries put forward proposals for stabilizing the prices of, and increasing world markets for, primary commodities, yet these came to naught. The postwar United Nations Conference on Trade and Employment would, however, see a significant shift in these power relations, enabling the primary commodity—producing countries to put their case on such questions to much greater effect.

An International Commercial Union

That conference, in turn, had its intellectual origin in a proposal put forward by James Meade of the Economic Section of the British Cabinet secretariat. Meade was an avowed disciple of Keynes and in July 1942 put forward
the idea of an international commercial union as a complement to the clearing union scheme. Meade argued that Britain, whose trade in the past had been largely of a multilateral character, would benefit from a general reduction of barriers and restrictions in international markets and from the removal of those discriminations and rigidly bilateral bargains that removed the opportunities for multilateral trading. Multilateralism and the removal of trade restrictions “do not, however, imply laissez-faire, and are in no way incompatible with a system of state trading.” Membership of the proposed union would bring the obligation not to extend preferences or other price advantages to any other member country without extending it to all countries. Discrimination of any kind would be allowed against nations that had not joined the union and were therefore themselves not pledged not to discriminate in turn. Also, “discrimination of a defined and moderate degree in favour of a recognised political or geographical grouping of states” would be permitted, which “would thus permit the continuation of a moderate degree of Imperial Preference.” Equally, countries with severe balance-of-payments difficulties would be allowed to impose certain protective devices until such point as those difficulties were cured.51

This last point was particularly important, as it was a forerunner of the various special exemptions that the developing countries would later, with some success, attempt to claim for themselves during the UN’s attempt to create an ITO. But Meade does not seem to have had such countries in mind when he drew up this stipulation; although he was not indifferent to unindustrialized countries’ legitimate aspirations for development, he was in this instance thinking, surely, of Britain’s own likely postwar economic problems.52 Similarly, the provisions on state trading and imperial preference showed an acute awareness of the political sensibilities of both main British political parties. This skillful drafting helped ensure that Meade’s proposal became the basis of Anglo-American discussion. Much of the impetus from the American side came from Cordell Hull, who, as secretary of state from 1933 to 1944, formed “a personal link between the dream of Woodrow Wilson and the present.”53 However, the Americans were allergic to the suggestion that preferences might continue in any degree or form.4 They were also wary of state trading, although they were not openly hostile, for they did not wish to preclude Soviet participation in the proposed new international arrangements. J. G. Winant (U.S. ambassador to London and later U.S. representative on the United Nations Economic and Social Council) felt that the widespread support for state trading in British political circles represented a “failure to grasp the importance of reconciling planning with an advantageous territorial division of labor.”55 In the immediate postwar years, differences between

the British and the Americans over commercial policy would become yet more acute, with crucial implications for the outcome of the UN-sponsored ITO negotiations.

A UN Economic and Social Council

More immediately, however, the negotiations to establish the United Nations organization itself involved important debates about that body’s own proper economic role. These emerged at the Dumbarton Oaks conference (August–October 1944), where the great powers discussed their respective preliminary plans for the new world body. The key American proposal was that it should have an economic and social council to initiate studies and work with individual governments with a view to promoting full and effective use of the world’s economic resources.56 This was in line with the recommendations made by the League of Nations’ Bruce Committee on the eve of war. As Thomas M. Campbell has noted, this was a major American contribution to the eventual shape of the UN—neither the British nor the Russians made such proposals—and reflected the belief that the new organization should not concern itself solely with military security.57 Rather, the American vision was of a “one tent” organization covering international relations generally, with autonomous functional agencies.58

The Soviets, for their part, were highly skeptical, Molotov’s previously quoted burst of enthusiasm for a wide-ranging UN economic role notwithstanding. The Russians “earnestly and exhaustively argued that the League’s experience demonstrates that an intermingling in the same organization of responsibilities for both the maintenance of peace and for economic and social matters will work out to the detriment of security.” Rather, they felt that there should be a separate economic organization.59 Insofar as can be determined, it seems likely that the Soviets were eager to join the UN in recognition of their great-power status but were only interested in international economic bodies insofar as keeping open the option of joining them facilitated their own political game-playing. Linking economic and military security in one body would complicate this strategy. (Subsequent Soviet actions over membership of the IMF and GATT tend to bear this analysis out.) Roosevelt, however, was adamant that the new organization’s assembly “should have adequate functions with respect to economic and social problems,” although he conceded that “the actual provisions written into the proposals might be in general terms.”60 The British gave general backing to the U.S. line—although Churchill himself would remain doubtful about the wisdom of the UN “getting into social or economic things.”61 The Soviets backed down,
and in the agreed-upon Dumbarton Oaks proposals, it was stated that one purpose of the UN was “to achieve international cooperation in the solution of international economic, social and other humanitarian problems.” An economic and social council should be established to help achieve this.42

To some extent, however, this victory rebounded on the United States at the San Francisco conference (April–June 1945) that finalized the UN charter. In this document, the Dumbarton Oaks proposals were expanded. Thus, “the United Nations shall promote … higher standards of living, full employment, and conditions of economic and social progress and development.”43 The American delegation opposed the term “full employment,” preferring the phrase “high and stable levels of employment” or, in the case of some delegates, no reference to the question at all. These delegates alleged in private that “full employment” smacked of communism and collectivism. Moreover, as one of them, Republican senator Arthur Vandenberg, asked, “How … would it be possible to get Communists and capitalists to collaborate to promote full employment?”44 Isolated, the Americans gave way. This would have vital repercussions during the postwar trade negotiations. The full employment provision would help certain countries, particularly less-developed ones, resist trade-liberalization measures that they claimed were incompatible with that aspiration. As will be seen, this was a factor that helped unite the newly emergent underdeveloped bloc.

But at the point when the UN organization was being designed, there was no such self-aware, self-defining group of countries. (Nonetheless, at San Francisco, the smaller states did succeed in upgrading the status of the proposed economic and social council to a “principal organ” of the UN.45) There was little recognition of the special economic needs of such countries in the UN Charter itself or in the intergovernmental discussions which gave rise to it and to its specialized agencies.46 To be sure, there were references to “economic development”—that is to say, there was a keen awareness that some countries were very poor and that something should be done about this. But the prescribed recipe for prosperity was the same for these nations as it was for the richer ones. (One State Department economist later recalled of the immediate postwar period that “most of us … felt that economic problems are economic problems wherever they happen to be. You wanted to know the facts of a particular country and situation, of course, but detailed knowledge of a particular country wouldn’t make much difference as to exchange rate policy or the investment situation or trade regulations and so on.”47) In April 1944, a Canadian government memorandum on “Post-War International Economic Policy” summed this recipe up. The broad objectives of the United Nations, it noted, were those expressed in the Atlantic Charter and the Mu-

tual Aid Agreements of 1942—that is, international economic cooperation based on the principle of nondiscrimination. These broad objectives might be given practical effect “from the standpoint of a broad international approach; one in which all the United Nations could participate in the formulation and control of arrangements … and assume obligations on a multilateral basis in contrast to the alternative of bilateral agreements or exclusive undertakings within regional or special groupings.”48 Again, in this overall vision, there was no conception that such obligations press harder on poor countries than on rich ones.

The Idea of Underdevelopment

If the founders of the UN overlooked such issues, they did not do so in the face of well-elaborated and recognized theories of economic underdevelopment. In the interwar period, it is remarkable how little mainstream Western economists had to say about the development of countries outside Europe, except those of European settlement. This issue was very rarely on their intellectual agenda.49 Indeed, in this respect, Soviet thinkers were ahead of them.50 Notably, the economic research undertaken by the League of Nations centered on the problems of its (predominantly industrialized) member countries. (One main strand of this research focused on trade issues and, linked with this, exchange-rate regulations, the other on business-cycle analysis.)51 Even when, during the Second World War, economic development began to be of increasing interest to governments and public opinion, the pioneering work of P. N. Rosenstein-Rodan and Kurt Mandelbaum was done in relation to Southeastern and Eastern Europe.52

The term “development” was certainly in use by this time, but it usually carried one of two different senses. It had often been used in a colonial context to denote the exploitation of natural resources of land and minerals without carrying any connotation of thereby promoting native welfare. (Used in this sense, it clearly enjoyed a certain measure of popular currency, being referred to ironically, for example, in Joseph Conrad’s 1915 novel Victory.)53 It had also been used to indicate the way in which national economies and societies evolved, implying that development was progressive. Heinz Arndt argues that Marx was “the first to aim explicitly at a theory of economic development.”54 For the Marx of The Communist Manifesto, however, the economic development of backward areas would come through the expansion of Western capitalism. He believed that they would progress through a capitalist phase before arriving at socialism and that their industrialization would follow the European pattern. Arndt suggests that it was the Chinese nationalist
leader Sun Yat-sen who was the first, in his book *The International Development of China* (written in English in 1918 and published in 1922), to advocate economic development in something like the modern sense of the term.55

What was new in the 1940s was the gradual emergence of the term “underdeveloped,” which blended the reverse of the two different senses of “development” to imply that all countries had the potential to progress economically by more intensive use of their resources.56 This implication was drawn out in the work of Eugene Staley for the ILO, first published in the monograph *World Economic Development* in 1944. As early as 1939, Staley had proposed a “world development program.”57 He now examined the likely effects of the economic development of new areas of the world on existing industrial areas. He saw the key to such development as “vastly increased production.” He defined economic development (which he saw as a broader term than “industrialization”) as

A combination of methods by which the capacity of a people to produce (and hence to consume) may be increased. It means introduction of better techniques; installing more and better capital equipment; raising the general level of education and the particular skills of labour and management; and expanding internal and external commerce in a manner to take better advantage of opportunities for specialization.

Staley’s central conclusion was that the advantages to industrial areas from development elsewhere, as a result of international investment, would far outweigh the dangers and disadvantages. He proposed an international development authority of a “multilateral, supra-national character” in order to achieve the greatest mutual benefit. Its proposed functions included raising capital that would be advanced for approved development projects, coordinating technical assistance, and conducting a survey of world resources. In the second edition, published in 1945, Staley suggested that the World Bank would be an appropriate organization to undertake some of these functions. He also argued that the bank should construe its mandate broadly and think “in developmental rather than mere money-lending terms,” although he nonetheless put strong emphasis on sound finance that would produce a return to the lender.58

Staley’s emphasis on growth through specialization, on multilateral institutions, on sound finance, and on reduced trade barriers as a precondition of international development placed him in the mainstream of economic thought. He implicitly ruled out more radical development solutions such as import-substituting industrialization or Soviet-style planning. The real significance of his work was in the explicitness of his attempt to define economic development and his early use of terms such as “less developed areas” that would shortly become common currency, not least within the United Nations.59

**Initial Dissent by Developing Countries**

The tendency to use such terms showed itself particularly in the early discussions of the Economic and Social Council (ECOSOC). This body, in its first sessions, was dogged by organizational quibbling as the council attempted to define the composition and functions of its commissions. The effort to provide on paper for all possible contingencies led one of the Canadian delegates to remark privately that “one of the most depressing characteristics of the Council was its apparent conviction that its commissions would be composed of morons who had to have everything spelled out for them.”60 There were also important debates about development strategy, however, arising in the first instance from the proposal to convene a UN conference on trade and employment. A draft resolution to this effect was introduced by J. G. Winant, the American representative on the council, in February 1946. Moreover, in the belief that previous international conferences in the commercial field had failed because they had been confined to abstract discussions, the U.S. had invited fourteen other governments to negotiate reductions in specific trade barriers and discriminations in advance of this general conference.61 ECOSOC’s blessing was considered important for this latter enterprise, for if it would agree to designate these countries as the preparatory committee for the conference, this would remove possible objections to the preliminary negotiations on the grounds that they were exclusive.62 Yet also, of course, this gave other countries a chance to influence the committee’s terms of reference.

Winant introduced the U.S. proposal with rhetoric of the kind that had become standard in American circles during the Second World War. The “economic anarchy” prevalent after 1918, he argued, was the consequence of “blindly nationalistic and selfish trade policies” which had “eventually retarded all free exchange of goods across frontiers.” An international organization to deal with trade and employment was the major piece of machinery still needed to make world cooperation in the economic field effective.63 (Given the American attitude at San Francisco, it seems clear that the reference to employment was simply intended as a sop for countries such as Australia that had earlier pressed for a separate conference on the issue.)64) During the ensuing debate, the Colombian representative, Carlos Lleras Restrepo, launched an attack upon the American analysis.65 Claiming that Colombia supported the tendency toward greater freedom in international commerce, he nonetheless argued that
just as a certain freedom of trade is considered necessary for the maintenance of high standards of employment and of economic stability, so, too, it should be accepted, from the outset, that the diversification of production and progressive industrial growth in underdeveloped countries are also essential conditions for achieving full employment and a high standard of living.

Moreover, "free trade means free competition. And free competition means the elimination of those who find themselves in less favourable conditions." It would also imply an international distribution of labor "as conceived by the early classical writers." But this could only be achieved "after painful and vast upheavals" and would place the underdeveloped countries at a permanent disadvantage:

Certain nations, Colombia among them, would be confined to one or two fields of production, for which nature has given us special facilities. And the great industrial countries which, as the result of various historical circumstances, surpassed the others in the sphere of manufacturing industry, often with the aid of a rigid policy of protection, would establish for themselves a privileged situation indefinitely.

Arguments of this kind were later to figure in structuralist analyses of development, particularly those produced by the Economic Commission for Latin America. Restrepo went on to consider the question of full employment:

For the United States, full employment is to be achieved by the expansion of world trade within a system of economic freedom.

For us, the words "full employment" have a special and quite different meaning. What, indeed, can it mean to us that all our workers are employed, so long as they work in the least productive branches of economic life for wages ten times lower than those of other nations? And how can we ensure stability in this "full employment" if we are limited to producing a commodity which is exposed, as coffee is, to such violent fluctuations of price and volume of consumption on the international market?

Therefore, he argued, full employment in reasonable conditions was inseparable from the attainment of two fundamental objectives: variety of production and an increase in manufacturing industries which, through their ability to command higher wages than those normally obtained in extracting industries, could raise the general standard of living "and shape a mentally and morally superior working class." Thus, he argued, "The Council should ask itself if such an evolution can be assured by depriving young industries of all protection, and if it is not more natural that a policy of trade freedom should be developed in harmony with the peculiar conditions prevailing in industrially backward countries." Accordingly, the Americans agreed on a version of an amendment to the resolution put forward by the Colombians (which also received particular backing from Peru). The Preparatory Committee would be instructed to study, when preparing the agenda for the conference, the special conditions prevailing in countries whose manufacturing industry was still in its initial stage of development and the question of commodities "subject to special problems of adjustment in the international markets."

These questions continued to be a matter for controversy within ECOSOC itself. In June 1946, Philip Noel-Baker, the British representative, in the course of a debate on employment, argued that although "no undue restrictions should be placed on the industrialization efforts of poor and less developed areas," it was necessary to ensure that any industrial goods produced were of real use to the peoples of the countries producing them, that they reached the people who needed them, and that they were not produced at prohibitive cost. Indeed, "a rising standard of living would mean not a lesser, but a greater, international division of labour." The Soviet representative, Nikolai Feoknov, repudiated these remarks. He argued, on the contrary, that the UN should help industrialize underdeveloped areas, "starting, for example, with the heavy industries which were the basis of all economic production and development.

Noel-Baker quickly backtracked, saying that he had not meant that the development of the underindustrialized areas should be restricted: "He had simply endeavoured to stress the danger of unwise tariff policies to protect national industries.... He was convinced that an increase in the international division of labour... would mean not less, but more and more diversified industrialization throughout the world." This realization by the Western powers that it might be unwise to be seen as opposing the industrialization of the poorer countries, plus those countries' own increased articulateness, had important results during the preparations for the conference on trade and employment.

Moreover, these preparations, and the conference itself, were significant not only as an attempt to deal with these problems within a UN forum but also as a key part of the postwar international settlement in relation to which subsequent intellectual actors within the UN defined their own positions on trade and development.

Emerging Issues of Trade and Employment

The preparatory committee to the conference met for the first time on 15 October 1946 at Church House, Dean's Yard, Westminster. This was where the British Parliament had met during the bombing raids of 1941 and the 1944-1945 flying bomb attacks. The Soviets, although invited, were absent. They had supported the ECOSOC resolution that established the conference; this
implied support for, or at least not radical dissent from, the long-established U.S. trade strategy whereby trade concessions made to one country were extended to all countries granted “most favored nation” (MFN) status, as the planned trade negotiations were to proceed on a similar basis. However, at the Paris Peace Conference (July–October 1946), Molotov denounced the “most favoured nation policy” of the U.S. as “a device of the devil to ensnare and enslave small countries.” The Soviets gave transparent excuses for nonattendance in London, ranging from lack of personnel to preoccupation with security. Even without a potentially disruptive Russian presence, it quickly became apparent that opinion at the London meeting would divide between the highly industrialized countries and those aspiring to rapid industrialization. A Canadian government report later recorded that this latter group became known as “the under-developed countries,” the term clearly still being something of a novelty. Indeed, it seems not to have been used quite in the modern sense, for Australia, a major primary commodity-producing nation, identified itself with the group and even assumed de facto leadership of it.

The matter under discussion was the draft charter for an international trade organization put forward by the United States. This was an elaboration of the joint Anglo-American proposals agreed upon in December 1945 at the time of the U.S. loan to Britain. These committed the British to enter into negotiations for the substantial reduction of tariffs and the elimination of tariff preferences as its contribution to a “mutually advantageous” reduction in world trade barriers. (It should be emphasized, however, that the U.S. administration was pressing not for complete free trade but only for fairer trade.) There was a clear suspicion among the underdeveloped countries that Britain had been coerced into agreement on this as the price of the loan. And although the proposals emphasized that membership in the ITO would expand opportunities not only for trade but for economic development, these were attacked for being negative and for consisting merely of a series of prohibitions concerning what nations should not do in the way of maintaining barriers to trade rather than of positive measures to expand it. Moreover, as R. K. Nehru, leader of the Indian delegation (and a cousin of Pandit Nehru), put it, “We deplored the fact that so little understanding was shown to the problems and needs of the underdeveloped countries.”

Much emphasis was placed on the need for “full employment.” This was really a way of expressing concern about the stability of international demand. Stress was laid, particularly by Australia and Britain, on the need for expansionist policies. In the words of the previously quoted Canadian report, “This clearly reflected the new economic ideas associated with the name of Lord Keynes.” It was maintained that the level of employment in major economies had more influence on world trade than the raising or lowering of trade barriers. There was a fear, triggered by memories of the interwar depression, that in a liberalized world economy, damaging trends in the U.S. could have rapidly contagious negative consequences elsewhere. In particular, it was widely believed that the underdeveloped countries’ ability to maintain markets for their primary products hinged on U.S. willingness to keep up her demand for them. But as Clair Wilcox, head of the American delegation, reported, although this appeared, superficially, to be a point of vital importance, “Actually no delegation proposed any positive international measures to expand or maintain employment.” The proponents of the employment issue were satisfied with recognition of the fact that a persistent U.S. export surplus or a sudden sharp decline in American demand for imports would put other countries in balance-of-payments difficulties and with a provision giving countries in such difficulties greater freedom than initially envisaged to use quantitative import restrictions to protect their monetary reserves. However, the concern with employment would later find expression in the work done on this issue within the UN’s Department of Economic Affairs, which in turn dominated ECOSOC’s discussions in 1950.

Another key issue was the industrialization of undeveloped areas. The Australians, with the support of the Indians, Chinese, Lebanese, Brazilians, and Chileans, urged that affirmative provision be made for this. Wilcox reported that the real purpose of this drive was to obtain freedom to promote industrialization by using import quotas and noted that initially this appeared to be the most difficult problem before the Preparatory Committee. It was resolved, however, when the U.S. delegation drafted and introduced into the draft charter a new chapter on economic development. Under this chapter, members of the ITO would “recognize that the industrial and general economic development of all countries and in particular of those countries whose resources are as yet relatively undeveloped will improve opportunities for employment, enhance the productivity of labour, increase the demand for goods and services, contribute to economic stability, expand international trade and raise levels of real income, thus strengthening the ties of international understanding and accord.” Members would undertake to promote “the continuing industrial and general economic development” of their respective countries. They would also pledge to cooperate “within the limits of their power to do so” with international organizations to promote development. The possibility was also raised that the ITO itself would provide technical assistance to members, a provision that was ultimately included in the final charter in spite of doubts about whether this was consistent with a proper
division of responsibilities between international agencies. And, critically, members would “recognize that special governmental assistance may be required in order to promote the establishment or reconstruction of particular industries and that such assistance may take the form of protective measures.” They would, however, also recognize that “an unwise use of such protection would impose undue burdens on their own economies and unwarranted restrictions on international trade.” The ITO itself would be responsible for judging countries’ applications to be allowed to take such measures.81

William L. Clayton, the American under-secretary of state for economic affairs, later justified the chapter during Senate hearings on the ITO: “In those cases in which there is a sound basis for developing an industry in an underdeveloped country, it seems to me to be in our own interest that steps of one kind or another be taken to facilitate such development... To the extent that the resources of any country are developed, wealth is created in which we and all other countries are bound to share through the processes of trade.” New industries should, however, be “natural” ones, capable of competing, in time, without heavy protection.82 This, in essence, was the argument previously put forward by Eugene Staley. The U.S. line presented by the new chapter may thus not have been especially radical, but the underdeveloped countries were somewhat mollified, not least by the mere recognition of the development issue. At the close of the London session, R. K. Nehru admitted that “some of us were a bit sceptical as to the outcome of this Conference, are now inclined to take a somewhat different view... We recognize... there is some change in the attitude of the more advanced countries.” However, he asked, “Have we gone far enough?” Even if allowed to use protective tariffs and export subsidies, developing countries might not find it possible to give up “more direct methods” of trade regulation, “which may be vitally necessary for the execution of... development plans.”83 This, presumably, was a plea for freedom to make greater use of quantitative restrictions than the balance-of-payments provision would allow. Thomas Zeiler may therefore be right to suggest that although this first preparatory meeting looked, superficially, like an overall success for the U.S., the effect of the concessions made was not to buy off the opposition but to embolden the dissenters, leading them to press for more concessions later.84

G. C. S. Corea on Protection

Further doubts about the proposed charter were revealed in 1947 during the British Commonwealth talks during the early stages of the preparatory committee’s second session. Australia, New Zealand, Southern Rhodesia, Burma, and Ceylon all expressed trepidation; only Canada, Britain, and South Africa expressed enthusiasm (in varying degrees). H. C. Coombs of Australia noted that the provisions on full employment and the maintenance of demand were not “policable.” U Nyun of Burma doubted the value of the charter to the underdeveloped countries. For Ceylon, G. C. S. (Claude) Corea attacked “the biased nature of the Charter” as well as “its rigidity and lack of realism.”85

Corea had previously been his country’s minister for labor, industry, and commerce and was now the Ceylon government’s representative in the UK.86 (He was also second cousin of Gamani Corea, the future secretary-general of UNCTAD.)87 Prior to the meeting in question, he had outlined his objections to the proposed charter in a short memorandum. First, he believed that the process via which underdeveloped countries would apply to the ITO for prior approval to employ protective measures was too cumbersome. Second, the general prohibition on the use of quantitative restrictions would force developing countries to have recourse to a mechanism for receiving prior approval if they wanted to use this “essential” device, with potentially damaging consequences. The need to use quantitative restrictions would arise quickly in response to difficult situations, but “there can be no doubt that it will be months, if not years, before a decision can be obtained from the Organisation and even if it were ultimately favourable it might be useless as the industry in which it was sought to protect would have been killed by competition in the meantime.”88 Corea developed these views further during the course of the Commonwealth talks. The impression had grown on him, he said, that the effect, if not the purpose, of the articles in question would be “to preserve the trade of manufacturing countries at the expense of under-developed countries.” Moreover, he claimed, the development of backward countries would help increase world prosperity: “The older countries, including the U.S.A., had used protective quotas for development purposes. Ceylon would not be imposing quotas to restrict world trade, but in such a way as to increase production and therefore to increase the market for the products of the older manufacturing countries.”89

Corea, in his hint that the developed countries were hypocritically seeking to deny other countries the use of methods that had contributed to their own economic success, was echoing older arguments.90 Most notably, Friedrich List (1789–1846), architect of the German Zollverein, had argued that suitable countries at a certain stage in their development should employ temporary protection for infant manufacturing industries in order to shelter them against competition from other countries, notably Britain, which had developed earlier. List may have been influenced by the ideas of Alexander Hamilton (1755–1804) and was certainly impressed by what he saw of “the great American
system" that Hamilton helped to create. Hamilton believed that the benefits from free trade were more imaginary than real, as foreign countries would place barriers in the way of U.S. exports. Many American protectionists subsequently put forward variants on this argument. Calvin Colton, for example, argued in 1853 that Great Britain had developed a successful manufacturing sector through 150 years of protection and adopted free trade principles only late in its history: "It is never true that the strong want protection against the weak; but it is always true that the weak want protection against the strong... The manufacturing [country] will be in favour of free trade, because, in that way, it can make other [countries] dependent for those fine things, which will be wanted as soon as they are seen, but which can not be produced at home."

Corea's comments had a great deal in common with such sentiments. Although his remarks were not quite so explicit as Colton's, he was certainly understood by the British to be making a dramatic and damaging claim of double standards, which they attempted to refute. James Helmore of the Board of Trade thus argued that "Mr. Corea was incorrect in thinking that the highly industrialised powers wished to use the Charter in order to maintain a privileged position in world trade... Better than any general permission to use quantitative restriction (which would certainly lead to an unnecessary expansion of that device), would be a general undertaking not to use it except in certain exceptional circumstances."

Continuing Controversy on the Right to Protect

The second session of the preparatory committee met in Geneva from April to August 1947. Tariff negotiations, resulting in the General Agreement on Tariffs and Trade (GATT), were conducted simultaneously with the continuing discussions on the draft International Trade Organization charter. These discussions showed that in spite of the apparent accord reached at London, the concerns that emerged during the Commonwealth talks were also held by the developing countries more widely. India, rather than Australia, now took the unofficial leadership of the underdeveloped countries, but she showed no signs of exercising the moderating influence that Australia had previously shown. These countries, as Dana Wilgress of Canada later noted, "continued their efforts to secure more latitude for themselves in using for their rapid economic development measures inconsistent with the basic principles of multilateral trade." These efforts concentrated on freedom to use protective devices such as quantitative restrictions, differential internal taxation, mixing regulations, and preferences between neighboring states for the purposes of development. Another issue was the treatment of private foreign capital invested in underdeveloped countries; there was a general unwillingness to give guarantees as to its security and, in some cases, a feeling that such capital in itself was suspect and a likely tool of foreign exploitation.

I. I. Chundrigar, of the Indian delegation, declared himself dissatisfied at "the grudging and apologetic way" in which the draft charter recognized and conceded the right to protection. He suggested that the whole spirit of the charter was "still that of free trade, modified only to suit particular industries. That kind of philosophy has no bearing on present day conditions in a large part of the world." Quantitative restrictions should not, he argued, be seen as inherently bad and inadmissible. P. S. Lokanathan, also of India, claimed that "protection should be regarded not as a mere concession to weakness, but as a legitimate instrument for development." In his closing speech to the conference, Harold Wilson, parliamentary secretary to the British Board of Trade, sought to damp down such sentiments, particularly insofar as they related to the desire for rapid industrialization: "We sympathise with the aspirations of those of our friends who have made the position of the underdeveloped countries a key point in the discussions here." However, "We do feel it is possible to over-stress the distinction between developed and underdeveloped countries. No country's economy is static: each must undergo a constant process of readaptation." Moreover,

a country which is at present mainly or wholly agricultural will undoubtedly benefit both its own economy and the world economy by sound measures to increase its productivity. This does not mean that such development should necessarily involve too wide a range of new manufacturing industries. We must not overlook the very real advances which can be made in the field of primary production, which can be achieved by irrigation, power and transport projects and by the use of modern methods and scientific discoveries.

Wilson saw the UN Food and Agriculture Organization as a key resource to help bring about the necessary "revolutionary advances in productivity." Nonetheless, in spite of this attempt to soft-pedal the industrialization issue, the British, in line with the developing countries' desires, had themselves been eager to amend the draft charter so that prior ITO approval would not be needed to use quantitative restrictions in the case of balance-of-payments difficulties. The reason for this, naturally enough, was Britain's own dire balance-of-payments situation, the urgency of which was compounded by the massive run on her dollar reserves during the summer's convertibility crisis. In fact, "prior approval" was retained in the charter—although such approval would be automatic if it were found that quantitative restrictions were unlikely to be more restrictive of trade than other reasonable or practicable alternatives. However, it seems reasonable to suggest that Britain's increasingly evident doubts about the ITO may well have encouraged the
underdeveloped countries in the increased militancy they showed at the Hawaii
conference.

As Clair Wilcox subsequently noted, "The most violent controversies at the [Hawaii] conference and the most protracted ones were those evoked by issues raised in the name of economic development." He also noted that the leadership of the underdeveloped countries had shifted once more, this time to the Latin American states, and attacked those countries' "extreme" views:

Wealth and income, they argued, should be redistributed between the richer
and the poor states. Upon the rich, obligations should be imposed; upon the
poor, privileges should be conferred. The former should recognize it as their
duty to export capital for the development of the backward areas; the latter
should not be expected to commit themselves to insure the security of such
capital, once it was obtained. The former should reduce barriers to imports;
the latter should be left free to increase them. The former should sell manufact-
ured goods below price ceilings; the latter should sell raw materials and food-
stuff above price floors. Immediate requirements should be given precedence
over long-run policies, development over reconstruction, and the interests of
regionalism over the world economy. . . . The voluntary acceptance, by all states,
of equal obligations with respect to commercial policy must be rejected as an
impairment of sovereignty and a means by which the strong would dominate
the weak."100

Wilcox could have been assured that the congressional audience at whom
his book was chiefly aimed would have found such views inherently ridicu-
ous, as it seems clear he did himself. Wilgress, the Canadian delegate, was
scathing too. He claimed privately that the Latin American countries were
disturbed about the implications for them of the Marshall Plan: "They felt
the fairy godmother of the North was deserting them in favour of Europe . . .
Some of them even went so far as to deny the right of richer countries to assist
in the reconstruction of European countries because these countries had once
enjoyed prosperity at the expense of the under-developed countries."101
The division of opinion was summed up effectively by Ricardo Jiménez Castillo,
the delegate of El Salvador: "The industrialized countries' concept of equilib-
rium was very formal, while the underdeveloped countries felt that there
should be a basic criterion—unequal treatment for unequally developed coun-
tries." (Jiménez himself felt that a compromise needed to be found between
these two points of view.)102 This request for unequal treatment was conceded
later: from 1955, special treatment was granted to developing countries under
GATT rules, allowing them to protect particular industries and to plead balance-of-payments reasons for adding to quantitative restrictions on trade.103
But this message was unwelcome to the developed countries at Hawaii, largely
because of its content but also because of the sometimes extreme manner of its expression. Indeed some countries, notably Argentina, do seem to have been out to deliberately wreck the conference.104

Another concern of the underdeveloped countries, again interesting in the
light of future developments, rested on the belief that primary commodity-
producing nations were at a particular disadvantage in relation to industrial-
ized countries. The Chilean representative justified his country's use of
exchange controls and import quotas by arguing that "the discrepancy be-
tween prices paid for the export of basic goods and the import of industrial
merchandise was the cause of a serious disequilibrium in the Chilean balance
of payments," which necessitated these methods.105 Another approach to the
problem was the idea of intergovernmental commodity agreements in order
to stabilize the prices of primary products. The draft charter recognized that
the difficulties surrounding primary products might at times necessitate such
agreements and laid down rules governing their use. Agreements were to be
limited in duration and subject to periodic review and were to afford consum-
ning and producing countries an equal voice.106 From the American point of
view, commodity agreements were fundamentally inconsistent with the other
provisions of the charter; but, believing that primary commodity-producing
countries would inevitably enter into them, they thought that it was desirable
to lay down "rules of the road" and thus eliminate some of the worst charac-
teristics of such agreements as had been seen in the past.107

The commodity provisions, which tended, overall, to reflect this lack of
enthusiasm, were thus attacked at Hawaii from the underdeveloped side.
Corea, head of the Ceylon delegation, was the key critic. He claimed that the
charter showed "a complete lack of realism" on the subject. He argued that a
very unhealthy situation arises when the prices of manufactured goods are
allowed to soar to unprecedented heights, while the prices of primary prod-
ucts are kept down to uneconomic levels." In order to protect primary pro-
ducers, commodity agreements should be encouraged and should be confined
only. Corea recommended a simpler and more efficient procedure for conducting them than that laid down in the draft charter.108 These
objections were to no avail; Corea himself (believed by the Canadians to re-
fect the "extreme-left" views of his government) does not appear to have car-
ried much weight at the conference.109 The charter as finally agreed did, in
fact, recognize "that the conditions under which some primary commodities
are produced, exchanged and consumed are such that the international trade
in these commodities may be affected by special difficulties such as the ten-
dency towards persistent disequilibrium between production and consump-
tion, the accumulation of burdensome stocks and pronounced fluctuations

in prices." Despite such apparent concessions to the case for market failure, Prebisch later argued that "the predominant idea that ultimately emerges is that basic market trends should not be impeded."

In all, then, the underdeveloped countries achieved a mixed success at Havana. Demands for complete freedom to employ quantitative restrictions for development purposes were faced down by Wilcox, who said that if agreement on the lines proposed by the U.S. could not be reached, America herself might reluctantly employ such restrictions in the future, thus damaging the welfare of other countries. Nevertheless, much more liberty to employ protection in this way would be allowed under the charter than had ever been envisaged in the original Anglo-American proposals—to the fury of the British, who believed that their own interests would be damaged. In addition to the exceptions already granted at Geneva, the ITO would be expected to give automatic approval to quantitative restrictions on commodities not covered by trade agreements if any of a number of conditions were fulfilled. Among these conditions was that the industry was started between 1939 and 1948; this was intended to cover the case of uneconomic industries started during the war or immediate postwar periods. Moreover, the ITO would be expected to give approval to new regional preference agreements if they conformed to certain agreed standards.

Arguably, then, the fact that the United States pursued its trade goals in a multilateral United Nations forum had played a key role in watering down its initial proposals. But did the inclusion of newly independent underdeveloped nations in the negotiations result in real concessions to their point of view or merely in the payment of lip service to the question of development? Wilcox noted toward the end of the conference that "the undeveloped countries, which at first were expected to have an articulate and effective bloc, have no effective bloc because their interests are too divergent to keep them together even on developmental matters," and this naturally placed limits on the concessions they could extract. Moreover, it is possible that had an international trade organization come into being, the developing countries would have been unable to make full use of the charter’s exceptions in their favor. As British Foreign Office officials noted during the Havana talks: "The interpretation of many of the articles of the Charter will inevitably depend on the economic strength of the parties debating them. We can therefore hope, as we regain strength, to be able to get an increasingly favourable interpretation of the Development and non-discrimination articles, provided that we remain on good terms with the U.S." In other words, the industrialized powers had good hopes of being able to gerrymander the system.

Nonetheless, if the value of what had been obtained by the developing countries was not immense, neither was it entirely trivial. The concessions were, if nothing else, highly significant from the point of view of U.S. domestic politics. Together with the failure to bring to an end the British imperial preference system, they fueled hostility to the ITO. This was because free trade purists, objecting to the weakening, as they saw it, of the charter, were pushed into an "unholy alliance" with protectionists. In this latter camp, one Republican congressman noted that measures that received the negative label "protectionism" at home received the positive one "development" abroad.

Diverse arguments were also employed in favor of the ITO. Jacob Viner, an ardent advocate of freer trade, argued that, if adopted, the charter would "bring some, though by no means all, of the degree and type of order in the international trade field which our country needs. . . . There are no alternatives." Hans Singer, by contrast, later recalled that the provisions in the charter for "positive discrimination" in favor of the developing countries were what, to him, justified the attempt to create an ITO. That attempt did not succeed, as the United States failed to ratify the charter. Sensing the strength of opposition, the Truman administration (the attention of which was now increasingly diverted toward Marshall Plan aid and other Cold War issues) delayed putting the proposal before Congress. Hearings did not begin until April 1950, when the administration witnesses were pushed onto the defensive—the new Democratic majority notwithstanding. The main American business organizations had come out against the charter, and, as Richard N. Gardner has pointed out, given that the members of these were supposed to be key beneficiaries of the project, this stand greatly diminished the chances of congressional approval. The emergency of the Korean War, which broke out in June 1950, further distracted the administration's attention from the ITO; that December, it was quietly announced that the charter would not be resubmitted to Congress.

Prebisch's Later View of the 1940s Debate

This meant that world trade continued to be regulated by GATT, which had only ever been envisaged as an interim measure prior to the establishment of the ITO. Each contracting party to GATT had one vote, which meant that in theory developing countries could have a significant influence on decisions. However, as T. N. Srinivasan has argued, they tended to see GATT as promoting the interests of the developed countries, and many did not participate effectively until the Tokyo Round. After 1964, UNCTAD was seen as an alternative forum for discussing trade issues, and in his report to its first conference Prebisch advanced a detailed critique of the Havana Charter and of the GATT system as it had developed in practice. Here, many of the ideas that had circulated at London, Geneva, and Havana in embryonic form were
developed with greater clarity and force. As Prebisch put it, “We can now see clearly things which were still confused and vague in the Havana days.”

The absolute necessity of industrialization for the peripheral countries had not been recognized or realized nor had the need to intensify this process as advanced techniques permeated into agriculture. Another thing that was not properly understood was the persistent trend towards external imbalance, which was attributed more to the inflationary policy of Governments than to the nature of the growth phenomenon.

He went on to ask why GATT had not been as effective from the point of view of the developing countries as it had for industrialized countries. He suggested that this was because, first, it was based on the “classic concept that the free play of international economic forces by itself leads to the optimum expansion of trade and the most efficient utilization of the world’s productive resources.” Moreover, “the free play concept is admissible in relations between countries that are structurally similar, but not between those whose structures are altogether different as are those of the industrially advanced and the developing countries.”

Prebisch argued that these structural differences resulted in a deterioration for primary producers in the terms of trade and disparities in international demand. He suggested that these points were not given the importance they deserved in the Havana Charter: “Thus, in seeking to lower or eliminate tariffs and restrictions with a view to promoting trade, neither the Charter nor the [GATT] Agreement draws any distinction between developed and developing countries. And since there is an initial assumption of homogeneity, such reductions have to be equivalent everywhere.” There was thus, he claimed, a failure to take into account the fact that those equivalent concessions would intensify the trend toward trade imbalance inherent in the disparity of international demand instead of helping to correct it: “Herein lies the concept of the symmetry of a situation that was not symmetrical... A clear distinction must be made... between this conventional and real reciprocity.”

Second, the industrialized countries had, when it suited them, ignored the principle to which they claimed to adhere—that freer trade on a nondiscriminatory basis was universally beneficial—even if they stuck to the letter of the GATT rules. He made particular reference to agricultural protection by industrial countries aiming at agricultural self-sufficiency (GATT did not cover agricultural products). He suggested that, in practice, whenever industrial countries had needed to safeguard their domestic production, whether in agriculture or in mining, they had found direct or indirect means of doing so.

Prebisch thus presented and defined his own positive views on trade and development in explicit contrast to the international settlement that U.S. planners and others, during and immediately after the Second World War, had sought to make the economic basis of the UN system. His was certainly not the most violent attack ever made on the postwar international economic settlement, but it was without doubt one of the most cogent. Prebisch’s central criticism—that the Bretton Woods/GATT system was based on a failure to recognize the fundamental differences between the industrial centers and the periphery of the world economy and thus sought to apply common principles to what was fundamentally different—was largely correct. He did, however, underestimate the significance of some of the concessions extracted by the underdeveloped countries at London, Geneva, and Havana.

Yet it was hardly surprising that the orthodoxy that he decried had ended up predominating. For not only were many of the underdeveloped countries inexperienced in international negotiation in the immediate postwar years, but they were also unclear about what was distinctive about their state of underdevelopment. For example, at Havana, the Uruguayan representative defined an underdeveloped country as one that exported foodstuffs and raw materials. Dana Wilgess was able to point out that this was a definition that fitted his own country very well. Moreover, Canada “also disposed of more undeveloped square miles than any other country at the Conference with the possible exception of Brazil.” Yet Canada did not see any need for the kind of restrictions that the underdeveloped countries were demanding: “It was not too much to ask everybody to accept the same rights and obligations.” Thus, until countries were able to articulate their needs and concerns more clearly, their mere participation in a United Nations forum would be of limited value to them—for it was one thing to extract concessions and another to change the overall worldview on which agreement was based. This was what Prebisch and others would later set out to achieve.

**Conclusion**

The postwar international order was Anglo-American in conception. Keynes and Meade were every bit as creative in contributing to its design as their U.S. counterparts. However, Britain’s serious economic exhaustion at the end of the war both weakened its bargaining position in Anglo-American negotiations and eroded its commitment to a wholly nondiscriminatory multilateralism. Consequently, the institutions of the international economic order were shaped by American desires to a great degree. In particular, these institutions were nested within the UN, albeit with a semi-detached status for the IMF and World Bank. Procedural multilateralism was thereby established as the modus operandi of the new order.
Having created the institutions that it wanted, however, the U.S. was less than wholly successful in reproducing within those institutions its own values and its own analysis of the logic of the international economic situation. On the contrary, the fora had now been created in which divergent values and analysis could make their appearance—and, crucially, the supporters of such attitudes now had an institutional framework within which they could canvass for support. As a result, and somewhat ironically, the United States quickly became the target of accusations of imperialism and colonialism. In fact, the U.S. record on this score was mixed. It included both the granting of independence to the Philippines and the negligent acceptance of renewed French colonial rule in Vietnam. Moreover, there was strong U.S. sentiment against British imperialism in particular, which was an important component of American hostility to the imperial preference system. Nevertheless, the U.S. was soon seen as the leader not only of the industrialized countries but also of the imperialist powers. This had already happened by the time the Truman Doctrine ushered in the geopolitics of bipolarity and the crusade in defense of free peoples became the defense of all anti-communist governments.

Henceforth, the increasing debate on what seemed to be purely economic questions—the nature of “underdevelopment” and the existence or otherwise of asymmetric economic structures—was never able to divorce itself from issues of unequal political power and the political ambitions of the two superpowers. At the same time, it was characteristic of these debates to attempt to do exactly that—to treat the issues as if they could exist in an entirely apolitical context. Global bipolarity and the convenient pretense that the world could be understood in purely economic terms became the strange bedfellows of the 1950s. The next chapter will examine the costs and benefits of the UN’s search for “objectivity” in its economic research and the processes by which economists were recruited to carry that work out. This will provide the background for an examination of the tensions that emerged from the attempt to sustain this ideal during the first years of the Cold War, and of the UN ideas on trade, finance, and development that emerged and sometimes proved fruitful, even in spite of these problems.

2

The UN Recruits Economists

- The Costs and Benefits of Objectivity in UN Research
- Gauging Intellectual Creativity
- The Changing Discipline of Economics
- Recruiting the Dramatis Personae: New York and Geneva
- Recruiting the Dramatis Personae: Santiago de Chile
- UN Economists: Forces of Demand and Supply

The Costs and Benefits of Objectivity in UN Research

People often offer strong opinions about the United Nations—its success, its failure, its force for good, its utter hopelessness. The term “United Nations,” however, has a number of different meanings that we must distinguish if we are to succeed in avoiding opacity and muddle as we chart its intellectual history. First of all, one can think of the United Nations as the collection of countries that are members of the UN and are represented by their governments. This sense we will signal by using the term “UN member governments.” Second, one can think of the political organs of the UN: the General Assembly and its two councils—the Security Council and the Economic and Social Council. These are the collective bodies by which member governments act within the UN. Third, one can think of the organizations set up to carry out the mandates that have been decided on by the political organs of the UN. These consist of the UN Secretariat (the corps of officials who operate as an executive arm under the direction of the Secretary-General), including the UN specialized agencies and funds (the International Labour Organization, the Food and Agriculture Organization, the World Health Organization, the United Nations Development Programme, the United Nations Children’s Fund, the United Nations High Commission on Refugees, and so on) and the five UN regional commissions. The term “the UN system” will be used to refer to this entire constellation of executive entities.
The story of the global North-South encounter is, at the fundamental level, an account of the disunity between groups of UN member governments on matters of trade, finance, and development. These disagreements began to emerge very early in the life of the organization, as has been chronicled in the previous chapter. Against this high-level background of the opposing viewpoints and positions of its members, the UN Secretariat, the civil service supporting the work of the political organs, was recruited and put to work. It had to define in practice the functions that it would perform and the ways that it would do so. If the member governments, operating through the political organs of the UN, were engaged in a mixture of diplomacy and international politics, the Secretariat was engaged in a mixture of diplomatic and bureaucratic tasks.

Each autumn the member states gathered in the General Assembly and participated in its various committees, and these bodies determined what administrative work they wanted to be done and which of the executive organizations were to contribute to it. Among these organizations there was some jockeying for mandates, both because of the prestige involved and the hope that the number of mandates received would be duly reflected in the Budget Committee’s final decisions on annual budgetary allocations. To a degree—and this is a much-noted feature of public bureaucracies—the work that was commissioned from the UN system was supply driven, although increasingly in recent years supplementary funding from particular donors has restored the element of member-country demand in directing the choice of work.

We are concerned above all with issues of intellectual history. We are interested in the business routines of the UN, but as a point of entry to understanding how it has operated in the intellectual realm. As indicated in the introduction, the sociological literature suggests that the model of a bureaucracy as nothing but a rational instrument of its sponsors is not tenable and is particularly problematic in relation to research. We are curious then to know what was the scope for bureaucratic behavior outside the limits set by the rational model and what it implies for the ability of international organizations to function as intellectual actors.

First let us inquire how, on a purely formal basis, the UN Secretariat discharged those of its mandates that call for research. The UN system had various modalities for the production and publication of its research. There were, and still are, various methods that can be used to this end. The most visible was that of official publications that provide information and/or analysis. Official publications come in many shapes and sizes, but some came to be regarded (such as the UN World Economic Report) as especially important vehicles for conveying the approved analyses to the world at large—hence the term “flagship report.” Other official publications were the reports made to the political organs of the UN, and these were directed primarily to member governments. Unpublished reports and documents could also have important intellectual content and were less constrained by the need not to offend member governments. Then there were internal briefing papers that floated policy ideas and sought to persuade member governments of the desirability of proposals for action. Whether an international organization succeeded as an intellectual actor depended in part on the scale and energy with which these various instruments were used but also on the amount of genuine intellectual creativity that they could embody.

We would like to look beyond the description of the typical tools for the delivery of the results of the Secretariat’s research to how they were used in practice. We want to know what sorts of opportunities they offered to the economists who had to work with them. Were they liberating or confining, and if they were both, in what circumstances did they nurture the creativity of those who used them? The answers to these questions may be sought in an exploration of the concept of “objectivity” and the benefits and costs of trying to apply it.

In the Cold War era, the traditional justification for the Secretariat itself to undertake research in house was that the research required objectivity, which could not be expected either of the UN political organs themselves or of national research institutes in member states. However, this justification brought with it very narrow limits on the type of research that the Secretariat could undertake. Any research that involved much in the way of value judgments that might be politically controversial was deemed unsuitable, and other methods of producing it—often involving outside experts taking the formal responsibility—had to be found. The research produced by the UN Secretariat thus tended to be highly factual and noncontroversial. The main problem that it faced was how to achieve meaningful international comparisons of national data. It was generally agreed throughout the first twenty years of the UN that the Secretariat should not “preach a doctrine” in its publications and should not be asked by member states to do so. Doing so would have undermined the basic legitimacy of producing research in house.

However, the pursuit of objectivity carried with it a heavy disadvantage. Although many UN Secretariat research publications—precisely because they were relatively objective—were potentially useful, they were at the same time politically anodyne. They were compilations of statistical data arrayed comparably across countries and across time. Some combined such statistics with analyses of the current economic scene based on them, striving always to be objective. But once the format for a research publication of this type was designed and the methods of collecting, processing, and analyzing the data were
determined, the work of its regular production became progressively more repetitive and dreary. There was consequently a serious problem of maintaining the morale of the officials who were researchers because, while they had to be creative people to do the work at all, relatively little of their creative energy was called for by their allotted task.\textsuperscript{3}

Sagging morale quickly became a problem, and to maintain morale, UN officials in research departments were often permitted, and sometimes positively encouraged, to find other outlets for their creative talent. Many wrote signed articles in the organization’s own journals or published research outside academic publications. Even executive secretaries took this path. “[Gunnar] Myrdal retired shortly before 1960, but during the last of his stay in ECE, he already did not have much interest in ECE because things were all retrogressing or stagnant. . . . And he decided to write a book. So Myrdal wrote *International Economy*, which I think is a marvelous piece of work. This he wrote during his last couple of years.”\textsuperscript{4}

The frustration of much of the researcher’s creativity by the Secretariat’s pursuit of objective research often spilled over into a battle for editorial control of publications between the administrative chiefs of the organization and individual research directors. The heads of administration needed to defend themselves against complaints from UN member states, which were acutely sensitive to any perceived criticism of them, by establishing the claim that Secretariat research was objective. For this claim to succeed, however, they needed to maintain a tight central editorial control over research publications. This was something that caused internal conflict and power struggles, since it was highly unpopular with researchers. It therefore required great managerial stamina to maintain it.

Significantly, in the early years of the UN Secretariat, tight central editorial control was something more honored in the breach than in the observance. Alexander Loveday, drawing on his experience of the League, had harsh words to say in 1956 about the failure of UN administrators to exercise sufficient editorial control over their research output.

\textit{The most glaring weakness in certain offices today is the lack of editorial courage and decision. Certain editors . . . seek a weak and flabby compromise between the divergent views of politically minded social scientists rather than scientific objectivity. As a result each document is liable to lack substance and to reflect somewhat dimly a number of preconceived views instead of views based on ascertained facts, and the whole documentation is liable to lack unity of design.}\textsuperscript{5}

Here Loveday did not disguise his disdain for the “politically minded social scientists” within the Secretariat. In evaluating their work, one therefore has to think carefully about the basis of his charge.

It is clear that Loveday was here promoting the ideal view of international organizations as politically impartial instruments of sponsoring governments. He interpreted failure of impartiality as a problem of managerial character rather than one of lack of managerial resources and power. He also saw no difficulty in reconciling “editorial decision” with “scientific objectivity.” This suggests that he cultivated a somewhat arid perspective on international bureaucracy and that the appreciation expressed elsewhere in his writings of the human factor in bureaucratic life was an attempt to rehumanize an ideal that was essentially a dehumanized one. It is worth noting that earlier he had been described as “completely League-minded and completely divorced from the reality of planning.”\textsuperscript{6}

His conclusion that firm editorial control was necessary for an international organization’s research group to achieve work of the highest quality is one that can be turned on its head. We are inclined to entertain the alternative possibility that the tight editorial discipline that he recommended and the imposition of a “unity of design” would have withered any originality of thought below the level of top management. If this was so, the flourishing of economic heterodoxy—and the paradoxical appearance of interesting and novel arguments for protection within the UN Secretariat—may have depended precisely on the absence of tight editorial control.\textsuperscript{7}

What is good for organizations cannot be assumed to be good for those who work for them or for the wider society in which they operate. What is dysfunctional for them may be functional on a broader view. To achieve the compliance of participants with the goals of their organization is not necessarily an unmitigated good. Sometimes conflict within organizations may promote desirable values and legitimate interests on a grander scale. There may be more to life than the triumph of a particular bureaucracy, however elevated.\textsuperscript{8}

**Gauging Intellectual Creativity**

To what extent did the institutional arrangements of the DEA, ECLA, and UNCTAD provide a fertile soil for economists studying the interdependence of trade, finance, and development? Did those who served in them as in-house researchers suffer from the difficulties and drawbacks we have just outlined, with the hypothesized cost in terms of intellectual creativity? It is not easy to test that hypothesis. If a person spent her entire professional life as a UN economist, it would be hard to decide whether her creative achievements were due to her native abilities or her work environment. The matter becomes a little easier to sort out when economists had periods of professional work inside and outside the UN. Assuming that native abilities remain constant,
one can compare creative achievement in the outside and the inside periods and then attribute the difference to the effect of the respective environments. In short, one can ask whether the person was a better economist when in the UN or when out. Only in the former case would we say that the UN provided a supportive environment.

Yet that assumption with regard to native abilities is clearly unrealistic, so to infer correctly from such a straightforward comparison is not possible. If Keynes were right, for instance, that few economists have novel ideas after the age of 30, much would depend on the career stage at which the period of UN employment occurs. An economist who entered the UN for five years at 30 might be less successful at the UN compared to employment outside the UN than one who joined at 25 and left at 30. Even if, more plausibly, the period of greatest creativity varies from individual to individual, the age at which an economist joined the UN could still prove critical, albeit with less predictable effects.

In the course of our narrative, we shall find examples of economists who, even if they were at first reluctant recruits to the UN, blossomed creatively once inside the UN system and who made many different contributions while there. We shall also find instances of people of great talent whose best work was done before they joined the UN and/or after they left it. However, merely drawing up an account to see whether the former outnumbered the latter would not get to the heart of the matter. The right question is this: Would there have been more creativity in total if the UN system had not existed as an employer of economists? The UN system in its early days was a great sponge for economic talent. Suppose all of those talents had instead been at the disposal of national governments, universities, and private firms: Would the outcome have been superior?

There is some reason to think that it would. We suggest that many of the economists in the UN during its early years did find themselves constrained by the goals of the organization for which they worked. At this time, the limits were set not by the need to preach a particular doctrine but by a particular interpretation of what constituted objectivity. They faced the tactics of a management concerned about the political acceptability (defined as objectivity) to UN member states—and not least to the United States—of the messages that economic researchers wanted to convey. Loveday's criticism of the work of politically minded social scientists almost certainly reflected the views of the UN administrative chiefs, and their views in turn reflected those of the U.S. State Department. The economists in the Secretariat had to judge their willingness to tolerate encroachments by managers on their independence in presenting the results of their research, knowing that unwillingness to tolerate them could lead to loss of prestige or to being assigned to mundane tasks. Nevertheless, when central editorial control was relaxed, as it often was in the UN, some original thinking could and did break out.

At the beginning of the 1960s, Hans Singer, who had by this time been responsible for some of this original thinking, gave a suitably cautious view of what it was possible for the UN Secretariat to do as an intellectual actor. He was sure that the UN had played an educational role, one that not only circulated ideas but also facilitated the acceptance of new policies. The UN was a forum for a vast range of international contacts between governments and between governments and technical experts. The process of repeatedly stating government viewpoints in meetings on a multifaceted economic and social agenda and then negotiating the wording of agreed-upon resolutions created a climate of shared opinion about the nature of problems and the kinds of multilateral solutions that might be feasible. To the economically literate, some of the texts agreed upon by the UN diplomats might have seemed silly or even nonsensical, but the whole process permitted proposals to be aired that seemed wild and utopian at first but often subsequently became accepted by states. In that sense, the UN was frequently to a slight extent "ahead of the curve" (although Singer did not use this term).

Singer emphasized, however, that the UN Secretariat could not produce much in the way of new ideas.

Much as he wished to say otherwise, he did not think that the United Nations Secretariat could be called a major producer of new ideas. Creation was not a congenial job for a Secretariat; it could even be dangerous. Traditionally, the Secretariat tried not to run too far ahead of possibilities and not to bring matters up until states had more or less agreed. It wanted to avoid friction, rifts and disputes, and this pacifying role was quite a legitimate one for the Secretariat.

Its job, on the whole, was to record and register changes in climates of opinion and to apply new and agreed solutions to international problems.

The implication of this view was that when members of the Secretariat did produce ideas of real novelty, they should handle them very gingerly, waiting for changes in the climate of opinion to prepare the ground for their policy implications to become politically acceptable. He spoke as someone who had done just the opposite and had felt the dangers of creation at first hand. In this environment, therefore, the UN Secretariat, just as the World Bank was to do in more recent times, acted—when it was operating normally—more as a "transmission belt" than as a catalyst of new ideas.

The Changing Discipline of Economics

By the end of the nineteenth century, the intellectual discipline of economics had become a profession pursued not only in universities but also in business and in government. By 1945, this profession was on the eve of a further expansion. The new macroeconomic theory, taught by John Maynard
Keynes and his growing band of followers, required an empirical analogue in order to become operational. This it found in the long-established practice of estimating national income. Its still-rudimentary methods were quickly refined into a complex system of national accounting that articulated the formal relationships between the aggregate numbers of the national economy—output, income, expenditure, consumption, savings, investment, exports, imports, the balance of payments, and so on. National income accounting, the joint endeavor of economists and statisticians, had proved extraordinarily useful in managing the economic exigencies of the war, which had required the reallocation of resources on a grand scale—from peaceful uses to military ones and then back again. National governments in Europe and North America needed little persuading of the value of retaining and expanding their cadres of economists and statisticians. The U.S. established the President’s Council of Economic Advisers in 1946, the French Commissariat Général du Plan was created in the same year, and the British created the Central Economic Planning Staff the year after.

The new postwar international organizations followed suit. Interestingly, while the IMF staffed up with economists, the World Bank was a laggard, being dominated by bankers and engineers and having some initial difficulty defining its role. Its first big intake of economists did not occur until the second half of the 1960s. The UN, by contrast, copied the prewar League of Nations and the ILO and employed economists on an expanded scale from the start. As other new international organizations were established—for example GATT (1947–1948) and the OEEC/OECD (1948/1960)—they too recruited their complement of economists. Taken together, their demand helped to expand the profession, even if their influence on their organizations was not always commensurate with their numbers.12

As the discipline of economics was expanding, it was also changing. Before the war in Europe, schools of economics had tended to follow national boundaries. Each had a quite distinct intellectual identity—the Swedish school of Gunnar Myrdal, Bertil Ohlin, Erik Lundberg, and Erik Lindahl; the Cambridge and London School of Economics (LSE) economists in England; and the Austrian school of Ludwig von Mises and Friedrich von Hayek. By contrast, America had been the home of a range of different intellectual approaches, spanning the institutionalism of Thorstein Veblen and John R. Commons and the neoclassical economics of J. B. Clark and Irving Fisher. The substantial migration of European economists to North America, from Russia in the 1920s, and then from Germany in the 1930s as that country and Eastern Europe fell under the control of the Nazis began a process of blurring these national lines of demarcation. After the war, the economics profession became more international in its typical career paths, affiliations, and publication practices.

As far as the U.S. was concerned, it gained a massive injection of talent, indicated by the disproportionate share of citations and professional prizes that the immigrant economists achieved.13 This windfall greatly strengthened the mathematical basis of U.S. economics and improved graduate training in the subject, but at the same time it encouraged a much less pluralist intellectual approach. A powerful new economic orthodoxy was rapidly taking shape in North America. In economic thinking, as in the economic reality, opening up to international influences meant increasingly coming into contact with the dominant influence of North America.

In Latin America before 1945, most of its leading economists—Eugenio Gudin is a good example—were self-taught, while those who did study economics in universities were taught in faculties of law or engineering. In a few countries such as Argentina, Mexico, and Brazil, central banks and other government agencies were starting, from the end of the 1920s, to establish journals to publish economics research and were founding national institutes to encourage and promote it. The subject of economics was still quite narrowly conceived as money and finance, the business cycle, and the construction of trade and financial indices. Latin America also benefited to a degree from an influx of European refugee social scientists, especially in Mexico, where President Lázaro Cárdenas welcomed Republican exiles from Franco’s Spain.

After the war, academic economics in Latin America was increasingly separated from the tutelage of law and engineering departments. It broadened its agenda to encompass agricultural economics, development economics, and planning. Governments became increasingly willing to finance doctoral studies abroad in economics for their top-level officials. The cultural tradition of the interdisciplinary thinker lived on, however, and controversy remained around how useful such studies were for economists working in Latin American conditions. Gudin’s Instituto Brasileiro de Economia sponsored North American economists to lecture in Rio de Janeiro after 1947, and this provided the basis for some crucial debates in this area. The new foundations and institutes and the new opportunities for foreign study provided the academic formation of several economists who were recruited into UN service.14

Recruiting the Dramatis Personae: New York and Geneva

Why were so many talented economists attracted to employment in the UN? There is perhaps an antecedent question to this: Were they indeed attracted, or did some economists come into UN employment despite their having failed to find it attractive? One of the strong attractions of working in the UN lay in the great scope that the renewal of world peace in 1945 seemed
to bring for reconstruction in a world of improved international cooperation. In the extent of its membership, the United Nations organization both represented a higher level of global interdependence than previously achieved and provided an opportunity for advance to still higher levels. The major objectives of policy—the maintenance of peace and respect for treaty obligations—remained unaltered, but now there was a new emphasis on the deliberate promotion of economic and social progress by collective measures. Hope was renewed, and in the aftermath of the great disaster of World War II many people wanted to dedicate themselves to the renewed pursuit of the highest ideals of humankind.

In the international economic field, the issues were technically complex but the benefits of finding the right solutions seemed almost limitless. The broad plans of the postwar international economic system had been agreed upon, but it was still in the formative phase of its construction. The aim was to reconcile justice and order in the international economy. Justice was sought in the norms of multilateralism: the sharing of both the burdens and benefits of cross-border economic activity. Order was sought in the specification of the rules of the international trade and finance game. Moreover, economic security was seen as in turn a guarantee of continued peace. This vision—which proved a powerful magnet for a certain type of economist—required technical expertise for its fulfillment. For if an organization is to be an intellectual actor, it must have intellectuals in its service.\(^{13}\)

In the years immediately after its creation, some of the brightest economic lights of the day were brought into the UN. Here we explore the routes by which seven economists who are the key figures in our history entered the organization. All but one belonged on the left wing of the political spectrum. The most illustrious as well as one of the earliest of the new recruits in New York was Michal Kalecki (1899–1970). At the time of his recruitment, he was 47. A decade earlier, he had left Poland on a Rockefeller Award and had arrived in Cambridge, England, by way of Stockholm (where he met Gunnar Myrdal) and London. While in London, he encountered the young Nicholas Kaldor at Lionel Robbins's seminar at the London School of Economics. Kaldor recalled that "at the outset, he gave the impression of a little man with a loud and creaking voice, who spoke English completely unintelligibly. . . . [But] gradually it emerged more clearly what he said, and his contributions were always relevant."\(^{26}\)

During his subsequent stay in Cambridge, he had resigned from the Polish research institute where he had worked because two of his closest associates were discharged in response to government pressure.\(^{17}\) John Kenneth Galbraith, who happened to be a visitor to Cambridge at the same time as Kalecki, later recalled their time together:

An enduring reward from my year at Cambridge was friendship with Michal Kalecki, then in self-imposed exile from Poland. A small, often irritable, independent, intense man, Kalecki was the most innovative figure in economics that I have ever known, not excluding Keynes. His speciality was to bring the obvious into view and cause one to wonder why it had not been noticed before.\(^{18}\)

During this period Kalecki was welcomed by the junior members of Keynes's circle and found a particularly like-minded interlocutor in Joan Robinson.

In early 1940, he had moved to the Institute of Statistics at Oxford University. There he had built up a research group, largely of European refugees from Nazism who were in sympathy with the left of the political spectrum, to work on aspects of the British war economy. During the war, while still at the institute, Kalecki made contacts with the government of Free France, for whom he went to work as an economic advisor in January 1945. His motives for joining the UN remain relatively obscure. In mid-March 1945, he resigned from his Oxford post and went to work for the International Labour Organization (ILO), which was then based in Montreal. Kaldor offers this explanation.

After the war, Kalecki joined the United Nations, which were looking for people from countries like Poland, who could speak English like Englishmen and Americans, and who could understand economics as [if] they were English or American economists. So Kalecki immediately got a job with the United Nations, where I came across him quite a lot.\(^{19}\)

This sounds quite plausible, but we have no corroborating evidence that the UN sought out Kalecki rather than vice versa.

In any case, the move to the ILO does not seem to have gone well. Mrs. Kalecki later suggested that her husband was not happy with his ILO superiors' "interference" with his drafts. Between July and October 1946, he returned to his native Poland on a mission to advise the government. On 7 November 1946, David Owen, who was the first head of the UN Department of Economic Affairs, reported an approach by the Polish government, which suggested that Kalecki should be found a senior post in the Department of Economic Affairs. A reasonable inference is that Kalecki used his time in Poland in part to get his government to lobby for a more independent position for him within the UN. Owen was prepared to find him "a senior post as an economic adviser somewhat detached from general administration and political work of my Department." Kalecki thought that he had been promised the post of director of the Division of Economic Stability and Development, but after the Kaleckis had moved from Montreal to New York, it turned out that he was appointed as a special advisor to the director with the rank of assistant director.\(^{20}\)
the ECE was exhilarating, but brief. Myrdal believed that Kaldor's work immediately established the ECE as a practical research institute, one that could stand comparison with academic and government economists, and that the ECE and Kaldor's work immediately attracted academic and government economists to the ECE.

However, the Cold War and the rise of superpowers began to diminish the ECE's influence. The Cold War began to diminish the influence of the Marshall Plan, and the adoption of anti-communist policies in Western Europe further eroded the UN's influence in the region. Nevertheless, Kaldor remained engaged with the UN as a consultant and advisor for many years. He continued to work closely with Sidney Drell, who he had met in the 1940s.

Sidney Drell (1898-1990) was a key figure in the development of the UN's nuclear disarmament policies. Drell had been a student of Kaldor's at Oxford, and they had worked together on the development of the ECE. Drell was later appointed as the UN's first Director of Nuclear Affairs, where he played a key role in the development of nuclear disarmament policies. Kaldor and Drell maintained a close working relationship, and Drell was a key member of the team that developed the UN's nuclear disarmament policies.

The UN's role in the development of nuclear disarmament policies was significant, but it was not without controversy. The UN's nuclear disarmament policies were not always well received by governments and international organizations. The UN's role as a mediator in the development of nuclear disarmament policies was not always easy, but it was an important part of the ECE's work.

The ECE's work on nuclear disarmament policies was not the only area where the ECE had an impact. The ECE also played a key role in the development of economic policies in the post-war era. The ECE's work on economic policies was significant, and it helped to shape the economic policies of many countries in the post-war era.

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secondment to the UN either of Singer or of his friend and colleague Alec Cairncross. When Cairncross successfully declined, Singer quite reluctantly agreed to go to New York on a two-year leave of absence. This ultimately turned into a 22-year period of UN service. Singer has more than once said that his employment as a development economist in the UN had a quite fortuitous beginning. Singer had worked in a ministry of “country planning” in the UK, but this term has two very different meanings in British and American usage. To the British it means location planning of rural areas; to the Americans it means national economic planning.

Recruiting the Dramatis Personae: Santiago de Chile

By the mid-1940s, Raúl Prebisch (1901–1986) was a very senior and well-established figure in Latin America, having been appointed undersecretary of finance in Argentina when he was 29. He designed and then became general manager of the Central Bank of Argentina in 1935 but had since fallen on hard times. He was forced to resign this post in 1943 as a result of a Perónist stratum. For the next five years, he retired to the University of Buenos Aires, working as an isolated intellectual to write a book, entitled Money and the Rhythm of Economic Activity, that was never completed or published. He turned down a number of offers of foreign employment during this period, including teaching at Harvard and joining the Bank of Mexico. In February 1948, he was offered the new post of executive secretary to ECLA by Benjamin Cohen on behalf of UN Secretary-General Trygve Lie. He later recalled that he “emphatically refused,” saying that his motives were that he did not want to give up his university post and also that he thought that working in an international organization on development issues would be a waste of time. Later in 1948, the Argentine government barred Prebisch from teaching. He definitively resigned his university post in November and began to consider working outside the country.

Managing Director Camille Gutt of the IMF and his deputy, Edward M. Bernstein, visited Buenos Aires in November 1948 and offered Prebisch a senior post in the fund. This followed up an offer of a short-term assignment in Washington, which had first been made the previous January. When in late December 1948 Gutt cabled that the terms of the offer would have to be changed, Prebisch replied that he was “quite willing to join the Fund on the basis proposed.” However, the IMF Executive Board decided not to proceed. The U.S. government had reversed its position on the appointment because it wanted to improve relations with Perón, and Brazil also voted against him.

On 11 March 1949, Maurice L. Parsons, director of operations at the IMF, wrote an extremely apologetic letter to Prebisch, expressing his personal regret at the fund’s short-sightedness in failing to secure Prebisch’s services.

Simultaneously with Gutt’s approach, Eugenio Castillo, the deputy executive secretary of ECLA, asked Prebisch for help in preparing the first economic survey of Latin America. Prebisch was originally unwilling to commit himself because he much preferred to accept the IMF offer. However, as the fund procrastinated, he agreed on 10 January 1949 to work for ECLA as a consultant on a short-term contract. So having declined the leading role in the organization, he had to agree to sign on as a hired hand. This irony tells us something of Prebisch’s political disposition. He was a scion of the old class in Argentina, and his instincts were very much those of a central banker. He firmly rejected the economics of laissez-faire and embraced government economic intervention, but he was not a socialist or a neo-Marxist. He was a Latin American nationalist rather than an internationalist.

Celso Furtado (1920–) also became a star in the Latin American intellectual firmament. He was one of the first Brazilians to benefit from their government’s willingness to fund doctoral training abroad. He gained his Ph.D. at the University of Paris, writing a thesis on the colonial economy of Brazil in the sixteenth and seventeenth centuries. Returning to Brazil in late 1948 after a stay in postwar France, he took up an editorial position with Conjetura Económica, an organ of the Getúlio Vargas Foundation. The director of this financial and economic review, Richard Lewinsohn, worked in the Brazilian Ministry of Finance, and the review had its office there. One day in January 1949, Furtado heard that the head of the Economic and Financial Studies Division, Dr. Octavio Bulhoes, was trying to find an economist to work in the newly established ECLA. Lewinsohn, however, spoke to him disparagingly of the UN’s prospects of survival in the newly arrived era of the Cold War and the Marshall Plan. José de Campos Mello, an economist on the UN staff in New York, was less doubtful about the survival of the UN but was certainly far from confident of ECLA’s chances of survival, given American opposition to making its temporary status permanent.

When Furtado approached Dr. Bulhoes, he too was at first discouraging but then disclosed that Dr. Gustavo Martínez Cabañas, the executive secretary of ECLA, would shortly arrive in Brazil and suggested that Furtado meet him. When he did, Martínez Cabañas formally invited him to join ECLA. Furtado only discovered once he had arrived in Santiago that Deputy Executive Secretary Eugenio Castillo had opposed his appointment on the ground that, as an economic historian, he was not a serious economist. (According to the British embassy in Chile, Castillo’s preference was for “Latin Americans with Anglo-Saxon training.”) Furtado was aware of his own ambivalence about the type of economic research he really wanted to do. He was attracted by the university-like conditions of work that ECLA seemed to promise but at the same time not convinced of the utility of pure economic research. In the
end, his spirit of adventure overcame his inner doubts about what he would actually do in ECLA and he set off anyway.

The most powerful motive in Furtado's recruitment to the UN was his need to escape from what he later recalled as the suffocating atmosphere of his native land at that time. In late 1948, the Brazilian economy was showing serious signs of economic mismanagement, an overvalued exchange rate was threatening to provoke a debt crisis, and the prospects for real economic development looked very dim. Meanwhile, the government responded to social unrest with violent repression carried out under the flag of anti-communism. He was a left-wing intellectual, and, as such, he felt strong pressures to get out of Brazil for a while.45

Juan Noyola Vazquez (1922–1962) grew up and was educated in Mexico City at the Escuela Nacional de Economía. He was a beneficiary of one of the new institutions for economics training that were being built in Mexico at this time. El Colegio de México had been established in 1939 with the aim of creating a Mexican intellectual elite. Its chief administrator, Daniel Cosio Villegas, collaborated with the Spanish sociologist José Medina Echeverría to found the Centro de Studios Sociales within the Colegio in 1943. Cosio Villegas then recruited eight students from the Escuela Nacional, one of whom was Noyola Vazquez.46 He was an exceptionally talented student who made a brilliant academic career. In November 1949, he defended his thesis on "Fundamental Disequilibrium and Economic Growth in Mexico" before a distinguished jury, who approved it unanimously.

About this time he went to Washington to work at the IMF, but—unlike for Prebisch—it held no great attraction for him. In October 1950, he became a consultant to ECLA in its Mexican office, then moved to Santiago as an ECLA official and became in May 1959 the director of its office in Cuba. Dag Hammarskjöld decided that this office should be closed in the autumn of 1960, as Castro showed increasing signs of alignment with the Soviet bloc. It is an indication of his radical politics that Noyola Vazquez, for his part, regarded the Cuban revolution as a continuation and fulfillment of the policy program of ECLA. He sent Prebisch a letter of resignation.47 He then joined Fidel Castro's revolution and met a tragic early death in 1962 in an air crash while traveling to an FAO conference in Rio de Janeiro as a member of a Cuban official delegation.48

UN Economists: Forces of Demand and Supply

There can be little doubt about the intellectual quality of the first generation of recruits to the UN Secretariat. One of the first Yugoslav delegates to the UN, Janez Stanovnik, recalled his deep respect for them and for those who had recruited them:

I had the greatest admiration for the secretariat during the first decade. They were the people of brain and heart. Particularly, from the beginning, I don't know who was the recruiting officer. It certainly was not Trygve Lie himself, but whoever it was really recruited the best people from the point of view of human character and the point of professional competence. If I were to go on enumerating how many, practically I would say that there was no one single great name in economic writings in the period of 1945 to 1955, that was not in one way or the other associated with the United Nations.49

In the recruitment of these UN economists, the end result came from the ways in which the UN selected individuals as suitable recruits, in combination with the motivations of those so identified to allow themselves to be recruited. In short, there was joint determination from both the demand side and the supply side. A striking example of mutual courtship was the recruitment of Antony Gilpin. David Owen approached Gilpin, whom he knew from his days in the British think tank Political and Economic Planning (PEP), and PEP obligingly seconded Gilpin to the 1946 Preparatory Conference on Trade and Employment. It was a temporary assignment, but Gilpin's appetite for UN work was decisively whetted. He recorded that once back at PEP, "I discreetly kept my name before David and in due course, received an offer of a post of Economic Affairs Officer."50

The top managers of the new organization were not operating in a vacuum. They inherited some personnel from the old League of Nations. They were also besieged with requests and recommendations, so many that they struggled to acknowledge and deal with them all.51 How was it best to select from the abundant supply? The U.S. delegation from the beginning pressed strenuously for the UN to adopt professional methods of recruitment on merit, suitable to an impersonal modern Weberian bureaucracy. This pressure had a paradoxical result. While the modern human resources systems were being designed, agreed upon, and put in place, those responsible for recruiting began to turn to their existing networks of professional connections to identify suitable people to approach. As we have seen, David Owen, who played a major role in recruiting the economists, certainly relied heavily on his past professional network of contacts. Their recruitment was thus mainly of the patronymic rather than the modern bureaucratic variety.

Connections among economists had by no means been dissolved by the recent war, and indeed the need to keep in touch with others may possibly have intensified them. It was in those days a veritable "old boy network" in which only a very few female economists played any part. This reliance on
personal networks was, however, fully in line with the practice of the League of Nations in recruiting economists. Alexander Loveday, who had supervised the economic work of the League of Nations and who in the postwar years served on the UN Economic and Employment Commission, derived one conclusion from his League experience. "The one positive lesson is that the most successful appointments are generally of persons about whose work some member or members of the existing staff has a personal knowledge." What kind of personal knowledge was relevant? Primarily, Loveday thought, the recruiter needed to know about the personality and character of the person concerned.

In the long run the success of an international Secretariat will depend more on the personality of its officials, on their ethical outlook, and their instinctive behaviour than on their intellectual attainments. ... It is futile to look first for brains and then sift for personality.

Some among the economists whom the UN courted were noticeably reluctant to get involved. Because international work was still experimental and its institutions still dependent for their continuation on shifting political relationships, there was a basic insecurity inherent in it that did not apply to those who joined national civil services. Moreover, the United Nations was then a new and unknown international organization and people were not sure in what ways it would differ from the old and, in the popular mind, discredited League of Nations. In the case of ECLA, the political conditions in which it was created made it seem a particularly risky and fragile enterprise. For some of those that the UN approached, a return to academic life or a position in the new Washington-based Bretton Woods institutions seemed more attractive postwar career options. Prebisch and Singer were of this mind and came reluctantly. This was, however, notably not true of the younger and more idealistic minds of Kaldor, Dell, and Noyola Vazquez. The revival of the spirit of internationalism immediately after the war made the UN attractive to exiles, or self-exiles, seeking a congenial intellectual home, and perhaps Kalecki and Furtado fitted this latter description most closely.

Thus, by the late 1940s, these key individual actors were assembled on their respective stages in New York, Geneva, and Santiago de Chile. Kalecki had arrived very much on his own initiative and Furtado had made good his escape from the spiritual suffocation of Vargas's Brazil. Kaldor, Dell, and Noyola Vazquez had come eagerly when invited. Singer had felt the touch of the press gang. Prebisch had declined the star part in ECLA only to be forced by a U.S. political betrayal to become the bought-in scriptwriter. And so they made their entrances. The play could now begin.

Michal Kalecki, the *World Economic Report*, and McCarthyism

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**The Political and Economic Context**

*The Truman Doctrine* is generally seen, following the earlier buildup of tensions between the USSR and the West, as marking the start in earnest of the Cold War. In a panicky reaction to Britain's decision to withdraw military aid from Greece and Turkey, both of which were believed to be under threat from Soviet expansionism, President Harry S. Truman stated on 12 March 1947:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. ... I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The global conflict that was thereby unleashed had major consequences for the UN's economic activities. The United Nations became the divided nations. The development of global cooperative initiatives was paralyzed.

The UN's founders had envisaged that the new organization—through its Economic and Social Council, supported at the Secretariat level by the Department of Economic Affairs—would help the world avoid the major economic...