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Some changes in United States attitudes towards CEPAL over the past 30 years

David H. Pollock*

On the occasion of the 30th anniversary of CEPAL, the Director of the *Review* commissioned from Professor David Pollock an article analyzing the changing attitudes of the United States towards CEPAL since its establishment. Mr. Pollock is in an excellent position to write such an article, because of his knowledge of the subject and his long and important career in our organization. A Canadian, he joined CEPAL in the 1950s and has worked in Washington, Mexico City and Santiago, in addition to co-operating closely for some time with the Secretary-General of UNCTAD in Geneva.

In his view, these changes of attitude may be grouped into five periods. The United States entertained reservations concerning the very setting up of CEPAL. In its first 10 years, these reservations changed into open and continuous opposition. Then, just before and during President Kennedy's administration, a dramatic reversal occurred: the United States gave CEPAL if not an embrace, then at least a handshake. A further major shift took place after President Kennedy's assassination, leading to a decade of benign neglect. However, in more recent years yet another stage seems to have begun, marked by cautious reappraisal, on the part of the United States, of what is viewed as a "new" CEPAL.

The author concludes with a few personal reflections on the significance of the previous trends, and what they may portend for the future.

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Introduction

Doubts and reservations at CEPAL's creation

CEPAL* was established in February 1948 by the United Nations Economic and Social Council (ECOSOC). The birth was not easy. Under Article 68 of the United Nations Charter, ECOSOC had been given authority to set up commissions in the economic and social fields. Thus, when the first session of the United Nations General Assembly was convened in December 1946, the Assembly requested that, in order to help assist with "the economic reconstruction of devastated areas", ECOSOC should give prompt and favourable consideration to the establishment of an Economic Commission for Europe (ECE) and an Economic Commission for Asia and the Far East (ECAFE). Both such regional commissions were established almost immediately (in March 1947). The Latin American delegations were disgruntled, feeling that their region had been overlooked. Mindful of the fact that Latin America accounted for 20 out of the total United Nations membership of 51 countries at that time, noting the increasing role in world affairs that Latin American nations had begun to play as allies during World War II, and feeling that the Latin American region had many pressing economic development problems to resolve, even if such problems had not resulted directly from wartime devastation, the Latin American governments began an active campaign to set up their own regional commission. During the autumn of 1947, ECOSOC established an *Ad Hoc* Committee¹ for the special purpose of deter-

*Although the Spanish acronym CEPAL is now generally used even in English in the region to denote the Economic Commission for Latin America, the English acronym ECLA has also been used in this paper when quoting from published works.

¹Mr. Hernán Santa Cruz (Chilean representative to ECOSOC) presented the initial motion to set up this *Ad Hoc* Committee in August 1947, arguing that development should be fully as much a United Nations goal as reconstruction. In this

mining the advisability of creating an Economic Commission for Latin America analogous in structure and purpose with those already set up for Europe and Asia. The *Ad Hoc* Committee concluded its studies the following spring, with the presentation of three main arguments. One was that the Latin American republics had used up much of their capital goods at an abnormally rapid rate during World War II and therefore it was now essential to restore that depleted capital if the region's postwar levels of trade and production were to be adequate for its needs. This argument was of course analogous to (even though not identical with) the "wartime devastation" theme that had been utilized the year before to justify the creation of the ECE and ECAFE. Secondly, as a result of postwar price trends for manufactured goods, it was becoming increasingly more expensive for Latin American countries to repair and replace their capital goods. Thirdly, there was, at the early postwar stage, a generally insufficient rate of economic growth throughout the Latin American region. Hence many types of external assistance would be required if Latin America's own efforts at self-help were to be successful. On the basis of these three main arguments, the *Ad Hoc* Committee concluded that a regional economic commission would be helpful in facilitating Latin American development.

Some developed countries had initial doubts about all this. Canada and New Zealand felt, as a general principle, that ECOSOC should espouse a functional rather than a geographical approach to postwar problems of economic and social development. France had some queries about

regard he placed major emphasis on Latin America's need to industrialize and diversify, in order to reduce the region's long-standing sensitivity to cyclical fluctuations emanating from the developed countries.

establishing this new body, taking the view that too much stress on regionalism might run counter to the broad concept of multilateralism. Initially the USSR was also less than enthusiastic, on the grounds that such a commission would only confuse the ECOSOC structure (with its manifold functional commissions) and that furthermore it might unduly enhance Latin America's economic dependence upon the "imperialistic" member countries of CEPAL. But these reservations by developed countries were soon withdrawn, finally leaving only the United States as a major critic. In essence the misgivings of this country were two-fold. One reason was financial: namely, the fear that the creation of CEPAL would require new and additional financial contributions from the United Nations administrative budget at a time when the United States was paying 40% of that budget. The second and more fundamental reason, however, involved the United States' serious concern that CEPAL would overlap with the OAS. At Chapultepec, Mexico, only a few years earlier, an Inter-American Economic and Social Council (IA-ECOSOC, or "CIES" as it is very often called after its Spanish acronym) had been created within the OAS in order to co-ordinate all official inter-American economic and social activities. Consequently, in 1948 the United States delegation was concerned that a new and separate United Nations body, active in Latin American development matters, would unduly duplicate the work of CIES. The Latin Americans took strong issue with this argument, on the grounds that Latin American development must be conceived within a global rather than a hemispheric framework. In their view, the time had come for the Latin American economic system to broaden and diversify away from the extremely close economic ties with the United States that had been so characteristic of the wartime years. A new postwar relationship, they felt, should have

a global orientation within which the United Nations would play a more central role.² The United States stood its ground, however, and a temporary compromise was reached whereby ECOSOC agreed to establish CEPAL on only a three-year trial basis. Even though CEPAL was placed on a permanent footing in 1951, the complex issue of "globalism versus regionalism", which had already emerged within the United Nations political and security arrangements, now appeared in the economic and social development field as well. It was to remain a key issue during the 3 ensuing decades, as we shall see. At all events, from the very beginning the United States had placed itself in the position of being a major opponent, if not *the* major opponent, of CEPAL. Realizing that its dominant role within the OAS might be challenged by this new United Nations regional economic commission, the United States viewed its very birth with wariness and caution. This was not lost on the Latin Americans, and consequently even before CEPAL's creation the lines had been drawn on what was soon to become increasingly a relationship of confrontation.

²The geographic composition of CEPAL membership has always reflected this merging of regionalism and globalism. Thus, from the very outset, membership in the Commission has been open to any United Nations member state in North, Central and South America, including the West Indies, plus other non-regional United Nations member states with territorial possessions in the area. The current members of the Commission are Argentina, Bahamas, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Netherlands, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, United Kingdom, United States of America and Venezuela, while Belize and the West Indies Associated States are associate members.

I

1948-1958: A decade of conflictive relationships

The first session of the Commission, attended by high-ranking representatives of the member governments, took place three months after ECOSOC had voted for CEPAL's establishment.³ In the meantime, the secretariat of the Commission had been organized, and a team of professional-level staff members began its work. In view of the strong United States misgivings about possible duplication with the OAS, the first order of business was to effect co-ordination between CEPAL and the CIES. The result was a broad division of labour in which CEPAL's work was to be especially concerned with extra-continental aspects of Latin America's economic problems, including those arising from world economic maladjustments, but with continuous liaison between it and the CIES. From that time onward, the CEPAL sessions were to be concerned more and more with substantive issues of economic research and policy and progressively less with problems of co-ordination with the OAS. The second CEPAL session took place in 1949. After the third session in 1950, the United States representative stated that while his government continued to be concerned about the possibility of duplication with the CIES, it would nevertheless have no objections to establishing the Commission on a permanent basis in 1951, at least on the basis of the work undertaken by CEPAL to date.

During those first few years, CEPAL laid the groundwork for its two major initial lines of endeavour, namely, the assembly of basic economic and social statistics on the one hand, and the publication of a series of

³Since 1948, the Commission has met seventeen times at the Ministerial level. The first four sessions were held annually and thereafter biennially.

theoretical and policy-oriented studies on the other. As regards the former, CEPAL began to provide, for the first time in Latin America's history, comprehensive statistical data on both a country-by-country and regional basis encompassing trade, production, income, prices, employment, and a variety of other economic and social variables. The national income series were, in particular, to become a unique CEPAL contribution. Never before had data on income and product been available on a directly comparable basis, denominated in a common currency, and covering virtually all countries in the Latin American region. Nonetheless, despite the usefulness and importance of these statistical publications, their compilation and distribution was not to comprise CEPAL's major contribution. On the contrary, this was to lie in the realm of trailblazing and innovative theoretical studies: studies that were highly controversial when they were first presented but which subsequently were recognized as fundamental contributions to the postwar literature on economic and social development in Latin America and indeed internationally as well.

Several seminal publications of CEPAL rapidly made their appearance. The first was the *Economic Survey of Latin America* (1949), followed shortly afterwards by *The Economic Development of Latin America and its Principal Problems* (1950) and *Theoretical and Practical Problems of Economic Growth* (1951). After a brief lull, these were followed by *Economic Integration and Reciprocity in Central America* (1952), *Foreign Capital in Latin America* (1953), *International Co-operation in a Latin American Development Policy* (1954), and *An Introduction to the Techniques of Programming* (1955). Still more CEPAL publications were to emerge in prolific array throughout the remainder of the 1950s, but it was these early writings

which contained the basic tenets of what became known thereafter as "the CEPAL Doctrine".⁴ This paper is not the place to go into the many complex and inter-related elements contained in that doctrine. This has in any case been done by a host of other writers.⁵ Suffice it to say that the

⁴ Although the entire secretariat collaborated as a cohesive team in producing these and other CEPAL studies, it is common knowledge that the person largely responsible for their integral design and theoretical substance was Raúl Prebisch, CEPAL's Executive Secretary from 1949 through 1963. A hard-driving leader, a brilliant theoretician, and a skilled practical economist, Prebisch had been a professor and central banker in Argentina until forced to leave as a result of political differences with President Juan Perón. His team encompassed a number of gifted Latin American economists, including Victor Urquidí, Jorge Ahumada, and Celso Furtado, but Prebisch was unquestionably the central directing force throughout the initial 15 years of CEPAL's existence. Indeed, the words "CEPAL Doctrine" and "Prebisch Thesis" are often used interchangeably in development literature covering the work of the Commission during its first decade.

⁵ A comprehensive bibliography, covering both CEPAL documents and writings by outsiders on those documents, will be found in the Appendix to Octavio Rodríguez's article entitled "On the Conception of the Centre-Periphery System", published in *CEPAL Review*, First Semester 1977, pages 233-239. Additionally, three recent Ph.D. dissertations provide a very extensive series of bibliographical references and also reinterpret many aspects of the original CEPAL doctrine in the light of current developmental literature. These are *Regionalism and Functionalism in International Organizations: The United Nations Economic Commission for Latin America*, by Pierre Michel Fontaine, University of Denver, 1968; *Economic Ideology and Economic Integration in Latin America: the Impact of ECLA OR LAFTA*, by John David Edwards, University of Virginia, 1974; and *The United Nations Economic Commission for Latin America and National Development Policies: A Study of Non-coercive Influence*, by David Cameron Bruce, University of Michigan, 1977. All three dissertations are available from University Microfilms International, Ann Arbor, Michigan 48106.

CEPAL Doctrine, and the policy implications flowing from it, almost immediately exerted an extraordinary impact on economic thought and action, first of all in Latin America and later globally as well. But in this very process CEPAL was to disturb—indeed at times even to enrage—a number of important United States individuals and organizations concerned with Latin American affairs.

What was the central thrust of the CEPAL Doctrine and why did it arouse such strong and negative reactions among United States audiences? As stated above, this is not the place to review this in any detail. However, since some knowledge of the CEPAL Doctrine is required in order to show why it proved so provocative to United States readers in the early postwar era, I quoted briefly below from two books in which CEPAL staff members presented what they believed to be the essence of that doctrine. In the first book,⁶ nine separate but closely interrelated topics were singled out as encompassing the principal initial intellectual contributions of the Commission. As that book stated:

“In broad outline, these nine topics are as follows:

1. A criticism of traditional theories on foreign trade and, more specifically, on the nature of the economic relationships between the ‘centres’ and the ‘periphery’;

⁶*Development Problems in Latin America: An Analysis by the United Nations Economic Commission for Latin America*, a special publication of the Institute of Latin American Studies, The University of Texas Press, Austin, 1970, pages xi–xii. In Professor David Bruce’s dissertation, cited in the preceding footnote, he has described in much detail each of the nine points mentioned above. Bruce’s presentation probably represents the most recent and comprehensive effort by a United States writer to delineate the main components of the original CEPAL Doctrine.

2. A justification of industrial development and an analysis of some of its main aspects in Latin America;

3. Planning as a *sine qua non* for development: its general content and technical direction, and regional planning experience;

4. The *raison d’être* of external financing and investment: ways of meeting economic growth requirements;

5. Regional integration as a primary means of getting away from the ‘closed’ type of economy in post-depression industrial development;

6. The nature of inflation in Latin America: an analysis of its underlying causes and of traditional stabilization policies;

7. The social dimension of economic development: social determinants and effects of the development process, and changes in the structure of employment and of the social sectors;

8. The position of Latin America *vis-à-vis* world trade policy, and trade between developed and developing countries, and

9. An overall and integrated view of development problems in Latin America and the structural changes needed to ensure more dynamic development and an equitable distribution of its benefits.”

“Although these central topics are dealt with separately, they are clearly interrelated and interdependent. Moreover, a certain sequence may be noted, for the knowledge gained in the first studies and its implications are naturally incorporated in the later ones, and give them greater depth. This does not mean that CEPAL started out with or ever had the intention of formulating a cut-and-dried general theory or scheme that would systematically cover all the economic, social and institutional aspects of Latin America’s development.

The main factors that have gradually broadened the outlook or sharpened subsequent thinking have been the actual facts, Latin America's experience of the problems and situations as they arose, and the development of the ideas themselves."

In the second book,⁷ the present author tried some time ago to make a short synthesis of the CEPAL Doctrine in a rather more simplified format for a student audience:

"In essence ECLA's influence rested on two main elements, one ideological and the other tactical. International trade flows based on comparative cost and advantage, said ECLA, do not necessarily lead to the most efficient utilization of world resources, and certainly not to their most equitable distribution. On the contrary, the rules of the game as they were put forward by the classical theory of international trade were biased against countries producing primary products in favour of those producing manufactured goods. Under such circumstances, ECLA maintained, many developing countries felt that trade had become a vehicle for global exploitation by a few countries rather than a means of maximizing welfare all around. This lack of *economic symmetry*—this bias favouring the 'central' (rich) nations at the expense of the 'peripheral' (poor) countries—had been overlooked, said ECLA, in traditional approaches to theories of trade and growth. Worse yet, this economic disadvantage was compounded by an additional element of *political asymmetry*. To redress the existing lack of balance in inter-

national commercial and financial policies, corrective negotiations were required between nations. Unfortunately, however, negotiations between sovereign nations did not necessarily imply negotiations between equals. Thus, peripheral countries felt they had been maintained in a continuously secondary relationship *vis-à-vis* nations of the centre, not only because of outmoded economic theories but also because singly they could not exert countervailing political pressures on the stronger and more unified industrial heartlands of the world."

"As is well known, ECLA encompasses within a single institutional framework, all the Latin American countries. Tactically, therefore, it came to provide a cohesive organizational framework for the (then 20) republics of the region. And simultaneously, as stated above, it synthesized into a single conceptual framework an indigenous developmental philosophy. ECLA provided, in short, for the first time in Latin America's history an *economic ideology plus a political forum*. Both were broad enough to encompass the region as a whole but flexible enough to encompass a wide variety of different national characteristics."

"Putting aside the institutional aspect, it will be seen that by the end of World War II Latin America's groping for a new and fundamental reorientation of its economic system had come to be satisfied by the so-called ECLA Thesis. The latter in turn rested essentially on a sequence of separate though interrelated ideas, which will next be briefly traced out".

"A basic goal of developmental policy should be to increase the rate of growth of product and progressively to diffuse the fruits of such growth. In so doing it was essential to reduce exter-

⁷ *Latin American Prospects for the 1970s: What Kinds of Revolutions?* edited by David H. Pollock and Arch R.M. Ritter, New York, Praeger Publishers, 1973, pages 37-38.

nal dependency. One way was to seek external financial commitments via targets for international public loan capital rather than rely so heavily on the spontaneous flow of private direct investment capital. A more basic avenue involved a shift in the structure of production away from primary products—whose trends were too stagnant in the long run and too unstable in the short term—and toward manufactured goods. This would enable a diversification of exports and (highly important to Latin America at that particular time) would accelerate the possibility of industrial import substitution. During the postwar era, however, unlike the decades of the 1930s and 1940s, such import substitution should take place in some rational planning context within individual countries and between groupings of them.”

“In all of this ECLA had clearly parted ways with the hitherto prevailing notion that the free play of market forces would somehow facilitate a more economically efficient system and a more socially equitable one. In fact neither the economic nor the social goals had thus far been attained by Latin America through the unfettered workings of the market mechanism. Nor were there grounds for assuming that this situation would now change in some spontaneous manner. ECLA did not oppose private enterprise. On the contrary its writings stressed from the very outset the need to strengthen the role of the private sector. But, said ECLA, the private sector would respond better to economic and social imperatives if the latter were clearly laid out within the context of an indicative development plan. And in so doing, said ECLA, it was basic that Latin American private initiative—not foreign—be strengthened through deliberate acts of policy. It was in this

context, among others, that ECLA stressed so often the need for intervention into the free and unfettered play of market forces.”

Today, the experts quoted from the two above-mentioned books will probably seem like rather conventional wisdom to most United States readers. But in the early 1950s the ideas inherent in the CEPAL Doctrine appeared to some of them as naive and to others as heretical and even dangerous. This was so for both political and economic reasons. It must be remembered that the Latin American countries had emerged from the Great Crisis of the 1930s and from World War II with certain reservations about their extremely close political and economic ties with the United States. Those ties had brought with them undoubted benefits, but also certain costs. The Latins, imbued with a desire to play a more active role in evolving their own post-war economic destiny, felt that they would have to join together in a tactically more unified manner if they were to change the existing hemispheric rules of the game and thereby reduce their long-standing dependency upon the United States, since individually they could exert very little leverage against their giant northern neighbour. And rightly or wrongly the Latins felt that, within the OAS, the United States was too often the tail that wagged the dog. In CEPAL, in contrast, they felt this situation might perhaps be reversed and that that organization could provide a caucusing forum wherein Latins could apply countervailing pressures *vis-à-vis* the United States for economic ends. It must also be remembered that the early 1950s marked the emergence of the “Cold War” syndrome, with its very powerful emotional connotations: connotations that led many United States policy-makers to view with concern those individuals or organizations not clearly aligned with them in the East-West conflict. CEPAL, which con-

centrated solely on economic development, did not align or otherwise associate itself one way or another on global military nor security issues. Thus, for the two reasons just mentioned — its lack of Cold War political involvement on the one hand, and its perceived role as a caucusing forum for applying economic countervailing pressures *vis-à-vis* the United States on the other — CEPAL aroused many apprehensions within the latter country.⁸

Important as were the political issues however, those involving economic ideology were to prove even more important. Indeed, it is no exaggeration to say that, in ideological terms alone, the CEPAL Doctrine acted like a virtual bombshell when it was first promulgated. As was inevitable in the atmosphere then existing, some United States spokesmen sought to defuse the bomb. For that reason, as stated earlier, the United States was to view CEPAL in conflictive terms throughout the organization's first decade.

The attacks on CEPAL's writings came quickly and from many important segments of the United States community: academic, governmental and business alike. Academic economists of that country, for instance, were not slow in firing off a series of counter-volleys aimed at theoretical chinks in the CEPAL armour. Their volleys were directed at many elements of the CEPAL Doctrine, but the critical attention of most United States' academicians seemed to be concentrated on a relatively few of these, namely the division of the world into a central-peripheral dichotomy based essentially on the commodity composition of interna-

tional trade flows; the structuralist-monetarist approaches to inflationary causes and cures; import-substitution-industrialization as a priority avenue for alleviating the external (balance of payments) constraint and for absorbing under- and unemployed labour, and the inadequacy of classical trade theory based on comparative advantage as the theoretical linchpin for a new international division of labour.

Important as these points were considered to be, however, undoubtedly the prime target of all was Prebisch's explanation of the factors tending to induce a secular deterioration in the terms of trade of countries that exported primary products in exchange for imports of manufactured goods. In retrospect it is interesting to note three things in this regard. One is that, although many academic criticisms were focussed heavily upon the terms-of-trade argument during the 1950s, nonetheless the latter was not unequivocally disproved, and although United States academics helped to keep it from being enthroned, they never quite banished it from the kingdom. The second is that the list of such academics who published critiques of the original CEPAL Doctrine represented a significant group in terms of numbers.⁹

⁹Including *inter alia* Professors Jacob Viner, Gottfried Van Haberler, Benjamin Rogge, P.T. Ellsworth, G.M. Meier, Theodore Morgan, C.M. Wright, V. Salera and Francis H. Schott. Professors Viner and Haberler were perhaps the most influential early critics. They, like several others during this period, criticised CEPAL for placing an undue emphasis upon industrialization at the expense of agriculture, often for reasons of "national prestige". In fact, however, the early CEPAL writings consistently urged that industry and agriculture expand hand-in-hand. CEPAL's principal reasoning in this context was that, as productivity rose in agriculture, surplus manpower would be released in the process. Hence industrial employment was essential to absorb the workers leaving the farms. See for instance Jacob Viner,

⁸In parentheses, it may be noted that almost exactly the same scenario was to recur, on a world-wide scale, approximately a decade later. Thus, by the mid-1960s UNCTAD's work programme (which in certain ways can be viewed as a global amplification of the original CEPAL Doctrine) was to arouse the same negative reactions from the developed world.

Thirdly, as time has passed a reverse trend has occurred, insofar as United States' academics appear to have become increasingly receptive to the ideas underlying the original CEPAL Doctrine. But more of this later.

As with the academic community, so too representatives of the United States business community reacted rapidly and negatively to CEPAL's publications during its first decade of existence. Unlike the academicians, however, they were blunter and less concerned with theoretical subtleties. In the main their ire was aroused by CEPAL's undisguised espousal of dirigiste policies; that is to say, by its explicit belief that the spontaneous play of market forces must be tempered by judicious but deliberate State intermediation, in order to move faster and more directly towards certain predefined goals of international co-operation for development. In particular, many United States businessmen considered that one of those goals—that of accelerated internal industrialization—was likely to jeopardize their exports of manufactures to the Latin American area as a result of import substitution.

This distrust of the CEPAL Doctrine by the United States business community was not surprising when considered in historical context. Private firms with large direct investments in Latin America felt that their short-term interests were furthered by the absence of governmental intervention and the presence of monetary stability in the countries of the region. In contrast, CEPAL's stress on structural transformation through an expanded role of the State, and especially its recommendations for deep-seated fiscal and agrarian reforms with concomitant repercussions on income distribution, seemed far more

likely to trouble Latin America's political waters than to calm them. Furthermore, in the 1950s CEPAL's insistence on the need for planning struck many United States business leaders as too technically complex and too ideologically dangerous. Today this may seem surprising, but in the general mood of the 1950s, when the "Free Market" syndrome flourished so openly and powerfully in the United States, it was not surprising at all.

Thus, there was a close intellectual nexus between the academic and business centres. As already noted, most academic writings of that era were heavily wedded to neo-classical economic doctrines, so it was not difficult for businessmen to find theoretical support in learned journals for their own pragmatic commercial beliefs, thereby strengthening businessmen's innate distrust of CEPAL and its espousal of so many statist concepts. Furthermore, given the powerful "Cold War" syndrome of the 1950s, those who advocated planning were often considered to be proposing something antithetical to the "American way of life" and certainly to the United States business way.

Finally, it will be remembered that, in the 1950s, CEPAL was not only in favour of national development planning, at a time when any kind of governmental planning carried with it overtones of centrally-controlled economic systems, but was also recommending target inflows of public capital rather than reliance on spontaneous inflows of private capital. Furthermore, CEPAL was urging Latin American protection against foreign manufactured imports while simultaneously recommending preferences for Latin American manufactured exports, and new rules of the game for foreign direct investment in order deliberately to foster indigenous Latin American entrepreneurship. Little wonder, then, that the initial distrust on the part of businessmen quickly changed to

open hostility, since they felt that CEPAL's writings were obviously not likely to create the kind of "investment climate" for foreign investment that the United States business community desired at that postwar juncture.

In previous paragraphs, I noted the doubts expressed by the United States government prior to the creation of CEPAL in 1948. Those doubts were to be magnified in the next few years, coming to a particularly volatile head in 1954. The OAS had requested CEPAL to prepare a report on the theme of development financing for the Inter-American Meeting of Ministers of Finance and Economy scheduled for Quitandinha, Brazil, in November 1954.

The resulting document entitled *International Co-operation in a Latin American Development Policy*,¹⁰ turned out to be, from the United States Government's point of view, perhaps the most controversial report CEPAL had produced since its creation. In essence, the Quitandinha report suggested that six goals must underlie any new and truly effective policy of international co-operation for Latin American development, namely, national development planning, accelerated internal industrialization, fiscal and agrarian reform, technical co-operation, international trade, and new approaches to international investment flows. The latter point was to prove especially unpalatable to the United States delegation at Quitandinha since it was based on the following line of thought. In the light of probable terms-of-trade and other external sector tendencies, the constraints imposed Latin American economic growth by balance-of-payments considerations could best be overcome by new United States policy initiatives *vis-à-vis* Latin America. One way of overcoming such constraints would be to significantly increase foreign

capital inflows. Although private investment would be welcomed, the emphasis should be on public capital since (i) the debt-servicing burden would be more predictable and less onerous than for private capital, (ii) public capital could be channelled directly towards certain vital end-uses, such as economic and social infrastructure projects that might not be attractive to private foreign investors, and most important of all (iii) since "certainty" is an essential element of any development plan, such certainty could best be ensured by setting public investment targets rather than by relying, as in the past, on unpredictable inflows of private capital. Consequently the CEPAL Quitandinha report postulated a target, after a three-year transitional period, of at least 1 billion dollars in foreign capital inflows per annum on average. Of this total, CEPAL suggested that private investment should provide one-third and international credit institutions the balance. To facilitate the latter, CEPAL recommended the creation of an Inter-American Development Fund (almost exactly the same in structure and goals as was to emerge five years later in the form of the present Inter-American Development Bank) as a new institution designed specifically for such ends. The United States delegation at Quitandinha was deeply disturbed by all this. For one thing, the 1 billion dollar financial target was double the average net United States investment in public and private funds for the three years preceding the Quitandinha meeting. More fundamentally, however, the CEPAL report was highly objectionable to Treasury Secretary George Humphrey on grounds of principle. It is well known that Secretary Humphrey wielded a tremendous influence within the Eisenhower Cabinet.¹¹ The

¹⁰ E/CN.12/359, September 1954, United Nations Publication, Sales No: 1954.II.G.2.

¹¹ "...even the most ardent admirers of President Eisenhower admit with readiness that the President to a large extent takes his cues on economic

significant point in this, for Latin America, was the fact that Mr. Humphrey

"...was morally convinced that private enterprise is a sacred thing, not only in the sense of being an essential foundation of a free and democratic society, but also in the sense that it is the only economic investment free people can rightly use to better their lives."¹²

Furthermore

"Secretary Humphrey believed the government was taking too active a role in the economic life of the nation; that taxes, especially in the upper corporate and individual income brackets, were so high as to stifle private incentive; that the government was spending too much; and that the public debt should be reduced. These positions led him to take a very cautious view of all government spending abroad, especially for foreign aid programmes. Many of the latter programmes, he felt, not only took the place of private capital abroad but also were a charge against the public debt, which the nation could ill afford."¹³

This conservative philosophy led Secretary Humphrey to strongly oppose the much more liberal policies contained in CEPAL's report to the Quitandinha meeting, where Mr. Humphrey headed the United States delegation. His views were shared by Assistant Secretary of State Henry Holland (deputy head of the delegation)

as well as by other observers from the IBRD and the United States Export-Import Bank. They felt that the report unduly played down the role of private direct investment, while insofar as public capital was concerned, they believed that the IBRD and Eximbank were fully adequate for the purpose, and since they were already in place no new inter-American lending machinery was necessary. Because of the strong United States opposition to the CEPAL report, nothing of consequence came of it at the Quitandinha meeting, but the Latin American governments unanimously rallied around that report as representing a reasoned and just expression of what they expected from the United States in the sense of a new approach to what the report called "international co-operation for Latin American development".

Thus, during the 1950s CEPAL's Quitandinha report, together with the earlier documents mentioned in paragraph 5, had come to epitomize a united Latin American economic policy position *vis-à-vis* the United States. Since the United States government viewed most of the policy implications of those documents as neither feasible nor desirable —as possessing dubious, radical, and even alien ideological underpinnings— this first decade of CEPAL's existence can at best be characterized as one in which the United States government viewed CEPAL *de jure* with caution and *de facto* with alarm. One scholar who analysed the United States government's attitude towards CEPAL during the 1950s sketched the general picture in the following way:

"Understandably, ECLA was an anathema to the Eisenhower Administration during its conservative years. The Commission stood for everything which the Administration did not support and it plagued the United States with logical economic arguments for changes in Latin American policy which the United States did not want to make.

policy from George Humphrey": *New York Times*, 15 January 1956, page 28.

¹² *New Republic*, 13 December 1954, page 13.

¹³ Yale H. Ferguson, ECLA, *Latin American Development and the United States: A Broad View*, Columbia University, International Organization, Autumn 1961, unpublished manuscript (underlining added).

But although there was considerable ill-will between the Commission and the Administration for many years, there was no open break between the two. ECLA's policies generally received kid-glove treatment and often even lip service from the United States. At the Commission sessions, United States economists and representatives were instructed to "try and keep the session in hand. By no means make any definite commitments. But act co-operative". Whenever the question of ECLA policies came up in the United Nations, the United States would merely applaud ECLA's hard work in the cause of Latin American development and say no more. All this was necessary because ECLA represented not only Latin America but also, in a sense, as a United Nations Commission, the rest of the underdeveloped world..."¹¹

II

1958-1963: *A Cordial Handshake if not an Abrazo*

During the first decade after World War II, the United States had made few if any economic concessions to Latin America of the type which CEPAL had been recommending and which Latin American governments had increasingly begun to regard as representing their joint position *vis-à-vis* the United States. In the main those CEPAL recommendations had emphasized larger financial flows, especially in the form of "targeted" public loan capital; the need for more international commodity agreements covering primary products of particular export interest to Latin America; the importance of "implicit reciprocity" for trade in manufactured goods (i.e., some protection being permitted for Latin America on infant-in-

dustry grounds without a corresponding contraction of United States market access);¹⁵ direct support for new regional and subregional integration schemes; the fundamental need to prepare national development plans, plus the establishment of new consultative groups to help prepare those plans; and the creation of a new financing agency, the Inter-American Development Bank. As already pointed out, those requests had clearly been in contradiction to the philosophy of the Eisenhower Administration. Little wonder, therefore, that United States relations with Latin America, let alone with CEPAL, became progressively strained during the 1950s. A turning point came in the latter part of that decade, evidenced most dramatically and personally during Vice-President Nixon's visit to Latin America in 1958. The animosities epitomized by the stoning of a United States Vice-President came as a profound shock to the United States people and government alike. Indeed, in some ways this incident symbolized a political watershed in the postwar era, since it forced the United States to rethink its earlier approach to Latin American economic development. Clearly something had to be done by the United States, and quickly. President Kubitschek's recommendations for an Operation Pan-America, the second report by the United States President's brother Milton Eisenhower,¹⁶ the arrival of Mr. Douglas Dillon, a new Secretary of the Treasury who had a significantly dif-

¹⁵The rationale here was that lower United States tariffs would encourage larger Latin American exports to the United States, the proceeds of which would be spent on larger Latin American imports from that country. Latin American protection, on the other hand, would only change the composition but not the level of its imports from the United States.

¹⁶Subsequently published under the title *The Wine is Bitter: The United States and Latin America*, New York, Doubleday, 1963.

¹¹Yale H. Ferguson, *op. cit.*, page 48.

ferent attitude to development from that of his immediate predecessors George Humphrey and Robert Anderson, and—perhaps most important of all in a political sense—the descent of Fidel Castro from the Sierra Maestra, all combined to initiate a fundamental reappraisal of United States economic policies towards Latin America. This was institutionalized by three important events: creation of the Inter-American Development Bank in 1959, the economic development programme adopted at the Bogotá Conference in 1960, and finally the emergence of the Alliance for Progress in 1961.

Almost immediately after his election in 1960; President Kennedy began to focus the attention of his Administration on Latin America. As early as the spring of 1961, in a formal White House address, he proposed that the United States should join forces with the Latin American republics in an "Alianza para el Progreso". To this end President Kennedy sought the views of experts from all parts of the hemisphere in order to draw up a long-term programme, for which he pledged substantial United States financial and technical assistance. Two elements in this new and bold initiative were of particular interest. One was the very goal itself: that of helping, through a hemispheric policy of development co-operation, to bring Latin America to the point of self-sustaining economic growth within a decade. The other was the idea of enlisting the aid of the inter-American system to such ends. CEPAL was to become directly involved in this process: indeed, a very interesting aspect of the Alianza was its endorsement of many ideas which CEPAL had been continuously advocating since 1948. As Professor Arthur Schlesinger, Jr., an architect of the Alianza, has stated "...in its ideas, the Alliance for Progress was essentially a Latin American product, drawing from

Raúl Prebisch of Argentina and the United Nations ECLA..."¹⁷ This was particularly so as regards the theoretical underpinnings of national development planning, targeted financial inflows, accelerated internal industrialization, international commodity agreements, and the strong emphasis on social reforms. These mirrored almost exactly the recommendations contained in CEPAL's 1954 Quitandinha Report: recommendations which, as noted earlier, has been conspicuous by their absence in prior United States policy on Latin America. Now, for the first time, the United States and CEPAL marched side by side in their pursuit of the common goal of furthering Latin American development. For the first time since its creation, CEPAL was being mentioned by name in favourable terms by the President of the United States and other senior United States government officials.¹⁸ The heads of the CEPAL,

¹⁷See "The Alliance for Progress: A Retrospective" by Arthur Schlesinger, Jr. in *Latin America: The Search for a New International Role*, edited by R. Hellman and H.J. Rosenbaum, Halstead Press, 1974, page 163. In an article entitled "Experience in International Co-operation and Development" published in *Growth and Change*, University of Kentucky, April 1970, Professor L.A. Rodriguez also supports the thesis that the Charter of Punta del Este was predicated upon the same basic policy recommendations that had been previously put forth in CEPAL's 1954 Quitandinha Report. A similar thesis is presented by Jerome Levinson and Juan de Onis in *The Alliance that Lost its Way*, Twentieth Century Fund, 1970, where (in referring to the Task Force on Planning and Development set up to help prepare the Charter of Punta del Este) they state that this group "...basically followed the line laid down by ECLA at Quitandinha seven years earlier..." (page 63).

¹⁸In his 1961 address formally inaugurating the Alliance, President Kennedy requested that "...a greatly strengthened IA-ECOSOC, working with the United Nations ECLA and the Inter-American Development Bank, should assemble leading experts of the hemisphere to help each

IDB and OAS secretariats formed themselves into an *Ad Hoc* Committee on Cooperation (commonly referred to as the "Tripartite Committee") and began to work in Washington on a joint "Economic Survey of Latin America", on new initiatives for regional integration, on common approaches to fiscal and agrarian reforms, and on new attempts to secure increased technical assistance. It was a heady moment in United States-Latin American relations, and above all in United States-CEPAL relations. After rebutting and rebuffing virtually all of CEPAL's policy recommendations since 1948, the United States government had now changed its tack by almost 180 degrees. With its tremendous material resources, it was now deliberately involving itself in a collaborative programme of hemispheric development that seemed to be taken *holus bolus* out of the pages of CEPAL's earlier writings. The paradox in all this was summarized by one perceptive scholar in the United States who noted that

"...those who drafted the Alliance commitments drew extensively on scholarly critiques of United States policy in framing their approach, and relied particularly on what prominent Latin American economists had been suggesting. ECLA doctrines, dismissed by official Washington for years, suddenly appeared to be accepted, as the United States government embraced such concepts as economic planning, regional trade agreements, and international commodity arrangements".¹⁹

country develop its own development plans and provide a continuing review of economic progress in the hemisphere".

¹⁹"Liberal, Radical and Bureaucratic Perspectives on United States-Latin American Policy: The Alliance for Progress in Retrospect", by Abraham F. Lowenthal in *Latin America and the*

However, although the United States government offered CEPAL a cordial handshake if not an abrazo during half a decade or so beginning in the late 1950s, this should not be interpreted as meaning that the earlier criticisms of CEPAL by United States academicians and businessmen had also undergone an equivalent *volte-face* during the same period. As regards the former, critical academic attention continued to be devoted to various aspects of the CEPAL Doctrine, including in particular its terms-of-trade presentation. Nevertheless, the rather tart tone that had characterized many such exchanges during the early 1950s, including those in learned journals, seemed now to be subsiding into a more conventional intellectual give-and-take that concentrated increasingly on statistical and analytical rigour rather than on ideology.²⁰ But if United States academicians seemed generally to be rethinking their earlier interpretations of the CEPAL Doctrine, this was not the case with the business community. On the contrary, their criticisms —of CEPAL in

United States: The Changing Political Realities, edited by Julio Cotler and Richard R. Fagen, Stanford, Stanford University Press, 1974, page 213.

²⁰This period was marked by the beginning of a series of learned articles much more favourable to the CEPAL Thesis. Some examples are "The Economics of Prebisch and ECLA" by Werner Baer in *Economic Development and Cultural Change*, January 1962; "The Prebisch Thesis: A Theory of Industrialism for Latin America" by Charles A. Frankenhoff in *Journal of Inter-American Studies*, April 1962, and especially the articles by Albert Hirschman, Joseph Grunwald and David Felix in *Latin American Issues, Essays and Comments*, edited by Albert O. Hirschman, New York, The Twentieth Century Fund, 1961. Professor Hirschman's paper entitled "Ideologies of Economic Development in Latin America" (and especially the chapter entitled "The Present Scene and the Commanding Position of ECLA") is particularly noteworthy in this context.

general and of Prebisch in particular—seemed if anything to have become increasingly bitter. As previously mentioned, during virtually the entire preceding decade the views of the United States business community had been at one with those of both the United States government and many academic economists. Now a quantum change seemed to have occurred, since the substance of the Punta del Este Charter contained so much of the original CEPAL Doctrine. The displeasure of businessmen over this changing state of affairs was clearly expressed by many spokesmen, perhaps most clearly of all in a lengthy article and related editorial that appeared in the February 1962 issue of *Fortune Magazine*, just a year after the Alianza had begun. According to that issue:

“The main burden (of the ECLA doctrine) is that Latin America is unfairly handicapped in its economic relations with the rest of the world. To achieve self-sustaining growth quickly it cannot rely on the free play of market forces but must resort to government-administered industrialization... The chief author (of the ECLA Doctrine) is ECLA’s Executive Secretary Raúl Prebisch, one of those politically-minded economists who tailor their economics to fit their objectives... Most of the rest of the ECLA Doctrine is, to say the least, debatable... (this Doctrine) implies heavy intervention by Latin American governments in economic programming. It puts little emphasis on exports, or on sound money, or on the role of private foreign investment... Suspicion of industrialized nations and especially of the United States, contempt for free markets, an emphasis on bureaucracy: none of these are ECLA inventions but ECLA has given all of them a more or less coherent rationale.”

And there were many others as well. Thus *Business Week* (11 November 1961), referring to the Punta del Este Conference, stated that:

“... at that Conference, Raúl Prebisch attempted to have himself established at the head of a committee that would oversee the Alliance economic planning. But Prebisch failed because... many North Americans are skeptical of the ideas held by Prebisch on economic planning and development, which place heavy reliance on government action.”

In the same vein the *Wall Street Journal* (6 June 1963) felt that:

“Mr. Prebisch’s ideas might not be especially noteworthy except that they also form the basic doctrine of President Kennedy’s much heralded Alliance for Progress. In fact, Mr. Prebisch is the Alliance’s intellectual godfather. But the methods Mr. Prebisch proposed strike many economists as poor alternatives... Some experts in fact believe the Alliance won’t get off the ground as long as it retains its fetish for government planning and United States aid... The evident lack of support from the wealthy few with ready investment resources is perhaps one of the greatest drawbacks in Mr. Prebisch’s economic programme.”

A few months later, the *Wall Street Journal* (16 October 1963) carried its criticisms to a more global and geo-political level by editorializing that:

“... another aspect of this reformist confusion is the insistence that Latin American nations draw up grand economic plans... as though our own affluence were the result of state planning. Naturally this encourages the socialist tendencies which are already abundant in the (Latin American) area”.

In a nutshell, then, whereas the first decade of CEPAL's existence had been one of strong opposition by the United States government, United States academics, and United States business sectors, the next half decade represented a complete turn-around by the government, and a quieter, more measured response by academics, although the antipathy of the business community remained largely unchanged. But even the partial honeymoon with the United States government during this period was to be short-lived. And soon none of it was to matter very much, one way or another. For within a few years after the Alianza was initiated, still another stage of United States-CEPAL relations had begun. In this fourth phase, lasting roughly another full decade, the United States neither opposed nor supported CEPAL but rather ignored it. An era of benign neglect had begun.

III

1963-1973: *A Decade of Benign Neglect*

Doubts at CEPAL's birth, strong opposition from 1948 through 1958, a reversal of this attitude until 1963, and then a decade of virtual indifference. What explains this fourth major epoch in the official United States attitude towards CEPAL? There are probably four main reasons. One relates to the fact that the Alianza itself soon began to "lose its way". Why this occurred when it did, for such a broadly and positively structured hemispheric initiative, is a complex story that has been widely analysed by many Latin American and United States specialists and need not be repeated here. By most accounts, however, the attainments of the Alianza quite soon began to fall short of the goals that had been originally set for it.²¹

²¹Two comprehensive accounts, from April United States and Latin American vantage points

As this began to take place, the links — both institutional and intellectual — that had just started to emerge between the United States government and CEPAL, began to unravel and finally parted completely. The second reason is quite a different one: namely, that CEPAL's earlier development ideology, which had so permeated the substance of the Punta del Este Charter, was not subjected to a continuous process of dynamic renovation within CEPAL itself. On the contrary, after so many years of acting as a crusading challenger *vis-à-vis* the United States, the very fact of being "accepted" by that country seemed to result in CEPAL becoming inward-looking and engrossed essentially in short-term day-to-day matters, to such a point, in fact, that its longer-term "think-tank" functions, which earlier had given it such strong ideological underpinnings, were now being given less attention. As an analogy, it might be said that before the Alianza, CEPAL had been engaged in a continuous process of building up a new stock of intellectual capital, whereas afterwards it was involved more in drawing from rather than in renovating that past accumulation. A third reason involved the growing role of other institutional elements of the inter-American system: for example, the rapid growth in size and influence of the IDB, the momentum given to the OAS by its new CIAP* country-review activities, the newly-emerging independent secretariats of the Central American and LAFTA integration movements, and even the creation of the Latin American for Economic and Social Planning Institute (ILPES) within the CEPAL structure itself.

respectively, are Levinson's and Onis' book *The Alliance that Lost its Way* (previously cited), and for article by the then President of Chile, Eduardo Frei Montalva, also entitled "The Alliance that Lost its Way", published in *Foreign Affairs* of April 1967.

*CIAP is the Spanish acronym — also generally used in English — for the Inter-American Committee of the Alliance for Progress.

The United States had become increasingly anxious to ensure rapid operational results in Latin America in order to make the Alianza a "success story". Hence it increasingly favoured those organizations such as the IDB and OAS which, with large staffs and budgets, seemed likely to provide pragmatic operational results in the short term. CEPAL, whose comparative advantage was still largely in the realm of generating ideas, was thus pushed further and further out of the limelight of the inter-American system. Fourthly, two incidents of much personal significance took place within a few months of each other during 1963: the tragic assassination of President Kennedy on the one hand, and Dr. Prebisch's departure from CEPAL to become the first Secretary-General of UNCTAD on the other. The disappearance of a United States President who had been such a personal supporter of the Alianza, and the concurrent creation of UNCTAD as a forum for the emerging "Third World" force, added new dimensions to an already complicated series of United States relationships within the hemisphere and especially with CEPAL.

As all these powerful forces interacted and spread, the United States development spotlight shifted inevitably from CEPAL to UNCTAD. To put this in a different way, CEPAL's dynamic impulses of the 1950s had begun to change in form and structure during the 1960s: partly due to the disintegration of the Alianza, partly because Vietnam diverted great-power priorities and resources away from issues of global development towards those of global security, and partly because of UNCTAD's very creation. It was a double paradox. On the one hand the emergence of UNCTAD had helped to transform the original CEPAL Doctrine from a regional to a global schema, but in so doing CEPAL's own institutional role diminished.²² From the view-point of

the United States—which is the theme of this paper—neither CEPAL nor UNCTAD ranked high in global priorities, since there was still no organic United States approach to international co-operation for development. Security considerations were obviously paramount in the wake of Vietnam, while between CEPAL and UNCTAD, CEPAL was definitely secondary. Equally paradoxically, Prebisch's very achievement in putting a Latin American imprint upon the new UNCTAD machinery added further to CEPAL's problem of maintaining, let alone enhancing, its own institutional dynamism. The global stage was changing constantly, as were the actors on it. But within this scenario of constant change and flux, CEPAL as an institutional entity gave a definite impression of moving from centre-stage into the wings. It continued with its regular work programmes, but while these were fully satisfactory for day-to-day purposes, this led some Latin American member governments to begin looking further afield towards new global policies, new global institutions, and perhaps most significant of all in the longer run, towards new private commercial and financial systems. The region was in the throes of some very fundamental economic transformations, not the least being a reorientation of the earlier import-substitution-industrialization thrust towards a steadily greater degree of openness to the world's major trade and financial markets. In these ever-changing circumstances, CEPAL gave the appearance of lagging behind, at least in comparison with earlier years.²³ This per-

see "Pearson and UNCTAD: A Comparison" by David H. Pollock, *International Development Review*, Society for International Development, Washington, D.C., Volume XII, No. 4, 1970, pp. 14-21.

²² For a more detailed examination of this point,

²³ Another factor at play during this period—of particular relevance to United States academic perceptions of CEPAL—was the emergence of

ception of reduced relevancy was not lost on the United States government. It no longer scorned, feared or distrusted CEPAL, and neither did it look to CEPAL for new ideas: it simply regarded it as an institutional entity of low priority in the emerging global scheme of things.

IV

1973-1978: A Cautious Reappraisal

This half decade marks the fifth in a series of "new looks" that the United States government has taken at CEPAL since the end of World War II. Although it is still too early to form a clear judgement about this particular era, which has in any case not yet fully run its course, a number of recent events — some symbolic and some substantive — suggest a cautious reawakening of interest by the United States Administration in what it perceives as a "new CEPAL".

If I am correct in this latter hypothesis, it is a relatively recent phenomenon, for during the major part of the Nixon/Ford Administrations the United States delegations to the various CEPAL ministerial sessions gave the impression of being somewhat defensive in their relations with both the Latin American member governments and with the CEPAL secretariat. Basically this was a carry-over from the broader hemispheric situation that had existed after the Alliance for Progress finally lost its way. Governments, like nature, abhor a vacuum. Hence, when the Alianza and its concomitant "special relationship" began to

weaken, and nothing new and substantive emerged to take its place, the ensuing policy vacuum was automatically filled by slogans (the "Low Profile", the "Mature Partnership", the "New Dialogue", the "New Community", the "Spirit of Tlatelolco", and others), by the creation of new committees, and by the convening of numerous meetings and conferences bilaterally or under the inter-American aegis.

But all this could not disguise the fact that, from the mid-1960s through the early 1970s, theory, policy and institutional machinery were no longer converging around the goal of United States-Latin American co-operation for development. Hence the defensiveness mentioned above largely originated from the question of whether the "Low Profile" policy was not in fact a "No Profile" policy. All this is highly subjective, of course, but my recollection is that a noticeable air of testiness permeated most United States-Latin American meetings on development policy after the demise of the Alianza. The CEPAL sessions were no exceptions to this general mood: indeed, an additional complication emerged there as a result of the 1971 session in Santiago when the Latin American members of the Commission created a new CEPAL subsidiary body called the "Committee of High-Level Government Experts" (CEGAN), with membership limited to representatives from the developing (i.e., Latin American) member countries only. According to the sponsoring governments, the reason for wishing to exclude the developed member countries was innate in CEGAN's very *raison d'être*: namely, that it was created solely to enable the Latin American countries to come together and evolve a common *regional* position within the *global* evaluation exercise underlying the United Nations Strategy for the Second Development Decade. However, although the Latin Americans felt they should be entitled to utilize CEPAL for such an exercise, the United

the new "dependency" school of development literature in Latin America. Although several CEPAL staff members figured prominently in this school, its membership was widely diversified throughout the region. In any case the writings emanating from the dependency school quickly began to generate a web of intellectual links with the United States academic community. This in turn was at least partly responsible for some deflection of attention away from CEPAL's earlier writings.

States resented, on both juridical and substantive grounds, being excluded from any subsidiary body of the CEPAL "club" of which they—together with the United Kingdom, Netherlands, France and Canada—had been full-fledged members ever since its creation. Thus, to the broader post-Alianza problem of "globalism" was added the narrower problem of "exclusivity", with the result that, once more, United States-CEPAL relations were not very convivial.

Yet despite this general atmosphere, which continued into the early 1970s, a change seems to have begun to take place recently and the United States appears to be looking afresh at its relations with CEPAL. One reason for this, surprisingly enough, may have resulted from the very issue of exclusivity itself. It could hardly escape the notice of the United States that CEPAL was the only organization in the inter-American system whose membership encompassed all the Latin American and Caribbean states (including Cuba) on the one hand, and that such diverse countries wished to use CEPAL as a forum to evolve a common regional position *vis-à-vis* the developed world as a whole and not merely the United States alone, on the other. All the Latin American member States of CEPAL—despite the wide variety of their respective economic and social systems—supported, through CEGAN, the new secretariat approaches to "integral development". This very fact could not help but attract the attention of those United States officials who were engaged in rethinking the entire matter of North-South relations.

One quite striking illustration of this was the first visit ever to be made by a United States Secretary of State to CEPAL headquarters in Santiago. The fact that this particular official was Secretary Henry Kissinger, that the visit took place at the peak of his power and influence (June 1976), and that Secretary Kissinger took

advantage of his visit both to make a formal address and then have an informal working lunch inside CEPAL headquarters with the Executive Secretary, Mr. Enrique Iglesias, and his senior staff, all combined to give that visit a great deal of public visibility. Additionally Dr. Kissinger's prepared text on that occasion:

"My colleagues and I have great respect for the work you have done and for the tremendous accomplishments of the Economic Commission for Latin America. This center of study and action has done much to ignite the consciences of men everywhere to take on the challenges of economic development. Your approach is progressive and, especially because it is non-political, it is effective"

drew attention to the fact that the United States Administration was both aware of, and apparently now once again receptive to, CEPAL's reputation in the realm of international development. The subsequent visit to Mr. Iglesias by Ambassador Terence Todman in 1977—another first, in the sense that no Assistant Secretary of State for Inter-American Affairs had ever before paid a formal call on the CEPAL Executive Secretary and his staff at their Santiago headquarters—provided a second illustration of the apparent new line of the Carter Administration. A third example involved President Jimmy Carter himself when he referred shortly after his inauguration (on the occasion of his first Pan-American Day Address in April 1976) to the fact that "The United Nations Economic Commission for Latin America is the source of many creative ideas on development throughout the world". Fourthly, an especially warm series of references to CEPAL was made during the 1977 seventeenth session of the Commission in Guatemala City. There, Mr. Andrew Young, United States Ambassador to the United Nations and Head of the

United States delegation to that session, said:

"The Economic Commission for Latin America has achieved a very special stature in the modern world. ECLA... has acted as a trail-blazer for the others... It has long been recognized as pace-setter in the still emerging vision of what a new international economic order would look like... ECLA has been particularly important for its fearlessness... It has done pioneering work on the inequalities of the world ... ECLA is a symbol of our need for... institutions that seek to integrate our separate visions... ECLA represents that thin but brave line of dedicated persons who represent the bridge from the contemporary world to the hoped-for world community... We need more ideas, more initiatives and more courage... And for one of the leading roles in this effort to develop new ideas and programmes, to lead the hemisphere in this effort, I propose ECLA... More initiatives should come from such groups as ECLA... ECLA is a community that can and in my opinion should take the lead in the melding of the concepts of social justice and economic development... To find the answers that we all need, we will have to broaden the dialogue—a dialogue that ECLA has been involved in now for many years... This process of setting priorities is an on-going one, and one in which ECLA has an important role. For ECLA is one of our principal "think-tanks", and as such should be protected and encouraged..."

And finally, during the recent (June 1978) celebration of CEPAL's thirtieth anniversary, Secretary of State Cyrus Vance, in the name of President Carter, congratulated the Executive Secretary and the entire organization on having been "...a significant contributor to the still evolving

vision of a new international economic order (and) development with equity and justice..." adding that "We in the United States government wish to support and co-operate closely with your efforts..." On that same occasion Ambassador Andrew Young sent a simultaneous message saying "I want you to know... that I will spare no effort to co-operate with you and the ECLA community in the furtherance of its goals, because I know you are committed to the spread of freedom and rule by law, to more social justice and economic development..."

After a decade or more of relative lack of interest, what is the reason for this recent apparent rekindling of interest in CEPAL by the United States Government? A partial answer might be gleaned from an 11 May 1977 article in *The Financial Times* of London entitled "ECLA: A Think-Tank for Latin America". After referring to the attainments of CEPAL's 1977 session in Guatemala City, the article concluded that the letter had been

"...one of the more memorable international gatherings held in Latin America for several years. The Guatemala meeting saw the reemergence of ECLA as the region's most influential policy-making forum... The importance of ECLA was pointed up by Ambassador Andrew Young (who) threw Washington's weight behind ECLA as an intellectually impeccable body given to creative thinking about the future".

A variety of interwoven factors appear to be involved here including, presumably, a desire by the new United States Administration to seek new approaches to Latin America, provided they are consonant with the United States' global economic development policies. There is no doubt that Latin America has changed enormously, within an equally-changing world economic scenario. In this hemisphere, President Carter seems to have put aside the earlier

Alianza idea of a "special relationship" and instead appears to be evolving a new approach that seeks to incorporate regionalism into an overarching global developmental framework. If this is so, then a reawakening of United States interest in CEPAL could be explained on several grounds. First, CEPAL's traditional role of generating new ideas on international development, but with a distinctively indigenous Latin American flavour —its traditional "think-tank" function— may now be what the United States Government is seeking for its own *long-term* goals. Second, CEPAL has recently been strengthening its work programme in the sphere of practical action, including applied research, technical advisory teams and other operational activities carried out at the direct request of Latin American governments. This stress on practicality mirrors a *short-term* desideratum of the Carter Administration. A third reason is the interest expressed by the Latin American governments during the seventeenth session in Guatemala in using CEPAL as a regional forum for certain North-South issues affecting the hemisphere.

As already noted, CEPAL's membership includes all the Latin American and Caribbean developing countries, plus several major developed countries with geographic interests in the area. Furthermore, since CEPAL is an integral component of the global United Nations system, observer status at its ministerial sessions is automatically available to any United Nations member country in West and East Europe, Africa or Asia. Thus CEPAL is unique in that it can combine regionalism and globalism on the one hand, and on the other it can function simultaneously as a long-term thinker, a short-term action entity, or as a potential forum for mini North-South discussions. These basic characteristics —which have emerged under the leadership of the current Executive Secre-

tary,²⁴— may well suggest that the "new CEPAL" is more interesting to the new United States Administration than the old CEPAL was to most of the previous ones.

To conclude this section, let me say a few words on the reactions of the United States business and academic communities to CEPAL during the recent past. As regards the first of these, some at least of the old animosities seem to have abated with the passing of time. In my view this is primarily because United States businessmen have slowly come to realize that the ideas underlying the original CEPAL Doctrine were never intended to be anti-free market or anti-free enterprise *per se*. Rather, the intention was to effect a harmonious merging of both the private and public sectors into overall national development planning, for reasons of mutual self-interest. I am not suggesting, of course, that the harsh feelings of the earlier postwar period have disappeared. By no means. Nor is this likely to occur in the near future. What I am suggesting, however, is that there is a perceived need today to cast more light and less heat upon what is still one of the most important and volatile issues in Latin America, namely the role of foreign private direct investment in the overall process of growth and development. In short, although the substance of earlier conflicts between United States corporate spokesmen and CEPAL has not noticeably changed, there has been a change in form: i.e., increased attention to specific cost/benefit analyses and negotiating techniques, and somewhat less of an emphasis on broad ideological contentions.

²⁴For a more comprehensive presentation of Mr. Iglesias' views on Latin American development and CEPAL's role therein, see (a) his article "Latin America: The New Regional and World Setting", in *Cuadernos de la CEPAL*, No 1, 1976, and (b) his address delivered at the seventeenth session of CEPAL entitled "The Great Tasks of Latin American Development" appearing in *CEPAL Review*, First Semester, 1977, pp. 246-279.

As regards the United States academic community, the wheel has turned almost full circle. In the early 1950s many United States professors felt that CEPAL's theoretical writings were not up to the professional standards of academic economists and fell more within the realm of radical polemics than of economic analysis properly. By the mid-1960s, however, academic critiques of CEPAL had, as previously noted, taken on a quieter and more measured tone, with the intellectual give-and-take in learned journals stressing statistical and analytical rigour rather than ideology or policy. Thus, by the late 1970s it appeared that the once-radical CEPAL Doctrine had now achieved quite widespread academic respectability in the United States. Of course criticisms continue,²⁵ but by and large the United States academics who refer to CEPAL now tend to do so largely in a favourable tone.²⁶

²⁵ Interestingly enough, such criticisms as are still heard mainly centre around CEPAL's earlier terms-of-trade presentation: see for example "The Strange Persistence of the Terms of Trade" by John P. Powelson in *Inter-American Economic Affairs*, Spring, 1977.

²⁶ See for instance the recent writings of Professor Albert Fishlow, a long-standing United States academic specialist in hemispheric development. In his latest paper, entitled *Debt, Growth and Hemispheric Relations: Latin American Prospects in the 1980s*, Berkeley, University of California, 1978, Professor Fishlow begins by noting how "...progressively in the postwar period an indigenous and more nationalistic development model had evolved... under the auspices of ECLA. These heterodox policies... (of ECLA)... had little affinity with the conventional trinity of private enterprise, free trade and stable prices that the United States advocated (but) ECLA had by far the strongest impact...". Professor Fishlow recommends a simultaneous expansion of Latin American import substitution on the one hand and greater access by the region to external commercial and financial markets on the other, if Latin America's domestic growth objectives are not to be frustrated by the external constraint. He warns of the difficulties inherent in pursuing these dif-

V

Conclusion: Some Personal Reflections

When the Director of CEPAL *Review* invited me to write a short paper for this commemorative issue on the theme of "Some changes in United States attitudes towards CEPAL over the past 30 years" I accepted immediately, in the hope that such a paper could be of interest to those students of hemispheric development wishing to look back on United States-Latin American events for historical reasons, as well as to others who believe an examination of the past could help to provide ideas for future United States-Latin American relations. Once having accepted this invitation, however, I found the task much more difficult than I had expected, mainly because I wanted to keep the article short and balanced, yet I was immediately faced with a number of dilemmas as to what to put in and what to leave out of the paper. For someone like myself, who has been with CEPAL for many years and in the Washington Office most of them, this winnowing process could not help but reflect many of my own personal ideas, no matter how hard I tried to trace United States attitudes towards CEPAL in a concise and balanced fashion. In brief, then, it must not be forgotten that this paper represents *my perceptions of United States perceptions of CEPAL*.

Leaving this caveat aside, however, what concluding thoughts might be drawn from the sequence of events traced in Sections I-V above? Two seem particularly relevant to me.

ferent objectives, including the problems of utilizing policy instruments that can facilitate import substitution industrialization without at the same time discouraging exports. As noted in Section II above, such conclusions and recommendations mirror the substance of CEPAL's writings published a quarter of a century earlier.

First of all, on analysing the changing patterns of United States attitudes towards CEPAL over the past 30 years I could not help being struck by their "stop-go" nature. There does not seem to have been any long-term continuity in the way the United States has responded to the substance of the so-called CEPAL Doctrine. On the contrary, its attitude in this regard has been highly erratic: wary and suspicious before the birth of CEPAL, markedly negative for the next decade, a sharp 180 degree turn-around for the ensuing half decade, an equally sharp cooling-off period for approximately the next decade, and an apparent warming-up more recently. Does it not seem surprising that so many in the United States should find the CEPAL Doctrine unsound economically and dangerous politically for a few years and then *mirabile dictu* in the next few years find it to be quite moderate and measured? More importantly, could it be that, whether by opposing CEPAL or by not taking it seriously, the United States was acting in a manner counterproductive to its own interests? Enlarging upon this latter point, I would go so far as to say, as a personal opinion, that the United States government could have found, and still could find, CEPAL useful to it from a purely self-interest point of view, for I feel that CEPAL's writings serve as an advance indicator — as a bellwether — of enlightened Latin American technical thinking on development. Therefore one conclusion I draw is that a serious study of CEPAL's writings — past, present and future — could be helpful to the United States government insofar as such a study could help define some currently important Latin American approaches to developmental thought and action, while it would also indicate if it was in the interest of the United States to support such approaches.

The United States and Latin America have long been circling each other warily, the United States looking at Latin America

essentially from a geo-political point of view and Latin America looking at the United States essentially from an economic angle. True, these different points of view did converge for a while during the Alianza, but all too briefly. Indeed, at the risk of oversimplification, it is my feeling that the fundamental reason underlying so many United States-Latin American difficulties over the past 30 years has been precisely the differences in perception underlining these security-versus-development priorities. If therefore I am correct about CEPAL's "bellwether" function, the utility of such a study would be self-evident.

Secondly, on reading the preceding paragraph together with Section V, I wonder if I would be justified in suggesting that, after 30 years of ever-changing and mainly negative United States attitudes towards CEPAL, a closer relationship might in fact already be emerging and might be a good thing? Perhaps, although this is by no means certain. The costs and benefits in this regard were well summarized in the May 1977 *Financial Times* when it said that:

"Washington's approval of ECLA, as Mr. Iglesias would be the first to realize, can mean the kiss of death to a body that seeks to represent Latin America. But this time Ambassador Young's support could also be a kiss of life, as he recognizes in ECLA an important forum for dialogue between the United States and Latin America".

The world is at an historic postwar juncture, moving slowly away from a quarter century of East-West security priorities towards a new quarter century of North-South development priorities. At least this is what I believe to be a tenable hypothesis. If it is correct, then clearly many new ideas, new initiatives, and new programmes will be needed. Not so long ago, during the time of the Alianza, CEPAL responded to an anal-

ogous challenge at the hemispheric level. Can it do so again, but this time from a more global viewpoint? If it does, will the United States be any more interested than before in CEPAL's evolving approaches regarding a new *international* economic order? And, of equal if not greater importance, in CEPAL's evolving views concerning a new *internal* economic order? This is the crux of my short paper: my strongly held personal belief that CEPAL can render service to *both* the United States and Latin America, as each region seeks new approaches: the former to long-overdue international reforms and the latter to equally long-overdue internal reforms. How fascinating it would be if the wheel could move full circle once more: if, as the 1980s begin, CEPAL could evolve new styles of development to influence internal economic thought and action as much as it did internationally at the beginning of the 1960s.

In reaching this conclusion about CEPAL's future potential I do not wish to gloss over certain realities, for in the final analysis four main elements have always conditioned the way the United States

views CEPAL: the global orientation of each United States government in power, the particular way each such United States government looks at Latin America, alternative institutional mechanisms available to handle United States-Latin American relations, and the relevancy of the CEPAL Executive Secretariat (itself a function of the ideological and operational thrust of the secretariat, plus the personality and capability of the Executive Secretary). In earlier years, the United States reacted to CEPAL largely with opposition or neglect on all four counts. More recently the reverse seems to be true. The challenge, then, is to ascertain (a) where there can be "common cause" between United States and Latin American development aspirations; (b) whether those areas of common interest could be globalized, and (c) how CEPAL could promote and give form to both processes. This, then, is the fundamental issue facing the United States and CEPAL as each —looking towards the 1980s and even beyond— seeks new approaches to the long-standing but still unresolved symbiosis between regionalism and globalism.