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10

The Global South Debt Revolution That Wasn't

UNCTAD from Technocratic Activism
to Technical Assistance

Quentin Deforge and Benjamin Lemoine

10.1 Introduction

“If we look at UNCTAD in the past, and what it was between 1964 and 1980, we are now reduced to a shadow of what we were [...] There is a very strong opposition to the idea that UNCTAD continues to work on systemic factors, from the United States in particular, but also from Group B (group of advanced) countries in general.

Researcher: What would they like you to do?

Whether we do technical cooperation, I always say: ‘count the peas somewhere’. This opposition will rather strengthen, and it does not make things any easier for us. Part of UNCTAD is the last bastion of non-neoliberal economic thinking. And that’s not tolerated today”.

Interviewee 1. Civil servant from the Debt and Development Finance Branch (of the Division on Globalization and Development Strategies, UNCTAD)

What has become of the cooperation of developing countries for a New International Economic Order, the ‘socialist globalisation’, as Johanna Bockman (2015) refers to it? To address this question, we focus on the way international crises and conflicts over sovereign debt have transformed the agenda and mandate of the United Nations Conference on Trade and Development (UNCTAD), the Geneva-based organization founded in 1964 and whose history is closely linked to

the G77 group of developing countries¹ (see Mallard in this volume). This chapter documents a historical shift in the way UNCTAD has constructed debt as a policy issue. Two ‘problematizations’² of debt are identified, each corresponding to a specific mode of addressing the debt problems affecting developing countries: i.e. establishing a diagnosis, a set of causal relationships and identifying the preferred modes of treatment and policy instruments. The first one is what we call the *entangled* problematization of debt. Here, local contexts of over-indebtedness are interpreted within the broader, structural context of international capital flows, asymmetric trade, and power relations between nations. The second one is the *disentangled* mode of problematization that emphasizes domestic factors to explain and blame over-borrowing, which is less about structural issues and more about reckless spending, data reporting problems, and misuses of funds, all of which would relate to poor decisions by state officials. Proponents of the former problematization typically blame the international economic and financial architecture as the main issue affecting over-indebtedness while proponents of the latter often view the nation state as the sole culprit and source of its misfortune. Remedies also vary depending on the mode of problematization: the former highlights the need for a systematic debt restructuring mechanism and the rebalancing of international power relations; the latter emphasizes dedicated public policies at a domestic level, with ad hoc and ‘case by case’ solutions, for instance the micro-management of public finances, the need for monetary and fiscal discipline, and the building of reliable and transparent data provided to official and private creditors. This shift toward the *insulation* of the debt problem, circumscribed to the domestic sphere, is not restricted to UNCTAD. It can also be found in IMF policies emphasizing domestic blames and remedies to sovereign debt crises in lieu of structural reforms of the international financial system.³

This chapter traces how these modes of problematizations of debt have been debated between UNCTAD, Bretton Woods Institutions and advanced countries,

¹ Initially a group of 77 members (most of them newly independent nations), the G77 has since expanded to 134 developing countries, making this group the largest at the United Nations. Brazil, India, and South Africa are members. China participates in the G77 but is not a member.

² Our use of the term ‘problematization’ originates in Foucault’s work on the History of Sexuality (Foucault, 1984). Such Foucauldian concept has made its way into more recent research in Political Science and Science and Technology Studies (STS). For instance, Brice Laurent (2017, p. 19) refers to problematization as the analysis of the ‘conditions of possibility of certain qualifications of questions, the way through which they can be transformed into problems for which solutions could be proposed. The whole process is a collective production; it constitutes “the specific work of thought” which cannot be separated from the practices and technologies through which it is enacted.’

³ As Sarah Babb puts it: ‘Rather than viewing external imbalances as an inherent side effect of economic globalisation, as Keynes had, the Fund placed the blame for balance-of-payments problems squarely on national governments.’ ‘The burden of balance-of-payments adjustment [is] placed [by IMF’s rules] on debtor nations and required that governments trim their budgets and bring down inflation as condition for balance-of-payments loans’ (Babb, 2003, pp. 12, 22).

and within UNCTAD since the 1960s, and most particularly within the UNCTAD's Debt and Development Finance Branch. This controversy was not simply an *intellectual* debate between rival economic doctrines but an eminently *practical* contest in which each problematization emerged incrementally and became legitimized and contested through shifting dynamics of power within and outside UNCTAD. Antagonistic debt problematizations were patterned after the rivalry between rich, western and developed nations—the so-called 'Group B' representing thirty-one members from the Western world at UNCTAD—and developing nations of the Global South (the Group of 77 [G77] at the UN).⁴

Our analysis draws on qualitative data: twenty semi-directive interviews⁵ and official and unofficial archival sources, such as diplomatic cables. With this eclectic material, our aim is to unpack conflictual processes which are not typically captured in official historiographies, in particular those written by the institutions, which often centre on consensual declarations made 'on the record' in official summits (UNCTAD, 2006; Toye, 2014b). Focusing on backstage processes and diplomatic battles behind the scene, we aim to move beyond the commonly held view that the historical achievements made by developing countries have owed much to the generous concessions granted to them by advanced countries (Olson, 2013). Diplomatic cables and 'off the record' documents suggest, on the contrary, that advanced countries, in particular the US, did not always have the upper hand in international negotiations over debt. Our data reveal both the fragility of American diplomacy during the 1970s negotiations over the new international economic order and the tactics deployed by US diplomats to weaken the negotiating position of developing countries and subvert UNCTAD's tentative to combat power asymmetries between rich and poor countries and build cooperation and solidarity among developing world.

Our empirical examination centres on several UNCTAD initiatives, from its creation in 1964 to the adoption of debt restructuring principles at the United Nations General Assembly in 2015 (UNGA, 2015). UNCTAD was founded in 1964 to foster equitable principles for the integration of developing countries in the world economy. Developing countries, among which recently decolonized nations, were asking for international economic rules that would make them able to produce and trade goods equally to developed countries. In its early days,

⁴ The opposition of the terms 'developed' (or 'advanced') and 'developing' countries is controversial since it reproduces, on the lexical ground, power and resources asymmetries between nations. It is also problematic since it reifies a linear and teleological reading of the economic history towards a one-path model of development (the convergence towards growth and financial capitalism). When it is possible, we prefer to use the term 'Global South' or the opposition between western, rich and creditor countries (Group B countries) versus poor, debtor and southern countries (the G77 countries). But, for practical reasons, and because actors themselves mobilize it, we also have recourse to this pair of terms in a reflexive way.

⁵ Interviewees who wished to remain anonymous are mentioned with a number.

UNCTAD was a bastion of critical thinking, promoting systemic remedies on a variety of policy issues involving monetary policy, tariffs, support to industrialization, etc. However, starting in the 1980s, advanced countries waged and won a political battle to marginalize systemic financial issues from UNCTAD's mandate. UNCTAD then gradually became a technical agency, focused primarily on providing technical assistance to developing countries. This historical tension regarding the definition of the organization agenda must be understood against the background of a new division of labour among international organizations (IOs), where Bretton Woods institutions (e.g. the World Bank, IMF, and OECD) work 'upstream', providing macroscopic expertise and political analysis on how to organize debt markets and maintain debt sustainability, while IOs such as UNCTAD work 'downstream' and are often limited to supplying technical assistance (considered as a 'Global public good') to help developing states improve their management of public debt offices and 'rationalize' their financial and budgetary practices.⁶ We will show that this division is a matter of controversy, both among IOs and within UNCTAD, between the Debt and Finance Development Branch and other sectors of UNCTAD.

In the next section (10.2), we show how UNCTAD's projects for structural reform of the international financial architecture, and underlying entangled problematization of debt, were contested and ultimately rejected in the 1970s. Such defeat was a blow to the transformative goals that UNCTAD had initially set to achieve. In the 1980s, UNCTAD gradually became a technical agency and its mandate was restricted to providing expert assistance and support to developing countries during their negotiations with the Paris Club. Meanwhile, the mandate to produce expertise at the macro-level was effectively transferred to the IMF and World Bank. In section 10.3, we focus on UNCTAD's technical activities and, in particular, the Debt Management Financial Analysis System (DMFAS). With DMFAS, UNCTAD went from promoting systemic change in international financial architecture to sponsoring the micro-management of domestic policies as a remedy to over indebtedness. But we also show that UNCTAD did not always restrict itself to doing 'downstream' work and technical assistance based on a country 'case by case' approach. While UNCTAD's recent project on fair principles of lending and borrowing principles conforms to the downstream work which is expected from UNCTAD, another project involving the creation of an international mechanism of sovereign debt restructuring functioned as a disturbance to this fragile upstream–downstream division of labour between IOs.

⁶ The boundary and delineation of mandates between downstream and upstream levels appears in the official publications of UNCTAD, the IMF, and the World Bank. See for instance the internal audit performed by the Office of Internal Oversight Services on UNCTAD activities (OIOS, 2012).

10.2 Negotiating Debt at UNCTAD in the 1970s: A Tale of Two Competing Narratives

From the Bandung conference in 1955 to the UN resolution for a New International Economic Order (NIEO) in 1974, the Third World historically emerged as a 'political project' (Mortimer, 1980; Prashad, 2008; Rist, 2014). Key to this project were alternative economic policies designed to better integrate developing countries into the global economy. An important step in this direction was the creation of UNCTAD in 1964, initially as a conference in which measures would be discussed to reduce the trade disequilibrium at a global level between developing and developed countries. As the main international economic space for North–South 'dialogue', UNCTAD quickly became a contested site where Group B and G77 countries quarrelled over a broad range of issues related to international trade and international finance.

The View From the Global South Countries: Institutional Remedies for Structural Debt Problems

A key protagonist in the early history of UNCTAD was its first Secretary General Raul Prebisch (1964–69), an Argentinean economist well known in academic and policy circles for his report *The Economic Development of Latin America and its Principal Problems* (1950). Prebisch was chiefly concerned with the effect of trade asymmetries on the economic development of the Third World. His main contribution (the 'Prebisch-Singer thesis') was to suggest that, over the long term, the price of primary goods decreases relative to the price of manufactured commodities, a decline causing the terms of trade of developing countries to deteriorate vis-à-vis developed nations. Key to his diagnostic was the observation that the 'benefits of technical progress had been distributed unequally between the center and the periphery' (Toye & Toye, 2004, p. 147). Prebisch's research gave scientific support to offset financial and trade asymmetries between nations. Combating such asymmetries and imbalances was at the heart of the battles of debt waged by some third-world economists and lawyers working within the so-called New International Economic Order (see also Dezalay, 1996).⁷ While Mohammed Bedjaoui, Algerian lawyer and foremost NIEO proponent, was involved in debt issues as a reconquest for national sovereignty (and the right to nationalize natural

⁷ This is reflected in this passage of the NIEO declaration requiring: 'just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy' (UN General Assembly, 1974).

resources of their territories industries) in postcolonial context,⁸ UNCTAD economists tried to construct coordinated alternatives in international trade and financial architecture. Building on Prebisch's structural approach, over-indebtedness, incapacities of countries to repay their debts, and financial vulnerability in general were considered as a consequence of—and that could not be insulated from—structural disequilibrium between North and South in international trade.⁹ Indeed, without international economic and financial regulation, developing countries were condemned to import mainly manufactured goods, and to export raw materials. Trade imbalances, monetary reserves, and developing countries states' budgets were considered as entangled in, and determined by these adverse international terms of trade, therefore making it necessary to construct South–South cooperative leverages. The Prebisch policy concepts, 'trade gap', 'saving gap', 'persistent external disequilibrium and vulnerability'¹⁰ were closely related: international trade, monetary policies, and international flows of capital were different pieces of the same 'organic policy framework' (Pollock, 1989, p. 26).¹¹

In 1964, in a confidential report to U Thant, General Secretary of the United Nations, on UNCTAD's first conference, Prebisch was 'optimistic about the prospects of the new organization', the greatest reason for optimism being the constitution of a new Third World force—the Group of 77: 'this political alliance could, he believed, exercise real pressure in pursuit of its members' interests in the years to come' (Pollock, Love & Kerner, 2006). The creation of UNCTAD raised 'a range of views within Washington's foreign-policy community' explains Edgar Dosman, Prebisch biographer:

if some US officials were consistently negative [...], maintaining that domestic policies in developing countries were the entire source of the problem, there were others [...] who agreed that the industrial countries could not 'immunize themselves against what is happening in developing countries' and that 'a protracted polarization between rich and poor was a long-term threat to global and US security. (Dosman, 2008, p. 396)

⁸ See Mallard and Waibel contributions to this volume.

⁹ This is reflected in the portion of the NIEO declaration requiring: 'just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy' (UN General Assembly, 1974).

¹⁰ The saving gap is the difference between mounting investment requirements and the domestic savings of the developing nations. External vulnerability refers to sudden changes in the centres' economic performance and signals, such as interest rates that can fragilize developing countries.

¹¹ The Prebisch Report had listed specific policies of international economic cooperation to close the trade gap: 'international commodity agreements, tariff preferences for Third World exports of manufactures, greater market access for primary products, expanded intra-Third World trade, new trade initiatives with Soviet Bloc countries, and new supplementary financing mechanisms to compensate for unexpected export shortfalls. All were too radical for Group B' (Dosman, 2008, p. 396).

In the late 1960s, UNCTAD launched a joint effort to measure the debt servicing issues facing developing countries and made recommendations regarding necessary changes with respect to the international financial architecture. During the preparation of the UNCTAD conference in Lima in 1971, proposals for a debt restructuring mechanism were discussed for the first time but were quickly rejected by developed countries represented in the Group B coalition (Rieffel, 2003, p. 137). Yet, the idea of a restructuring mechanism was not abandoned altogether. With the oil crisis of 1973, the debt position of developing countries further deteriorated and calls for international remedies to debt problems shortly returned to the table. This is evidenced in a UNCTAD report: 'It has been suggested that an examination of the characteristics of the various forms of capital flows available to developing countries would constitute a useful component of any examination of debt servicing countries.'¹² The view that debt problems were entangled with structural patterns of inequality between developed and developing countries was gaining momentum inside UNCTAD. Under a resolution adopted in 1973, UNCTAD formed a Group of experts on debt problems of developing countries. Two separate rounds of meetings took place in Geneva between May 1974 and March 1975 and between July 1977 and October 1978. A US delegate who attended the 1974–75 consultations reported to Washington that the delegates from developing countries voiced the 'proposition that there exists a general debt problem requiring international remedies', a proposition which the US delegate said produced only 'little dialogue' with developed countries.¹³ Developing countries were calling for 'guidelines for debt relief and a new institutional framework for monitoring such guidelines'¹⁴ and were adamant that, debt being a structural problem, institutional remedies were required as well as international forums to discuss the possibility of debt relief as a way to limit structural inequalities. Beyond the famous 'corridor joke' made by developed countries that understood UNCTAD to mean 'Under No Circumstances Take Any Decisions' or the rhetorical disregard of the US Assistant Secretary of State in the early years of UNCTAD—'who cares about UNCTAD? It doesn't matter in the slightest what is going on in the UN'¹⁵—we learn from the consultation of the diplomatic cables how developing countries' tactics of cooperation and attempts to unite, far from being neglected, were closely

¹² UNCTAD Archives, Trade and Development n°280-8, 'Ad hoc group of debt experts', 4-11-1974.

¹³ US diplomacy Database, *Wikileaks*. Cable sent from the US Delegation in Geneva to the US Secretary of State in Washington DC, 13-05-1974. All cables reported in this paper were drawn from the Wikileaks' Public Library of US Diplomacy (PlusD). <https://wikileaks.org/plusd/about/>.

¹⁴ US diplomacy Database, *Wikileaks*. Cable sent from the US Delegation in Geneva to the US Secretary of State in Washington DC, 13-05-1974.

¹⁵ Thomas Mann was answering that when he received a cable asking whether the US should support Prebisch as the new Secretary-General of UNCTAD. Interview of Sternfeld, Ray, US State Department, realized by Dosman (2008, p. 396).

monitored by the US administration¹⁶ and rich and western countries more generally.

The View From Western Countries: Technical Remedies for Domestic Debt Problems

The cables circulating between Washington DC, Geneva, and sometimes other Group B countries' capitals, show how this entangled problematization of debt was met with increasing hostile reactions from the US and Western countries between 1974 and 1978. During the negotiations, the cables—sometimes signed by Henry Kissinger himself—show a clear opposition to any mechanisms of debt restructuring. This is stated in a cable sent in 1975 by the State Department to the US Delegation in Geneva (USG): 'for the USG, debt relief is the least desirable of all approaches to the financing problem.'¹⁷ In another cable sent by Washington to delegates in Geneva, the US manifested its intention to oppose any debt relief motions put forward by the G77: 'We see no possibility that the US could participate in schemes for generalized rescheduling of Low and Developing Countries (LDC) debt. This includes funds to refinance commercial debt as well as moratorium type proposals.'¹⁸ This opposition extended to any initiative that could lay the foundation for any kind of framework for debt restructuring, such as an international conference on debt as asked in 1975 by G77 countries: 'The US does not support an international conference on debt. We fear that it would focus almost entirely on debt relief as a method of providing balance of payments support.'¹⁹ With this statement, the US intended to maintain debates about debt restructuring within creditors clubs, such as the Paris Club.

Instead, the US government promoted a case-by-case approach, in which each country would take responsibility for managing its balance of payment and negotiating debt relief with its creditors. This logic of individual responsibility was entirely congruent with a *disentangled* problematization, wherein debt problems are caused by domestic factors at the local level, disconnected from international trade and

¹⁶ For instance, Éric Helleiner (2014) explains that 'in the McCarthy years, ECLA (Economic Commission or Latin America, former organization led by Prebisch that served of template for designing UNCTAD) even fell under the scrutiny of the FBI and CIA, which considered the organization *subversive*'. It is important to remember that in 1949, US opposition scuttled Prebisch's appointment at the IMF because of political suspicions: 'while no one could possibly argue that Prebisch was pro-communist, he was a Latin American who used terms such as "core" and "periphery" and was therefore not automatically "safe"', explains Dosman (2008, p. 234).

¹⁷ US diplomacy Database, *Wikileaks*. Cable sent from the US Secretary of State in Washington DC to the US Mission at OECD in Paris, 10-15-1975.

¹⁸ US diplomacy Database, *Wikileaks*. Cable sent from the US Secretary of State in Washington DC to the US Delegation in Geneva, 10-31-1975.

¹⁹ US diplomacy Database, *Wikileaks*. Cable sent from the US Secretary of State in Washington DC to the US Mission at OECD in Paris, 10-15-1975.

financial system. This alternative mode of constructing debt problems transpires in a 1974 cable sent by the US delegate in Geneva: '—internal management key to avoiding debt problem.—project evaluation very important.—collection data on and surveillance private debt essential.'²⁰ By erasing the structural problems affecting developing countries, this disentangled approach also helped justify market solutions to debt problems in lieu of a mechanism of debt restructuring. This is reflected in another cable from 1975: 'In our view mechanisms to increase LDC access to private capital markets should be viewed as completely different issue than debt service problems.'²¹ It is in this precise context that the notion of 'creditworthiness' was first introduced in a 1975 cable in which US diplomats claimed that 'generalized debt relief could cause difficulties for those countries which currently have hopes of establishing creditworthiness adequate to borrow in the private capital markets.'²² It is impossible to miss that the creditworthiness, an economic concept referring to the likelihood that a country will default on its debt obligations, was also used rhetorically in this debate to weaken the cohesion of the G77 coalition and promote an atomized conception of debt restructuring and rescheduling.

Hence, the main request of developing countries—an international debt restructuring mechanism—was being vehemently contested by the coalition of creditor countries led by the US. The centre stage of this debate was UNCTAD. Developed countries invested considerable effort to avoid any new role of UNCTAD regarding debt restructuring. In 1978, the US delegate in Geneva was summoned by Washington to 'forestall attempts to expand UNCTAD's limited mandate in areas such as monetary affairs, debt, and official transfers. We believe primary responsibility for these latter issues should continue to be the world bank, the IMF, and their joint development committee.'²³ This cable represents quite well the US preoccupation to make the issue of debt the exclusive preserve of the IMF and World Bank, two institutions on which the US and European countries traditionally wield considerable influence. The propositions made to extend UNCTAD's mandate also placed the Paris Club and its hosting institution, the French Treasury, in a delicate position. As reported in an emergency cable entitled 'adieu Paris for Paris club?', the French feared that the demise of the Paris Club would cause them to lose diplomatic leverage in international financial affairs.²⁴

²⁰ US diplomacy Database, *Wikileaks*. Cable sent from the US Delegation in Geneva to the US Secretary of State in Washington DC, 13-05-1974.

²¹ US diplomacy Database, *Wikileaks*. Cable sent from the US Secretary of State in Washington DC to the US Delegation in Geneva, 10-31-1975.

²² US diplomacy Database, *Wikileaks*. Cable sent from the US Secretary of State in Washington DC to the US Missions in twenty-five countries, 02-28-1975.

²³ US diplomacy Database, *Wikileaks*. Cable sent from the US Embassy in Paris to the US Secretary of State in Washington DC and other US Missions abroad, 16-08-1977.

²⁴ US diplomacy Database, *Wikileaks*. Cable sent from the US Embassy in Paris to the US Secretary of State in Washington DC and other US Missions, 09-03-1976.

An interesting coalition of interests therefore emerges from examination of the diplomatic cables: the US diplomats, opposed to any new institutional arrangement on debt restructuring, teamed up with French civil servants who were concerned about the possible demise of the Paris Club in order to avoid any changes affecting UNCTAD's mandate. Mentioning the very good relations with the French Treasury officials, and impressed by the way the Paris Club worked, US diplomats agreed to strengthen the Paris Club as a method to keep UNCTAD at bay. In 1977, US officials reflected upon this Franco-American partnership in a cable portraying the French as:

clearly preferring the creditor club mechanism to [...] other formal international mechanisms as the locale for debt rescheduling. These same [French] officials seem very open to ideas for strengthening the creditor club mechanism. [...] Now is the time to work closely with the French towards this objective.

The cable ends with the recommendation that: 'we begin a thorough discussion with the French as to the possible ways of strengthening the creditor club mechanism in general and adding to its credibility among the LDC's.'²⁵ Precluding any possibility of meaningful institutional change, but in need of a solution to close the discussion and avoid any further discussion on debt, the only concession made to the G77 countries was to grant UNCTAD observer access to Paris Club negotiations. This was the main gesture of goodwill from the US and Western allies to counter UNCTAD's proposals for structural rules of debt restructuring. Resolution 165 S-IX agreed on March 1975 allowed the debtor country to request UNCTAD to attend Paris Club meetings as an observer and support when the state present its case to the creditors. Before the resolution, the IMF and World Bank had routine access to Paris Club meetings, but not UNCTAD (Cosio-Pascal, 2009, p. 266). The first country to make use of this resolution was Peru in November 1978. The purpose of this resolution was twofold. First, it allowed debtor countries to use UNCTAD expertise and resources in their interactions with creditors at the Paris Club. Second, the resolution bolstered the legitimacy of the Paris Club among G77 countries.

To summarize, UNCTAD emerged weakened from the debt battles waged during the 1970s between developed and developing countries. Its objective to promote a mechanism of debt restructuring was defeated. The entangled problematization of debt was also weakened by Group B countries favouring a disentangled perspective in which the predicament of debt referred primarily to domestic problems affecting the borrowing state. Towards the end of the 1970s, UNCTAD operated under growing external pressures to tone down its

²⁵ US diplomacy Database, *Wikileaks*. Cable sent from the US Embassy in Paris to the US Secretary of State in Washington DC, 23-12-1977.

macro-perspective on institutional reform and focus on developing a technical expertise to assist developing countries in their negotiations with creditors and in their own management of debt. Initially an outpost of transformative change, in the 1980s UNCTAD gradually became a technical agency. This shift in mandate is not unusual because the mandate of IOs is typically ambiguous (Best, 2012), making IOs prone to ‘organizational slippage’ (Babb, 2003) and discretionary influence exerted on their activities by their shareholders (Pénet, 2018).²⁶ In the following section we examine how UNCTAD adapted to this new, restricted mandate. In particular, we examine UNCTAD’s response to external pressures to separate its activities into two distinct areas of work and the request that priority be given to downstream (technical) expertise compared to upstream (structural and macro) expertise. This internal division of labour became gradually institutionalized at UNCTAD. Such priority given to technical assistance and state-borrowing capacity building is in accordance with disentangled problematization of debt and which emphasizes the need for developing states to adapt and adjust themselves (through a technical prism) to international capital market architecture, rather than an effort to reform international capital markets that would remain unchallenged and depoliticized.

10.3 ‘Downstream’ Expertise Boundaries and the Individualization of Debtor Nations

Gradually from the 1980s, UNCTAD began to train experts in the field of ‘technical assistance’. Regarding debt, technical assistance aims to improve and make credible the external debt of a borrowing country for private and multilateral investors.²⁷ The term became fashionable in the IO system following the 1982 Mexican debt crisis and the conditions that the IMF requested in exchange of loans (Woods, 2006). In 1981, UNCTAD launched an in-house programme of

²⁶ Organizational slippage can be extended, as Helleiner (2014) explains, to entities such as the US government and Bretton Woods institutions whose positions after the Second World War were actually favourable to the state-led development goals of Southern countries and the creation of a renewed international economic order. *In its general aspirations, the NIEO proposal could be seen as an initiative that built upon the Bretton Woods foundations [...]: long-term international development finance, short-term compensatory financing for commodity export shortfalls, an international debt-restructuring mechanism, backing for infant industry trade protection, commodity price stabilization, the regulation of capital flows, and support for national autonomy in the pursuit of state-led development policies*. The designation of such claims as ‘radical’ by Group B countries is a consequence of the burying process of the original Bretton Woods foundations.

²⁷ The ‘maintenance of debt databases, debt-data validation, day-to-day debt transactions, reporting, debt statistics, operational risk management and basic debt analysis’ provided by DMFAS at UNCTAD is part of the “Public debt transparency” agenda pursued by the G20, and the IMF and the World Bank, and is considered as a solution role in ensuring effective risk assessment to support sustainable borrowing and lending practices.’ IMF and World Bank, *G20 notes on strengthening public debt transparency*, 14 June 2018.

debt management: the Debt Management and Financial Analysis System (DMFAS) that aimed at strengthening states' individual capacities.

When 'Entrepreneurial Bureaucrats' Engage in Debt Politics

This programme was founded by Enrique Cosio-Pascal, a Mexican macro-economist with a strong background in statistics—he was trained at ENSAE the French *Grande École* of statistics. During the interview we conducted with him, Cosio-Pascal explained that DMFAS was meant to 'assist countries in developing administrative, institutional and legal structures for effective debt management; providing technical assistance to government offices in charge of debt management; deploying and advancing debt analysis and management systems; and acting as a focal point for discussion and exchange of experiences in debt management'.²⁸ In funding and deploying technical assistance, UNCTAD sought to improve the information collection processes of financially strapped countries:

The first difficulty found was the lack of information on external debt: how much did the country owe? To which creditors? In which currencies? When were the payments falling due, and in which currencies? Who were the national debtors besides the central Government? The idea of creating a computer-based debt management system emerged very naturally from this experience.²⁹

Enrique Cosio-Pascal and his team performed the role of 'institutional entrepreneurs' (DiMaggio, 1988; Fligstein, 1997), designing innovative tools for debt management and methods of risk assessment. *The Economist* in 1992 deemed them 'entrepreneurial bureaucrats' for their active role in launching DMFAS, 'showing an unsuspected flair for innovation in putting computer power at the service of governments of poor countries'.³⁰ The newspaper was surprised to discover that 'even UNCTAD has adopted the rhetoric of enterprise, markets and "good management"', and that the 'agency is trying to live down its reputation as a sterile north-south talking shop and last bastion for those who champion an interfering state as the remedy for third-world poverty'.³¹ As demands for DMFAS increased, the team's staff expanded accordingly: 'By end of the 1980s, the team was of around 20 persons and the number of countries benefiting from DMFAS technical co-operation around 30 to 40'.³²

²⁸ UNCTAD website: <http://unctad.org/divs/gds/dmfas/who/Pages/DMFAS-History.aspx>

²⁹ Interview with Enrique Cosio-Pascal.

³⁰ 'The man from UNCTAD', *The Economist*, 4 July 1992.

³¹ *Ibid.*

³² DMFAS was first applied in 1981 to Bolivia, Costa Rica, Liberia, and Madagascar. The first version of DMFAS for personal computer was released in 1983. UNCTAD website: <http://unctad.org/divs/gds/dmfas/who/Pages/DMFAS-History.aspx>.

DMFAS was a highly technical activity involving computerized tools to produce quantitative diagnostics about debt sustainability. However, this technical turn at UNCTAD did not decrease the political statements but displaced them within the production of technical expertise itself. In the early 1980s, debt critical problematization and technical assistance coexisted inside UNCTAD as if it was a 'seamless fabric', to use William James' pragmatic philosopher concept. DMFAS experts continued to assume a critical perspective towards the expertise produced by multilateral organizations, for instance the IMF's characterization of issues of debt rescheduling as short-term 'liquidity' problems. Cosio-Pascal explains that UNCTAD perceived that the Latin American debt crises of the 1980s came from 'a long-term development problem, and not a liquidity problem as the IMF was addressing it'. But there was not much UNCTAD could do because it was not directly involved in the design of IMF lending programmes. But this technical expertise was not entirely useless either. During the 1980s, UNCTAD launched the first ('beta') version of a debt sustainability model. Cosio-Pascal explains that:

In the 1980s, we developed a system in Lotus 1-2-3, the precursor to Excel, which could be brought to the Paris Club negotiations because laptops already existed. This module allowed us to calculate immediately if the balance of payments gap was closed after the relief granted by the Club. In a way, it was a precursor to a Debt Sustainability Model.

Turning DMFAS into a portable tool of debt sustainability analysis was the ingenious method that UNCTAD used to reclaim some of its political influence. Sociological research on quantification has showed that statistics can provide activist resources to legitimate alternative public policies (Bruno, Didier & Prévieux, 2015; Espeland, 2015). In the context of this chapter, UNCTAD tried to weaponize DMFAS and use debt sustainability analysis as 'numerical argumentation' (Deringer, 2018, p. 231) to shape the policy debate in the Paris Club. With models of debt sustainability, UNCTAD intended to bestow technical legitimacy to its political claims on the role of developmental factors in debt crises. Yet such political use of technical resources would be short-lived because UNCTAD was financially dependent upon Group B countries. DMFAS was not funded by the UN—which contributed only a fraction of UNCTAD's operational budget—but by country donors, particularly Group B and western countries which were reluctant to let UNCTAD make political use of sustainability models. Ultimately, the development of activist expertise at UNCTAD was brought to an end following a change of management in 1993. Cosio-Pascal recalls:

Our [new] director, Roger Lawrence, an American, much less combative than our former Greek director, quickly gave up this task [computing sustainability models] for the World Bank. And I had to go to Washington to train the person

on the module, who knew nothing about it . . . it was very offensive! Well, all this to get the money, but we left feathers there!

This organizational contest about who should compute sustainability models was not waged on technical but on political terms. As reflected in the quotation above, UNCTAD had sufficient technical expertise to compute debt sustainability models but its political premises and problematization of debt were seen as controversial. At the IMF and World Bank, debt sustainability models were computed under the alternative—disentangled—problematization of debt that treated debt problems not as structural problems but as domestic liquidity crises. From the 1980s onwards, statistical input prepared by the IMF and World Bank gave technical reality to the claim developed by creditor states (Group B) that ‘developing countries were the “makers of their own misfortunes”’ (Toye, 2014b, p. 66). According to that version, which would become hegemonic in the 1990s and 2000s, ‘it was the absence of sensible economic policies that had been the cause of the debt crisis.’ With UNCTAD ruled out of the preparation of debt sustainability analysis, the IMF and World Bank had free rein to spread ‘Washington Consensus’ policies (Williamson, 1990) in exchange for loans to countries experiencing debt problems. There is a profusion of research on IMF and World Bank conditionality (Babb & Carruthers, 2008). Critical studies have shown that, without the structural mechanism of debt restructuring, financially distressed countries in the developing world have often had no choice but to accept IMF conditional programmes and reorganize their economies and societies to conform to the neoliberal policies that Western countries favoured (Clift, 2018; Nelson, 2017; Stiglitz, 2002; Toye, 2014a). Some have linked the 1980s global diffusion of the Washington Consensus ideas to a process of ‘neocolonial appropriation of the emergent global economy’ (Bockman, 2015, p. 121). UNCTAD indirectly participated in this process. In line with Bockman, we show that technical expertise developed by UNCTAD was then repurposed by the group of advanced countries, the IMF, and the World Bank to give technical credence to neoliberal policies. Key to this process, we suggest, was the increasing specialization of the IO system between organizations dedicated to producing upstream expertise (e.g. the IMF and World Bank) and those confined to downstream work (e.g. UNCTAD). This boundary between mandates was further consolidated within UNCTAD in the recent years.

Disentangling the Technical Assistance from Political Claims

The initial ‘politicization’ of the DMFAS quickly eroded as UNCTAD began to confront pressures to distinguish clearly in its organizational structure between *upstream* (critical) and *downstream* (technical) expertise. UNCTAD’s experts

became progressively exclusively focused on technical assistance, detached from macro financial problematization. Debt sustainability model would inform on 'what needed to be done' without a corresponding effort to understand the broader political and historical context in which debt became a problem. This process of disentanglement of the technical from the political aspects of expertise reproduced within UNCTAD the demarcation between 'upstream' and 'downstream' that was being introduced in the IO system. This internal process was at play during the negotiations around the *Highly Indebted Initiative for Poor Countries* (HIPC). Developed countries urged UNCTAD to use input from DMFAS to calibrate programmes to ensure that poor countries would service their loans. DMFAS expert explain that the 'strong demarcation between the work of the DMFAS Program and the work of the Bretton Woods Institutions' really began to be felt in the early 2000s 'because the donors to the HIPC were very keen to ensure that the inputs that they put into HIPC were sustainable and the countries didn't end up in another situation of debt distress'. After a meeting in Oslo, it was decided that DMFAS experts would focus exclusively on downstream work (capacity-building programmes, i.e. debt data recording, reporting, debt statistics, data validation, and portfolio analysis through software) which was considered by DMFAS's executive team as UNCTAD's 'areas of comparative advantage':

This was clear for us that we had a clear role to play in ensuring that anybody doing medium-term debt strategy or debt sustainability analysis or risk analysis would have the information, the best data available to be able to do that. We would train developing countries to understand what debt analysis was—what we call debt portfolio analysis—and what they have in their own database, and then be able to do basic debt analysis. And that was in preparation for them, following on with more sophisticated analysis and training from the Bretton Woods Institutions under, principally, the Debt Management Facility. So we became implementing partners to the Debt Management Facility. It was a small part of what we do, but it enabled us to participate in Debt Management Facility activities.³³

Through DMFAS, UNCTAD became a technical 'partner' of Bretton Woods Institutions (the IMF and World Bank), while being financially compensated for the expertise they supplied. UNCTAD's contribution in this partnership was built around a strictly technical mandate, without trying 'to go into the areas which were demarcated as upstream', emphasizes one expert of DMFAS.

³³ Interviewee number 5, high level expert for DMFAS, UNCTAD.

To ensure that the political and the technical were segregated at UNCTAD, organizational buffers were put in place to clearly distinguish between upstream and downstream work. Upstream work is done within the Debt and Development Finance Branch, a department composed of a dozen economists. This team of researcher is what remains of the critical legacy of UNCTAD. These economists do not have access to DMFAS data for confidentiality reasons, as explained by UNCTAD officials: ‘if you, people in the Branch, want the data, ask the country for it. Don’t ask the DMFAS Program for it.’³⁴ The only data that DMFAS is allowed to share with upstream analysts are data computed by the IMF and the World Bank which now also have the monopoly over the preparation of debt sustainability analysis. This separation is also understood by DMFAS managers as a way to show to donors (long-standing donors’ countries such as Norway and Switzerland) and Group B countries that DMFAS is not a political device but purely a technical one. The Debt Branch experts (upstream work at UNCTAD) interpreted this demarcation as a way to protect these financing sources: ‘DMFAS wanted to sort of defend its autonomy (from the Debt Branch) to protect it.’ This statement is further compounded by other Debt Branch economists explaining that DMFAS was reluctant to share data with UNCTAD’s upstream level because Group B donor countries refused any UNCTAD mandate on macro questions related to debt:

The donors, the Norwegians, but all the group of advanced economies, group B or whatever, all the group of advanced economies do not want UNCTAD to do analytical work on macro-economic issues [...] So this group of countries said: ‘that’s not UNCTAD mandate, that’s the mandate of the IMF and the ‘World Bank’, so you should not do that’. So, that we got there and asked: ‘how do you do your DSA?’ or when we say whether Argentina or Gabon debt is sustainable: it’s no! That’s what really Group B countries do not want UNCTAD to do.³⁵

A former expert of the Debt Branch alternatively interpreted this internal demarcation between upstream and downstream work as ‘a managerial MBA-approach to the world’.³⁶ Other UNCTAD employees emphasized that dependence upon external sources of funding created job insecurity at DMFAS.³⁷ Despite these challenges, UNCTAD has sought to further insulate downstream work at DMFAS from the upstream work performed in the Debt Branch (*upstream*). By reaffirming this demarcation, UNCTAD wishes to preserve the neutrality and ‘objectivity’ of DMFAS against the political influence of Debt Branch experts:

³⁴ Interviewee number 3, expert for DMFAS, UNCTAD.

³⁵ Interviewee number 2. Former Debt Branch economist, UNCTAD.

³⁶ Ibid.

³⁷ Interviewee number 2 and Interviewee number 4, Expert for the Debt Branch, UNCTAD.

DMFAS is really non-political in a sense that it happens at very low levels in terms of operational issues. But we don't get involved in the political discussions. We did see that at consecutive UNCTAD conferences, where there have been questions of UNCTAD's work in the area of finance coming from developed countries, there was never a question about the work of the DMFAS Program. And the reason being that we, what we do, is non-political. We don't get involved in the politics. It's very important for us to be able to deliver, to say: 'politics change and the wins of what's important are not changed'.³⁸

The division between upstream and downstream—which Enrique Cosio-Pascal identifies as the opposition between 'those who go into the field and are in contact with people who work in ministries', and those who are 'theorists or think tankers working in University cabinet'—has further consolidated at UNCTAD in the recent years. Boundary work inside UNCTAD's Debt Branch (between upstream and downstream expertise) disentangles technical assistance from political critique. Such boundary work was how UNCTAD adapted practically to the expectations of creditors (donor countries and capital market organizations): first, the expectation that debtor countries comply with requirements of transparency and the production of 'sound' public finance data; second, the pressure to restrict the perimeter of UNCTAD activities and depoliticize its activities.

When the Debt Branch Strikes Back

Therefore, what remains of the legacy of UNCTAD and the G77 initial project for an alternate economic and financial order? The changes analysed above suggest that UNCTAD, once a bastion of critical thinking in the 1960s and 1970s, has today become almost indistinguishable from the IMF and World Bank. This process of normalization is not fully complete nor entirely accepted inside UNCTAD. In 2006, UNCTAD began to work towards the establishment of principles that would regulate and give a soft framework to sovereign debt restructuring. This project, made possible through a donation of 5 million krone from the Norwegian Government, is overseen by an economist specialist of emerging countries who joined UNCTAD in 1990 and who ran the Debt and Finance Development Branch. This project involved several high-level experts representing different UNCTAD stakeholders: lawyers, economists, the private sector, NGOs, and IOs. Important names were involved such as Anna Gelpert, Mitu Gulati, and Lee Buchheit as lawyers (offering pro-bono services) and the

³⁸ Interview with DMFAS expert.

economist Patrick Bolton.³⁹ The project also called upon a group of ‘advisory countries’ to provide expertise. The head of the Debt Branch mobilized diplomatic skills to bypass the reticence of the US Treasury, otherwise known as the ‘guardian of the temple’ against any kind of debt restructuring mechanism (Gelpern & Gulati, 2006; Weidemaier & Gulati, 2014). The principles of ‘Responsible sovereign lending and borrowing’ were published in a 2010 report (UNCTAD, 2010). They comprise the principles of ‘Honesty; Realistic assessments; Pre-disbursement diligence; Post-disbursement diligence; Aligned incentives; Sanctions regimes; and Renegotiation’ for the lenders. The duties of the borrowers are described as ‘Legal obligations; Candor; Disclosure; Internal approvals; Debt management offices; Project due diligence; Preparation for debt management’. With these principles, UNCTAD claimed that lenders, just like borrowers, have responsibilities for situations of over-indebtedness.

With new funding from the government of Norway, UNCTAD set to work in 2013 on a new institutional project on debt restructuring. The consensus-building process (reached through expert group meetings) seemed reasonably advanced, but, on August 2014, at the end of the 69th UN General Assembly, the Argentinian delegation at the United Nations went to the delegation of Bolivia, which held the presidency of the G77 in 2015, and asked for its support. Cristina Kirchner’s government was then under pressure from vulture funds whose actions threatened to sabotage the restructuring agreement reached by the government with 93 per cent of bondholders (Deforge & Lemoine, 2018). In this context of economic and legal uncertainties, the Argentinian delegation forced the adoption of a resolution promoting a debt restructuring mechanism at the UN General Assembly without seeking prior consensus of the international community at large. Indeed, this discretionary move was strongly opposed by both Bretton Woods institutions and Group B countries. As a former Debt Branch head recalled:⁴⁰

Argentina needed help. They wanted to win the case and they said: ‘Could you go and be our friend and testify?’ But [at the UN] you cannot side with one country, that’s the UN rule. So, I told the Minister ‘I can’t do that, and he was disappointed’. But I said we could always do some work, because with analytical work we supported them a great deal. They were so anxious, and they pushed for the debt resolution in the UN. [...] And, of course, with the US there, they didn’t like that.

³⁹ Lee Buchheit was the Cleary Gottlieb chief lawyer in the negotiations to restructure Iraq’s large foreign debts after the 2003 war. Mitu Gulati (a contributor to this volume) and Anna Gelpern are experts of collective action clauses. Patrick Bolton has worked in the beginning of the 2000s with IMF economists on research trying to apply corporate law (such as the law on bankruptcy) to international economic governance.

⁴⁰ Interviewee number 6, former Debt Branch Head.

An interviewee of the Debt Branch at UNCTAD also remembers that there was 'a fear of donors' to see DMFAS—as part of UNCTAD—associated with an Argentine initiative considered as too critical and politically radical.⁴¹ Another former Head also recalls the surprise of the Norwegians when they discovered that the UNCTAD work on principles of responsible sovereign lending and borrowing was being used by Argentina against vultures in US courts. The head of the Debt Branch also regretted such politicization of UNCTAD expertise, which had been conceived to be used in a non-controversial 'transparent and inclusive' manner: 'I read through (the draft of Argentine resolution) and I said: "OK, that would kill our process." Because what we wanted was to gradually build support. You know, you get all these people's support, and then you can move to kind of universally accepted principles.'⁴² The increasing concern of developing countries to maintain market access through measures of creditworthiness also explains the reticence to support Argentina. UNCTAD was also unwilling to sponsor a project which donors clearly disapproved of. As a result, UNCTAD backtracked and began to emphasize the principles for 'responsible borrowing', in continuation with the report issued in 2010 and restated in 2012 (UNCTAD, 2012).

In this debate over mechanisms of debt restructuring, emerging countries had to choose between defending their interest as individual borrowers seeking access to private capital markets and their collective interest in developing a restructuring process. Brazil was clearly supportive of such a project conducted by the UN—emphasizing the democratic character of the UN 'based on one country one vote'. But China voiced concerns, regretting the absence of advanced countries and international finance institutions in the process. China also stressed that

The Committee should uphold the spirit of democracy during the process of intergovernmental negotiations and that all members should participate. [...] The Committee needs also to get support from professional institutes, as strong expertise is needed on this matter. As the work of the IMF and UNCTAD has been recognized, the World Bank and the IMF should contribute to the work of the Committee.⁴³

The representative of Singapore also criticized the call to adopt a sovereign debt restructuring mechanism at the UN by reminding that 'the IMF would have been in a better position to address sovereign debt restructuring issues and such a discussion should have taken place under the auspices of the IMF.'

⁴¹ Interviewee number 4.

⁴² Interviewee number 6. Geneva, September 2018.

⁴³ Debates on the UN resolution on debt restructuring, September 2014 (General Assembly Sixty-eighth session, 107th plenary meeting Tuesday, 9 September 2014, 3 p.m. New York, Official Records).

Solidarity among G77 members—what James Toyé (2014b, p. 167) calls the ‘political façade of unity’ was crumbling. The interest that developing countries shared collectively to promote international reform faced a classical collective action dilemma and a ‘freeriding’ temptation.⁴⁴ These countries were conflicted: on the one hand, they felt a duty to safeguard the legacy of the New International Economic Order and the solidarity principles anchored in the history of non-aligned countries and on the other hand, they were under strong economic incentives to behave selfishly by conforming to the measures of creditworthiness designed by Bretton Woods institutions. Solidarity between developing countries, in other words, was undermined by the dynamic that goes with the idea that states should become, to quote Giselle Datz (2008), ‘market players’. At first glance, Argentina and the G77 won a diplomatic victory with the vote in favour of its UN resolution at the General Assembly: 134 countries voted in favour of the resolution, forty-one abstained, and six voted against (United States, Japan, Germany, Israel, the United Kingdom, and Canada). But beyond this vote, all the other Member States of the European Union abstained, ‘a polite way of saying no’, according to an official of the French Ministry of Foreign Affairs. Even if the UN resolution was accepted, and voted with a large majority of developing countries, it also brought to an end the ‘upstream’ political work of UNCTAD:

So we support them throughout, but our ongoing work on these principles definitely shelved. Because after this you have this political impasse, because developed countries thought there was no good will to discuss, so they just withdrew, so our whole thing came to a kind of a stop after this 2014–15 UNGA Resolution.⁴⁵

This vote on Argentina’s proposal at the UN can be understood as a Pyrrhic victory, since it was adopted without the agreement of a large part of the international community and, as a result, failed to translate into any operational, policy, or concrete action. It was even interpreted as an organizational defeat, since it reproduced, rather than challenged, the distribution of mandate and activity between Bretton Woods institutions and UNCTAD. For Stéphanie Blankenburg, the current Head of the Debt Branch, it also publicly showed how costly (or even impossible) it is for developing countries to aspire to act in upstream and political areas of debt:

It was impossible not to associate the UNCTAD principles with Argentina’s initiative, but the way they managed the negotiations could have been more

⁴⁴ Already identified, for instance by Éric Helleiner on the mystery of the non-existence of a sovereign debt restructuring mechanism, SDRM.

⁴⁵ Interview with former Debt Branch Head. Interviewee number 6.

sophisticated. But on the other hand, if the advanced countries do not want it, they do not want it, you can always find an apology afterward.

The institutional defeat of UNCTAD with this resolution—compared to the mid-term and long-term consensus the organization was building—also refers to the structural impossibility for developing countries to interfere with macro issues such as debt sustainability, international financial architecture that remains the preserve of Bretton Woods institutions. UNCTAD upstream work is, at best, reduced to non-operational soft law principles and, at worse, disqualified, while giving support to the politically radical initiative of Argentina and the G77. When Mauricio Macri was elected president in 2016, Argentina's neoliberal government attempted to reconstruct its reputation in international finance by agreeing to repay all creditors, including the more aggressive holdouts, and based its economic policies and reconquest of sovereignty on foreign investment. Ironically, a few years later, the country had to comply with a new IMF bailout programme. After the election of Kirchnerist Alberto Fernandez, Argentina was once again complying with foreign creditors in order to restructure its debt.

10.4 Conclusion

The history of debt battles at UNCTAD can be seen as following the conflict between the two problematizations of debt imagined by the Global South and Western countries. In its early days, UNCTAD promoted an entangled perspective that construed debt problems in close relation with structural and historical problems affecting developing countries. This diagnostic served as the justification for an ambitious agenda for an institutional reform at international level. Evidently, this representation of debt problems ran up against the financial interests of Western creditors who favoured a disentangled perspective in which the problem of over-indebtedness afflicting the Third World was seen as a local predicament requiring domestic fixes such as the micro-management of public finances. We propose the image of a *pendulum* to suggest that these two problematizations varied in strength inside UNCTAD according to shifting dynamics of power within and outside UNCTAD. Conflicts of debt problematization (between a critical emphasis placed upstream on structural and political problems and a downstream focus on technical assistance) reflect the dilemmas that troubled the G77 group of developing countries.

From 1974 to 1978, UNCTAD invested considerable effort to link debt issues with structural problems and to propose solutions to amend the international financial architecture. The failure of such attempts led to the repurposing of a large part of UNCTAD's mandate from that of a political agency, concerned with broad and political reform of the international financial order, to that of a

technical agency tasked with developing technical expertise. The separation inside the Debt Branch of UNCTAD between upstream (policy expertise) and downstream (technical expertise) has been consolidating since the end of the 1990s. Ever since, UNCTAD has been repeatedly reminded of its own illegitimacy whenever promoting upstream expertise (debt sustainability, macro financial architecture, and debt restructuring), which was viewed as the sole prerogative of Bretton Woods Institutions.

This tension over the scope of UNCTAD's mandate stresses the disappointed hopes of the agenda for a New International Economic Order and illustrates the Global South debt revolution that wasn't. Countries formerly known as Third World nations had nurtured the hope that the context of decolonization would usher in a new international era where more reciprocal financial exchange would put an end—or at least diminish—global financial asymmetries of power. Instead, developing countries, with the tacit contribution of UNCTAD, are under a neoliberal regime of continuous surveillance in which rituals of verification and forced demonstrations of accountability govern the relationships between creditors and debtors. With the failure of the NIEO, the developing world no longer presents a united front. The sense of solidarity between countries which have experienced colonial control during the nineteenth and twentieth centuries has eroded. Developing countries perceive themselves as market players whose main objective is to pursue individual strategies of debt capacity building and creditworthiness in a global capital market system. A useful perspective is provided by Giselle Datz who showed that Nigeria developed in 2000 a semi-autonomous Debt Management Office to promote the 'good image of Nigeria as a disciplined and organized nation, capable of managing its assets and liabilities' (Datz, 2008, p. 41). As a rule, since the 1980s and 1990s, developing countries are no longer prepared or even willing to promote macroeconomic alternatives, even if they have vested interest in the success of such initiatives. For developing countries, the term sovereignty has dramatically changed from the 1960s and 1970s, when sovereignty was equated with the independence movements, to the present context where sovereignty means securing access to private capital markets and conforming to international measures of creditworthiness.

Of course, twenty-first-century defaulters are no longer subject to military aggression, but they confront no less intrusive tools of international redress and pressure to conform to their international creditors. The rise of technical assistance since the 1980s has paved the way for international programmes and pedagogical tools sponsored by IOs to 'educate' developing countries and turn them into auto-disciplined and responsible market players. In the current landscape of IOs, UNCTAD retains some idiosyncratic features. The secretariat provides technical assistance to developing countries in their negotiations with creditors. But this assistance, as helpful as it might be, is a far cry from UNCTAD's historical mission to reduce asymmetries of power between developing and

developed nations and promote structural reform of the international financial order. The marginalization of UNCTAD's critical work and, conversely, the developments of 'technical assistance' programmes, have contributed to the naturalization of a pro-market political agenda. Legitimate national sovereignty strategies are downplayed in terms of debt cancellation, or only marginally at the Paris Club with the technical help of UNCTAD. Sophisticated lawyers trained in global financial centres are now advising developing countries while they issue sovereign bonds governed by New York or London laws, replacing the great postcolonial legal architects in the tradition of Bedjaoui (Anghie, 2015; Mallard, 2019). Without strong cooperation in order to promote structural alternatives to the current international financial architecture, Global South countries have no other choice than pursuing individual strategies of creditworthiness to remedy debt problems.

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