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TRANSCRIPT OF INTERVIEW OF

SARTAJ AZIZ

BY

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Transcribed by Ron Nerio

RICHARD JOLLY: This is Richard Jolly in Lewis, Sussex on August 29, 2001 interviewing Sartaj Aziz. Sartaj, welcome.

SARTAJ AZIZ: Thank you.

RJ: It is one of the most interesting things to interview people like yourself, who played a major role in the UN, in government, in international affairs, to ask where did they get their early inspirations from. What was it about their background that gave them their vision, their commitments? Perhaps you would say something about your own family background and early experiences which you think have influenced yourself.

SA: Well, I belonged to a lower middle class family. My father was a mid-level civil servant in the Northwestern Frontier Province of undivided India, which is adjacent to the tsibal belt. This was an interesting geopolitical environment in which I grew up. My grandfather was also educated and went to Lahore in 1873 to finish his high school and then became a civil servant. But he resigned after twelve years to concentrate on the study of religion and to visit holy places. He felt that his purpose in life should be to collect as much knowledge as he could and leave it for posterity. So after fifteen years, in 1914 he published a book called *Flay-ul-Qalb*, or *Treatment of the Heart (Spirit)*. He said it is not a religious book but a moral and spiritual treatise which will help everyone to discover his inner self and to overcome things that damage one's spirit—greed, selfishness, anger, bitterness, and above all, ignorance. My father used to read to me passages from this book when I was very young. Later, he also used to read to me passages from an Indian mystic called Swami Ram Tirath.

Swami Ram Tirath had gone to America in the early 1930s and given several lectures which were published in eight volumes called *In Woods of God Realization*, which stresses the importance of spiritual awareness and consciousness. So this early education added a spiritual

dimension to my being which guided me throughout and helped to create what I would call faith. The main secret of my success throughout my career has been faith. I am not talking about faith in a narrow, religious sense only, but faith in whatever you are doing. Human beings have limits to their capacity. No matter how powerful or strong, they have their limits. Like a child needs the love of the mother to clean him and feed him and put him to sleep, we all need some kind of a lap at the end. And if you have faith, then in the end you fall back on it the moment you reach your limits. So that way you get a motivation which is superior, which is not material.

Because of this early disposition toward nonmaterial satisfaction, I developed what I would call a capacity for selfless work, which means not wondering how it would help me or what it would do for me. Whatever came my way, I kept doing it as sincerely, and diligently, and honestly as I could. That created a very good teamwork with my colleagues, because they realized that whatever I was doing I was not claiming any credit for it, and trying to, as they say in our language, "to do good and throw it in the river" kind of approach. So these are the basic factors which guided my early life.

Another factor which got added was my commitment to Pakistan. When I finished my high school in 1944, three years before Pakistan was created, my sister was one year ahead of me. There was no girl's college in Peshawar at that time. So she had to be sent to Lahore to continue her education. And since it would not be easy for her to travel frequently alone, my father decided that instead of admitting me in a local college they would also send me to Lahore. That was a kind of turning point, because Lahore was the center of political activity just before Pakistan was created. So from 1944 to 1946, I was in Islamia College in Lahore, which was one of the main centers of the Pakistan movement.

In those two years, Quaid-e-Azam Mohammed Ali Jinnah came three times to the college and I had first-hand interaction. That created in me a tremendous enthusiasm for a separate homeland for Muslims. It was also a very turbulent period. There was a spate of Hindu-Muslim riots and an influx of refugees from India.

RJ: This was before partition.

SA: Yes. The Hindu-Muslim riots started one year before partition, i.e. in 1946, and the refugees started pouring in from June 1947, when the partition plan was announced. In all, six million Muslims migrated from India to Pakistan in very desperate conditions. I worked for several months in refugee camps in Lahore when refugees came. My main job was to find the addresses for the families or somebody they knew so that they could go somewhere. Every day I would take three or four addresses with my bicycle and try to find relatives of refugees. I did that for three months. In the process, I sort of matured prematurely. A seventeen or eighteen-year-old boy normally would not be so aware of all the political issues that were emerging in the country. So I matured prematurely by getting involved with suffering and commitment to devote my life to building the country we had secured after so many sacrifices.

These influences shaped me as a young man who was serious, who was sincere and honest, and who was always looking for some ideal. So basically through my entire career one can see a certain thread of idealism: to build Pakistan, to do some good for the people and for humanity at large, to make not only a useful contribution, but to keep looking for things to do. Earning a lot of money never became my objective. In fact, I shunned opportunities where I could go to positions where I would exert a lot of influence and have power. Service to humanity remained my motto. This basic orientation stood me in good stead.

RJ: What about the experience of colonialism? What about the experience of partition in setting the immediate problems that needed action in the broader context of more fundamental cause?

SA: You see, for me and most people of my generation of the subcontinent, freedom was a basic motivation, but our problem was that when the British leave, we don't come under the Hindu domination. So the Hindu-Muslim issue became a big issue that dominated my thinking at a young age. In 1942, when I was in class eight, at the age of thirteen, my father was a revenue official and one of his men had retired that day. I was sort of running around and saw some tea and cakes being served, so I also stood there. The official who was retiring said in his farewell speech, "I have spent thirty-five years of good service, but all of the properties that I have transferred in my life have been transfers from Muslims to Hindus. I have not transferred a single property from a Hindu to a Muslim. So I am apprehensive that in Northwest Frontier Province, where the Hindu population is only five percent and they now control twenty-five percent of the property, about what would happen in the next twenty years." This simple statement brought home to my fresh mind the reality of economic domination of Hindus in the subcontinent.

You see, Hindus were more given to professions where they made money, and they saved money, and were all the time buying property. Lahore was a Muslim-majority city, but in the famous street of Anaskali, there were only two Muslim shops. All the other shops belonged to Hindus. The growing indebtedness of the Muslim farmers was another facet of the same issue, to which I was exposed in the election campaigns of 1946. Ninety percent of the hands would go up when we asked, "Who is indebted to the Hindu moneylender?" We would say, "If you want to get rid of your debt, vote for Pakistan." That election of 1946 decided that the majority of

Muslims wanted a separate homeland. Ninety percent of the seats were won by the Muslim League, which wanted Pakistan, and negated the claim by the Indian National Congress that, "We will represent both Hindus and Muslims." That was my obsession as far as partition was concerned—how to protect the economic and political rights of Muslims. Allama Iqbal had said, "We will not be able to develop unless we have our own homeland." And in fact, this has been proved subsequently.

A Sikh friend of mine, who was with me in Hailey College, in Lahore, came to Pakistan after forty years and he brought me a book by H.M. Seervai entitled *Partition of India: Legend and Reality*. He tried to show that Pakistan was not created by Jinnah, but by [Jawaharlal] Nehru and [Sardar] Patel, because the Hindu majority did treat Muslims very well. We did not give them the assurances that they needed to stay as one country. So I asked my Sikh friend, Darshan Singh, "Did we make a mistake in creating Pakistan?" He said, "No, not at all. The average Pakistani today is better off than the average Indian. But in India, the average Muslim is worse off than the average Hindu. He doesn't get opportunities for jobs. He doesn't get equal treatment. So you would have been worse off than the average Indian." So he confirmed after forty years that the creation of Pakistan was good for the Muslims of the subcontinent.

Now reverting to your original question, colonialism did contribute to India's backwardness. My father was a civil servant and we belonged to a kind of privileged class. So I was not directly exposed to what I would call oppression or deprivation. But when I kept reading history, I found all the leaders of the freedom movement were suppressed, particularly from the 1930s to the mid-1940s. One did feel—and subsequently it was documented—how our resources were transferred to Britain through an unfair trade regime. Our exports to England

were, on the average, about seventy million pounds in excess every year from 1857 to 1913. But this surplus was adjusted in payment for services like banking and insurance.

In the 17th and 18th centuries, India was more prosperous than England, but by 1947, gradually it was much poorer. With colonization and population growth, India's per capita income had declined. In the whole of Pakistan there was little infrastructure and hardly any industry. Literacy was very low. Life expectancy was only twenty-seven years.

So when I started studying economics from 1946 to 1949, these issues hit me like a rock. At that time, one out of every five inhabitants of the world was in India and ninety-five percent were very poor. And this is where I turned to development. The story is recorded in greater details in a biographical essay by Anwar Sil. But briefly, in 1943, at the age of fourteen, I was listening to the radio and there was a Hindu professor who was speaking on education. He said, "I have often wondered how to define education. Today I think I am going to share with you what I think should be the definition of education. I would call a person educated when he knows something about everything and everything about one thing." This intrigued me. In any case, I had the intellectual curiosity about knowledge to learn something about everything. But I kept wondering, what is that one thing about which I should know everything? I think somewhere, in 1949 or 1950, as I finished my college and was going into service, I decided that it has to be development, because this subject has a political dimension, a social dimension, and a human dimension.

So this became my passion. In 1951, I appeared in central superior service examination, on the lines of the old ICS. As a result, I could have become a collector of customs, or a controller of imports and exports. But I decided to go into the account service, which offered

greater scope for economic policymaking and for work in ministries that deal with economic and development policy.

RJ: Before we get to that, let me just ask about one or two of the other events at that time. The Bengal famine—you must have been twelve, or thirteen, or so.

SA: Yes. I was fifteen in 1944, when the big famine hit Bengal. At that time, we only felt sad. But later, when I joined the FAO (Food and Agricultural Organization), in 1971, I returned to the subject. In 1975, a book I had edited under the title of *Hunger, Politics, and Markets* dealt with the subject. Professor [Amartya] Sen was working on his famous book at that time and we exchanged notes. Then I realized how gruesome it was and what were the real causes.

The issue of food was a major factor in the Hindu-Muslim riots of 1947 because Lahore was one of the hubs of those riots. All the people who migrated from Indian Punjab had to pass through Lahore. We are not talking of small numbers. We are talking of five or six million people who migrated from one country to the other within two years. And the number of people killed also ran into one million or more.

RJ: You have stressed the economic injustice that was part of the Islamic-Hindu tensions. Were there also religious dimensions—fundamentalist dimensions, one might say today—that, as a young person, helped you form a view? After all, you are the secretary-general of the Pakistani Muslim League at the moment. How do you see the issue of religion? I know you are not a fundamentalist. How were these early experiences important for defining your attitude?

SA: I have dealt with this subject in an article I wrote in March 1972, entitled "Rediscovering the Pakistan Ideology." In December 1971, East Pakistan had become

Bangladesh. So we were all asking now that the Pakistan which Jinnah had created is no longer there, what were the ideological factors which created Pakistan and where do you go from here? So in that article, I identified three factors, including the religious factor. The first main element of the Pakistan movement was fear of economic domination by Hindus. This was a very strong factor, because people saw it in the reality of their day-to-day lives. But once partition was achieved—they were there, we were here—that factor ceased to be important because they were no longer dominating us.

The second was the cultural factor. Hindus had a different way of life, a different culture, different rituals, different language, different music. There again, after partition, it was no longer a unifying factor between East Pakistan and West Pakistan. They wanted the Bengali language and would not accept the Urdu language as a national language.

So the third factor which really put life into the Pakistan movement was the Muslim reformist movement. This movement, as I mentioned there, started at the beginning of the eighteenth century from a very great Muslim scholar and saint called Shah Waliullah. He emphasized, "Islam cannot be rigid or dogmatic. It has to reform to meet the needs of the modern world." And he introduced the concept of reforms, which is called *ijtehad* in religious terms.

That provided the intellectual basis for similar movements in Egypt and Turkey. Some great intellectuals followed his writings to start similar movements that way. In Pakistan also there was the *khilafat* movement, which mobilized thousands of Indian Muslims to go and help the *califs* in Turkey to survive the western onslaught. Towards the end of the 19th century, Sir Syed Ahmad Khan established the first Muslim university in Aligarh. Then Iqbal came and explained the philosophy of the Muslim reformist movement in his very famous book called

Reconstruction of Religious Thought in Islam. The Pakistan movement, led by Mohammed Ali Jinnah drew inspiration from all these sources and gained enormous strength within a very short period. Basically, this reformist and moderate interpretation of Islam became the main driving force of the movement for the creation of Pakistan. Most Muslims, while pressing their identity as Muslims, wanted Islam as a modernizing force which can meet the requirements of the modern-day world. So it became the live force. I was exposed in my college days to some very important speakers who initiated all of this.

But after Pakistan was created in 1947, differences began to emerge. Those who are fundamentalists say, "We are Islam. You don't know what Islam is." This debate is still alive in Pakistan. The Islamic forces which created Pakistan were the moderate, modernizing forces. Therefore, the political parties, which wanted to gain more political space on the basis of religion, reasserted themselves by saying, "We are Islamic and we will define what Islam is. We won't allow any reinterpretation." This debate has become more intense in recent times, after the Russian invasion of Afghanistan in 1977.

RJ: But almost all of the speakers in college were reformist, modernizing Islamic speakers, not fundamentalists?

SA: We had speakers from all schools of thought, but their differences are not so large when Islam is explained as a complete code of life. Differences emerge when religious scholars begin to pronounce on the issue of enforcing Islam on the individual and the mechanism for taking collective decisions. There is no institution of clergy or priesthood in Islam. That is why there has been no conflict between the state and the mosque throughout history, as there was between the Catholic Church and the state in Europe.

RJ: Let me just jump ahead briefly. How important is this presentation and experience of Islam to the role Islam plays in the UN, and even more in global politics today?

SA: Unfortunately, there also is the struggle between what you call the orthodox or fundamentalist view of Islam in a geopolitical context versus its more, how shall I say, enlightened Islam. The real view of Islam is not fully sorted out today. Islam is misunderstood in the UN because of the Palestinian problem, and then you see a lot of other things which happened with the Iranian revolution, and Libyan defiance, and so on.

In the beginning, in UN lobbies, every terrorist was branded a Palestinian. Then he became an Arab. Then he became an Islamist. So it was all brushed with the same brush. I remember in my IFAD (International Fund for Agricultural Development) days and elsewhere struggling with many of these issues. You see, the Palestinian question has become so emotional. After what happened to the Jews in Europe, the decision to give them a home was justified, and in the process to uproot the Palestinians from their homeland was gross injustice. Since this injustice got prolonged and remains unresolved, the reaction was equally strong and emotional, particularly because it was not the Arabs who massacred Jews in Europe.

Thus, while the issue of Islam in the UN is continuously shadowed by the Palestinian issue, even on a broad front Islam is misunderstood. I will send you an article entitled, “Islam and the West” to explain this further.

RJ: When was this written?

SA: In 1996. What happened was that the German president, Mr. Herzog, was giving a prize to Ann Marie Schimmel. Some newspapers objected, saying, “Ann Marie Schimmel is pro-Islamic and why are you giving her a prize?” He got very angry and in his opening speech he said, “There is need to promote dialogue among different religions instead of trying to spread

prejudice and bias. I invite religious leaders to engage in this dialogue. So that article was a response to that. I was at that time secretary-general of the Pakistan Muslim League. I and two of my colleagues worked on it, and it was published in the name of the party president, Mr. Nawar Sharif. He was the leader of the largest political party in one of the largest Muslim countries, so he was entitled to write on why Islam is misunderstood in the West. I will send you that article, which explains the issue that you are raising at the global level.

RJ: Perhaps we should come on a bit now to your time in government and the National Planning Commission. You referred to your three years of training in economics. Surely that was as much business studies as economics. Was it?

SA: You see, my father actually wanted me to become a lawyer, but in 1946 Jinnah came to our college for prize distribution. A photograph is published in my book receiving the prize from him. At that time, he said, "Muslims are very backward in commerce and industry. You young men should pay more attention to these sectors, as they will be important for our new homeland." So in response, I and some other students decided collectively to join Hailey College of Commerce for a degree in commerce. Surprisingly, in that college, out of 350 students, only three were Muslims.

I joined in 1946, one year before partition. The next year, all the Hindu students and faculty members had to migrate to India and the college was left with only one teacher and fifteen students. So our education suffered. Now at that time, when I came out of the college, the opportunities in banking, et cetera, had not yet developed in 1949. So I took the central superior services examination, through which officers are recruited for different service groups. I opted for the accounts group in order to move on to economic policy-making. So in a way, it is good that I didn't get caught in a commercial career. I think every year about 10,000 candidates

would appear and only 200 plus were chosen. So if you came in the first 200, then you started a good career.

The top economic policymakers in Pakistan in the beginning were mostly from the audit and accounts service. I also gave the service as my first choice. "Why did you not offer police services as one of your choices?," I was asked in the interview. I said, "Temperamentally, I can handle ideas better than people. So I cannot become a successful police officer. So it was a good choice to go into the field of economic and financial management. The opportunity came about nine years later, when I joined the Planning Commission. For the first six years, I was trained in departmental accounts. I also went to the U.K. in 1955 for a course in organization and methods.

RJ: You were on this administrative reform committee.

SA: Yes. President Ayub Khan declared martial law in October 1958 and started a major restructuring in every sphere. One of the thirty commissions or committees was administrative reform. The secretariat of this committee called ARC, Administrative Reforms Committee, was in the O and M wing, and my boss became its secretary. That gave me a very good opportunity to look at the working of the government as a whole. The members of that committee were all the top civil servants of the country, chaired by Mr. G. Ahmad, the head of the planning commission. So I was recording the minutes. I was preparing all the working papers. So it exposed me, with only six years of service, to a remarkable role in the whole bureaucratic structure.

The committee members saw what work I had done for the committee. So that kind of accelerated my elevation. I got promotions very quickly. I got the first medal for distinguished service. And also an economic pool was created in 1959, drawing the best people from various

service groups to manage the economic ministries. I got selected for that pool because the members of the selection board were mostly members of my committee. They all knew me firsthand. So that was my first breakthrough, in 1959, working for that administrative reform committee. The next breakthrough came in 1961, when I moved to the Planning Commission and, in the process, also went to Harvard in 1962.

RJ: Did you go to Harvard more or less within the first few months or one year?

SA: Harvard University had set up in the Littauer School of Public Administration (now the Kennedy School of Government) a special program of fellowships for about twenty middle level officials from developing countries leading to a Master's degree. In 1962, one year after I joined the Planning Commission, I was selected for this course. Since my education was interrupted from 1946 to 1949 because of the partition disruption, Harvard gave me a very good opportunity to catch up. It also was a remarkable period because development as a subject was becoming very topical at that time. Kennedy's program linking aid to policies was increasing demand for development specialists. So it was the heyday of mixed planning systems.

RJ: Now our interest is very much in ideas. It seems to me at that point you were juggling with three very different sets of ideas on economic policy. You had had the strong administrative experience, which surely gave you an administrative view. You had the business emphasis which, even if it was somewhat interrupted, must have given you something of the free enterprise—

SA: Feet on the ground.

RJ: Yes, feet on the ground. Then you go to Harvard, where my impression is you would have very much the inward looking econometric emphasis. Did you feel great tension

between those three? Surely Harvard had the prestige of Harvard. But were you wrestling with how did it make sense in terms of the practical problems of Pakistan?

SA: It is a very good question. Basically, the practical problem of accelerating the growth of the economy was my major preoccupation. So I was looking for ideas with an open mind. So I was learning as I was doing. And the intellectual process was going on simultaneously. I can mention some of the landmarks which were happening. You see, up to 1958, when Ayub Khan took over, the economic policy-making was in a flux. Politics was difficult and development was not the top priority. We did not do very well in the first ten years. Then Ayub Khan came, and with a sweep he gave priority to development. "If people are better off, they will support even my undemocratic rule."

Secondly, he collected a very good team—the finance minister and various other experts. Many of the institutions that we still have were actually created in the early 1960s as a result of this emphasis that came about. So the economy turned around in terms of an average growth rate of over 6 percent in the 1960s. Pakistan, under that leadership, also began to go towards a market economy at a time when it was not very fashionable. We liberalized the foreign exchange system. We had a free import list. We liberalized a great deal of economic activities. Investment growth from 1960 to 1965 was 14 percent per annum. Overall GDP (gross domestic product) growth rate was 6 percent, but for West Pakistan it was 6.5 percent, if you exclude East Pakistan. Exports were growing at 7 or 8 percent per annum. Inflation was only 2 percent. So it was a very good almost textbook performance.

I was deeply involved in those day-to-day decisions of economic liberalization and exchange rate management. A lot of innovative policies were adopted. In fact, the World Bank used to cite our documentation and what we were doing as a model to other developing

countries. As far back as 1963, we developed an econometric model to show what impact larger raw material imports will have on the growth rate of the economy. This was in turn used to justify a large commodity import program supported by a loan of $140 million from the USA.

Because of the Cold War, we were a member of CENTO (Central Treaty Organization) and SEATO (South East Asian Treaty Organization), and a lot of aid was coming in. Almost five or six percent of GDP was coming in at that time. I was the head of the foreign aid section, so my nitty-gritty work was to justify what we were doing and how aid was absorbed. That also gave us tremendous clout in the government. By allocating aid funds, we could influence which projects would go forward and how resources were to be allocated. So the Planning Commission became a very effective and influential organization. Mahbub ul Haq, myself, and [Moinuddin] Baqai, the famous trio, were the second line of professional policymakers below the minister and the permanent secretary. All summaries, all important policy papers would go through the cabinet. They would pass through us and we were, on day-to-day issues, very much involved. We were invited to speak to various forums, to explain what the government was doing. So it was a very productive period from that point of view.

But somewhere, in 1965, the model got derailed. Surprisingly, it was Barbara Ward who brought out the neglect of the social dimension of development. In March 1965, there was a conference of economists in Boston to review Pakistan's economic performance. The Harvard Advisory Group was feeling very proud that they had helped Pakistan and here was a model case. Other countries were not doing as well. We were, at that time, either ahead or at par with countries like Korea, Thailand, Malaysia, and Indonesia. So they invited about twenty really top people—Professor Theodore Schultz, Harry Johnson, Arthur Lewis, Edward Mason, and John Kenneth Galbraith to evaluate our second five-year plan and to review our next five-year plan.

This was done three months before the consortium meeting, which was going to evaluate all of this in June 1965.

RJ: And when was this in relation to the India-Pakistan war?

SA: Six months before, as the war started on the 6th of September. So at that conference, when we explained our economic performance, Barbara Ward, who was the moderator or convener of the conference, asked, "So you have achieved all this growth, but what has happened to income distribution?" We said, "We are looking at those things. We have a committee on this and a committee on that." But it came out very clearly that income distribution had become worse and we had not devoted enough money to the social sectors.

RJ: When you said income distribution, at that time you were meaning between social groups, between rich and poor. Not very much between East and West Pakistan.

SA: That was also one of the issues, because removing disparity between East and West Pakistan was a major domestic political issue. But income distribution between rich and poor was the issue at the Harvard conference. The issue became stronger after 1967, because East Pakistan had benefited from the earlier growth, but after the war, which depleted our resources, and reduced the aid flow, we couldn't transfer to East Pakistan the margin of resources that we had promised them.

So that was my first encounter with Barbara Ward, and a very pleasant one at that. So when we came back, we revised chapter eight of the Third Five-Year Plan (1965-1970) to take note of what the conference had emphasized—that the balance between economic and social development had to be corrected and simultaneously the heavy dependence on foreign assistance had to be reduced. But that chapter eight was a bit too radical for that time. It advocated land

reform. It advocated nationalization of urban transport. It advocated the beginning of safety nets for the poor.

So when the document went to the World Bank, they were not happy: “Is there a change of policy, of reducing the role of state? Why are you saying all of these things?” So the secretary of the Planning Ministry and the head of the Planning Commission were both very sensitive to the fact that the World Bank and the consortium did not like the social tilt in the Third Five-Year Plan.

RJ: The social tilt of income distribution, the social tilt of education and health?

SA: Drinking water, low-cost housing, education, health. All these things.

RJ: What would now be the core of the poverty focus. But what about income distribution?

SA: Direct taxation, tax evasion, monopolies were all brought up in the draft plan document. But because of the concerns expressed in the consortium meeting, the release of the plan was delayed by one year—from the first of July 1965—because a three-member committee was set up to review that chapter. And, of course, in September the war came and the release of the plan was delayed further. I remember three years later, when we started work on the Fourth Five-Year Plan, we produced a small booklet called the “Socio-Economic Objectives of the Fourth Five-Year Plan.”

RJ: That was 1978?

SA: It was 1968, two years before the plan was to be launched. This document was even more heavily tilted towards social objectives. Michael Errock, who was the British economic counselor in the British High Commission at that time, remarked, “Oh, Sartaj, so this is the suppressed chapter eight of the Third Plan coming under a different cover?” He had seen the

blocked chapter when it was sent to the consortium, and he realized that that chapter had been modified by the committee and did not have the original social orientation. So in 1968, it came back. By the way, the word "human development" occurs in that document, "Socio-Economic Objectives of the Fourth Five-Year Plan."

RJ: Very good. Now just tell me a little bit. There was Mahbub. There was Moinuddin Baqai. Were the three of you more or less together? Did you ever have big debates when you were working in the Planning Commission?

SA: We were a good and cohesive team, but after 1965 a healthy debate had started in the Planning Commission. You see, when our chapter eight was not approved in June 1965, and the Indo-Pakistan war came, the model which we had built with such gusto was going down brick by brick. It was very painful, because donors also started reducing their support. In June 1965, as our economic performance was being praised at the World Bank, our foreign policy suddenly came under intense pressure. There was a conference of non-aligned nations in Algeria. On the eve of the conference, Ahmed Ben Bella was ousted and Houari Boumedian took over as president of Algeria. The conference was never held because of the changeover in Algeria. But most of the foreign ministers had already arrived in the conference.

Mr. Zulfigar Ali Bhutto, who was Pakistan's foreign minister, had a secret meeting with the foreign minister of North Vietnam, and apparently encouraged him: "You are fighting imperialism and you are doing very well." The Americans were very angry when they came to know about it. From there, Bhutto traveled to London for the Commonwealth heads of state meeting. There he supported Indonesia against Malaysia. There was an Indonesia-Malaysia confrontation going on at that time. Malaysia had prepared a resolution to condemn Indonesia's threat to Malaysia. And who supported Malaysia but Pakistan? It was a very strange role for

Pakistan. On the one hand, we were receiving massive military and economic aid from the West. On the other hand, we were now supporting radical leftist countries like North Vietnam and Indonesia.

Two days later, when Ayub Khan reached India, he met World Bank President Eugene Black, who was asked to go and consult him. Ayub Khan reassured him. But somehow, the leaders noticed that there was a shift in Pakistan's policy. Just as Ayub Khan was about to leave for Pakistan—I think it was the 18th or 19th of June—he received a message from President [Gamel Abdel] Nasser of Egypt to stop over in Cairo. So Ayub Khan stops in Cairo airport for three hours on his way to Pakistan from London. Three people come to see him at the airport—Nasser, Chou En Lai, and Sukarno. This was such a dramatic elevation of Pakistan towards the anti-West camp that *The New York Times* and the *Washington Post* published this photograph of two tall men—Ayub Khan and Nasser—standing in the middle, and Chou En Lai and Sukarno on the side under the captain: "The company that Ayub Khan keeps." It said, "Ayub Khan of Pakistan, which is still a member of SEATO and CENTO, is now rubbing shoulders with the arch-enemies of America."

Within a week, the State Department initiated a review of its relationship with Pakistan and said, "We must find out what is happening." The term used, I think, was "We must cut down Ayub Khan to size." So on the 29th of June, three or four days later, the World Bank was advised to postpone the meeting of the consortium which was scheduled for the 27th of July to provide pledges for the Third Five-Year Plan.

Now in the meanwhile, Ayub Khan arrives in Pakistan on the 20th of June. The next day, there was a cabinet meeting. He was lyrical: "This is what happened in London. This is what happened in Cairo." *Newsweek* had already said, "A new Asian [Charles] de Gaulle is

emerging," and so on. We had just come back from Washington with a very successful consortium meeting on the third five-year plan. The size of the second five-year plan was $4.7 billion. The Third Five-Year Plan size was $11 billion. But aid components would increase from $2.1 to $2.7 billion, or only thirty percent. Our request for $2.7 billion was approved in total, or $550 million a year. And we were asked to come back on the 27th of July and receive the pledges for the first year. So our boss also gave a glowing account of the country's economic prospects.

In those days, we were still located in Karachi, and we used to travel to Rawalpindi for the cabinet meetings. So after this cabinet meeting we, as usual, went to our favorite restaurant—the three of us and Parvez Hasan. As soon as we sat down, Mahbub started saying, "Taji, I cannot reconcile these two presentations." Parvez said, "I was thinking of the same thing, that Ayub Khan is talking of a foreign policy that is changing rapidly and we are talking of an economic policy heavily dependent on foreign aid. That is not going to last. Something is going to go wrong."

So we all went back to Karachi with this uneasy feeling that these things cannot go on. And within five days, the message came from Washington that the consortium meetings scheduled for July 27th had been postponed. This, I think, was one of the most unfortunate things that the USA could have ever done to upset the development edifice they had supported so sharply. I received a phone call. I was, by the way, secretary of a committee on economic controls, which was formulating recommendations on how to remove the remaining economic controls. We had removed the big ones and now we were working on the second layer. We were in a place called Murree. The committee was meeting and I got a phone call that the boss is coming to see President Ayub Khan, and I should join him that evening. In the evening, he told

me of the postponement of the consortium meeting. Ayub Khan was very upset. He says, “You people were saying everything is alright. What is all this?” We said, “You ask yourself.”

The next day this issue came up in the cabinet meeting and Bhutto, who was foreign minister, said, “I have been telling you, you cannot trust them.”

RJ: Don’t trust the Bank?

SA: The Americans. Four days later, on the 9th of July, he goes to parliament and discloses the news there without Ayub Khan’s permission: “The Americans want us to change our foreign policy for $200 million a year. Are you ready to change it or not?” There was anti-U.S. shouting in the assembly. A procession came out the same evening and burned the U.S. Information Center in Karachi. A new crisis in U.S.-Pakistan relations had started. The flow of foreign assistance to Pakistan was actually suspended well before the India-Pakistan War of September 1965.

RJ: That must be now well-known, though.

SA: Not really, because most observers believe aid was suspended because of the India-Pakistan War. In fact, I think if the U.S.-Pakistan relations had stayed positive, the war would not have started. India saw that our main benefactor, the Americans, were now looking the other way, so why not take advantage of that situation. The India-Pakistan war, even though brief, had a deep influence on Pakistan’s internal situation and on its international relations. That is where my concern with aid dependency and on alternative approaches started. I’ll now go back to your question after this long interlude. The alternative to aid dependency was a self-reliant strategy based on objectives. I used to discuss with Mahbub these issues at great length. But when we went to China in December of 1967, I began to see the alternative strategy more clearly. That is

where my break with Mahbub came, because he had just published his *Strategies of Economic Planning*.

RJ: Which was on rapid economic growth.

SA: Yes. His main theme was that the developing countries must consciously accept a philosophy of growth and shelve for the future all ideas of equitable distribution and welfare state.

RJ: When did he publish that book?

SA: It was published in 1963. He had gone to Harvard to write the book. In fact, when I joined the Planning Commission, he was at Harvard. He had gone in 1961. He completed the draft in 1962 and it was published in 1963. The book also attracted criticism in the press. I also attended some seminars on the subject. But I had no alternative to offer until I went to China.

RJ: Which was in 1967?

SA: Yes, December 1967. Chapter thirty-eight of my book reproduces a long extract of my diary on this visit. That explains how I saw the social dimension of development. Subsequently, in my China book, I recall, "The most important lesson of the Chinese experience is that the process of social transformation through land reform and other measures preceded the process of technical and economic change. If the benefits of economic development first go to the rich, then you cannot redistribute them to the poor afterwards. Therefore, if the process of social change precedes the process of technical and economic change then the benefits are distributed more equitably.

RJ: Did Mahbub ever see that?

SA: He accepted the argument, but did not think it was politically feasible in Pakistan. Later, in his book *Poverty Curtain*, his views changed more drastically. Meanwhile, in 1971, I

moved to Rome. A food crisis began to erupt, leading to the World Food Conference of 1974. That conference provided the first international recognition to the premise that the real cause of hunger is poverty and not shortage of food.

RJ: Earlier, you had the Pearson Commission, which—

SA: Of course. You can see how different pieces were building up—the building blocks of my thinking on development, culminating in 1976 in my China book. So you can see how this philosophy was evolving. The big landmarks were the 1967 China visit, the Pearson Commission report (*Partners in Development*) in 1969, and then the 1972-1974 food crisis. So that is where the evolution of my thinking on development issues, on the balance between economic and social development, and the importance of alleviating poverty reached its culmination in 1976.

RJ: Before we leave that mid-1960s phase, Mahbub often talked about the twenty-two families in a speech he made—

SA: In September 1968.

RJ: Now the emphasis you give on your discovery from China is not so much the wickedness and control of twenty-two families. It is much more the need at the macro level to make social change, including land reforms, an early part of the process.

SA: Mahbub, of course, loved dramatics. Our broad thinking had crystallized three months earlier in the "Socio-Economic Objectives of the Fourth Plan." In that document, the importance of social services, the importance of income distribution, the importance of employment and human development were all covered in a broad strategy for the Fourth Five-Year Plan.

In the preparatory phase, there was a meeting in Pakistan on monopoly control, where a study on concentration of income and industrial assets was presented. The study revealed that twenty-two families in Pakistan controlled seventy percent of all industrial assets and had access to eighty percent of bank credits. There was a seminar in Karachi by the Management Association of Pakistan in October 1968 in Karachi and Mahbub was the keynote speaker. I was addressing the concluding session the next day. So on day one, I was still in Rawalpindi. I received a call from Mahbub in the morning at 8 o'clock. He said, "You remember that report we were discussing last week about twenty-two families? Should I talk about it today?"

I said, "You better be careful, because it is still not yet a public document. There are a lot of holes in it, professionally also, because industry is still only ten percent of GDP. All these assets that people own are mostly bank financed. Their own equities are small. So they don't actually 'own' all the assets." I had made this point in our smaller meetings, also, that when you add up the assets you can't say this company belongs to so and so. He may own ten percent of it or fifteen percent of it. So how can you attribute the entire assets to their names? So the study was professionally a bit weak, from that point of view.

RJ: A bit exaggerated.

SA: Yes. But Mahbub liked dramatics. So I arrived that evening at seven o'clock in Karachi, and he had already made that speech. Mahbub and Jamil [Nishtar] came to the airport to meet me. Jamil said: "Mahbub has dropped a bombshell. I hope it goes down well." I was apprehensive about what he did, because Ayub Khan had just completed ten years in 1968 and was celebrating his development decade with a great deal of fanfare. This speech single-handedly destroyed that whole publicity campaign by pointing out that the wealth created by

Ayub Khan had gone to the rich and not to the poor. That started a protest movement, which eventually led to the downfall of Ayub Khan within six months.

So in a way, this issue of income distribution and concentration of economic power became a kind of rallying point for those who advocated a better balance between economic and social objectives. But in Pakistan the debate went too far and led to large-scale nationalization by the next government.

Bhutto had separated from Ayub Khan and launched his own Pakistan People's Party (PPP). His chief economic advisors were saying we need a different development strategy that is for he poor. "Food, Clothing, and Shelter" became Mr. Bhutto's popular election slogan. When he won, he nationalized all basic industries, banks, and insurance companies without the political prerequisites of a socialist economy.

Even globally the debate about development strategy started in 1970. If you recall in the Columbia University conference on the Pearson Report, we dethroned growth. But the alternatives were yet evolving. It took five, six, or maybe seven years. The 1974 World Food Conference provided one dimension for rural areas. ILO's (International Labour Organization) World Employment Conference of 1975 provided another. UNESCO (UN Educational, Scientific, and Cultural Organization) covered a third dimension. By 1980, we had a consensus but then came the Latin American crisis. The World Bank and IMF took over and the UN system took a back seat.

RJ: Just comment a little bit on the Harvard crew of the time—Ed Mason, Gus Papernek, David Bell.

SA: And Richard Gilbert.

RJ: How many did you feel of these really had something to teach, great insight into development, and the issues that you were evolving from the Pakistan experience?

SA: You see, the first group was excellent.

RJ: Who was in the first group?

SA: David Bell was the leader. And of course, Ed Mason was running it from Harvard. He was the head of the Harvard Advisory Group back in Cambridge. By the time I came, Gus Papernek had joined the Pakistan Group, of which Richard Gilbert was the head. And there were two or three other people who came subsequently—Walter Falcon, Wouter Timms. What they did was to provide a lot of sophistication to our planning—the model building, the input-output analysis, and a lot of rich policy discussion. So in introducing better techniques of planning, they did quite well.

But when it came to policies, the first clash happened in 1963. The first clash came when we talked of self-sufficiency—food self-sufficiency in the context of the Third Five-Year Plan. And the Harvard Advisory Group said, "You get free PL48 wheat and also the counterpart funds. Why do you need food self-sufficiency?" So that was the first clash, which also reached the media. Some commentator actually said, "Look, these people from Harvard want to sell American grain. They don't want us to become self-sufficient." So this was the first major clash of direction. And I, as a moderator, found some compromise language in this issue in the Third Five-Year Plan.

The next issue on which we had a conflict was self-reliance and reduction of dependence on foreign aid. In 1965, along with the Third Five-Year Plan, a twenty-year prospective plan from 1965 to 1985 was drawn up. They said, "Why do you need self-reliance if you are still getting aid? You increase your investment. Absorb more and grow faster."

RJ: Higher growth rate.

SA: Yes, high growth rates of 6 percent or more. So I would say, "What about the political cost? Can we accept more without conditions?" The 1965 events proved that we were right. In 1966, aid was resumed but never reached the pre-1965 level. The aid relationship, however, remained positive for a few years, until the East Pakistan crisis. American aid was suspended in 1970 and it remained suspended for several years after that. But on the whole, the 1960s was a remarkable period in terms of our relationship with the donor community.

In fact, ODI published a book by John White, *Pledge to Development*. It was the first evaluation of the consortium experience, because the first two consortia involved India and Pakistan, and later on Bangladesh. The rest were called "consultative groups." The main difference between consortium and consultative group is that the former goes from the assessment requirements to pledges of actual money by different donors. So that was why the book was called *Pledge to Development*.

John White was more complimentary to Pakistan. He said, "The beauty of the Pakistani bureaucracy was that it does not make the donors feel like a milk cow." In other words, we make them feel good. You see, we had this liberal economic policy in the 1960s, in contrast to India's very socialistic and leftist policy. So by contrast, our priorities came out much closer to the donor communities' priorities in the 1960s. But after Bhutto came in 1971, when he nationalized all industries, banks, and insurance companies, it created a gap between us and the donors. But the 1960s was, from that point of view, a successful development decade for Pakistan.

RJ: Now, just finally, were there other developing countries besides China and India that entered really into your thinking, that you had contacts with?

SA: That happened after 1971, when I went to Rome and joined FAO. Before that, India and China were the focus, in terms of reading and writing. But gradually, other countries' policies and programs entered the picture. We used to go to the World Bank and there were many colleagues there. One example country that was quoted to us quite often was South Korea, which was doing quite well at that time. Parvez Hasan was the World Bank economist on Korea. So we used to talk a lot about his experience. The thing which we heard about subsequently was the healthy partnership between government and business to promote growth, whereas we were over-regulating the private sectors. That was the main comparison.

RJ: But it wasn't clear at that time, in the late 1960s, that Korea was really doing that much better than Pakistan.

SA: Yes. We were ahead of them at that time. In the 1970s, they began to surge ahead. In fact, Korea had sent a team in 1965 to Pakistan to study our planning methods, and particularly policy-making. And I had long meetings with them.

RJ: Perhaps I could take you forward a little bit to the Pearson Commission, where you were involved in 1969 with Arthur Lewis and with others. Give us your overview.

SA: The Pearson Commission was actually conceived by Robert McNamara to gain more support for aid—aid generally, but better funding for the World Bank. So he thought that if a group of people were to evaluate twenty years of development experience it would provide further rationalization. So Pearson was chosen as the chairman. Ed Hamilton, who later became deputy-mayor of New York—

RJ: And now head of the headhunter group. He does international headhunting for the last ten or fifteen years.

SA: Yes. His number two was Ernie Stern, who was later the executive vice-president of the World Bank. Ernie Stern was number two in USAID (U.S. Agency for International Development) in Pakistan in the 1960s, and I worked closely with him. So while they were identifying about twelve people for the staff of the commission, Ernie must have suggested my name to Ed Hamilton. So Ed Hamilton flew out to Pakistan to interview me. He selected me, and I joined one month later, in March 1969. The commission had started its work in February, and it had only time until September because the report had to be ready for the annual meeting of the World Bank and IMF.

Different staff members were given different chapters to do, including research and rough drafts. I was asked to review two decades of development experience. Arthur Lewis was the person who was, as a member, coordinating that exercise. We had a very good international staff from different backgrounds—Goran Ohlin from Norway, Sylvain Lourie from France, Carlos Diaz Alejandro from Latin America, Rair Gulhati and Bimal Jalan from India, Dharam Ghai from Kenya.

We approached our task rather professionally, and produced what I thought was a good draft. Now we were in July, and the commission was supposed to meet in the beginning of August in Geneva to approve the final report. But Ed Hamilton had a feeling that the commission's report was actually meant to influence the U.S. Congress. Only he knew how to draw up a report that would influence the U.S. Congress. So he attempted a very major editorial job. He took our draft report and re-dictated the whole report over four days through three secretaries, thinking that he was actually revising the report only editorially. But in the process, he changed the entire orientation of the report in a way that was not acceptable to even the staff—leave aside the rest of the development community.

From one point of view, it was remarkable to produce a report of 400 pages in four days. But the report showed a total lack of understanding of what development was all about. To tell the U.S. Congress that if you promote development, then you will get all the votes you need in the UN and therefore aid was a very useful instrument of policy for the U.S.—this was appealing to the U.S. Congress in a very superficial way, and making sweeping generalizations about what aid could do as far as development was concerned.

We were all given copies of the revised draft on a Thursday. He said, "I will be away for the weekend and will come back on Tuesday and receive your comments." So we reassembled on Monday. The entire staff had long faces. We did not know what to do, because we were coming close to the deadline for the report.

By lunchtime, one of us suggested that we should disassociate from this report. So we prepared a joint memorandum. I think Sylvian Lourie drafted it. We said, "This report suffers from the following main deficiencies: it shows a total lack of understanding of the development process; it promises political and other benefits from aid that are not going to materialize; and this report would be totally rejected in the developing countries, and perhaps even across the Atlantic, because many Europeans would not accept it. So we have no option but to disassociate ourselves entirely from this report. We are ready to resign and go home if this is the report that is going to go forward."

Then we all agreed that we have to justify our criticism of this report and what we have said in our comments. So we all prepared liner notes in the evening on different portions to give examples of why we could not accept the draft report. On Tuesday morning, we all came in and held our breath, wondering what was going to happen in such a big confrontation. Mr. Ed Hamilton came in and said, "I have read your memorandum. I agree with you. What do we do

now?" I think he sent a copy of the report to Mr. Pearson, also, over the weekend and the reaction was not positive.

RJ: You are not certain that he sent one to Pearson?

SA: He definitely had sent a copy, as we learnt later. He got a phone call, which was not very positive.

RJ: And what was Arthur Lewis' position?

SA: In the second meeting of the commission, held in Copenhagen in June, Arthur Lewis came up with a different position. He said, "Let's not try to show that development inevitably depends on foreign assistance. Development is an autonomous process. It is going to take place in any case. It has certain requirements, certain prerequisites that have to be met both on the policy side and on the implementation side. But of course, if aid is available the process will be smoother and easier. That is all the role that aid has, and therefore I would not agree with the overemphasis on aid. In fact, I will have to write a minute of dissent if you are going to present foreign aid as the panacea."

Soon after he made this statement in the commission meeting, he invited me to join him for lunch at the Tivoli Gardens, which was just across from our hotel. In the conclusion of my chapter on *Two Decades of Development*, I had pointed out that aid was useful as a supplement, but its correlation with growth was low. This corresponded with his views. He said, "I agree with your conclusion. Can you elaborate?" So we had a very intense discussion and agreed that we should present development as an autonomous process influenced by political and economic policies and many other factors. If the strategy is right it can succeed without aid. Some countries in fact achieved progress without foreign assistance, but for many countries the transition to self-sustaining growth would be smoother if aid is available on the right terms.

Professor Lewis then prepared a minute of dissent, which ultimately the commission accepted. It became chapter six, under the title "Partners in Development," which also became the title of the report as a whole. "A keynote of the aid policy should be the achievement of long-term and self-sustaining growth…Development goals will differ and must fit the needs and conditions of each country. Growth is only a partial indicator of pace of development." This thinking subsequently dominated the Columbia University conference on the Pearson report.

After the Copenhagen meeting of the commission in June 1969, there was a delay in finalizing the report because Ed Hamilton had prepared a draft which did not reflect this thinking. So we had to postpone the Geneva meeting of the commission, which was to approve the final report for fifteen days. Meanwhile, two groups were set up, one under Ernie Stern and one under Goran Ohlin, to revert to the original draft, take into account whatever Hamilton had written, and produce a final version. So those twelve days were really hard work. We redid the report within fifteen days, which was approved by the commission without much difficulty.

So there were these two major events of the Pearson Commission. One was the influence that Arthur Lewis had, because his understanding of the development process was obviously deeper and more comprehensive than anyone else's in the commission. He therefore, by presenting his views so bluntly and threatening to write a minute of dissent, persuaded all of them to accept his thinking.

RJ: It was more the commissioners that wanted to make development dependent on aid, rather than the secretariat members.

SA: You see, the commissioners were a mixed group. Douglas Dillon, the former treasury secretary of the USA, Wilfried Grant from Germany, Sir Edward Boyle from the U.K.,

and Robert Marjolin from France. There were only two developing countries—Arthur Lewis from the West Indies and Roberto Campos from Brazil.

RJ: Mr. Campos was a politician and not a development person?

SA: Yes. So in a way, Arthur Lewis was the only one who was representing what I would call a developing country viewpoint. All the other members of the commission were from the developed countries.

RJ: Yes.

SA: Therefore, the staff influence on the commission's work became more important, because about half the staff were from developing countries.

RJ: In your own chapter, when you wrote about two decades of development, how much did you emphasize growing income inequality, failures of employment, failures for poverty to be reduced?

SA: I would have to refresh my memory, but I think the basic purpose of the chapter was to show that more than forty developing countries had achieved a minimum increase of two percent per head for ten years since 1955. It then discussed agriculture, industry, transport, power, public health, education, economic management, and the role of international trade, and the contribution of foreign aid. The social and political obstacles to development were discussed in chapter three, and of course in chapter six.

RJ: Aid can increase investment. Investment can increase growth.

SA: But the sharpness of the quality of life, which actually reflects the widening gap, came later. In other words, there are glimpses of social development in Arthur Lewis's chapter six—what sustainable growth means and why people's involvement is important.

RJ: And surely the opening words of the report are, "The widening gap between developed and developing countries is the essential problem of our times." Who drafted those words? Do you remember?

SA: I think Arthur Lewis. You see, the rethinking about development and the distinction between social development and economic development, and between growth and distribution had started. These got sharpened a year or two later, particularly at the Columbia conference. At that time, in the 1960s, the emphasis was on how to increase investment and how to accelerate growth.

RJ: Yes. Except your experience in Pakistan was that, if I am understanding it, until 1963 to 1965. But then, after 1965, and particularly in 1968, with the Third Five-Year Plan, you had changed your thinking.

SA: Income distribution and employment were two dimensions that were coming out. In chapter six, and in chapter two also, this is mentioned. But it is also clear that, unless the marginal rate of saving is high, and the investment ratio is high, how do you provide jobs? And jobs are necessary to reduce the income inequality also. So the route to reducing income inequality was a bit narrowly-defined at that time. We had not yet recognized the importance of human development—education was regarded as something that was necessary, but that also takes away resources from growth. That human development promotes development came much later.

So while the consciousness was there about income distribution, the policy implication was to focus on fiscal policies to redistribute income. And also, public investment to promote jobs—

RJ: And your memory of Arthur Lewis—very strong on not overplaying the role of aid, and the process of development. As a whole, did you see him as a giant? Was he progressive rather than radical? Was he rather cautious?

SA: He was obviously, compared to all the members. His presence was overbearing and overwhelming in the sense that he knew his subject matter better than anybody else did. And he was also self-assertive. Obviously, he knew that he was the only economic giant compared to others. He asserted his views with a certain degree of authority. But he was not radical in the sense that we would understand today. His whole thesis was about how you create opportunities for surplus manpower to become employment and then become capital. So conceptually it was broad and bold, but in terms of policy implications still somewhat narrow.

But in the Pearson report, we introduced the concept of self-sustaining growth—not sustainable development, yet. Self-sustaining growth means a process that can be sustained, even if aid goes away, and that is not possible without human development. If I read the chapter again, I will find a couple of paragraphs that point in that direction. That was, at that time, I think, quite innovative.

So he did carry the commission along. But when the report was discussed in the Columbia conference, there of course the feedback was much wider and the Columbia conference went further. I think, to that extent, the report did stimulate a major threshold in our development experience by reducing emphasis on growth towards a broader concept of development.

RJ: In your book on China you wrote around the time, you put as much emphasis, if I get it, on the Williamsburg and Columbia conferences organized by Barbara Ward in making that

point of the importance of redistribution, and importance of employment, and the social side, rather than the Pearson Commission report itself.

SA: That's true. The reason is that from my first visit to China, in December 1967, I had developed question marks on Pakistan's development and started debating with Mahbub and other colleagues about what was the real purpose of development. The Columbia conference sharpened the debate about the broader meaning of development at the global scale. The ideas that were scattered suddenly returned. All the economists, including many western economists, conceded the same point that development has to be meaningful in the larger interest of the people. There is a very beautiful quote in the Columbia declaration that says this in a very succinct way: "Criteria are also needed which focus on the living standards of the bottom quarter of each country's population. We also suggest setting up of a special fund devoted specifically to the fulfillment of social objectives in the area of education, health, family planning, rural and urban works, housing, and other related social programs[1]."

So suddenly all the ideas, the conflicts, the contradictions that were floating around in our minds from 1965 onwards found a coherent framework. And it so happened that within two years I landed in Rome on the eve of a food crisis. Then I saw a manifestation of the link between poverty and hunger. In fact, that is the key contribution of the World Food Conference. It established poverty as a main cause of hunger, and therefore development, not more food aid, is the answer. But development with a different kind of approach.

RJ: Before we come to the World Food Conference, are there any more thoughts on Barbara Ward and her influence on the Williamsburg and Columbia conferences?

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[1] from Ward, Barbara. *The Widening Gap*. Columbia University Press, 1971 (p. 12).

SA: Oh yes, because having seen that performance of hers in February 1970 at the Columbia conference, one has to acknowledge her strong influence on development thinking that gathered its own momentum through the 1970s. I also would like to recall Harry Johnson's major statement at the concluding session.

RJ: At Columbia? I don't remember that.

SA: He said, "Look, we are not going to get all these concessions. Just say, 'Please don't discriminate against us. We are poor. We are weak. If we are wrong, say so. But please don't discriminate against us in trade investment and movement of labor.' This line of argument may be more effective than appealing to the generosity of rich nations." In later years, I came back to this theme, also, on how we were being discriminated against. I kept doing research on this, whether it was in the area of food, whether it was in the area of trade, or monetary policy.

But when the Food Conference preparation was reaching its climax, I thought of inviting Barbara Ward to chair the Rome forum. That Rome forum was a landmark. In fact, the foreword that she had written for the report is so relevant today.

RJ: I read it last night, actually. It's superb.

SA: It's one of the most brilliant pieces I have read on the imperfections and limitations of the market system that globalization is today promoting. What she says there is so prophetically timely. She says, on page 572, "These defects in the functioning of the market can help us to understand the deepening crisis of the 1970s, and the likely tragedies of the 1980s." There were, actually, tragedies. "Since the new censuses were taken in the 1950s, we are beginning to see that unless drastic changes are made in our global system, we are going to move into an epoch—not just a few years, but an epoch—in which world markets will even more

decisively than in the colonial period impoverish the already poor and even transfer income from the poor to the rich." That was in 1976.

RJ: Was that in 1976 or 1974?

SA: The forum was held in November 1974. The book was published in 1976. The foreword was written in 1975.

RJ: Brilliant.

SA: But you see how prophetic she was: "The kick at the ant hill that the world experiences today is the dawning realization that conditions which are bound to develop in the next twenty-five years are simply insoluble in purely market terms. We have to become a community."

RJ: This is the end of tape number one.

RJ: This is Richard Jolly interviewing Sartaj Aziz in the morning of the 30th of August, 2001 at 10 o'clock in the morning, in Lewis. Good morning, Sartaj.

SA: Thank you.

RJ: I think we come this morning to your first major personal contributions to the international world—the World Food Conference of 1974, for which you played a major role. Surely it was one of the more successful conferences of the 1970s, and indeed one of the more successful global conferences altogether. Perhaps you would give us an overview, and let me press you on particular points, particularly about the ideas of the World Food Conference, the notion of world food problems and crises at the time, what you feel we have learned since, and what you feel we have learned about what makes for relevant action by the United Nations.

SA: First of all, let me say that this is a subject that is well-documented, so I would like to supplement and repeat. For example, in my book, on pages twenty-three and twenty-four,

there is a brief summary on how the world food problem arose. Then my diary—chapter forty of the book, *Hunger, Poverty, and Development*—was recorded only thirty-six hours after the conference was over, trying to recollect what the conference achieved. It includes the four position papers that I had prepared to sort of mastermind the conference. So they are a very succinct record. This diary was written for my own record, not for publication, so it is a very firsthand and frank assessment.

Then, of course, Thomas Weiss and Robert Jordan did this book for UNITAR (UN Institute for Training and Research), *The World Food Conference and Global Problem-Solving*, which presents a very good summary of the conference, its achievements, disappointments, and the political battles that went on behind the scenes. So I would refer to selected portions. There is, however, this background material which makes our task easier not to try to repeat everything.

First of all, the circumstances which made the World Food Conference necessary started developing two years earlier, in 1972. I had just arrived in Rome, in August 1971, as the director of commodities and trade division. Basically, because I could not reconcile to the break-up of the country—East Pakistan becoming Bangladesh—four months before that happened I just left. As I told my family, "I am just going to rest, save some money for my retirement, and write a book or two." I did not realize at that time that the world was on the verge of a food crisis, and that I would be sucked into it in a big way

For the twenty-five year post-war period, the U.S. created big grain surpluses. They were able to pass on these surpluses as food aid to many developing countries. So the food price remained very stable throughout this period, with the surplus stocks sitting as a global reserve. Nobody realized that there was a need for doing anything, because here was one country with vast lands, with low-cost food production, and in real terms the prices of food were, I think,

lower than they were 100 years ago. So in that sense, the American surpluses provided food security to the world.

But in July 1972, the world food output declined for the first time in many years. The grain production at that time—wheat, rice, maize—was about 250 million tons. It was, on the average, growing about 2 percent a year to keep pace with demand. That means 25 million tons every year. That particular year, the world food production declined by 33 million tons in a single year, mainly because the Soviet crop had dropped from 215 million to 185 million tons. So there was a swing of 58 million tons, while total reserves were 67 million tons. Now the Russians foresaw this before anybody else did, because they had decided to increase grain imports to support larger livestock production.

They started negotiating in mid-1972 with various grain companies as they always did—4 million tons with Continental, 6 million with Cargill, 5 million with Dreyfus. There are five grain companies who dominate the world trade. Of course, the companies were also comparing notes and also informing officials of the USDA (U.S. Department of Agriculture), who were happy with these export proposals. But during July 1972, the Russians closed all the deals and bought 28 million tons. At that time, the American taxpayer was paying subsidies on wheat exports. So the exporting companies collected 150 million dollars of U.S. government subsidies in selling that wheat to Russia. If the extent of Russian purchases had been anticipated, the price would have gone up and the subsidy would have disappeared because subsidies were payable at prices below a certain level. That is why those Russian purchases were called the "great grain robbery," after the "great train robbery."

With such large purchases, the price suddenly started moving up. So in August, when we analyzed trends of grain production and trade, and what was happening to the price in the

Commodities and Trade Division of FAO, we realized a crisis was brewing slowly. The Basic Food and Grains Section of the division had a very competent group of professionals. Tony Leeks was the chief of the service and Mrs. Binder and Mr. Dutia were members of his team. So in August when we got together, we realized that the world was entering a period of shortage, and that the price we predicted would grow by at least fifty percent. We didn't know at that time it was going to double and then triple in a matter of two years. But that was our prediction at that time.

We had the annual meeting of the FAO Committee on Commodity Problems in October 1972. So we decided to highlight the problem at that stage, and tell exporting countries, "Look, let's keep some reserves for the developing countries, because if the remaining stocks are bought only by the well-off countries, the price would double and developing countries would be left without the grain they need to avoid a serious food shortage and possibly starvation." When I broached this subject at a special lunch, I had organized with all the heads of delegations from exporting countries because it was a sensitive subject and I did not want to raise it in public. The American delegate was livid. He said, "For the first time, we are earning some income from grain exports because we have been subsidizing them all the time. And you people want to put a lid on these low prices."

I just reacted instinctively. I said, "Ultimately, you have to calculate how many billions of dollars are worth how many lives. Otherwise, the world will be sorry for this commercial approach to a human problem." The other delegates were kind of shaken by this political exchange, but the committee decided nothing should be done to dampen the buoyancy which the market was showing.

Nothing happened for the next three months. When we came back from our Christmas holidays in January, the situation had become much worse. Now we are in early January 1973. The price, instead of going up by 50 percent, had actually doubled since July from $60 a ton to $110 a ton. This would automatically reduce the volume of food aid because it was budgeted in dollars and not in terms of quantity. This would also further put pressure on supplies, because everybody is buying more than they should—Japan, and Europe, and other countries—because they realized supplies were limited. Canada and Australia were very happy, and they were selling at a good profit.

So we submitted a memorandum to the director-general of FAO, Mr. Boerma, that a food crisis was developing and FAO had to consider its response. He called us for a meeting. I opened the meeting by saying, "Mr. Boerma, I think the purpose for which FAO was created has arrived. Is FAO going to act or not?" I also mentioned Lord Boyd Orr's—the first director-general—grand concept of a food system that is not dependent on one's country's policies. Having understood the gravity of the food situation, he asked, "Now, what should we do?" I said, "The first thing is that you should announce to the world that we are on the verge of a food crisis, so that you send a strong signal."

He said, "Okay, let's do that." So it was on the first of February 1973 when he announced to the rest of the world that the world was on the verge of a food crisis. This announcement raised a lot of concern. Among those who reacted was Jim Grant of the Overseas Development Council (ODC). He called me and asked, "Are you likely to come this way? Why don't we discuss this subject, because I want to focus my next 'agenda' on this subject. ODC called its annual report "Agenda for Action."

I told him I would be in New York in early April and could visit Washington at that time. After the food crisis of 1966, the FAO was supposed to submit an annual report to ECOSOC (Economic and Social Council) on the world food situation. So that report this time became very topical. The term "food security" was in fact used for the first time in that report.

RJ: In 1973.

SA: Yes. The term "food security" did not exist before that. At least I had not seen it used. And the author of the term, I must say, was my boss, Dr. Eric Ojala, who was the ADG (assistant-director-general) of economic and social development of FAO. We were having a meeting and he said, "What we see is that the world's food security is threatened."

So this report went to ECOSOC. After this report presentation in ECOSOC in New York, I went to Washington and met Jim and his team and explained the crisis that was developing. He saw the opportunity. Apart from focusing the ODC's agenda on agriculture, he persuaded Senator [Hubert] Humphrey to write a memorandum to [Henry] Kissinger to propose a world food conference. Humphrey got the memorandum signed by a number of other congressmen and senators and submitted it to President[Gerald] Ford and to Henry Kissinger, by September 1973, when he had just become secretary of state. He had seen the link between energy and food. So for him it suddenly clicked. He made the proposal for a world food conference.

RJ: By then OPEC (Organization of Petroleum Exporting Countries) prices had begun to rise?

SA: Just then. Until 1972, the USA was in a position to control world oil prices because it was producing below full capacity. But in the early 1970s, many oil producing countries had taken over western oil companies. The Middle East wars of 1973 provided the pretext for a

sharp rise. On October 16, 1973, OPEC raised the oil price from $3.00 a barrel to $5.10 and cut their production to sustain the increase. Kissinger proposed the World Food Conference in his first speech to the UN General Assembly as secretary of state on the 23rd of September 1973, and called for a UN conference on the food problem. The growing energy crisis was already in the news.

Now it so happened that in Algeria there was a non-aligned conference also in September 1973. They proposed a conference which would be convened by FAO and UNCTAD (UN Conference on Trade and Development), because they were worried about the trade problem in food. They said, "We cannot buy food at reasonable prices. UNCTAD should monitor this." So these two proposals came more or less simultaneously.

I was at that time in Oxford, attending a conference on trade and development that Paul Streeten had convened. So when I came back, we had a meeting of the FAO's policy advisory board, which met every Tuesday. A majority of directors in that meeting started off by saying, "Why is the UN calling for a food conference? Why a UN conference? Why not an FAO conference? We are the food arm of the United Nations."

I hesitated a little, but then decided to speak out: "What is FAO's capacity to deal with the food problem? FAO doesn't deal with trade in food products. FAO doesn't deal with investment in food. FAO does not deal with the overall food aid policies, or food reserve policies. FAO only deals with the technical aspect of agriculture and publishes long technical documents which only researchers in the West read. And the ministers that come to FAO conferences are generally the least important ministers in most governments. So if a UN conference takes place, development ministers will come, foreign ministers will come, finance

ministers will come. We will have real decision-makers. So we should join hands with the UN and offer our technical expertise to prepare for the conference.

Boerma called me later on to his office and said, "I agree with your approach. What should we do?" So I sent a memorandum to him the next day, the 3rd of October. I set out what we should do. The basic message was that we should offer the UN our support for a world food conference. He approved the proposal and within ten days I was on my way to New York. ECOSOC was meeting and was expected to discuss the Kissinger proposal. The developing countries, of course, were insisting on a conference because of the non-aligned conference resolution. So we found a compromise: "The secretary-general of the UN should convene a conference in consultation with the director-general of FAO, and the secretary-general of UNCTAD." UNCTAD never played much role in the conference, but that particular requirement was met.

RJ: UNCTAD never played much role, but FAO—

SA: FAO played a major role. The UN colleagues were surprised that FAO was welcoming a UN conference, because they were always afraid of the jurisdiction issue. The conference would not have been scheduled if FAO had objected to a UN conference on food.

The UN had, of course, no capacity to prepare for such a conference unless they would set up a large conference secretariat. So armed with that ECOSOC resolution, we put that resolution before the FAO conference, which was one month later, in November 1973. FAO conferences meet biannually every odd year; in the even year, FAO's regional conferences meet. So at that conference, the FAO welcomed the resolution and allocated half a million dollars to enable the FAO secretariat to prepare for the conference.

Soon after the FAO conference, a twenty-five member task force was set up under my chairmanship, which became thirty in the end, and formed the main focus of preparatory work for the conference. It included all the main experts in different sections. They had been working on various proposals for years. What should a major conference do? How should these numerous ideas and proposals be put together in a coherent strategy?

We had three preparatory committee meetings: February in New York, June in Geneva, and September 1974 in Rome. So compared to other conferences, which have usually two years to prepare, this conference had only ten months. The first meeting of the preparatory committee was in February, and the conference was in November 1974. So it was a tight schedule, which made things both easy and difficult.

Soon after the first meeting of the preparatory committee in February 1974, I prepared the first World Food Conference position paper: "The Scope and Objective of the World Food Conference." It listed past UN resolutions on the subject and a minimum of agreed objectives. Then it presented additional objectives and ideas on "Strengthening World Food Security," and "Trade and International Adjustment." Finally it outlined an "Operational Strategy," with a kind of matrix on the consultation process. In other words, which are the countries or group of countries which have to be consulted on different proposals?

RJ: Was that an internal memo?

SA: It was an internal memo for the secretariat, but was shown to selected delegates informally.

RJ: It was discussed by the preparatory group.

SA: No, not formally. It was basically for the secretariat, my task force, and the core secretariat experts. It enabled everyone to see the broader picture and participate in translating

the overall strategy into specific proposals. As you will notice, the final outcome of the conference was not very different from what the strategy outlined in the position paper.

RJ: That's interesting because that was, as you say, separate from what the formal preparatory commission was itself debating.

SA: The preparatory committee, of course, discussed these issues but on the basis of documents submitted to it. The first preparatory meeting was focused on procedures, but the second one discussed the first of the two main documents submitted to the conference: "The Assessment of the World Food Situation, Present and Future," and endorsed it. We thus ensured that the conference itself would not be diverted, as the World Population Conference of July 1974 was, in the controversy over statistics and projection. But during this second prepcom, I also discussed informally the second position paper on a new fund for agricultural development to be funded by OPEC and the donors.

The third position paper was "Long Policy for Food Aid: Policy Proposals." The main focus of this paper was to seek commitments of food aid in quantities, not money, because prices keep going up and down. There was the Concept of Forward-Planning Food Aid," and its limit to the concept of "World Food Security." It even talked about a food aid fund from repayments and increasing the grant component of total food aid. It was quite a comprehensive paper.

The fourth position paper was on the "Creation of International Food Reserves for Emergencies." Whenever there is an emergency, there is an appeal and it takes time to deliver the food. So, pre-allocated food reserves so that the WFP (World Food Programme) can respond immediately to sudden food shortages. This was actually created a year later, following the Special Session of the General Assembly in September 1975.

These four position papers, taken together, had constituted our conceptual framework of how to steer the conference. From there we went in three directions. One, start work on elaborating specific proposals for the second main document for the conference, "The World Food Problem: Proposals for National and International Action." The second, to consult the major countries which are involved to see whether the proposals were negotiable and acceptable. The third was to see whether the total package that is coming out is meaningful to deal with the problem as a whole, and that we don't get lost in the individual proposals.

"From March to May," as I record in my diary, "things went very smoothly. There was an interesting visit to Colombo, plus meetings in Washington. I was confidently developing my strategy for the conference, and the preliminary assessment for the second prepcom was also ready in time. But on arrival in Geneva, in the first week of June for the second prepcom, I discovered that the Ford-Rockefeller team collected by John Hannah was up to something. Led by the Ford Foundation, they had prepared their own strategy and wanted to take over the final responsibility for the documentation and basic work for the conference."

As a UN conference, the secretariat had to be politically balanced. Secretary-General Marei had, therefore, three deputy-secretary-generals: I from the developing country; Mr. John Hannah from the developed countries; and Mr. Roslow from Russia, who never contributed much. With the substantive secretariat in Rome, under me, John Hannah decided to request the Ford Foundation and they made available Dale Hataway, former assistant-secretary of the USDA (U.S. Department of Agriculture) and a team of eight people, very heavyweight people. At the same time, Ed Martin was appointed by the U.S. to coordinate the U.S. input into the food conference. Between these two—Ed Martin and Hannah—they had more professional staff than I had at my disposal in the secretariat of the conference.

RJ: Were they pressing very different approaches, and essentially what were the differences?

SA: Oh yes. I was taking a development view of the hunger issue and they were taking a food aid view—prices and open markets. When the assessment document was discussed for the second prepcom in Geneva, for example, many western delegates questioned the statement that "Poverty is the principal cause of malnutrition." We accumulated these objections by modifying the paragraph to say, "Causes of inadequate nutrition was many and interrelated, by the principal cause is poverty." Similarly, Ed Martin told me in the very first meeting that there should be no question of the term "New International Economic Order."

RJ: Even though Hannah and Ed Martin, in principle, had quite a lot of experience with developing countries? Nevertheless, the aid, and developed country, and U.S. perspective was dominant?

SA: Yes. They were also against any system of food reserves, because that keeps a lid on prices. They wanted an open market system and incentive for production. If developing countries can't produce, then we will give it to them as food aid. Under such a policy, if developed countries also subsidize food, then obviously it eliminates all potential surpluses from all the countries. In the book that I had edited in 1975, *Hunger, Politics, and Markets,* there is a table showing drastic changes in the world grain supply. Before the Second World War, the U.S. exported five billions tons, and Latin America nine million tons, and Australia one or two million tons. Europe was the only importing region, with twenty million tons. By the time we arrived in this conference, the U.S. was exporting 100 million tons and every other region had become an importing region. Now, of course, U.S. exports are more than 200 million tons a year.

Initially, the political battles started with administrative issues, rather than on issues of strategy and policy. Who was in charge of documentation? Who was running the show? They were telling the secretary-general, Marei, "FAO is one agency. You are getting inputs from ILO, from UNESCO, UNCTAD, and many other agencies. So we would coordinate all the inputs from FAO and other agencies, and give you an overall strategy to present to the conference."

As I discovered later, Ed Martin, the U.S. coordinator, had first tried to control the secretariat by appointing a heavyweight person like John Hannah. When he realized he could not get him the responsibility for documentation, he organized this high-power team from the Ford Foundation. Hannah told Marei, "FAO cannot give you an objective overview. This is your team, without expense to the UN, and it will help you to coordinate all the work." From then on, right to the end, there was a constant tug-of-war between me and this strong team from the United States.

I decided from the very outset that I would not fight this battle on political turf, but on the force and substance of professional work based on solid development experience of two decades. That is why I invited Don Pearlberg, a senior office of USDA, to come to Rome for three weeks and work with us on the assessment document. I told him the USDA had strong expertise in projecting trends of production and consumption in difference regions. FAO had good expertise in assessing malnutrition and undernutrition. Let us combine this experience and produce a good assessment document." He and his team came and spent three weeks in Rome. Later, in the second prepcom, he made very positive comments on the document and that is why it was widely endorsed by most delegates and the overall assessment was accepted as a basis for deliberation at the conference.

The second main document, "Proposals for National and International Action," was more difficult to handle. We had lengthy exchanges and marathon drafting and redrafting sessions. The Secretary-General's statement to the third prepcom identified ten priorities and proposed that the secretariat could prepare a set of resolutions which the conference should consider based on the priorities. So that document, with eighty-five recommendations, was taken out of the way. And the conference spent the two weeks it had only on finalizing these fifteen resolutions.

The evaluation of the World Food Conference for the UNCTAD, by Tom Weiss and Robert Jordan, has highlighted these factors for the success of the conference, limited documentation, intensive consultation with delegates and member-countries, and initially the active role of the secretariat. Under the title, "Leadership by the Conference Secretariats: Can International Civil Servants Influence the Policy of Governments?," their basic question was that whenever an international conference is held, should the secretariat provide only tables, chairs, and interpreters, and let the governments decide what to do? Or should they go beyond and propose policies and strategies?

The report concludes: "One of the more encouraging aspects of the preparations for the World Food Conference was the sharp reaction of the secretariat of the conference when its proposals for a follow-up mechanism, the World Food Authority, was rejected by just about everyone." Flexibility was particularly characteristic of the leadership of the secretariat, because the concept of the World Food Authority was proposed by Secretary-General Sayed Marei. Part of the explanation for Marei's suppleness is that he was not an international bureaucrat, and did not aspire to become one. Rather, he was an active politician holding a ministerial post. More important, however, he appeared emotionally capable of placing the chance for successful follow-up before the fate of his own proposal. It apparently mattered little to him that the two

more important institutional frameworks to emerge from the World Food Conference—IFAD and WFC—actually represented the rationale and even the language of his own proposal on the world food authority.

"The potential for policy-making," the report goes on to say, "was official. Sartaj Aziz, the Pakistan deputy-secretary-general, as leader of the FAO Commodities Division, exerted a considerable influence on the ultimate direction and results of the conference. He, too, ignored the warnings of several career officials who wanted the secretariat to avoid composing any official list of action priorities. Aziz protected the secretariat against criticism by providing the comprehensive "shopping list" in the action document, but simultaneously he drafted and personally created with important governments and blocs of nations several key resolutions. Aziz's role in influencing the content of the proposals for action was a continuous one which began only ten days after the U.S. secretary of state proposed a food conference before the UN General Assembly."

"The examination of leadership in the secretariat of the World Food Conference," the report concludes, "is an obvious case for the study of bureaucratic politics. An international secretariat did not merely influence indirectly the shape of policy, but actually made policy."

RJ: How would you sum up the important outcomes of the conference?

SA: Let me start off by summarizing five elements that I think constitute the prerequisite for the success of any international conference. First, to present the issue in a manner that creates global awareness and a different way of looking at the issues. The food conference did so very successfully. Second, to propose an action strategy which is acceptable to both sides, and broadly covers the range of views that surround an issue. Third, to evolve within an overall conceptual framework or strategy an action plan which is negotiable and yet meaningful. Fourth,

a clear articulation of financial resources required for implementing the action plan. Fifth, a follow-up mechanism which can monitor the progress at the policy funding level, and implementation levels. The WFC was successful on the basis of all these five criteria.

In the case of the World Food Conference, the ground situation also assisted the first objective because there was a crisis. People were dying. And there was a tremendous interest in the subject, particularly by NGOs and various church organizations.

RJ: Let me press you on that. In hindsight, do you think the sense of crisis was overdone? After all, surely in the late 1960s and early 1970s, there was this sense that the world was going to run out of food. But there was also this sense that the Club of Rome was giving, that the world was going to run out of many key materials—oil, copper, and so forth. Now looking back, the argument is that with many of these resources the issue was not a total, absolute lack of resources, but much more a distribution issue, and much more poor people were going to be priced out of the food market. Surely now we can see that the new seeds provided much potential, even for poor people.

SA: This view is partially true because the crisis warning led to actions that averted the crisis. Most governments, particularly in developing countries responded to the crisis and endured that more food was produced. If they had not done this, of course, the crisis could have deepened. But the distribution issue remained unresolved. The conference documents had pointed out that there is room for more production in the developed countries, where the demand is less, but not enough in the developing countries. And the gap of 80 to 100 million tons cannot be filled by 10 million tons would have a deficit, which would be difficult to meet through commercial imports. Also, the surplus in developed countries, with subsidies, will keep prices depressed, creating disincentives for more production in the developing world.

RJ: Since that time, hasn't food production in most parts of the developing world, particularly China and India, increased very considerably?

SA: Yes. And because of that sense of urgency created by the conference—

RJ: And more than was expected at the time?

SA: Less than the targets set in the food conference, but more than the historical trends. So the trends were reversed because of the priority given to food production after 1974. Basically, it was the success achieved by South Asia and China. If they had not achieved this success, then of course the global food problem would be more serious. And a third dimension is also unresolved—even if enough food is produced in the developing world, the poor people would not have the capacity to buy that food. So we go back to the poverty issue. Both of these issues were highlighted at the conference. The only viable long-term solution to the food problem is increasing production in developing countries.

RJ: But also to increase food production and certainly incomes among the poor.

SA: Yes. The objective of increasing food production must therefore be pursued within a development framework. It will require investment, improved technology, but above all a more meaningful political and institutional framework. This means that development must be pursued in a manner that involves the poor people. That is why the strong link between poverty and hunger. Therefore, while this pro-poor solution is being debated, we must have a food security system at the national and global level. So all these four dimensions are fully covered in the conference documents.

RJ: And was the poverty dimension emphasized very strongly within the conference?

SA: Not to that extent. But the documents and the delegates did emphasize that unless poor people have either the means to produce their own food, or buy their food, they will remain

hungry and malnourished. Some delegates did emphasize that poor people would need supplementary food aid and some kind of help with nutrition. But generally the concept of a broader development framework to deal with the food problems, rather than food aid, was widely accepted. Chapter six of the main conference document, "Rural Poverty and Rural Development," for example, also emphasized the need for rural development to create employment in the non-agricultural sector. In a way, this was the beginning of this new thesis, starting with the Columbia conference in 1970, which had emphasized the social dimension of development.

RJ: And how much did gender and the role of the women come into the conference and the awareness of these issues?

SA: There was one specific resolution on the role of women in food production. This was inspired by the incisive contribution of Margaret Mead at the Rome Forum organized by Barbara Ward, three days before the conference itself—i.e., on the 1st and 2nd of November. While on the subject of the Rome Forum, attended by twenty-eight eminent persons, let me also mention the remarkable foreword written by Barbara Ward for the report on the forum: "Farming is so subject to gluts and famines, so liable to insecurity and fluctuation, that few countries are foolhardy enough to leave its operation to the pure market. From 1950 to 1970, support prices, the withdrawal of land from cultivation, the transfer of food abroad on concessionary terms, gave American agriculture and the world a period of remarkable and creative price stability. But it was not market stability. It was community control…In short, the impracticability of applying the pure market system to farming is generally recognized and is thus the clearest illustration of defects inherent in sole reliance on market operations." A report

on the forum is presented in *Hunger, Politics, and Markets: The Real Issues in the Food Crisis*, published by New York University Press in 1975.

RJ: Let me press you on that, with Barbara Ward's quotation. To what extent did the conference resolutions comment on the role of these five major food companies, or grain companies that dominate the global market?

SA: Chapter seventeen of the "action document" for the conference on "Stabilization of Food Prices and Markets," did break new ground and presented some new proposals. But the developed countries were not prepared to discuss trade issue in a food conference, and therefore the end result was a very weak resolution restating previously agreed positions.

RJ: A price ceiling and a price floor?

SA: The secretariat proposal was basically aimed at reducing fluctuations in food prices, through coordinating stock holding by the countries concerned.

RJ: So a buffer stock mechanism.

SA: Not a single buffer stock, but security stocks held by different countries which would not come into circulation unless the price goes beyond a certain ceiling. These proposals were developed further a year later, for consideration by the World Food Council. An article by Jonathan Power on page 576 of my book, and published in *The International Herald Tribune* of May 7, 1976, explains it very well: "The last fifteen chapters of the book of Genesis tell the story of Joseph, one of the Hebrew patriarchs. The pharaoh, the story goes, had had this ominous dream in which seven fat cattle were eaten up by the seven poor and ill-fleshed cattle. Joseph was brought before the pharaohs to tell the pharaohs what his dream meant. He told the pharaohs that seven fat cattle were seven years of good harvest, and then the thin cattle were seven years of famine. Only one thing, he said, could avert catastrophe—to take and to store

under the pharaoh's seal one fifth of the crop during seven years of plenty. The pharaoh put Joseph in charge of assignment, with a rank second only to himself. The devastation of an empire was thus averted.

The debate about food supplies continues as if nothing has been learned from history. World food stocks are now lower than at any time since World War II. A serious crop failure in a major production region, if not balanced by a bumper harvest, would mean that grain prices would go through the roof and hundreds of millions would find that the basic essentials of life were priced out, as happened in 1974. Indeed, since 1973 the only real food result has been the cereals fed to livestock. But what now? The recession is on the wane. Meat consumption is on the rise. And if there is a bad harvest, what happens? The UNFAO estimates that the world should harbor about 18 percent—not far off Joseph's 20 percent—of its annual cereal consumption in stock. This year, it would mean about 165 million tons, against 100 million today. So we are talking about a need for an extra 60 million tons, the figure mentioned by Secretary of State Kissinger at his November 1974 food conference. Yet, although the 60 million ton figure was proposed, and the assembled throng said "amen," we are still a long way from the positive commitment to make it a reality.

"The mechanical details of how it should be done provide a field day for bureaucratic infighting. The International Wheat Council is discussing it as a part of a new wheat agreement. In the GATT (General Agreement on Tariffs and Trade) multilateral trade negotiations, reserve stocks are being discussed. And finally, the UN Conference on Trade and Development is developing it as part of a package deal on commodities. As in each of these organizations, the old, hoary ideological issues surface. The EU calls for stability. The pure free-marketeers of the U.S. insist on no interference with the market or the prices. The developing countries want a

guarantee of a low-price range. How many permutations and combinations might emerge from that muddle?

"Enter the World Food Council, which is the nearest thing we have to a far-sighted overseer, which was brought into being by the World Food Conference and was expressly charged by the international community to act as political powerhouse for making sense out of the conflicting lines of responsibility. The second session of the council will be held in Rome on June 14. The critical preparatory meeting begins next Monday. On the agenda is a remarkably well-thought-out plan for breaking through the impasse on how to create a global food reserve. It is the brainchild of Sartaj Aziz, the Pakistani economist who is the council's deputy-executive-director. Those who saw Aziz in action at the World Food Conference will not be surprised to be told that his plan is at once both sophisticated and straightforward. It has the touch of a master of the craft of food diplomacy.

"Aziz first assures the grain exporters—the Americans, the Canadians, the Australians in particular—that he is not a stalking horse for lower prices. He writes, 'It needs to be recognized that reserve accumulation would have to be initiated at prices somewhere near current level.' He goes on to assure them that such stocks would be firmly held against a well-defined exigency, so as to avoid any price-depressing effect. Secondly, he limits the debate to only wheat and rice, leaving the question of less-important, coarse grains, principally used for animals, to another day. This brings the discussion down to the argument about 30 tons of grains, a figure more easily accepted by public opinion.

"Next he moves boldly to defuse the overcharged debate of nationally-held, versus internationally-held stocks. He argues strongly that international management under a single agency 'will be simpler to devise, more efficient and less-costly to operate,' and that the

alternative of a loosely-coordinated system of national reserve suffered from the real danger that an exporting country called upon to release reserves to the market, according to agreed guidelines, could subsequently announce a decrease in export abilities.

"But Aziz, while pointing this out, is wise enough to admit that, politics being what it is, 'it seems unlikely that a system based on a single global stock, neatly divided between different groups of countries, can be created and agreed upon in the foreseeable future.' It is at this point that Aziz reveals his plan. He breaks down the problem in a way so that it simplifies it enormously. It is in three parts. First, a very small international component of a half a million ton reserve for unexpected, random emergencies. Second, a coordinated system of nationally-held reserves so that each year a food target of 10 million tons could be met as a matter of course. That is only one million tons more than was set aside last year. The third part is a security reserve of about 20 million tons to be firmly held against a serious and carefully-defined set of contingencies. For example, grain might be released only when prices rise 50 percent above a certain agreed level. In this way, the reserve would not have the same depressing effect on prices, as would normal stocks, a fear that fuels the resistance of the farm lobby, particularly in the U.S.

"Although Aziz would like to see the third component held in international management, it could still work, he maintains, if each exporting country held its own stock, as long as there were some mutually-agreed formal guidelines. Here, in the guise of the World Food Council, is the new Joseph. It is up to the pharaohs of the world to make this conceptual breakthrough a political reality."

So you can see how the companies were being circumscribed through a proposal which would not fight them directly, but create a system which would not allow the market prices to go

above a certain level. That is why, although this proposal was already embedded in the conference proposals, it was developed subsequently. And of course it was shot down at the World Food Council, apart from the first two components. The global emergency reserve was accepted and the 10 million ton food aid target. But they did say, "All exporting countries would have a strategic reserve, and we will consult if the prices rise." So there was a kind of monitoring system, rather than a tightly-held reserve.

RJ: Now was that company opposition that led to that compromise? Was that government opposition?

SA: It was a bureaucratic hurdle. They didn't want to accept an international system that would have a depressing effect on prices. They said, "The fact that the reserve exists will not allow the prices to go up. They know it will be released." So they did not want any ceiling price. Of course, in practice it never went to those levels. So it was just as well.

RJ: But it was the fear of prices being limited, which would hurt American farming interests and the company interests, that was the driving force for opposition?

SA: You see, in the real world, even a modest increase in grain prices brings a big response from U.S. farms and prices go down, but the U.S. farmers do not want an international system to regulate prices. In fact, in 1976 there was another unofficial world food conference in Iowa, the Midwestern state which is the main hub of grains. There I suggested that the demand for food was increasing, but the short-term food situation has improved. The future demand is likely to grow at about 3.3 percent, less than 2 percent in the developed countries but 3.5 percent in the developing countries.

The developed countries and the centrally-planned economy could conceivably increase their food production at a rate that covers their demand. But the required increase in the

developing countries is considerably faster than they have achieved in the last fifteen years. So they have to accelerate. There is considerable opportunity for increasing production in developing countries by expanding the area and the productivity. The distribution aspect of the food problem is almost as important as the production aspect. And the over-consumption of food in the rich countries, besides being undesirable—at least one factor of relative scarcity of supply for the poor—it is important for policy-makers to discourage over-consumption at the national level.

To sum up, the food outlook for the next twenty-five years is essentially manageable. It would require a tremendous national and international effort. In seeking solutions, we should not look for simple alternatives such as larger production versus better distribution, or population control versus larger production. All three elements—increased production, improved distribution, lower population growth—are interrelated.

The American reaction to this presentation came directly from Mr. Earl Butz, the U.S. agricultural secretary. He came to Iowa ten days after this conference. The *Des Moines Register*, the newspaper of Iowa, had published an editorial on my speech, that Americans have now given up their role in holding the world reserve, and they are not allowing an international alternative to come up in its place. Either they say, "OK, we take responsibility and we build up reserves and keep stability. Or we must allow the international alternatives which are being proposed to come into existence." This was the main thrust of the editorial.

Mr. Butz obviously took note of this editorial. When he made his speech in Iowa, he said, "American farmers will produce any grain required, but we need good prices. We don't believe in any reserve system or any interference in the market system." He asked his secretary

to send that speech to me: "Mr. Butz made these remarks in Iowa a few days ago and he thought you would be interested to read them." So he was giving a reply to my statement indirectly.

On the same day, I received a letter from Senator Humphrey's staff that said, "The senator has asked me to thank you for the speech you made in Iowa. He thinks it is such an important speech for the U.S. policymakers that he has asked it to be included in the congressional records." So all I did was to attach that letter and send it back to Mr. Butz with my compliments slip.

So you can see the divergence in the approaches. But I never made my approach totally one-sided. The act of balancing by international community is OK. We need the markets, as Jonathan Power points out in his article, but within certain parameters which would not allow things to go too far in either direction.

RJ: Now let's look at some of these issues from the perspective of where we are today, the year 2001. Looking back on the World Food Conference and its main recommendations, do you think the analysis was correct?

SA: Yes, I would say that the analysis was based on the historical trends. And if those trends had continued, we would be in a catastrophic situation, particularly countries like China, where the whole world surplus could not feed them. The gap would be too large to be filled commercially or with food aid. So in that sense, to create an awareness that we may be running out of food was the correct strategy.

RJ: It engendered a response that you think—

SA: A response that actually came about.

RJ: Now, let me raise another issue. Kissinger, at the conference, said no child should go to bed hungry within ten years. Now that's an example of perhaps the opposite effect, that a

statement of broad ambition for the conference, which it so patently failed to achieve, that many people quote that time and time again with great cynicism: "This shows how hopeless the conference was because, after all, Kissinger said that was its aim and we haven't achieved it."

SA: His speech had this statement but no concrete proposals or offers. The conference went much further by emphasizing better distribution of food and the link to poverty. So it was a nice phrase for his speech, and we put it in the main conference resolution.

RJ: Do you think it was a mistake to put it in the conference resolution?

SA: No. I think it was a good way to raise the consciousness of the world, because it was a desirable aim. It so happened that, by coincidence, in 1984, ten years later, many people died in Somalia and Ethiopia, in the horn of Africa. So it was a bit ironic. But we know, basically, that this was a commitment of the international community to abolish malnutrition within ten years. But in practice, obviously it needed much longer. Even today, we have 800 million who are hungry.

Next week, we have a conference in Bonn on "Sustainable Food Security for All by 2020." One of the documents prepared for this conference had passed in the 1990s. To achieve food security within ten years, the World Food Council had three goals. One was to increase world food production by an annual growth rate of 4 percent with the following minimum indicative goals for food production for developing countries—3.4 percent a year in the Far East, 3.8 percent for Africa, 4.0 percent for the Near East, and 3.6 for Latin America. These were the actual targets. Another was an aid minimum of 10 million tons of food aid annually. And a third was to ensure a minimum of 500,000 for emergency services. So these were the main recommendations of the conference, as far as food security was concerned.

By the end of 1984, only thirty-four countries were still experiencing food shortages. So other countries had graduated.

RJ: This was prepared when?

SA: For this conference in Bonn next week. It is actually a comparison of the 1974 WFC targets with the later targets adopted by the UN in the 1990s.

RJ: From 1974 to 1984, in ten years, world food production increased annually by 2.2 percent. The increase of 3.8 came in the 1980s, not just then. The majority of developing countries failed to achieve their minimum indicative targets. Only Asia and the Far East accomplished the 3.4 percent. Africa achieved only half of its goals—6 percent. And the Near East, 65 percent of its goal of 2.8, and Latin America about 80 percent of its goal. So we were moving. And shipments of food aid were 9.8 and even 12 million tons in some years. So basically that was achieved.

SA: Yes. One of my colleagues, Dr. Ishrat Hussani, the governor of the Central Bank, summed up the situation very well when he spoke when this book of mine was launched on the 31st of October last year: "From 1972 to 1974, the developing world was undergoing a major crisis in food production and availability. A few far-sighted individuals, like Sartaj Aziz, took upon themselves to bring to the forefront of the international debate the question of food security for the poor, and particularly in the low-income countries. In 1974, at the World Food Conference, he brought together many distinguished practitioners, academics, and policymakers to ponder over the future of food security in the world. He estimated at that time that if in the next twenty-five years world food production did not grow at a minimum of 3.3 percent, we would have a crisis of unmanageable proportion by the year 2000.

"For Mr. Aziz' benefit, and for the benefit of all those present, these twenty-five years have been a period of tremendous progress in meeting the targets he had set out for the world. The world production of cereals and food has been growing at 3.8 percent per year, outstripping the demand of 3.3 percent, which he had projected. The number of people suffering from malnutrition, which was 1 billion, has come down to 800 million. Most of the gains have taken place due to increases in productivity in developing countries. The production index per capita has actually increased by 60 percent in the last thirty years.

"Visionaries like Sartaj Aziz should be congratulated for bringing these issues to the forefront, and devising an agenda for action and for persuading policymakers to implement it, and then keeping up the pressure both on the developed countries and the developing countries, to correct their macroeconomic policies, to stop the discrimination against the agriculture sector, to provide incentives for farmers because farmers are responsive to the right incentives." It was because of these changes in policies in favor of agriculture that averted the impending crisis highlighted at WFC.

RJ: Whose paper is this?

SA: This is one of the speeches that were made when this book of mine was launched in Islamabad in October 2000.

RJ: I see. And that particular speech—

SA: This was the governor of the central bank, Mr. Ishrat Hussani. He was the head of the World Bank Poverty Unit in Washington. He was watching all of this.

RJ: Let me ask how this analysis and the conclusions related to John Boydorr's earlier vision of a world food plan. Do you believe that what was called for in 1974 *de facto* added up to the component parts that John Bororr had wanted?

SA: Actually, the World Food Authority was more ambitious. That would have created a broad system in which IFAD would be a part of it, the committees on food aid and food security would be a part of it, and the World Food Council would be the sort of operating body which would have presided over the World Food Authority. That kind of role nobody was ready to surrender to an international organization, but they went along with the basic components. They converted IGC, the Intergovernmental Committee on Food Aid Policy, into CFA, to discuss the coordination of the food aid policy, apart from in-house management of WFP.

RJ: The CFA being the—

SA: The WFP's governing body is the Committee on Food Aid. Then the Committee on Food Security does good work on projection of trends, and that is the body which is the secretariat of the World Food Summits. They meet every year and look at results. God forbid if there were a crisis today, the Committee on Food Security would perform the job that the World Food Conference did in looking at the trends and issue warnings. There is an early warning system which we had set up in FAO in 1972, which warns of major areas of food shortages. That is now under the Committee on Food Security. And IFAD, by focusing on poor people, is covering the third dimension, producing food for the poor.

So each of the three priorities at the conference are in place, although the Committee on Food Security has not gone to the extent of controlling any reserves. But by providing a mechanism for consultation among countries, it enables them to see the need for any action that may be recognized.

It so happens that we have not had a major crisis since then. But the system is in place, and the emergency reserve is, of course, working. The early warning system emergency reserves, the Committee on Food Security, the Committee on Food Aid Policies, along with a 10

million ton minimum target for food aid have become the main components of a global system which has worked reasonably well. It may break down in a major crisis if the requirements are too large, or if the gaps are too large. But as a global system, you now have this kind of framework in place.

That's what Jim Grant referred to—that for the first time after Havana, when the World Conference on Trade and Employment failed to move beyond the initial global system of quarantine regulations, civil aviation system, and radio frequencies, you had, in 1974, a food system that came into place. Of course the fact that the World Food Council was created as a UN and not an FAO body was a mistake. That's why it disappeared in the early 1990s. If the World Food Council had replaced the FAO council, but attended by more important ministers, the system would have worked better and the council would have survived.

RJ: Was that ever considered?

SA: Well, very briefly in those days. But the UN refused to accept that. As I described this issue in my diary very briefly, "The second major issue was the overall coordinating body for follow-up. Mareis's main contribution to the conference preparation was his ideas on follow-up. On the 25th of June, he suggested to me the concept of a World Food Authority. Over the weekend, I developed a chart giving substance to the idea. But the chapter itself was written on a single morning in Geneva on the 23rd of July, and was to become the most controversial chapter in the document. High-level meetings were convened in FAO "to discuss the threat of a new UN body on food and, despite my repeated clarifications that FAO's basic interests were not jeopardized, the uneasiness in FAO reached almost panic proportion in the end. Only after the decision of the conference to set up a World Food Council as a UNGA organization, but a

secretariat within the framework of FAO, did everyone heave a sigh of relief and join in the chorus of praising the conference." As you can see, the jurisdictional battle was on both sides.

RJ: But nevertheless, the World Food Council lasted what, twenty years?

SA: They didn't achieve much because they didn't have the expertise nor the full support of FAO. If they had created the council which I had visualized it would have been different. In the World Food Conference, for example, the UN political umbrella was extended on FAO's technical work, the combination of the two. I wanted to repeat that every year. The FAO council is their administrative body. It doesn't do very much on substantive issues. The World Food Council, as an FAO body, would have one committee dealing with housekeeping and the other dealing with the world food problem.

RJ: What might have made it acceptable in that form at the time?

SA: FAO had accepted it, but the UN refused. This language was worked on by delegates in Rome and included in the conference resolution. But then in New York they said, "We can't allow a UN body to be serviced by an official elected by another specialized agency." So they did not follow the conference and they made it a purely UN organ. And FAO never cooperated with it. If the FAO council had become an effective body, there would be no need for this World Food Summit. The council would have met at summit level periodically. So I think this was one of the institutions that did not work out.

But anyway, fortunately we have not had a major food crisis. The inadequacies of the system will probably show up if there is a major crisis in the next decade.

RJ: Were there any other paths not take at the World Food Conference?

SA: There are two things which I would say are still lacking: One is the flow of resources to agriculture, both nationally and internationally. IFAD is very small compared to

IFI's, so internationally it did not change much. There is not much money going to agriculture. Secondly, the policy framework has a bias against agriculture in most countries and at the global level. The broad policy framework makes sense at the national level, as Barbara Ward said, because of the community approach to the problem. At the global level, this doesn't happen.

Today, the big issue in agricultural negotiations in WTO and elsewhere is this policy framework. On the one hand, the developed countries provide these massive subsidies. On the other hand, countries like Pakistan are not allowed even to give small subsidies under the IMF and World Bank directives. This, I think, is a very serious issue. And in my work for the OECD, in 1990, called "Agricultural Policies for the 1990s," which is chapter twelve of this book, I quantify these subsidies.

RJ: We can look that up, so why bother to quite it now.

SA: So to sum up, a global food security has been ensured, and national food security has been ensured somewhat, but food security for the people has not been ensured. This is the main conclusion.

RJ: Now any other final comments about the World Food Conference? Do you still believe that it is the best, or one of the best, UN conferences?

SA: I think it was one of the successful of the UN conferences because of the focus on concrete proposals and concrete follow-up. The results we have seen, in no other area have we achieved this outcome. For twenty-seven years, we have not had a major food shortage. The prices have remained stable. The poverty issue is, however, still very much with us.

RJ: And you wouldn't call the famines of the 1980s a food crisis? Or how would you see it?

SA: Of course the time between the conference and the 1980s was not that much for it to have a major impact.

RJ: Ten years.

SA: Yes. But basically the 1980s crisis was confined to Africa, and the African problem was a very different problem. There the institutional and political rigidities and manmade wars were major factors. The African problem therefore was much more structural. The Integrated Programme of Africa for Afirca and many other programs have been taken up to deal with these structural problems. In South Asia and China, the green revolution technologies had already come in. The WFC created the policy support and some more investment. And we have seen the results. These prerequisites were not met in Africa. Even today they are not met.

In the forty-eight least-developed countries, the per capita food production has actually declined. While the index of food production for developing countries as a whole is 140 compared to the mid-1970s. For the least-developed countries it is ninety-four. It has actually gone down. And the number of malnourished people has doubled three, from 120 to 240 million. Overall, 800 million people are hungry today. Of these, 240 million are in the least-developed countries. So today, that is the component of the food crisis which deserves more attention—very poor countries and very poor people.

RJ: I think we should pause here, and then come back to consider IFAD, and your experience there, which after all was directly an institution created to focus very much on poor people and poor countries. Thank you, Sartaj.

RJ: Now we will turn to IFAD, which of course was surely the most important institutional change, an institution created from the World Food Conference, and in which you

played a role as assistant-president from 1978 to 1984. Perhaps you would give us your sense of the achievements of IFAD against the original aims.

SA: Well, I agree that IFAD was the most significant outcome of the World Food Conference. Basically, the idea emerged because towards the end of 1973 oil prices had suddenly been raised and OPEC had emerged as a major global player. They also realized, immediately after their new wealth, that some of the burden was falling on developing countries. So they rapidly increased their aid to some of those countries through the Saudi Fund and the Kuwait Fund. So the idea of how to involve OPEC in some kind of a joint effort became an attractive option. At that time, there was also a certain realization that, since OPEC was getting into a confrontational relationship with the West because of the oil price issue, that if there were constructive areas of cooperation, it would be a good thing to break the hostile environment.

Now somehow the concrete shape of the idea actually came to me from a proposal that Robert McNamara had launched when he was in Iran in March 1974, just a month after the first preparatory meeting. He suggested that if twelve OPEC countries were to provide $1.8 billion to the World Bank, he would raise a similar amount from the developed countries. Therefore, a fund of $3.6 billion could start under the World Bank auspices. The implication was each OPEC country would give $150 million, to add up to a total of $1.8 billion.

Iran, of course, supported this proposal and announced its contribution of $150 million, but the overall reaction in OPEC was not good because Iran had not consulted them. Small countries even objected to the formula that how could every OPEC country give the same amount, because some had more and some had less oil income.

Drawing guidance from this reaction, I revised the proposal in my original February working paper and prepared the second position paper, which after going through three drafts

was finalized in May 1974. It suggested that OPEC countries should give one percent of their oil revenues every year. That amounted to about $917 million for that year on the basis of oil revenues in 1974. The position paper suggested that OPEC countries should invite other donors to contribute another $1 billion in proportion to their contributions to the United Nations and the fund would start with resources of about $2 billion.

The second innovative component was to have a new structure for the fund in which one third of the voting power would be with the developed countries, one third with developing countries, and one third with OPEC countries. So while donors would have two-thirds, developing countries would also be two-thirds if OPEC and developing countries join hands on any issue. And the third feature was that we would not be creating a brand new big agency, but it would work closely with existing agencies to have their project appraised, administered, and monitored. So this was the kind of compromise formula.

RJ: That was a compromise rather than your own proposal.

SA: My final proposal of May 1974 had taken into objection to new institutions the developed countries wanted this OPEC money to be given to existing institutions and not to a new institution. The OPEC representatives said, "If they would give them money, they also wanted to have policy control." That's why I also agreed informally that the head would be from OPEC. So a new governing structure with two-thirds control by developing countries is the basis on which the proposal was initiated.

So the revised position paper, reproduced as Appendix B to chapter 40, on page 537 of the book, outlines that proposal and gives the tables on oil revenues, et cetera. This proposal was made available to selected delegates at the second preparatory meeting in June in Geneva. But the major effort was to present it to King Faisel of Saudi Arabia in Alexandria when he visited

Egypt in 1974. Syed Marei, the secretary-general, explained the proposal. King Faisel's response was very positive. He asked his foreign minister, Mr. Saggaf, to disccus with Mr. Marei the details, the actual numbers and how a specific proposal should be launched.

A date was fixed for the 25th of August in Washington, when Mr. Marei was coming back from the FAO regional conference in Panama to meet Saggaf and finalize the proposal. But unfortunately, that very morning the foreign minister died in Washington of a hearth attack. That meeting did not take place. And as we discovered later on, there was no record of the meeting that Syed Marei had with the king in Alexandria. So we virtually had to start from scratch.

At the time of the conference, no major OPEC country took initiative. But finally, after prolonged deliberations, twenty-two countries, including six OPEC countries, sponsored a resolution for the creation of an international fund for agricultural development. So it was, in a way, disappointing that the World Food Conference did not actually launch the fund. But at least it opened the door by passing a resolution to request the secretary-general to follow-up. The resolution said there was a need for an international fund for agricultural development, and the secretary-general should consult with interested countries to take further action. The secretary-general in February had a meeting with the delegates in New York.

RJ: This is February 1975.

SA: Yes. He called a meeting with Hannah and myself in New York to discuss what was called the follow-up of the World Food Conference three months later.

RJ: Why was Hannah there?

SA: He was now the executive-director of the World Food Council, and I was the deputy-executive-director. In fact, initially I was the candidate for the executive-directorship, and Waldheim had agreed. But then it was changed.

RJ: Under American pressure?

SA: Yes. They wanted to keep control of the World Food Council. So I agreed to become a deputy, but only shortly. And then I moved over to IFAD.

The World Food Council was charged with the follow-up of the World Food Conference. And the first meeting of the World Food Council was in June 1975. So this was a good time to review the progress. So we agreed in February that the secretary-general would call a meeting of interested countries in May 1975 in Geneva, and in the meantime preparatory work should be done to stimulate interest. We were preparing for the meeting in May when in March 1975 King Faisel of Saudi Arabia was assassinated, the one OPEC leader who had already given a green signal. According to the agreed schedule, I made visits in April to Algeria, Egypt, Saudi Arabia, Kuwait, and Iran in seeking support for IFAD. And Hannah took the responsibility for talking to president Ford in Washington.

My key meeting was in Saudi Arabia. And I reminded them of the support which King Faisel had given to the proposal, and of the need to come up with some concrete initiative. Mr. Hasan Mishari, the agriculture minister whom I talked to, said, "I will go to the cabinet. If they approve, I will come personally to Geneva. If they do not, I will send my deputy." I gave him the position paper and the working paper. Their share at that time was, I think, a little over $190 million, according to their oil revenues in 1974. Iran was $150 million, out of the total of $950 million. So when he got the cabinet approval, he came to Geneva himself. He asked me how to initiate the proposal. I drafted a statement for him. The only modification he made to the

proposal which I presented to him was that instead of $1 billion a year, the fund should start with initial resources of $1 billion and when it was used up it could be replenished. But implicitly he accepted my formula of equal donor sharing—half and half between OPEC and OECD countries.

But in practice, that formula proved very difficult to realize. The developed countries were, of course, more than ready. In fact, within three weeks Henry Kissinger, on a visit to Paris, welcomed the OPEC proposal and said the USA would contribute $200 million, or twenty percent of the target of $1 billion. Fortunately, at that time OPEC countries had agreed to create the OPEC special fund at Vienna with $86 million. Ibrahim Shihata, the first head, persuaded his board to contribute fifty percent to IFAD. That was only 43 percent, rather than 50 percent. But it was accepted as "parity," because some Scandinavian countries were willing to pay more than $500 million. So OECD contributed $570 million. And the fund started with $1 billion in December 1977.

But this burden-sharing formula was something which plagued IFAD throughout. Iran very soon dropped out, in 1979, when the revolution took place, which was a major contributor. Then Libya dropped out. Iraq dropped out. So the result was that under the burden-sharing formula, which expected half the money from OPEC, the burden was left to be shared by a few countries, like Abu Dhabi, Kuwait, and Saudi Arabia. Imagine, Nigeria was giving more money than many European countries because its share came out to that. They did pay their share during the two replenishments, but then the share dropped to thirty-five percent, then twenty-five percent, and finally to nine percent for the sixth replenishment.

RJ: The paths not taken. Surely the idea of burden-sharing in general was wonderful, and characterized IFAD from the very early stage as something different. It showed that richer, better off developing countries could play a part. But might the formula have been made

different from the beginning so that one didn't get this feeling that as IFAD went on, the first, the second decade, that developing countries were somehow failing rather than seeing that it was more appropriate for different shares to follow when the oil prices started going down again?

SA: You see, basically the level of support which IFAD initially had was not very strong. It was just the initiative of one minister to go ahead. It was not institutionalized, as is done in the rest of the world to seek a deep institutional commitment. Because OPEC was only twenty countries, and four are very small countries, and out of the eight major countries four drop out for political reasons. So those who are left holding the baby were finding it difficult to continue. Compared to that, OECD had twenty countries with much bigger economies.

This agency would not have been created except for OPEC money. So to that extent it was justified. So that is why the second justification for IFAD—to focus on poverty and poor people—was the one which we kept uppermost. So even if OPEC were not giving money, an agency like this was needed. So that is why my focus, during the very first two years of IFAD, was to emphasize to those countries, "Please don't use IFAD only as a device to attract some OPEC money, but to see it as an institution that was needed anyway, because existing agencies were not focusing on poverty and poor people as a target group." So that attracted some countries to accept that it was a good and necessary agency.

But two things—one, the decline in OPEC share, and second, the constraints on IFAD's operational autonomy—became major constraints for IFAD. Since the developed countries simply wanted OPEC money for existing institutions, the compromise imposed constraints on IFAD's operational freedom. But despite that, $1 billion was a lot of money to start with.

RJ: It was $1 billion in total.

SA: For three years, in fact.

RJ: And it was half from—

SA: It was $430 million from OPEC and $570 million from the developed countries. So it started with $1 billion. Initially, the first year we did commit $380 million to show that we can spend this money within three years. But then it slowed down, because with each replenishment, the share of OPEC came down below 43, until it came to 9 percent. And within the total three yearly replenishments, it came down to $300 to $600 million. And of course an effort was made in the third replenishment, I think, to get more money from developing countries. So the last replenishment, developing countries contributed 13 percent and OPEC only 9 percent—so 22 percent in all from developing countries.

RJ: Who provides the 13 percent?

SA: India $10 million, Brazil $10 million, Pakistan $2.5 million. So all the developed countries put together contributed 13 percent. And thus the shortfall in OPEC share was being made up by developing countries. But when the oil prices really went down to $10 a barrel, OPEC share came to 9 percent. That's where the thing collapsed. Now for the first time, this burden-sharing formula is out and the president is no longer from OPEC. But the first president from a developed country, Sweden, has been elected, in February 2001.

So coming back to the politics of IFAD, we had three major issues to start with. The first was within OPEC. Iran was unhappy because their initial idea of giving $150 million to a new fund was not accepted by others. And later, a Saudi initiative gained support. Ultimately, they did contribute, I think, $120 million to the initial resources. They never contributed after that. Even out of that first pledge of $120 million, they never paid $80 million plus.

The second issue was operational autonomy. While IFAD was a separate UN agency, its own ability to carry out this operation was somewhat limited. The other agencies were not fully attuned to poverty-focused projects.

RJ: Even though IFAD's clients were defined as the poor, and most other agencies didn't have a clear definition of their clients in terms of poverty? And today they have been moved by pressure of management reforms to define their clients mostly as governments, and sometimes even as donor governments.

SA: Correct. So that is why in the first two years the ACC transferred the monitoring of rural development and poverty to IFAD as the lead agency. For five years, it performed that role because it was focused. And even the World Bank people agreed that, for small projects that focus on poor people, the Bank does not have the same capacity. So there was a comparative advantage which IFAD had. And then, of course, engaging in policy dialogue and institutional build-up with the countries. In the first ten years, IFAD was able to develop a unique place in the UN system for its projects and for its operations. But gradually the organization began to deteriorate, partly because the initial enthusiasm and motivation disappeared and partly because it could not persist with its innovative approach.

RJ: This is Richard Jolly interviewing Sartjaz Aziz on the 30th of August, 2001, in Lewis, Sussex, tape three. Sartaj, you were telling me about IFAD. Perhaps you would talk now about the implementation of IFAD's programs and the requirement that they had to turn to other agencies, and in particular the World Bank, to be responsible for project implementation. Was that disastrous for IFAD?

SA: No. I think the limited resources that were provided to IFAD, compared to the overall level of ODA (overseas development assistance), was a more serious constraint.

Considering the operational constraints that were inherent in its structure, IFAD did a remarkably good job in pursuing its mandate, and in turning its focus on the poor, unlike many other UN agencies which treated governments as their clients. Now in this task, because its mandate was to focus on the poor, even those agencies which were implementing its projects were forced to ask, "Now what are you doing? How are you organizing the poor? Are you really helping them?"

So basically even the World Bank was persuaded to start looking seriously at the implementation problems of projects that deal with very poor people and to explore a more institutional approach to those problems. The World Bank in the 1980s could not find many projects in Africa. So for the first time, in the early 1980s, the World Bank began to co-finance IFAD's projects, which it had never done before, because it was looking for more projects in Africa. So it was a good cooperative effort.

RJ: At the same time, in the early 1980s, the World Bank was moving away from the poverty focus of McNamara, and very strongly towards the compulsions of adjustment, which got the Bank focused on program issues and policy strategy issues, precisely the ones that IFAD had been trying to focus on for certain of their projects in the context of poverty reduction.

SA: You see, that policy focus was at the macro level, and also the IMF adjustment programs which they forced the developing countries to follow. But they still needed projects, particularly in low-income sub-Saharan African countries. What was needed was to draw the lessons from the grand situation and to change the macro framework in favor of the poor, because if they don't have good terms of trade and they don't have more investment in rural sectors, if the overall macro policies are not favorable to agriculture, then the impact of the project would be only marginal. That is a task that still remains to be done.

There was, of course, the question of attitudes in some of the implementing agencies towards poverty-related projects. In an infrastructure project, for example, you can identify every component from the very beginning. But social development is a process. It's not a project, in the strict sense.

RJ: It is precisely that process that was so often crushed by the exigencies of structural adjustment.

SA: Absolutely. That is why I initiated, in 1978—one year after IFAD was created—the idea of special programming missions in IFAD, which was to look at the target groups, analyze the causes of poverty, and then look at the overall policy framework in which they operate and live, and then to try to design not just projects, but policies and institutions that would help those poor people. The special programming missions were expected not only to yield better projects because they were focused on the poor, but also the overall policy framework. So there was a dialogue on those reports with the governments on fertilizer policy, on water policies, and overall subsidy policies. And they were impacting on the poor. This approach was very similar to what is now being advocated for the poverty reduction strategies (PRSP) by the Bank/Fund twenty years later.

So we did about twenty-two such programming missions, but they were experimental. They did bring out, in many cases, the conflict with the adjustment programs which were being launched at that time. I think if that kind of activity had continued in IFAD, and IFAD had taken a leading role, probably the damage which the adjustment policies was doing on a one-size-fits-all kind of approach would have been minimized.

RJ: These special programming missions ceased after 1984?

SA: More or less. One or two were in the pipeline, so it probably continued until 1986.

RJ: At that time, surely, Idris Jazairy came aboard as the new president of IFAD and, at least in ACC, used to make very eloquent speeches in favor of a more human-focused, more poverty-sensitive adjustment program.

SA: I agree. He was quite emphatic and very aggressive on the poverty focus. But the organization did not have the capacity for dialogue. So Jazairy looked for the poverty focus in projects. The link from there to policy and institutional framework, and the development perspective, was a major undertaking. Therefore, probably IFAD thought, with its limited resources, it could not take on the whole system. But I must say that, despite this narrow approach, the $7 billion that IFAD has lent since its creation for about 600 projects has done a lot of good.

RJ: Over the twenty years or so.

SA: In twenty-three years, IFAD has committed $7 billion to 115 countries for about 600 projects. It is quite remarkable that the number of people that have benefited from this, per dollar, is twice as much as the World Bank and the regional banks have done. So to that extent, its purpose has been largely achieved.

RJ: Could that be that the Bank adopts a more stringent criteria for assessing how many people are affected?

SA: I think it is partly because the Bank deals with big projects. From a large project of $300 million, how do you quantify how many people it benefits? Or the impact of big industrial plants, in terms of jobs created? Whereas these micro-credit projects, where you distribute, like the Grameen Bank, at least $100 or $50 reach each beneficiary. On the basis of actual experience, any time the benefit that you give to a poor man is more than twice his actual income, it will never reach him. Somebody will hijack it.

So that is why, in all these big projects, the income flow goes largely to big companies, or governments themselves, or big landlords. Whereas with small projects, proportionately larger benefits accrue to the poor.

RJ: They're not worth hijacking.

SA: Partly yes. But also because specially designed projects create institutions that deliver to the poor. Also, the increase in food production that is achieved from such projects also has a catalytic effect on other adjacent areas.

RJ: Now the Grameen Bank is often quoted as one of the most successful examples of IFAD lending. What would be two or three of the other success, in your view?

SA: I think most of IFAD's credit projects in thirty or forty countries can be categorized as successful.

RJ: Build on the Grameen model.

SA: There are different models in different countries. In Nepal it is close to Grameen. But in Pakistan, for example, we have not followed exactly the Grameen model. We have created a new micro-credit bank, which lends to the poor through community organizations rather than to the poor directly, because the cost of each loan became prohibitive. Grameen Bank is special because the salaries in Bangladesh are very low, and a bank worker can be hired for $20 or $30 a month. He covers about 200 loans. But if you give a line of credit to a community organization, which lends to its members, then the cost is much lower. In some cases, like Nepal, the Agricultural Bank created a small-farmer window with special staff.

In the 1980s, IFAD completed about thirty credit projects for small farmers in the first ten years, devoting twenty percent of its resources. And that has led to a whole movement of micro credit now in the world. IFAD was a pioneering example. IFAD made the first loan to Grameen

Bank in 1982, on the recommendation of the special programming mission which went to Bangladesh in 1981. So to that extent, IFAD did do a lot of pioneering work. And in many cases, it created community organizations for such projects which then went to scale and did other things, because in each case you can't reach the poor unless you organize them. So these were what I would call IFAD's "catalytic contributions."

RJ: And outside the field of credit?

SA: Small-scale irrigation. In Latin America and in Africa, small-scale irrigation was a major focus. Then it also supported certain research components, focused on small-farmer agriculture. And the fourth area where I think they have done good work is small-scale rural industry to create non-farm employment through informed marketing and agro-processing. So IFAD did not adopt a narrow view of "agriculture."

But IFAD did not go into big infrastructure, like big rural roads or big irrigation projects. It learned some lessons from the so-called Integrated Rural Development Project, where the infrastructure part came out very well, and the institutional side did not come out well. Our initial projects which were struck were all these big projects of rural development, which tried to do everything while the country did not have the institutional capacity to take on such complex projects.

RJ: Are there lessons from IFAD's lending policies that are relevant for other parts of the UN, or even for the Bank itself?

SA: Well, obviously IFAD is a lending institution and not a technical agency. The rest of the UN is involved in technical assistance rather than in financial assistance. So IFAD's experience is more relevant for the World Bank and the regional development banks. But I think

the task of reaching the poor—both the successes and the difficulties have been highlighted by IFAD's experience. And the difficulties are more political and institutional.

RJ: For example?

SA: For example, there are tribal and ethnic rivalries in most countries. So if a government in power belonged to one faction, then it would not allow any resources to go to its rival tribe or rival ethnic group. So to that extent, it becomes a constraint because you can't reach those poorer groups because they are on the wrong side of the fence. Then most of the poor live in areas which are very vulnerable—barren slopes, arid lands. That's why they're poor. Now the task of giving them new land through land reforms or shifting them to better areas is a very sensitive political subject. That is why credit is the easier way to give them an asset, create some other income-generating capacity.

RJ: Without land.

SA: Yes, many rural activities require livestock on simple agro-processing. The third problem is that the terms of trade for agriculture are, in general, negative, because countries want to industrialize and give a lot of protection to industry. Agriculture is not protected because they want cheap food for the labor and cheap raw materials for industry. So there is a transfer of resources through internal economic mechanisms. And as I pointed out in my paper, "Agricultural Policies for the 1990s," (chapter twelve of the book *Hunger, Poverty, and Development*) unless the macro framework—exchange rate policy, import policy, fiscal policy, trade policy—is not favorable to agriculture, agriculture cannot develop on a sustained basis.

But if the macro framework is positive, it will lead to favorable terms of trade—i.e., what they pay for inputs and what farmers get for their outputs. So that is an area where a lot more work needs to be done.

RJ: Which do you think are the best examples of developing countries that have, in a major way, pursued some of these small-scale initiatives of an IFAD sort, and at the same time set them in the context of favorable macro policies so that there has been really a multiplier and a catalytic effect for the whole of development performance?

SA: You see, on projects IFAD has many good examples. On policies, after the initial ten years, when they stopped sending the special programming missions, which identified macro constraints and macro policies, there has been no follow-up. But IFAD's presence has been so thin on the ground that, through a middle-level loan officer, you cannot have that kind of a dialogue on policies. And IFAD has not developed the capacity at the top management level to engage in policy dialogue. The kind of preparatory work that is needed to undertake a meaningful dialogue with the countries is of a very different order.

That is one of the constraints that affects not only IFAD but many other institutions. That is why the whole issue of the unfinished task of reducing poverty hinges on that particular dimension. So while it has illustratively done some work here and there, I would not say that they have taken up this task on a large scale. In fact, IFAD has substantially moved away from policy work to project work in trying to look for what you call "innovative projects."

They have largely succeeded in this task. Where they have created a viable institution at the local level, it has gone on to do other things after finishing the IFAD project. So to that extent, a sustainable benefit has been achieved. But policy wise, IFAD's impact has been limited.

RJ: Might there have been a more sustained IFAD concern with policy if there had been consistent leadership from the top of IFAD for this? Might they have teamed up with, say,

UNDP (UN Development Programme) to have had a stronger emphasis on alternative, poverty-focused strategy?

SA: From the mid-1980s to the mid-1990s, the policy focus at the global level moved away from poverty to macroeconomic adjustment. After 1995, the global emphasis shifted back to poverty. Now that was the time when IFAD should have been in the forefront, saying, "You want to formulate these national poverty strategies? We are the experts in these areas. Here is a group of twenty people that can lead missions to twenty countries to formulate their poverty strategies. We are the specialists in this area." So the World Bank could have willingly invited IFAD to participate in this task.

RJ: You see, I believe, myself, that had IFAD, UNDP, UNICEF, and conceivably the World Food Programme used their collective clout, and teamed up as you say not just on projects but on overall strategies, they would have rural development, children, hunger, UNDP's broader mandate, and later human development. They could have had, together, a critical mass to make the difference, in contrast to the Bank—not in opposition to the Bank—by bringing out many of the poverty and human concerns which now, at the end of the 1990s and today, have become the orthodoxy, at least rhetorically. But if there had been this collective effort, it might have happened ten years earlier.

SA: I agree. And IFAD had the resources to finance these strategies. This kind of technical assistance mission to a country doesn't cost very much. And IFAD could have financed all the experts from all of these agencies to formulate national poverty strategies.

RJ: Now with your knowledge of IFAD and your knowledge of the UN, what do you think prevented that path not being taken?

SA: I think in the UN system everybody has been inward-looking, trying to protect their operational space in the face of declining resources. And there was no opportunity or leadership for what you call major new bold initiatives during that period. But if IFAD had started inviting other agencies to ask, "Can you give me an expert on this aspect for this mission?," they would have made available that expertise and a broader cooperation effort could have emerged.

RJ: And if UNDP would have taken the lead in a way that really embraced the other—if I may slip in here my own experience in UNICEF, it would have been that Jim Grant, in UNICEF at the time, I think would have been very responsive. But at the same time, there was a different sort of conflict we felt. We were so focused on our own child focus goals that we couldn't do much more to take initiative without diverting ourselves. We rhetorically joined in and in fact led much of the work on *Adjustment With a Human Face*, but our own agenda of action was immunization, was this core of activities. But I genuinely think we would have been willing to be more responsive to leadership from UNDP or IFAD.

SA: One other constraint which I think prevented such initiatives was the declining importance of the World Bank itself. From the mid-1980s, the Bank effectively accepted the IMF's leadership on macroeconomic issues and agreed that adjustment lending would be within the framework of an IMF program. That shifted the focus from the broader development context to macroeconomic adjustment. So while the capacity of the UN system to respond in a big way was shrinking with declining resources and other jurisdictional issues, the global priorities were moving in the other direction. Even the Bank's more limited development framework was not being given a chance to play its role.

So that's why today the gap has widened enormously and there is a need to bridge it. After the 1995 Copenhagen summit, for example, where the target halving the number of poor

people by 2015 was accepted, there was a follow-up. If the UN had organized itself for major new initiatives in at least half of the least-developed countries, to illustrate what could be done, to show how globalization could work for the poor, how the social development could be accelerated—but in the last six years, hardly any progress has been made to move towards that target. ODA to LDCs has declined further and per capita food production has also gone down.

RJ: Let me get you to stand back still on the IFAD, but also on the post-IFAD experience. To what extent, in your experience, have ideas been the critical movers in the UN system?

SA: Obviously all of the things that have happened—positive things that have happened—have their base in some bright, brilliant ideas, like the basic needs approach, for example, or World Employment Program, or the link between poverty and hunger, or a new initiative to bring OPEC into the mainstream of funding for IFAD. Similarly, there is the environmental movement which the UN spearheaded after the 1972 Stockholm conference. But the task of converting ideas into an operationally meaningful framework requires an opportunity to develop the idea. The 1974 World Food Conference, or the 1972 environment conference provided such an opportunity to convert those ideas into operationally meaningful action plans, to try to see the different viewpoints around those ideas, and to round out the edges to ensure that we don't lose the central idea because we may be going too far in one direction or the other.

In the case of the World Food Conference, for example, although the conference accepted the link between poverty and food, if IFAD had not been created how would you operationalize that idea? The fact that you got an institution which was focused on that idea and although it was not an OPEC priority, who were the main stimulators of the IFAD in the first place? But since the poverty idea had been built into the lending policies and criteria of IFAD, it gave the

institution a new stronger mandate which everybody found very attractive. In practice, the poverty focus of IFAD was not confined to its projects but was disseminated more widely through its annual publications that gave it a different character.

So you can see that ideas do influence, but you require a propitious combination of circumstances which would allow that idea to develop. And the stimulation of an idea also comes when you are preparing for some major event. There are very good ideas floating in every organization, but how do you plant them or channelize? Just writing a newspaper article won't go very far. And the realization of the idea requires proper timing. For example, the basic needs concept came at the right time. There I think the interaction between the academic community and the UN officials was a major factor. The cross-fertilization of ideas—that is why, in the SID (Society for International Development) and elsewhere, where we had these kinds of brainstorming sessions in the North-South Roundtable and elsewhere, without constraint of official briefs, were much more useful.

RJ: You mentioned SID. And of course you were president of SID from, what, 1975 to 1978?

SA: From 1976 to 1979.

RJ: Perhaps just say a word about SID in the generation of ideas, or in the mobilization of attention to ideas.

SA: As you would recall, the SID was initially created by American advisors who went back from abroad. They wanted to keep in touch, so they had a society in which they would talk to each other about the problems of development and developing countries. Somewhere in 1974 or 1975, a committee was set up to try to find out if SID also was relevant and useful for developing countries. They decided that it was not, unless the headquarters was shifted from

Washington to Europe, unless the composition of the governing council was changed and many more chapters were created in the developing world. That report provided the basis on which to structure the SID, and that is the context in which I was chosen as the president of SID in Amsterdam in November 1976.

RJ: For the record, by the implementation committee chaired by Ismail Sabri Abdulla.

SA: Yes. There was an earlier committee, which was chaired by Chief Adebo of Nigeria. Since I was in Rome, it was a good place to locate the new headquarters of SID. We found some very good premises. And Aurelio Pecci got us that building in Rome and some other facilities. We also got funding from many institutions—Swedish SIDA, Canadian CIDA, and Holland. We had an annual budget of almost $1 million, and SID took off from that time.

It started several new programs. One was the North-South Roundtable. Barbara Ward was the first chairperson of that. The first meeting took place in May 1978, to bring together North and South actors and interlocutors in a non-formal framework to discuss ideas before they came up at the formal meetings. Some very good discussions took place on monetary reforms, energy, and the food issue.

Another major program was on alternative development strategies. At that time, many themes like simple living and sustainable development were coming up. The environment debate had also started. So you had this program which influenced a lot of people and country chapters. These themes were projected. And the third program was grassroots initiatives and how to build rural development from below.

The three yearly conferences of SID were major events. They brought together many important participants. Sri Lanka in 1979, Baltimore in 1982, and Rome in 1985 were major landmarks. In fact, my own presidential address of 1979, in Sri Lanka, is published in this book

Hunger, Poverty, and Development, in which I had pointed out that the grand realities were moving faster than our own collective understanding of the theory and practice of development.

One specific initiative that I would like to mention was vis-à-vis the UN, the decision-making process in the UN. I had, as a part of the North-South Roundtable, a group which tried to analyze why the UN as a system was unable to make decisions. We discovered that the General Assembly and ECOSOC were not decision-making bodies. They only provided a forum where delegates made speeches and expressed their points of view. The only decision-making body was the Security Council, which was confined to a very narrow agenda and was also subject to veto. Most of the governing bodies of specialized agencies also fell in the same category as the General Assembly.

RJ: In what sense is that formally true? Because in principle, the UN General Assembly and ECOSOC may agree on resolutions. Is that not decision-making?

SA: Yes, but they are not binding resolutions. They are recommendations. Only the Security Council has the authority to require implementation of its resolutions.

RJ: But it is more by custom that they are not binding. In principle, could they not pass a binding resolution?

SA: It does have moral authority but is not binding like the Security Council resolution. So our SID working group prepared a working paper on the subject. An active member of the working group was Stéphane Hessel of France and Mr. Marshall, the British ambassador to the UN. We decided to recommend that there should be periodical summit meetings which could be superimposed on the UN system. We argued that middle level officials who come to these meetings of ECOSOC and the General Assembly cannot take major decisions.

I formally went to Geneva to present that paper to Willy Brandt, chairman of the Brandt Commission, which subsequently included that recommendation in its 1980 report, *North-South: A Programme of Survival*, calling for a summit of twenty-five leaders to consider the program proposed by the commission. This summit was held, the first Cancun summit, in October 1981, as a result of this recommendation. The Cancun summit did not achieve many results but generated many ideas. My paper, "The Mexico Summit: Priority Agenda for Common Objectives," chapter twenty-four of the book, summarized some of these.

RJ: Was the Cancun summit an SID initiative?

SA: Indirectly it was, in the sense that the SID paper on the subject influenced the Brandt Commission and they included a recommendation in their report. Initially, it was agreed that Prime Minister Trudeau of Canada and Bruno Kriesky, the Austrian chancellor, would jointly convene the summit because if it is convened by then you can't leave out anybody. But in the meanwhile, Bruno Kriesky died, and in his place the Mexican president joined Prime Minister Trudeau to convene the Cancun summit. This was a summit of twenty-two people. A list of countries is given in my article—eight from the developed countries and fourteen from the developing countries.

For the first time, they assembled to discuss a hard agenda, which was trade, food, money. They obviously could not make progress. Enough preparatory work had not been done. In the face of this disappointment, for nine years the summits went out of fashion until Jim Grant picked up the idea and had the first summit on children in 1991. Then many summits followed, but mostly on "soft" or less controversial subjects. We had Rio in 1992 and then the population conference in 1994.

RJ: Soft in the sense of looking at economic and social development.

SA: Money, trade, aid are more difficult subjects and developed countries do not generally agree to high level meetings on such subjects.

RJ: Or the hard issue of military disarmament and things like that.

SA: Yes. So in all, six summits have been held in the 1990s, mostly on social and environmental issues, and finally we are having the first Millenium Summit in the UN in September 2001. But it is not a culmination of the other summits. The basic work to come up with key proposals and pre-negotiate them has not been done. The Millenium Summit could have been the first major opportunity where some of the hard issues would also figure in the agenda, but it is doubtful if much progress can be expected.

RJ: Yes, meaning that the Earth Summit of 1992 and the Summit for Social Development—

SA: There were six summits in the 1990s: children in 1991, Rio in 1992, Population in 1994, social issues in 1995, women in 1995, and food in 1996. They did good papers and set budgets. But of course the implementation has been very inadequate. The debt problem, for example, could have been a key element in the Millenium Summit. But again, how far can the secretariat go? Does it stimulate such proposals or does it just gather delegates to make speeches and again adopt certain subjects that are not met?

RJ: Well let me now press you on a second issue. We ended *Ahead of the Curve* by saying, "People Matter, Ideas Matter." What is your assessment, again from experience in IFAD, in FAO, observing the UN from outside? What do you see as the critical issues for people to give leadership on ideas, to take ideas that they themselves may not have formulated, but really to push them, recognizing the need for vision, the need for innovation in thinking, the need for implementation of thinking?

SA: This is one of the crises that afflict the UN today. The ultimate success of all the efforts depends on the quality of leadership, at the country and at the international level. Now, if by accident or some coincidence, you get a person with high leadership qualities and commitment, then he assimilates ideas.

RJ: Or she.

SA: Yes, she. He or she can assimilate ideas, give them shape, try to carry them through the diplomatic and political minefield of international diplomacy. Now it so happens that if you look at the last fifty years, you can only count about twenty such people who have had the prerequisites of that kind of leadership role. And they have basically shaped the UN outcome.

RJ: You think it is as small as twenty?

SA: Well, if you broaden the definition and you count their teams that helped them—such leaders obviously collect at least five, six, or ten people in their teams. So we are talking of 200 people, in a way. But the effects of those 180 people who supported their leaders would be wasted if there was no leader at the top who would carry them along. So in a way, you can say that twenty people supported by another 180 people made the difference to the UN system. But that is, I would say, only ten percent or maybe twenty percent of the total leadership available to the UN. The remaining eighty percent have not been equally successful. They were just plodders who carried on the normal work of the UN.

RJ: But let me ask you, at what level—clearly in my experience, people at ASG or certainly directorial or executive-secretary level for an agency, clearly they have opportunities, and I would say obligations of leadership of the sort you—

SA: Absolutely. No question.

RJ: Do you have examples where, even if the ASGs and above have not been leaders in a visionary ideas sense, people at lower levels have been able to make a significant difference?

SA: Yes. I was a director when I prepared the World Food Conference. I was not yet ASG. I became ASG later on. But I had a supporting director-general. Mr. Boema gave me the opportunity to do it, because he thought it would be good for FAO. The other thing was that I was not a career civil servant of the international organizations. I had come from Pakistan on the understanding that I would go back to my job. People who are there permanently are obviously anxious not to ruffle any feathers or do anything that would jeopardize their careers.

Then there are a few others. Daram Ghai was one of them, for example. He played a major role in creating and building UNRISD (UN Research Institute for Social Development). Maurice Strong was a great pioneer in the environment field. In the women field, a number of people did a reasonably good job. Then I think in the human rights field, Mary Robinson's role has been outstanding. The ILO had Louis Emmerij, who provided many original ideas which influenced the whole UN system.

One of the most outstanding leaders in the UN system was, of course, Jim Grant. As head of the Overseas Development Council, he acquired a much deeper understanding of development issues and gained political support of developing countries. And if you remember some of our SID meetings, Jim made his famous speech that the position of the developed and developing countries is like the white and black in South Africa, that four million white people are receiving eighty percent of the total income of South Africa.

RJ: In Algeria.

SA: Yes. It was a seminar in Algeria. That facilitated his election as head of UNICEF in 1989. His reputation in the developing world was very positive. He became a "southerner" of

the North. Otherwise, for an American to get elected at that time as head of UNICEF would not have been easy. So you can see how people use opportunities. Maurice Strong, similarly, was a middle level official in CIDA when he came up with the idea of an environment conference. Then he became the secretary-general of the 1972 environment conference. He was a middle level official in CIDA.

RJ: I thought strictly he was the founder of CIDA.

SA: No. CIDA has been there from the beginning to manage the Canadian aid budget.

RJ: He founded IDRC.

SA: Yes. In the late 1960s, Maurice Strong was the number two or number three staff member of CIDA who used to come to UN meetings. At one of these meetings, he made a moving speech: "The environment is a big problem and we need a UN conference on the environment." Everybody liked the idea. So when the decision to convene the first environment conference in Stockholm was made, Mr. Strong was nominated the secretary-general. So when he started, he was not the top UN man. He was a country delegate who launched an idea and then got the opportunity to convert it into a global movement with a major impact on the UN system as a whole.

RJ: Now let me ask about the role, not of leaders and generators of intellectual ideas within the UN, but the role of academics working on development outside the UN, and how much have their ideas been important for UN work? And what are the conditions where those outside the UN in the academic world actually end up making a difference in the UN itself?

SA: Obviously there is a lot of cross-fertilization of ideas. All the UN agencies which have people who are either from an academic background, or interact with the academic community, do manage to pick up a number of ideas. And the academics, if they come up with

major breakthroughs in ideas, like Arthur Lewis' book, *The Theory of Economic Growth*, or Schumpeter's *Strategy*, or Gunnar Myrdal's *Asian Drama*, all had a major impact on development thinking. So then everybody else built on them.

But below that, even less important ideas in institutions which have close interaction with the academic community can become significant. More agencies invite members of the academic community to lead missions, for example, to different countries. They get enriched because they go to the countries. And at the same time, the people learn from them. So I think that during the first ten years, the debate on development alternatives was actually inspired by the academic community, because there was a lot of interest. All these countries had become free. Colonization had ended. What were the options available to them?

And of course the Cold War gave it much more topical importance. Do they follow the Russian model? Do they follow the western model? So it was quite a serious divide, and there were people on both sides who were writing extensively on development models or approaches. One was for freedom, one was for equality. And there were people in between on how to marry the two.

So the 1960s and 1970s were, from that point of view, a very productive period, a creative period for both the UN and the academic community. Then suddenly in the 1980s, interest in development as a subject started declining. On the one hand, for example, in Boston and Harvard, the number of people taking up development courses declined because aid was declining and the need for advisors was diminishing. And many other issues were coming up.

RJ: Although strictly, I think, aid started declining in the 1990s.

SA: Yes. But in the 1980s, even if aid levels were stable, a larger proportion was going to countries like Egypt and Israel. The whole criteria was very different. The oil crisis of the

mid-1970s also created a new ethos for these kinds of debates. But what is more, at that time the whole emphasis shifted to the free market system and the structural adjustment" process. Now you require a different kind of advisor—monetary specialists, investment specialists, rather than social scientists. But there were a lot of related subjects which started getting attention—women's issues, the environment, disarmament, nuclear issues. The debate therefore moved away from development, poverty, employment, basic needs to more macroeconomic adjustment.

But I think the good thing has been the growth of the civil society movement in this period. While the official UN system and the academic community's role were diminishing, the civil society was emerging in thousands of institutions in the developing world.

RJ: Now, clearly, after the battle of Seattle and, most recently, at Genoa, no one can deny the importance of the impact of civil society, both the very visible end of protest, and the more steady non-governmental organization running development projects and programs. But how important, in your view, has civil society been for ideas, as opposed to action and implementation of action?

SA: I think it is still evolving, so it is difficult to say. But my own assessment is that, initially, the NGO movement was what you call a western movement starting from the Volunteer Service Organization (VSO) and the Peace Corps. They were actually going out there. But more recently, there has been a major expansion in community organizations of the affected people themselves—what you call local NGOs or community organizations. And the whole debate about empowerment, about sharing, and about equal rights led to the realization that these objectives would not be realized until we help them to organize themselves. That was, I think, the big breakthrough in the 1980s. So poor people will not be looking for outsiders who are

coming to tell them how to help themselves. They have to organize themselves to become a political force.

Secondly, many of these successful ideas, particularly in the field of the environment, like protecting trees and protecting wildlife, sprang from these communities. More recently, poor peoples' organizations have begun to receive micro credit and other services. That is where the new ideas for the civil society movement have been growing. We now effectively have a third dimension between the government and the private sector, which is the business side—in other words, which is a different kind of private sector.

I think this civil society movement is based on a series of breakthrough ideas. And now we are coming to a stage in which the growth of the ideas from the civil society is overtaking the official pool of ideas in many fields. These protest movements that you are seeing have not yet articulated what is wrong with globalization, for example. But it is now beginning to take shape. The first book has come out. What is the name? A woman in Canada has written a book on the subject. I think I have written down her name somewhere.

Basically what is happening now is the reaction to the existing power structure and the disappearance of the Soviet Union, and the emergence of a single power structure—although Barbara Ward wrote about it in the foreword to my book, *Hunger, Politics, and Markets* in 1976, that unless the global system is changed, the world will end up transferring resources from the poor to the rich. In the words, the poor people to the rich within countries and from the poor countries to the rich countries. That is now happening, first through the monetary system, because nobody has allowed a global reserve currency to emerge, so everybody is keeping dollars. Therefore, the U.S. is getting billions of dollars every year without interest and many times its ODA.

So here is one system of transfers. What happens within a country? In a country, you print currency notes and the government uses it to build schools or hospitals. But at a global level there is no global central bank and dollars are the main reserve currency. The Europeans are now belatedly trying to take a share of that global liquidity. But their task is very difficult. The Euro is declining in value so the incentive to use it as a reserve currency is weak. President Mitterand tried to call a global conference on money in 1989 on the occasion of the 200th anniversary of the French Revolution. But he was stopped from even talking about the subject.

Similarly, you take trade. The WTO free trade regime is about high tech products. In respect to textiles, leather goods, and other simple manufactures which are of interest to developing countries, it is very protective. The world does really have a free trading system. So the inequities of the global system, the widening gaps within countries and between countries, are issues that these protesters are actually raising.

RJ: How do you see the next twenty-five years, both in terms of the role of civil society within the UN and in the likelihood of seeing some action in these critical areas of global distribution?

SA: There are many ponderables here, so it is difficult to predict. If we go into a crisis which I see in the making now, with the recession coming—globalization can work very well if the pie is expanding. When the pie starts shrinking, only those on top of the competitive ladder will benefit. But what about those on the lower end of the competitive ladder? They will be wiped out. And there is no protective safety net at the global level.

RJ: And lately even the richer countries start wondering whether globalization is so wonderful.

SA: Yes. We are now coming to a stage where the panacea of the last ten years has begun to crumble. And the alternative strategies that will save the world are not yet in sight. The world is too complex, and is not yet prepared for global institutions which would collect global taxes, like the Tobin tax or some kind of carbon tax, which could then be distributed. So we are at that critical stage where the institutions of the last century are failing to grapple with the problems that the world faces. And no one is ready to create new institutions of global governance, for a new form of Keynesianism, in which you have a more proactive global policy to generate growth and build global social safety nets.

The irony is that within the developed countries the governments accept the imperfections of the market. They have created anti-monopoly organizations. They have created consumer protection agencies. They have created fairly elaborate social security networks to protect the poor. But at the global level, they don't accept any such framework. The time has come when there is need for global responsibility. The Tobin tax alone can collect something like $100 billion a year from a 0.1 percent one-way tax.

RJ: Yes. Even much more by some estimates.

SA: Yes. There are various estimates. And the French prime minister has just supported the Tobin tax.

RJ: I am surprised you are quite so pessimistic about some elements of global governance. As your analysis shows, there is such a need for it. And I would say one of the great advantages of carbon taxes, or Tobin taxes, or tax on undersea bed resources, is that they are a way of generating the very revenues needed internationally, if you like, for global public goods without requiring national taxation action, with the unpopularity that is often perceived.

SA: That is where I think that Europe has a special responsibility, because the U.S. is moving away from these kinds of initiatives. And just like Europe has done in the case of the Kyoto protocol, to save it, although in a watered-down version, they could take similar leadership roles on proposals like the Tobin tax or carbon taxes. Look at the poor implementation of the Rio Plan of Action. On carbon taxes, a small amount would generate so many resources that all the environmental projects can be funded. Take, for example, debt retirement. It is confined only to HIPC (highly-indebted poor countries), five percent of total debt. If you say twenty percent of the Tobin tax would finance debt relief to other poor countries, it could give them immediate relief to deal with poverty issues.

Let me must give you one more example. West Germany has been spending $100 billion a year to bring up East Germany to their income level and it will still take them ten or fifteen years. How can their ODA of only $50 billion help 120 countries to get out of poverty? Look at the scale. What is the population of East Germany? And they require $100 billion. And even then it will take them that long. And they started out at a much higher level of income than most developing countries.

So the whole thing has to be put in a broader perspective. But this can't be done by mid-level civil servants. We only hope that there will be a few visionary leaders in the North who would somehow realize that the stakes are very high. We are coming to an explosive stage. And this growing gap between poverty and richness cannot be allowed to continue. And only a few initiatives taken in time would certainly change the whole outlook.

So to answer your question, the need is there for major reforms of the global system. The opportunities are not that difficult. But if some group of countries can go forward and take the plunge, reform can move very quickly.

RJ: Let me ask, in relation to these bold ideas, your view of the South Centre, because the South Centre was consciously set up to develop ideas from the perspective of the developing countries. It was very high-level sponsorship. Nyerere was very committed as a leader. Manmohan Singh, for a while, was an intellectual analyst and leader of great distinction. Do you think the South Centre has delivered on its promise? If not, why not?

SA: First of all, the South Commission was stuck on the issues of the past, and not so much the issues of the future. They were looking at trade preferences and they were looking at ODA and issues that had run their course and did not have support in the major donor countries.

RJ: As opposed to what sort of issues should they have looked at?

SA: First they had to present a more meaningful concept of development and put the responsibility for that concept of development—just like Arthur Lewis did in the Pearson report—squarely on the developing countries and not to make the developed countries feel that they are responsible for the development of the poor countries. And they can say, "Well, but I you help the process will be smoother. They will go in this direction."

Secondly, they should have highlighted the discrimination implicit in the global system and say, "Development is our responsibility. We are going to do this. But you are discriminating against us in the trade field, on restrictions on manpower, in the monetary field. We demand that you don't discriminate against us. We are poor. You are rich. We don't want anything from you, but don't discriminate against us." If they had put that squarely where the examples of discrimination are, then say, "Since you cannot allow free movement of labor, despite all the talk of a free system, how do you compensate us for that? So whatever you give us is really compensation for the ineffectiveness of the global system." This could have represented a very different rationale for the actions that are needed.

So to that extent, the conceptual and the innovative framework in which the commission should have operated was less than what was needed. But it did lead, positively speaking, to the G15, which is a Group of fifteen developing countries, which is carrying out the South Commission's report. That has been useful in one sense, that they meet every year.

RJ: They still do?

SA: Yes—less frequently at the summit level. And they assess the situation as they face it today. They coordinate their position for various international meetings. And there is also a Group of D8, now, of Islamic countries. They do the same thing. But the net impact is limited.

RJ: Perhaps you might comment on your experience of leadership at the very top of the UN. You referred to Waldheim playing a very positive role in stimulated follow-up to the World Food Conference, and saying, "What is being done?," and helping to convene the meeting on IFAD. Have you seen other secretaries-general in operation, in terms of the actual role they have played for development, or could play? Do you have any comments?

SA: First of all, the UN has been much more focused on the security area and peacekeeping, and things of that kind. The development role was relatively limited because that was being done in the specialized agencies. And there, of course, Dag Hammarskjöld was outstanding in terms of the leadership he provided. Now the UN, somewhere in the 1970s, started a capacity study to review the development work at the country level. The resrep (resident representative) came from the Jackson study and has been a useful institution to coordinate all UN work at the country level.

Then, under the Restructuring Committee in the early 1980s, during the Second or Third Development Decade, they came up with this idea of the director-general of development, which Ken Dadzie took over.

RJ: It was the Second Development Decade. I think it was after the Jackson study.

SA: So DG of Development was created as the number two slot after the Secretary-General, to coordinate the work of the UN system. But the UN agencies were not prepared to be coordinated. They wanted to retain their own autonomy. So that initiative did not go very far. They did what the under-secretary general, Philippe de Seynes for example, used to do as the under-secretary-general of the Economic and Social Department. Nobody hears much about DG Development anymore

RJ: Well, now they've got a deputy-secretary-general, who perhaps is playing—

SA: He is the same person—

RJ: She. Louise Frechette.

SA: Yes. The same person who was the DG of Development, that past has been abolished?

RJ: In a sense, yes. And this was a particular creation of Kofi Annan. There was a lot of debate whether the post should be created, and it was agreed that—I think I am right—it should be an appointment of the secretary-general.

SA: And it was run by the secretary-general?

RJ: Yes.

SA: She is consulted on development work?

RJ: She, I think, works strictly on whatever the secretary-general chooses, but in practice most considerably on development work.

SA: Does she supervise the Economic and Social Department?

RJ: In a loose way, yes.

SA: And there is, of course, the under-secretary-general.

RJ: Nitan Desai.

SA: Yes, Nitan Desai, who is head of the Economic and Social Department. They have done good work. They produce the periodical economic survey, and they publish data and statistics. But whether one has seen any initiatives flowing from there, new ideas or any leadership role in the recent past, at least I am not familiar. But from that point of view, the UNDP, with its *Human Development Report*, has done more.

RJ: I think the *Human Development Report* is a good example of an idea and a vision that has been carried through. But surely, as you know and I know, it depended enormously on the vision of Mahbub, the intellectual support of Amartya Sen, and to be fair, the administrative backing of Bill Draper, who was the administrator of UNDP, and for that matter a rather Republican-oriented administrator—in the sense of American politics Republican. So there are a lot of lessons in that. How much they really relate to UNDP, as such, I think they do demonstrate that if you get a visionary intellectual like Mahbub, a high-level senior leader of the UN willing to see the importance in general, and to back an intellectual even without—

SA: Institutional involvement.

RJ: Or even without many specific ideas of that person's contribution, acting very much like a CEO (Chief Executive Officer) who can see an innovation without understanding all the technicalities. I think the *Human Development Report* is a good example of that.

SA: So that is why the UN proper has nothing comparable in terms of initiatives of the last fifteen years. What have they come up with?

RJ: Well, this is an interview of yourself.

SA: I know.

RJ: I think the role of individuals of real creativity is often underplaying in the UN, and perhaps underplayed by the governments of the UN. Perhaps I should ask you—you were foreign minister for—

SA: For fifteen months, and before that finance minister for five years.

RJ: Looking back on those experiences, not in relation to Pakistan but in terms of your role vis-à-vis the World Bank or vis-à-vis the UN, what lessons do you draw about that?

SA: For a foreign minister, obviously the political role of the UN is more important, and how it deals with the various issues which are coming up, whether it is Afghanistan or Kashmir, or Bosnia, or others. Obviously there are lessons after the end of the Cold War on what issues do get taken up, and what kinds of roles does the UN play. For example, in peacekeeping, the UN has come up to expectation and has played a very important role in global peacekeeping. Although funding has been a problem, as an activity it is one of the high points of the UN system. To what extent can the UN prevent strife and hostilities, however, depends on the interests of the major power. It has managed to take action in Iraq. It has managed to take action in Bosnia, Kosovo, Rwanda, and Somalia. So that role is important.

The General Assembly still provides, despite the fact that it is essentially a talk shop, a remarkable phase of activity for three months where the focus of the whole world is on the UN. Today they are discussing this; tomorrow they are discussing that. Many big leaders come. Now more and more heads of state or government come there to represent their countries. And of course there are all kinds of special summits organized by the UN. Despite the fact that the General Assembly is not a decision-making forum, it still attracts a lot of attention and that gives the UN a certain visibility and prestige.

The Security Council also remains a highly visible and influential body. Membership in the Security Council is considered to be the ultimate aim of every country. India, Italy, Germany, and Japan are all trying to become permanent members of the Security Council. So in that way, the UN has retained global importance in the political and security fields.

There is nothing comparable in the economic and social field. The World Bank and the IMF annual meetings, by comparison, attract far greater attention at the world level than the UN meetings. It is partly because the UN system does not operate in a coherent, coordinated way. The food summit, the social summit, and the population summit are all scattered in sectoral activities. The efforts to culminate their ideas into an annual ECOSOC or an annual General Assembly focused on economic or development issues has not succeeded. Take, for example, the debt issue. Take poverty issues. They have not really been taken up effectively or meaningfully.

The summits, of course, are UN events. It is a device to superimpose decision-making from the top. But looking at it from a distance, one finds that the interactions at the Bank and the Fund annual meetings are far more high-profile and more substantial.

RJ: Let me make a casual comment as a question. One could say, "Yes, true, the annual meetings of the Bank and the Fund are taken more seriously and are followed up with specific decisions." But how useful are those decisions in terms of development and the range of development for developing countries, particularly outside of the immediate area of economic macro policy and finance? And on the other hand, if you take all the positive things you have said about the World Food Conference and you take all the other global conferences, could you not say that the Bank and the Fund, in terms of short-term economic and financial policy, do more global management than the UN ever does, but in terms of raising the medium to long-term

issues of development, the UN has a much better track record, particularly in the global conferences of the 1970s and the 1990s?

SA: Yes and no. You see, my assessment is that the World Bank and IMF have become more important because the developed countries do not want the UN to take major decisions, because it is based on a one-country, one-vote system. They have themselves shifted the focus of economic decision-making to more specialized forums where they can dominate, like the Group of 20. So the IMF annual meeting is not *per se* important in itself, but the G24, the G20, and the interim committee which meets at the time of the Fund annual meeting. And the developed countries want to use them for contemporary economic issues, like monetary reform, the SDR, liquidity creation, the Asian economic crisis. Whatever is happening, they use those forums because they are reluctant to use the UN forum, because they cannot control the process of decision-making there.

Secondly, in the case of the Bank and the Fund, the system is now institutionalized, an annual meeting, and all other bodies that deal with different issues. Since the UN is not institutionalized, they need these summits periodically to gain attention and to draw attention to global problems and to come up with action programs. But those summits are confined to soft issues, as we discussed earlier—women, population, environment, children, social development, and not the hard issues of debt, money, and trade. In fact, they have prevented them from going in this direction. They have confined these summits to these soft issues and allow delegates to pass these resolutions which they don't implement.

So there is a great deal of what you would call global power politics in all of this. The hard issues they want to confine to those forums where they can control. The Interim Committee of the IMF, for example, is totally dominated. There are now G77 (Group of 77) summits, but

they can only discuss amongst themselves. They do not have a truly global forum in which they can raise these hard issues. In fact, there was a proposal to invite a few developing countries to the G8 summit in Genoa, but they took place in a side show without being involved in the summit itself. It is not really an interaction of a global nature.

There are thus these imperfections in the system, because the UN can only do what its members want it to do. The members do not want them to go too far in this direction. In the face of these limitations, the summits are useful for high-level decision-making, even on sectoral subjects. But again, the follow-up is lacking. Now with UNICEF, because it was a focused institution for pursuing out the 1991 Children's Summit decision, the follow-up has been far better. There are quantified targets and every country measures how much they are achieving in relation to each target.

RJ: And there are UNICEF field offices. And there is roughly $1 billion a year, of which a high proportion can be put to these goal implementations.

SA: Yes. By comparison, who is following the population summit of 1994? Who is following the Copenhagen summit? Who is following the women's agenda? No single agency. No official mechanism has been developed for coordination, either.

RJ: They could do more, in my view, as could UNICEF have done more.

SA: But look at the Commission on the Environment, which they created after Rio. Instead of giving it the responsibility and the resources to follow up the Rio Plan of Action, several small agencies have been created on climate change and other segments. So overall follow-up of all these high-level summit resolutions and commitments is not at all adequate.

RJ: Let me press you on the Third World side, again drawing on your experience and perceptions as foreign minister and as minister of finance. Pakistan is an important country in

several senses. It is large. It has had political clout. It has had this link with China for many years. And it has also produced many senior civil servants in the UN system where there could be, no doubt, some informal links. To what extent might the G77, with clearer leadership by Pakistan and a few other bigger countries, have been able to do more to formulate a strongest set of developing country aims and objectives?

SA: This process has gone through phases. There were active phases and there were inactive phases. The growth of the G77, of course, has been a major development in the UN. It was, as you remember, set up in 1964 at the time of the first UNCTAD, because at that time the number of developing countries was seventy-seven. But it has kept up that momentum.

On the face of it, it is an advocacy group for all developing countries, but in practice it is divided up within the Group of 77, with different interest groups claiming different priorities. The developed countries, of course, tried to defuse the G77 unity by offering crumbs to one subgroup or the other. In my view, the G77 is still useful, because they meet and they can formulate a common position for the WTO, or the environment, or whatever meeting is taking place. So it has a very strong political presence and whatever it says is taken seriously. There was, for the first time, a G77 summit in Cuba last year, April 2000, which was quite interesting because the Cubans used it fully to expose the duplicity of international decision-making.

RJ: Did you attend?

SA: No, I had just gotten out of office. I attended their preparatory meeting in New York, in September 1999, just before our government was toppled. I was very excited because it certainly reminded me of the formation of the G77, which I had seen. I made a very strong speech on what the strategy of the G77 should be for the coming century in the light of the lessons. The Cuban minister walked up to me after the session and said, “Can we have a little

more interaction? I would like to benefit a little more. You seem to have a lot of experience, and I hope you will come to Cuba." I said, "Yes, I would be glad to do so." And, of course, within a month we were out. We had, in fact, very limited representation at the summit itself.

One positive outcome of the G77 has been the recognition of the importance of South-South cooperation. That has been moving with the report of the South Commission and the G15. We are doing more things amongst ourselves. The Latin Americans, particularly, have taken off in terms of much greater—MERCOSUR (*Mercado del Sur*) and so many other initiatives. The Africans are also now talking of many regional arrangements. The ASEAN (Association of Southeast Asian Nations) is one of the most successful examples of regional cooperation. We are stuck in SAARC (Southeast Asian Association for Regional Cooperation) because of the political difficulties in South Asia, but overall South-South cooperation is growing.

As for North-South issues, the fact that the South takes a combined position gives them a weight which is growing. So the potential is there of the South pulling its act together. But there are conflicts of interest within the South, some at the upper end and some at the lower end. And the developed countries make full use of it by sort of deepening the cleavage that exists in the group. So all in all, it is an interesting and important dimension of the UN work which has grown in the last forty-five years. One should think a little more and consult a little more on how to make these mechanisms more productive.

RJ: Thinking of your experience with the Pakistan Muslim League, where, if I understand it, you brought more organization and more sensitivity to different interests of local candidates, is there a place in the G77 for more careful analysis of the different interests of different blocs within the G77 on how there could be a more formal agreement to bridge differences by agreeing on a coordinated list that would bridge those interests?

SA: Well, it depends on the political space that each country occupies on the global scale. Some are very sensitive to their position. They feel that if they take an anti-West or anti-developed countries position, they would lose their preferential position. Others are at the fringe and want countries to join them. But in actual operation, they follow the course which is prescribed for them. The number of so-called radical or confrontational countries is now very small. That is why self-reliance as a prerequisite for this kind of active role for G77 is necessary. The more dependent a country is, the more afraid it is of rocking the boat and not trying to say many things.

So within the G77, including OPEC, the clout and the teeth have been blunted in the last twenty years. A lot of people say that because Prime Minister Mahatir Mohammad of Malaysia started providing that kind of leadership to the G77—starting with the G15, of course—that the Asian crisis was partly engineered to quiet him down and not to allow him to use his growing economic power to provide political leadership to the South Asian and East Asian countries.

RJ: You could believe that there is some truth in that?

SA: At least Mr. Mahatir Mohammad himself has said so in his speeches.

RJ: I'm sure he believes it, but you, with your—

SA: It is difficult to judge if there was a deeper conspiracy. But he was coming up with bigger political issues and providing leadership on these issues. Today there is no such leadership. Let me recall a small, personal anecdote here. One of the most interesting UN meetings I ever attended was the Sixth Special Session of the General Assembly in April 1974, when President Boumedian of Algeria presented the concept of the New International Economic Order in his speech. It was quite a remarkable concept of that time, developed by a group of bright Algerian officials. Of course it was influenced by the OPEC powers to some extent in the

first major increase in oil prices in 1973, but it was quite a remarkable speech. He got a standing ovation of almost three or four minutes when he finished. I was a part of the audience and we all felt very good. So that evening, there was a dinner at the Pakistan minister's house. Ken Dadzie was there, and Donald Mills of Jamaica was there, and some other delegates. We were all talking about Boumedian's speech and feeling very good about it. Somebody said, "You know, Boumedian is not alone. The Third World has come of age. Look at Nyerere of Tanzania, look at Michael Manley in Jamaica, look at Anwar Sadat in Egypt, looking at King Faisal in Saudi Arabia, look at Bhutto in Pakistan, and Bandanaraike in Sri Lanka." There were about eight or ten leaders who had become world-class statesmen in the Third World.

On the other side, in the developed world, there was a strange vacuum developing. Nixon had just been Watergated. Pompidou of France was dying. Wilson was not a very strong leader in Great Britain. There was hardly any notable leadership in Europe or the USA. But in the Third World, we had this growth of remarkable leaders who had become world-class statesmen. So we all felt very good and we agreed that the Third World had come of again and the New International Economic Order could become a reality in a few years.

Five years later, in 1979, I was again in New York. I met Donald Mills at another dinner. He said, "Sartaj, do you remember that meeting five years ago?" I said, "Yes." He said, "Do you know that not one of those Third World leaders has survived?" King Faisal was assassinated by his own nephew. Bhuto had been hanged. Michael Manley was out. Sadat had been assassinated. Nyerere was tied in knots by the IMF. He said, "Is it an accident that all those leaders have disappeared, or is there something more sinister?" I said, "Who can tell?"

I narrated this story because, after so many years, Mohatir was emerging as one of those stalwarts who was providing leadership and he had been handicapped by his own economic crisis. So one cannot totally rule out the grand power politics at the global level.

Recently, I had a long chat with Mohatir in Dhaka, in February 1999, just after the Asian crisis. He was very sore. He was saying, "If you eliminate the contribution of East Asia and Southeast Asia to world trade for the last fifteen years, the world would be in deep recession. The Pacific rim growth has kept the global economy from going into recession. Just because they don't like what we are saying, they just torpedo this upsurge for no reason at all. Look at the misery they brought to Indonesia, Korea, and Thailand. We in Malaysia did not suffer as much because we refused to accept the IMF package.

RJ: Do you think the economies of South Asia could have done better. They had, after all, the best talent, absolutely top in the class—Amartya Sen, Mahbub ul-Haq, but others in a quite different area, like Jagdish Bhagwati, Manmohan Singh, and I.G. Patel—

SA: Nitan Desai.

RJ: Nitan Dasai. We could go on. You have had absolutely top class Asians, and no doubt we could identify some in other countries of Southeast Asia. But have they failed to grappled with these deeper implications of the way the global economy has been operating?

SA: There are two things. First of all, looking at it from the Pakistani perspective, our real constraint has been political, not economic.

RJ: Are you meaning domestically, or are you meaning globally?

SA: Both. Global in the sense that our geopolitical situation was such that we were forced to spend twice as much on defense as India as a percentage of GDP—six percent—for thirty-five years, which has been the real reason for our fiscal crisis. The extra three percent

accounts for almost seventy to eighty percent of our entire domestic debt. Each year you finance it from borrowing, and in the end it comes home to roost. The economic crisis after 1965 was partly responsible for the East Pakistani Crisis in 1971. Military aid also stopped from 1990 onwards. We were forced to the nuclear route, which brought us international sanctions. The Russian invasion of Afghanistan in 1979 created a new crisis for us in terms of what to do and what not to do. And the domestic, ethnic, sectarian, tribal, and provincial conflicts compounded the problems of refugees, guns, and drugs arising from the Afghan war.

So the economic managers in the country could not cope with the implications of these major non-economic factors. Similarly, India had the same problems. First they were in the Russian camp during the Cold War, and then breaking away from it and trying to move into the western camp. It creates problems of a different nature which are more difficult to handle.

When Bhutto came in 1971, he started going socialist and nationalized everything. And American aid was stopped. Then when Zia came, aid was resumed in 1979 but in the wake of the Afghan war. Again it was stopped in 1990, when the Afghan war was over, because of the nuclear issue.

So you can see, between the Cold War politics, and the Gulf politics, and the Russian and Afghan wars, the whole playing field has not been level in our favor. The entire development relationship was guided by a very limited political agenda of the countries concerned, and particularly of the dominant powers. So this whole field of international relations and international cooperation is just a façade for the U.S.'s dominant political interests or various commercial interests—other countries' commercial interests. So we can rationalize some of these concepts here and there, but the underlying reality is very sordid.

RJ: Now let me press you on at least two implications then. This may sound like a westerner's distant view, but was there no path not taken in terms of Indian-Pakistani relationships over the last fifty years?

SA: The India-Pakistan conflict over Kashmir is also a legacy of the 1947 partition plan under which the two countries became independent. There were hundreds of princely states which could accede to either country. These decisions went smoothly, except for three: Hyderabad, Junagash, and Kashmir. Junagash and Hyderabad had Hindu majorities but Muslim rulers. India said, "No, a ruler cannot decide against the wishes of the people." But when the same issue came up in Kashmir, and the ruler decided to go with India, while eighty percent of the population was Muslim, they sent their troops and occupied it. So they started following the policy of "might is right." Pakistan had no option but to say, "We don't accept that."

Now this moral point of view, and this political point of view, has acquired such a major consensus in both the countries that any leader who goes against that consensus and tries to seek flexibility cannot survive. Nawar Sharif tried and did not survive. So there is a concern about what you would call dichotomy between what is sensible and what is rational and what has now become national policy on a certain subject. You require a leader of de Gaulle's stature to break away and say, "Let's make peace with Israel." In the process, he also lost his life, but he gained peace and process for his country.

So you have this very major moral issue in such cases. That is why one should not allow injustice and oppression to go on for so long. It is a very good lesson of history. The same thing we are seeing now in Palestine and in Zaire.

RJ: Now my second question was if, in your analysis of this important cluster of issues—India, Pakistan, Afghanistan, and so forth—you say the dominant issues are political, not

economic, if we come to the same matter globally, do you think the development issues that you yourself have been engaged in have been emphasized too much from the point of view of development, even the economics of development, and far too little in terms of the political economy, the political processes of development?

SA: I agree with you that basically the developed countries, particularly the USA, tried to take an interest in development because it was a part of the Cold War politics. They said, "You come under our sphere of influence and follow our prescriptions and we will give you money and other concessions." So for thirty years, or forty years, this was the basic motivation. It was not objective love for humanity which made them do this. The moment the Cold War was over, they began to say, "The private sector should do whatever has to be done. You can attract investment if you follow the right policies."

So how do you bring development to center stage in the next century? Poverty is one dimension. Women is another. Children is third. You have to find entry points which will appeal to the people on the other side. There, also, they ask, "Why don't these countries themselves do land reforms? Why don't these countries themselves adopt polices which would help the poor? They only expect us to give them loans. It is not going to happen."

So there is lack of a strong constituency which would support development or poverty reduction. That is why development economics as a subject is no longer being taught in many western universities. Even the subject is becoming less attractive for the large majority of young people. So what will bring it back to center stage? I don't know. We have to think and to try to find some way. Hunger and poverty still ring some bells, but the approach is, "Well, let's give them some food aid and some development aid, but they have to adopt the right policies, promote democracy and good governance."

We have to find something which hurts on the other side, also. Environment is, of course, hurting them. Drugs are hurting them. Lack of development doesn't, although if you appeal to the world's moral standards and you say you are worried about all these poor, unemployed people, they may be shaken to some action. But nobody is prepared to allow that argument to go very far. Cheap imports—again they have managed to erect walls against them. So there has been no new philosophy of development that will appeal to the First World. And we have not come up with any convincing appeal to their moral standards.

RJ: Although surely human rights have taken on new practicality, as well as a new vision and an acknowledged importance in the last decade.

SA: But a right to food and a right to development have not yet been acknowledged as basic human rights. In fact, human rights are very narrowly defined from a western perspective.

RJ: Well, Sartaj, thank you very much indeed. I think we should leave it there and then come back with some more general questions after some lunch.

SA: Let's do that.

RJ: Thank you very much.

RJ: This is Richard Jolly interviewing Sartaj Aziz on the 30th of August 2001 in Lewis, Sussex, and this is tape four. Sartaj, I think it is time to take an overview on your broader reflections of the UN, and in particular its contributions to development ideas and thinking. I'd like to ask you what ideas you think the UN has come up with, in addition to those on food and agricultural security that you have already mentioned in the context of IFAD. Which ideas are you conscious of from your many personal careers where the UN seems to have made a difference on global thinking, global action?

SA: Of course when one looks back on it, the UN has both plusses and minuses. The major plus is the kind of international culture and international values it reflects. There, unlike the World Bank and the IMF, which have a kind of superior view, a kind of patronizing view toward developing countries, which says, "We know what to do and we are gong to tell you what to do," the UN is much more respectful of the members' viewpoints and is much more sensitive in terms of how it expresses its view. So to that extent, it is very reflective of how the UN has evolved, that these are the member governments, that you are supposed to serve them and you try to find common ground. I also notice this marked contrast between the way a UN representative and the way the Bank and the Fund representatives operate at the country level. One is overbearing and sort of reflecting the attitude of the paymaster. The other one is much more balanced and respectful to what is happening. So I think it is good that the UN has evolved in that way.

Secondly, the UN bureaucracy reflects a much wider diversity of nationalities. Despite the imperfections of the recruitment system and political pressures, by and large the UN family represents the globe. I would not say it has outstanding qualities in all cases, but well above average kinds of qualities—serious, trying to help, well-meaning, a kind of personality that is agreeable. So the UN has evolved over the years a fairly good set of people. And we are talking about thousands of people who have done different things in different countries. Even if the results are not very dramatic, many UN projects over the last fifty years have done a lot of good in small ways, whether it is in fisheries, or in poultry, or in sewage systems, or trying to create awareness. So in that sense, I think they have served their purpose.

The only place where the UN's contribution or overall performance may fall below par is in areas where the conflicts between member nations are very strong. So they are constrained,

whether it is the Cold War context, or some other context where the big powers decide. So the UN has to withdraw because it can't push those things as much. The member governments are always restraining them, and they are always looking for space to do something here or there. That is where people blame them: "Why did they not act here? Why did they not act there?" But the question is, they are responding to what the members want them to do. And if there are conflicts—and this is particularly true when Russia and America were in balance with each other. There are some UN officials who stick their necks out, but most of the negative criticism about the UN concentrates on its helplessness, its inability to deal with all the threats to peace.

There is, like in any bureaucracy, twenty to twenty-five percent what you would call below-average activity, which is probably forgivable because you always have occasions where you promised too much and get second or third-rate advisors or exports and do not get the promised result. But I would say that in about seventy-five percent of the cases, things do go well and UN experts do make a contributions—without playing it up too much, not very dramatic but positive.

So by and large, the UN role in development, and in the security area, and in the human rights are has been very good. Where the priority comes from the governments, there I think their response is very good—when there is a consensus, say, on human rights, or even food issues. That is why the most successful UN leadership is that which finds that consensus and runs with the ball. He realizes that, "Here is the opportunity and I should now deliver because they want me to deliver."

But these opportunities do not come so easily. In peacekeeping it has. I human rights it has. In women's issues it has. With children, of course, it has. So these are bright spots where positive results have been achieved. But in other areas—how to overcome so many conflicts in

Africa, or bring peace to Kashmir, or the Middle East—the record is not positive. That is where we should look for better progress in the twenty-first century.

RJ: Can you think of cases where UN leadership has created space by taking initiatives of its own?

SA: I think in the employment area, for example, despite the conflict between the employers, and the employees, and the trade unions, a lot of good work was done by the UN, particularly in the 1960s and the 1970s. Unemployment was the main issue after the Second World War and the ILO provided a broad development framework for employment issues. Similarly, UNESCO branched off in many new areas in terms of culture, preservation, heritage and moved into more sensitive areas because it was critical. The third area where new ideas originated from the UN was human rights, because they were all crusaders anyway, and they tried to point out what was happening to human rights in South Africa and many other parts of the world.

But again, it was a combination of people within the UN who saw the opportunity—the leadership—and some countries who encouraged them. They saw that they were on strong ground. Similarly, on food, for example, the effort was not to make it a controversial issue, in the sense that here is an area where, unlike on trade, there is common ground. Kissinger has proposed this conference, so let's have a common agenda of what is required. It's a common issue. Don't lose it in politics.

From the developing countries' perspective, they feel that everything is in a mold and you must fit in that mold, otherwise nothing will happen. Alternatively, all you have to do is to shout and go home. So, success came only when someone discovered common ground. Jim Grant found it, of course, in relation to children, and then Maurice Strong found it in the

environment, which was an entirely new field, and the UN found a lot of space there through good ideas and initiatives. Now this activity is getting more difficult because control of pollution and reduction of emissions involves heavy costs for the industry and for governments. The program is therefore slower and the USA has even walked out of the Kyoto Protocol after signing it. But there is a momentum and a lot of pressure from civil society, which could ultimately force government to move faster.

Another positive achievement of the UN is the Law of the Sea. Although we did not go as far as to tap the commons, resources of the oceans, we managed to get through the Law of the Sea more quickly than many other international laws. These were the five or six areas where the space was created by some visionary UN official who saw and grabbed the opportunity.

RJ: You have mentioned Maurice Strong. You have mentioned Jim Grant. Looking at the UN as a whole, who are some of the other giants that stand out for vision, leadership, and people who have found a way through the UN to make a difference?

SA: These are the people who were more visible, in the sense that they took leadership and they were at the high levels. I am convinced that at the middle level there were scores of other officials who were well motivated and made valuable contributions. They are the unsung heroes. They did contribute but their bosses took the credit. There were very few middle level people who had the opportunity to expose themselves to media, and they were apprehensive. They might lose their jobs.

So I think there are a large number of those outstanding individuals who are not well known. I am only familiar with the development area and a little bit with the environment. But in the security area, for example, Ralph Bunche made an outstanding contribution. Another was Professor A.S. Bokhari, who started, I think on the government side, as a delegate, but who later

on became assistant-secretary-general of the UN on information. He worked with Dag Hammarskjöld and became a crusader on many issues. So there are those people who provided leadership and vision.

RJ: If you are thinking of South Asia, who are the giants from within the governments that have played key roles?

SA: Pakistan sent many outstanding persons to the World Bank. Mr. Shoaib, Mr. Mucen Oureshi, Mr. Shahid Hussani, Mr. Javed Burki and, of course, Mahbub ul-Haq, who later shifted to UNDP for the *Human Development Report*. In the UN, we had Iqbal Akhund, Rafi Uddin, and Iqbal Rasa, who rose to the position of assistant or under-secretary-general. But Pakistan, despite being a large country, has not secured the position of head of a UN agency for the last fifty-four years.

RJ: Well, it may be difficult to think of many Third Worlders who have been heads of agency positions, as opposed to UNCTAD, a special case, and as opposed to the Secretary-General position itself, and the deputy-secretary-general positions, which definitely go by rotation and so forth.

SA: Correct.

RJ: But with the UN agencies, the way the power and the politics of the UN is operated, very many times one or other is from the developed countries.

SA: But mostly compromise candidates in recent years. In the 1970s and 1980s, we had very many leaders. From India, we have had B.R. Sen, who was the head of the FAO for many years. Then we had Rama Chandran, who was head of Habitat. And, of course, we had Mustafa Tolba of Egypt, who was the head of UNEP (UN Environment Programme) after Maurice Strong. So there have been many individuals who have done well.

But most governments don't like international civil servants raising their heads too much and picking up popular issues. So many outstanding individuals have done it afterwards. Others tried to influence decisions and did not come out in the open. But now, on human rights, there are some people who have deliberately raised loud voices because it is an area in which you want international voices coming up. In peacekeeping, there are some interesting developments.

So I think there is a need for the UN family to acknowledge and to write about the roles of prominent people, because it gives an example to others. That is why your project on the intellectual history of the UN is both timely and important.

RJ: Let me come to the ideas and the role of national academic institutions and national training institutions. Part of me sees that many of the best people in the UN have come out of an approach, out of a training, that has encouraged free-thinking, rather than, let me say, the neoclassical, orthodox economics. The orthodox economists have tended to go to the Bank. At the least, the UN people who have made an impact, it seems to me, have often taken a contrary view and perhaps in their training have had a contrary view. Now you, yourself, studied at Harvard. You have been in on many debates about the Washington consensus view, the neoclassical view versus others. Do you have any feeling about what sort of education encourages people to have the values and the skills required for a good UN position?

SA: If you recall, there was that U.S. senator, Patrick Moynihan, who said, "This pit of socialist education in Britain creates these leftist people in government and elsewhere." He also criticized the policies of the Labour government in the United Kingdom.

RJ: He himself changed his positions many times.

SA: He criticized this breed of progressive and liberal people that you are talking about. These British civil servants with socialist leanings who think they can change the world. They

are also influencing ideas and institutions in the developing world towards Marxian thinking or leftist views which are not good for the world. I think the basic problem we face arises from the difficulty which conservative opinion has in distinguishing liberalism from traditional Marxism. The leftist groups of the 1950s and 1960s were initially attracted to socialist ideas because of its advocacy of greater equality and egalitarianism. But due to curbs on freedom, most of these leftist groups have become social democrats with a focus on liberalism and democracy.

Now from the subcontinent, I would say Amartya Sen would be one such person who came from an academic background. He interacted with lots of things in the thinking and policy. His writings on hunger and entitlements, and more recently democracy and poverty, are examples. Mahbub ul-Haq's *Human Development Reports* fall in the same category. You can see the deep interaction on these issues flowing from their common education background.

Similarly, Professor Yunas, from the Grameen Bank in Bangladesh, is a pioneer. He came from the NGO background and then developed a new approach which has influenced micro credit thinking in a large number of countries. Sometimes the NGOs that work themselves create new networks. If you recall, we were in SID, all of us. When Jim Grant went as UNICEF, he took three or four colleagues from SID to UNICEF—Tarzie Vitathi, Maggie Carlson, and yourself. Why? Because of the interaction and common thinking.

The same network actually kept helping him afterwards, in terms of spreading his ideas. That is one of the positive fallouts of SID. You create networks and relationships which then transfer themselves from one milieu to a bigger stage, and try to continue their good work. I am sure there are many other examples of people who went and brought similar colleagues from other networks.

So this network of the development community, which includes many outstanding civil servants, the international civil servants, and the civil society organizations, is a very important phenomenon with its own dynamics which must continue. I am sure it is continuing among young people even today. It is something that has to be nurtured to be able to grow.

Now to what extent has the theoretical significance of neoclassicalism re-emerged, and to what extent has the liberal thinking been able to balance the resultant policy framework? I think it is difficult to blame one group or another and to say to what extent who was right and who was wrong. Basically, development philosophy had been swinging from growth-related issues to distribution-related issues, between the objective of freedom and equality. Now at one point of time, when the emphasis is on growth, you want freedom, you want the neoclassical approach, you want liberalization. But then you realize that you have gone too far, because income inequality and unemployment have increased. Then the emphasis shifts to distribution policies, sometimes smoothly, sometimes violently. This is the heart of Chinese dialectics and yin and yang philosophy. That is why the Chinese have managed this transition every nine or ten years much more successfully than other countries.

So it is difficult to come to what you call the "absolute truth," because you haven't yet found a system which would somehow combine the objectives of equality with the objectives of freedom. When you provide total freedom, the strong become far richer and the inequality increases. Then you try to put a social maximum and a social minimum and try to change the policy framework. That requires a different set of goals and a different set of rules.

So in human existence, man has not evolved a system which can achieve all his objectives: equality, basic needs, and the desire for identity. Which particular discipline, which particular philosophy, tried to fulfill all? There is just not one. Look at the modern industrial

age. You create an assembly line in which you get more production, but you lose identity. The worker is not creating a product, just fixing up screws and he feels miserable. That is why the new business models are decentralizing production processes.

RJ: When you think of your time as minister of finance for Pakistan—indeed, both times—were you conscious then, or looking back were you conscious of this yin/yang? You pushed one line and then found it had gone too far, so you had to reverse even during your five years or so?

SA: I think that it is a very interesting question because I struggled with it somewhat consciously. I realized that after nationalization, under Bhutto in 1971, we created what is called "bureaucratic socialism," which is the worst of both worlds. You don't get the dynamism of free enterprise, and you don't get the discipline of socialism. When he nationalized basic industries, banks, and insurance companies, they all recruited more staff than they needed. Civil servants managing the enterprises could not innovate. So all our nationalized industries started losing money and the fiscal strain became unbearable. We should have deregulated when everybody else did in the 1980s, but we didn't. We waited until 1990, when our government took over in November of 1990. As finance minister, I initiated a major program of rapid privatization and deregulation, trying to open up the economy, going towards the market system. We produced remarkable results in the early 1990s. It is unfortunate that the government was dismissed in 1993 and the momentum was lost. Otherwise, we were ahead of India at that time. We were attracting a lot of foreign investment. Reverse brain drain had started. People were coming back to Pakistan. People thought we were about to take off. But simultaneously, I was developing a framework for social development to ensure that the liberalization policy would not lead to greater social inequality.

RJ: What were you meaning by social development?

SA: Let me recall some history. In 1980, my China book was discussed at a seminar in Oxford under the title, "Aziz' Model of Rural Development and the Relevance of the China Model for other Developing Countries." A participant asked me, "What does this model mean for Pakistan?" I said, "I am sorry, I don't know yet. Somebody has to do social and political engineering and then decide if we are ready for a comprehensive model, which requires a totally different political system or an intermediate model, which would move towards it, or a partial model. I have presented only a conceptual framework for rural development.

We had had this major 1979 conference in FAO on "Agrarian Reform and Rural Development" where all these different approaches were discussed. The importance of organizing poor people to do things for themselves was recognized. But it became an intense political issue. How do you organize the poor? If you organize them on one farm or an experimental project area, you are alright. But if you organize all the poor people, you have a revolution on your hands. So the question is, "What do you do in a given political situation?"

In 1981, when I went back to Pakistan on my biannual home leave, my friend Jamil Nishtar, head of the Agricultural Development Bank, said, "Look, wherever you are going on tour, I am coming with you." So I went with him to about ten different locations. We sat down the whole day with farmers, listening to their marketing constraints, input availability, trying to find out their difficulties and identifying those they could solve by organizing themselves.

Then in 1983 we repeated this exercise on a bigger scale, because Shoaib Sultan, a veteran of community development programs, had just returned from Sri Lanka to launch the Agha Rural Support Programme in the northern areas of Pakistan. He invited us to Gilbit. We spent a week seeing and discussing. At the end, I saw more clearly that in a non-community

system, with multiparty democracy, you can organize people in a village organizing to do things for themselves through a non-governmental structure. So I suggested why not replicate this model in the rest of Pakistan, and that IFAD would be prepared to give a loan of $8 million or $10 million to replicate this model and to support the training and institution-building part.

At that time, we were sending a special programming mission to Pakistan. Brian Archai, from the Institute for Social Studies in the Hague, was leading the mission. I gave him a paper I had written on the AKRSP model to see if government would be interested in spreading it to the rest of Pakistan. When he came back, he said, “Nobody understood what I was saying. There was not much interest.” I said, “Brian, this is not something which I can plan from outside. This is something for which I will have to go back to Pakistan.”

Two months later, in November 1983, the minister of rural development resigned because he had lost the local election. So my friend, Jamil Nisthar, rang me up and said, “The slot which you were waiting for to experiment with your ideas has now become available. So should I talk to the president? Would you like to come back?” I said, “Fine.” By some coincidence, that was the week in which I signed a new five year contract with IFAD. I had signed the earlier contract in 1978, when IFAD was set up. And now five years had passed and a new contract was necessary.

RJ: So you walked out on it.

SA: Yes, I walked out after only six months. My purpose was to find a valid model of rural development for Pakistan. I said, “Yes, you talk to him.” So the next few months the formalities were finalized. I went back to Pakistan in April 1984 as minister of state for food, agriculture and cooperatives.

In 1985, after the election of March 1985, I rejoined the cabinet as an elected senator and was special assistant to the prime minister for agriculture. In the last two months of 1985, as Prime Minister Junejo started his political agenda for the next four years, I got my first opportunity through what is called Junejo's five point program, in which we pushed for rapid expansion of physical infrastructure in rural areas—roads, electricity, irrigation works. As the prime minister was discussing the main element of his program after martial law was lifted, he said, "Let's find a dramatic slogan, as Bhutto's 'food, clothing, and shelter.'"

I said, "No, he didn't fulfill that. You tell me, what is it that you want to do and then we will find the words. You don't find slogans and then try to look for what you want to do." He went into a bit of a trance and said, "I come from a very poor rural area. When I remember their poverty-ridden eyes, my heart bleeds. I want to do something for those people." I said, "That's what I came back to Pakistan for. You are talking of rural development and I will give you a program."

We had only twenty days. Next day I went to the planning commission. Mahbub had just gone to Dhaka for the first SAARC summit. I asked, "How much money are we spending in rural areas in this years' development program?" In forty-eight hours, I knew the answer that we were spending ten billion rupees. At that time, the exchange rate was ten rupees to a dollar. So it was one billion dollars. I said, "What if we double the allocation and allocate twenty billion rupees a year to rural areas for the next four years? What will be the revised targets we can achieve in terms of roads, villages electrified, or private schools?" I received the revised targets in three days and the five-point program emerged. I also created an inter-provincial coordination mechanism to supervise implementation. Although the government was dismissed two years

later, and the program in a formal sense was discontinued, the jump that has come in social spending was there to stay. It was the first benchmark in my rural development model.

RJ: In terms of real life implementation.

SA: In education, for example, we were spending 1.6 percent of GDP, but in 1986-1987, it jumped to 2.3 percent of GDP. It stayed at 2.3 or 2.4 percent in the next few years.

RJ: And enrollment went up?

SA: It did, but not correspondingly. We found out that the drop-out rate was fifty percent. In other words, the increase in money led to a corresponding increase of sixty percent in enrollment. But it was a good start. In rural areas, where the density of population is less, the enrollment per school is lower.

From 1988 to 1990, we were in opposition. When our government came back after the November 1990 elections, I became finance minister. But my interest in rural development continued. In 1990, we initiated the Social Action Program, which was to expand social infrastructure in rural areas by larger allocations to four sub-sectors—primary healthcare, primary education, rural water supply, and population planning. In the next ten years, for example, primary school enrollment doubled from ten million to twenty million with enrollment of girls more than doubling from 3.8 percent to 8.7 million. As a result, the overall literacy rate improved from thirty-five percent in 1990 to fifty percent in 2000.

The third initiative was NRSP (National Rural Support Program) following on the AKRSP. And the fourth pillar was the Poverty Alleviation Fund, which was the apex micro credit work institution to network organizations and channel credit through them. So it took me almost fifteen years to build the four main pillars of social development in Pakistan—physical infrastructure, social infrastructure, community organizations to organize people to take

advantage of these opportunities, and then micro credit to channel additional resources to community organizations.

In overall terms, Pakistan has seen major growth in civil society institutions for rural development. And in each of these, I tried to limit governmental participation. It was mostly through community organizations. All the money was provided by government to NRSP, for example. But I let them be independent and did not appoint any government director on the board.

RJ: This was all through NGOs, the implementation?

SA: Yes, NGOs and community organizations. As you can see, the emphasis was on internal NGOs. On the one hand, we were liberalizing the economy. But at this stage, we were also building the second wheel of the development strategy, which is social development. So that is why I was very conscious that wealth creation should be left to the market, but that we hold the floor for the poor people. Give them education and health facilities, improve their infrastructure so that they can participate in the mainstream economic activities. The private sector will never go to remote areas and provide electricity, build roads and schools. The state has the primary responsibility for that.

It is a pity that these ten years also coincided with a lowering of the growth rate of the economy. Sanctions were imposed in 1990 and net aid went down. Foreign investment was adversely affected. Political instability during this period was also a factor, and as a result of which our growth rate has slowed down to four percent in the 1990s from six percent in the 1980s. With a population growth rate of two and a half percent, per capita income did not grow much and the incidence of poverty increased. But Pakistan has made very good progress in the

last ten years in organizing the civil society, reaching about five percent of the population. If growth recovers, it will reach a larger population of poor people.

RJ: Now there are two criticisms. One of the common criticisms is that you will never get anywhere throwing money at problems. Surely, doubling money was a big increase in these areas. Was there a strong risk, a weak risk, a slight risk that some of the money went astray because so much was poured in?

SA: In the rural areas, most of the money was spent on building schools, and roads, and health centers. Actual utilization, of course, was deficient for the simple reason that teachers and doctors don't go to remote areas. You do not get the full physical output and qualitative output that you are looking for from the use of the money. But the third element, which is the National Rural Support Program, is meant to provide the answer by organizing people. You organize a community and now it is aware of these facilities and can take over community schools or health facilities.

In fact, I had a big argument with the prime minister when we started the Social Action Program in 1992. He said, "I have seen hundreds of schools which are called schools, but nobody is teaching. I don't want to spend money on bricks and mortar anymore." I said, "You are talking of community participation." That is how the NRSP was started. So I agree with you that if you have the "software" along with the money, then it is not wasted.

Of course, it takes much longer to evolve the "software." If you recall the Grameen Bank example, I myself went to Dhaka in 1981 as leader of the IFAD mission, which was to consider, among other things, the first foreign loan to Grameen Bank. I thought they would at least require $10 million. But Professor Yunas said, "Sartaj, don't kill my project with money. I can't use $10 million. I have no software to use it. I have to train people first." He said, "I can use only

$2 million." With difficulty, I persuaded him to use $3 million. That's how the Bank started and now they are lending $100 million a year.

The NRSP philosophy never emphases money. Otherwise, people will organize only to receive that money. They must organize themselves around an activity and use money very selectively as a catalytic agent, and that also by borrowing. You say, "Look, you start your own savings scheme. If you save 100,000 rupees, you will get 500,000 rupees as a loan because now you have become credit-worthy."

RJ: Now the other big criticism made, which surely applies still in Pakistan, is the social structure, particularly in the rural areas: the desperate need for land reform if poverty in the long run, in rural communities, is to be decreased, and yet the very strong power and influence of many of the landowners.

SA: Well, the issue is important. Although Prime Minister Bhutto did a series of land reforms in the period from 1971 to 1976, and he broke down many big land holdings, that doesn't mean breaking down the feudal mentality. It may not necessarily end with land ownership. Even if you have less land and you have that mentality, the problem is very much there. So we do have the problem of feudal classes and backward classes. But with education, it is breaking down. In urban areas and areas close to the cities where education has spread, we have managed to counter feudalism. But in other areas, like in South Punjab, the feudalism culture still dominates. In Baluchistan and NWFP, the tribal system still dominates politics.

So the answer to all those problems is more rapid education. With the social action program, the literacy rate has doubled in the last fifteen years from twenty-six percent to fifty percent. We have also noticed that at least forty percent of the members of parliament elected in 1997 were from the lower middle classes. About twenty to twenty-five percent were from urban

areas. So the feudal share had gone down from sixty-seven percent to about thirty-five percent or forty percent. But there are now educated sons of the feudal landlords who are slightly more enlightened. They have been abroad and are aware of the world. So the composition of society was changing. But that doesn't mean that we don't have problems of feudalism, because the requirements of politics and of getting elected are very rigorous.

RJ: Has Pakistan considered the type of program, as in the lower levels of elected politics in India, of reserving so many seats for women?

SA: It has started and now it is gaining momentum. There are not too many at present—only about ten percent. But in the local bodies, we have just had elections and thirty-three percent of seats were reserved for women. And the same thing is now going to be done in the national and provincial assemblies. So we are moving in that direction, although even at this time in some very remote tribal areas they enforced a bad measure that would not allow women to get elected to local councils. But these examples are very few. The requirement is that if you don't elect women, those seats cannot be filled by men. They will remain vacant. So next time, they will have to elect women. So that tradition is coming. We have now a very strong women's movement fighting for their rights. There are women activists, and NGO groups, and also lawyers' groups, which have been created primarily to protect women against violence and injustice.

RJ: Has the UN and the global conference for women played any role in raising that awareness?

SA: Oh yes, absolutely. We have implemented many of the conventions. For example, we now have women's police stations in all parts of the country. Normally, women feel very reluctant to go to a police station, which is dominated by the males, to lodge a complaint. So

now we have women police stations where unaccompanied women can go and register complaints. We have the Women's Bank, which is the first bank that lends only to women. The rate at which female literacy is increasing is twice as large as the male literacy under the social action program. The total number of female schools opened in this ten-year period is double the rate for males. So these things are happening, but social transitions take time.

RJ: I think I should bring you finally to the future. Your vision for this century, particularly with respect to the development of international actions, further developments within the UN, what can be done with respect to the widening global gaps? It is now thirty years and more since you took part in the Pearson Commission, which said that the widening global gap was the central problem of our time. But there are many other international issues. How do you crystallize the global vision that we ought to have? And where are the starting points?

SA: It is obviously difficult to project the future because the number of variables and parameters are very complex and varied. There is such a big mixture of political, economic, and social forces that one cannot juxtapose them. But one can see some trends, some broad lines which are coming up. First of all, the twenty-first century is not going to be a century of capital, but the century of knowledge. In other words, progress, and who makes it and who doesn't, will depend on knowledge and communications.

I feel that it will be quicker and easier to close the knowledge gap than it was to close the capital gap. India has caught up with the rest of the world in information technology, for example. Pakistan is also catching up. China is also doing the same. The process can be telescoped. You don't have to start with technology at the lower end and then go forward, as generally happens with industrial technologies. Late students can start at the latest rung on the technological ladder.

If this digital divide can be bridged quickly, and there is a concerted effort on the part of all the stakeholders, governments, NGOs, the academic community to do so, we can start closing the income gap. We will not totally close the gap, but reduce it. Partly the gap will be closed at the other end, because the present consumption patterns cannot go on the way they have been. So the upper limit will keep coming down in real terms, although in monetary terms or in dollars the gap will appear larger. But in terms of purchasing power parity, it will be much lower. Even today, in terms of per capita income, the gap is larger than in the terms of purchasing power parity, because the same taxi ride costs ten times more in New York than in Karachi.

But the gap that I really worry about is in terms of political power and reflected in the military imbalance, the nuclear imbalance, and the way global politics operates. There, the only hope we have is of creating multiple poles and not just a unipolar world. We cannot go on like this. That transition is already coming. We are no longer dependent on the USA for protection against Russia. Europe is not supporting the USA on many policies. China is another pole which is emerging. Then there are these regional blocs that are emerging. But it will take time, because today the preponderance of the dominant power is really large.

Unless that multiple polar world emerges, the global institutions will need to close the gap and run the world system for humanity as a whole, rather than selectively. That will be the real globalization, rather than what we see today. How long that will take, one doesn't know. Do we need a catastrophe of some kind to create that? Will world leaders be wise and mature enough to make a smooth transition, or will it take a crisis and a major catastrophe? One doesn't know. But let's hope there will be a coalition of forces, both inside the UN and outside, which will create the condition for the transition towards a multi-polar world, in which different poles will be working in harmony.

Twenty years from now, will we have less poverty? Will we be able to meet the social minimum so that everybody has the minimum necessary for survival, and for decent work? It is difficult to say. My feeling is that we will go further down and widen the gap before we come back. With what consequences? It might be the spread of AIDS that will scare everybody. It might be an environmental catastrophe that could scare people. It could be even a human rights catastrophe in some part of the world. It might be the progress of China, the astounding progress it has made, which will balance the situation.

RJ: Migration pressures?

SA: They can be very strong, but these are not going to be allowed, I think, because that can be a floodgate. Again, this is the last barrier to freedom that we talk about today, which will have to be broken. If there is no free migration, you can't equalize wages and income. If someone carries my bag in New York, he charges $5. In Pakistan, it is less than half a dollar. Why? Because he is not allowed to go and earn $5 in New York. So there is that barrier to mobility of factors of production.

But I think, with the aging population, and the shortage of young people, it is already becoming a burden. So the demographic situation that we see in the next ten or twenty years will force them to open their doors. That can be a very good equalizing factor. A large number of immigrants will run abroad from the subcontinent. It may look like a harmful brain drain, but it will have a reverse fallout, both in terms of remittances as well as coming back with better management skills and so on.

So there are many factors which are operating. Most developed countries are reaching a zero population growth rate. And they are lengthening their longevity to eighty years. After fifty years, how far can such a society carry the burden of giving social security, medical

insurance, and old age benefits to a growing and aging population? Ultimately, even they need people who will serve them and earn for them. So I think there will be, in ten or fifteen years, a very big pressure for immigration. Obviously, they will open selectively. They won't open to everybody, but it will, I think, happen. So there are new forces and factors which are coming into play which may open up the world and make a better place to live in.

RJ: Perhaps some final questions on the impact of UN ideas. We have tended to look at the positive. Looking at the UN, the international system over the last fifty years, can you think of wrong ideas that the UN has encouraged?

SA: Not wrong, but I would say some impractical ideas in the sense that you can come up with things which sound good on paper but are not practical. A justification, of course, is that if you set higher goals you will make some progress. So in the social and economic field, I think it is alright. But on certain things, like the way security is looked at, and how to authorize UN intervention and peacekeeping functions, the UN record is not enviable. There, the dominant powers have influenced the framework: "Where we want to be dominant, then it is alright. Bigger injustices may take place, but we are not interested in remote injustices or violations of human rights."

If a crisis breaks out in Europe, in small enclaves in Kosovo and in Bosnia, for example, there is rapid response because they can't afford such things in the middle of Europe. They send their troops and do every kind of peacekeeping. In other places, much worse things are happening and they don't intervene at all. So there is this dichotomy, this duplicity of standards. But that is where the UN is helpless. They are forced by the masters to respond to certain situations. Resolutions are passed and intervention becomes legitimate.

The biggest challenge, in my view, is that NATO (North Atlantic Treaty Organization) is now developing its own capacity to intervene, without the UN umbrella. The UN at least provides universality, as some people are able to stand up and object. NATO doesn't have that. So I hope that the UN will be strong enough to respond to such needs independently, and not allow a parallel international security structure to develop under NATO.

RJ: Are there any final points you would like to make?

SA: Finally, I would say that, in terms of the UN's accomplishments, one would like to put them on a scale in which the UN succeeds in creating, by consensus, global systems to manage problems, sub-sectors, or issues, or objectives. There are examples of success and of gaps. We do have a very good system of civil aviation functioning. We do have a good system of health and quarantine regulations. We do have radio frequencies and telecommunications. Now there are rules coming up in international criminal courts. Attempts are being made to tackle money laundering. A number of areas are coming where UN conventions are being adopted—terrorism, laws of the sea, climate.

In the food area, we have gone beyond conventions by creating institutional mechanisms to issue early warnings, to provide food aid in emergencies, to manage stocks and finance food production. So to that extent, it qualifies for a high scale of accomplishment because it is not confined to guidelines which one country may or may not follow. It creates institutional mechanisms which help to achieve the desired objectives.

Can we look for other areas where similar global systems can develop? For example, all these monetary flows are unregulated and even unreported. In trade, you have systems plagued by protectionism. In the labor movement, you have parallel systems. So one should identify other potential areas where better coordinated global management systems can emerge. The

money area is a very important area. If we have global management or reserve creation, we can have ample financing for poverty reduction or the environment.

The environment is an area where good progress was being made, but for this Kyoto setback. There are other aspects of this subject which are stuck, because managing the global commons is a very important international responsibility. It was evolving. There is UNEP, and separate secretariats on climate change and some other conventions. There is a danger that these are being clogged partly through fragmentation and partly due to backtracking by big powers who do not want to reduce their energy consumption.

RJ: And there is very strong popular support, including in the United States itself.

SA: Yes. We must utilize NGOs to channel such support. And also these financial flows, the monetary and financial system is the other side of the debt problem. If you had a more orderly system, developing countries would not have to borrow on such harsh terms. Some money should go to them as part of an international taxation system, which is now overdue. We have to think very hard on the pros and cons of an international taxation system, like the carbon tax or the Tobin tax. If we can create a decent satellite system—different components being managed by different groups and institutions but coordinated by a high-powered council located in the IMF. We should introduce them on a minor scale, like a kind of carbon tax on climate change, which can initially fund small programs, but in due course can do much more. So I think we should keep these major ideas in view, moving towards a system of global taxation which can transform the whole UN system.

RJ: Well, thank you, Sartaj Aziz, for that fascinating set of ideas. And as you have said many times, these need to be read in relationship to many of the papers that you, yourself, have

written and the record of the involvements you have had in your book *Hung, Poverty, Development*. So thank you very much.

SA: My pleasure. I wish you good luck for the next volumes.

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