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**TRANSCRIPT OF INTERVIEW OF**  
**GERALD KARL HELLEINER**

**BY**

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THOMAS G. WEISS: This is the 4<sup>th</sup> of December 2000. It is about 4:00 in the afternoon in Toronto, Tom Weiss interviewing Gerry Helleiner. Good afternoon, Gerry. I would like to begin sort of at the beginning. As I mentioned, I just came back from Vienna. You began life in Austria. Could you tell me just a bit about your parents' own background, and how you think this background or these early experiences had an impact on your subsequent approach to life or ideas or analysis?

GERALD KARL HELLEINER: Well, I was only three years old when I left Vienna as a refugee, so it probably did not have a significant impact, except through the genes. My mother's father was a Jewish social-democratic leader. He was actually a minister of state in one of the governments in the 1920s in Austria and subsequently a leader of the Schutzbund, the socialist underground army that came afoul of the [Engelbert] Dollfuss regime in 1934. And after the Anschluss, the combination of my mother's Jewish half and our one-quarter Jewish origins; the political background of the time; and an explicit warning to my father, after he had already lost his job for having married a Jew and refused to divorce her; that he was going to be arrested led him to leave quickly for the UK. My two older brothers also soon left on refugee trains for the United Kingdom. There is a film about these trains now, I don't know whether when you have seen it. It is an excellent documentary. I don't remember the title. My mother and I left on the last plane to leave Vienna before the outbreak of war.

So there is concern in my background for social-democratic values and human rights and so forth. But all of those early experiences probably did not have a great impact on what I have done subsequently. I was just too young.

TGW: What about language?

GKH: German was my first language. But upon arrival in Canada—we arrived in Toronto on Christmas Eve, 1939.

TGW: So you just transited by the UK?

GKH: Well, my father left earlier and worked as a butler and learned the language. So he spent nine months or so there, I guess. My mother spent three. My two brothers spent about the same as my father. They were working and learning the language. Our family was brought out by a trust of some kind. I have forgotten the details. And some people at the University of Toronto, one of whom knew my father personally, and others who were very interested in the rescue of European intellectuals.

At that time, this was a very conservative, Oxbridge-dominated institution. So when my father did come here, he was very much a curiosity and stood out, because people assumed he was Jewish, which he was not. His wife was. He had a thick accent at the time. He was an historian, though he was in the Department of Political Economy, because there were no vacancies in the history department. He converted himself into an economic historian for the purpose of the job. For all sorts of reasons he was peculiar, and students remembered him and the university regarded him as part of a vanguard, and a little bit in advance of what became a major shift in the composition both of the faculty and the student body after the war.

TGW: Major shift, meaning there were that many immigrants who came?

GKH: Many immigrants, and a great deal less anti-Semitic prejudice, which did exist. I don't think there was a single Jewish professor in the university before the war.

TGW: Well, Canada's present demography resembles, at least in this city, New York's.

GKH: This has been declared by UNESCO (UN Educational, Social, and Cultural Organization) the world's leading multicultural city. And that certainly has an influence on me

now. But up until the mid-1950s or so, this was a Presbyterian-Scottish, conservative town in which the Lord's Day Alliance ensured that nothing transpired on Sundays. There were no baseball games, no movies, or anything allowed. Restaurants were allowed to serve drinks on every day but Sunday. And even the bars had separate entrances for men and women. It was extremely conservative. So it is only the last thirty or forty years that this has become such an exciting city to live in. When I grew up, it was not.

TGW: How did your parents fit in? Were Canadians welcoming? Or was there a European ghetto of sorts amongst the immigrants who arrived?

GKH: They were warmly welcomed by those in the university who had brought them. They were quite extraordinary. We arrived with nothing. We had suitcases and the stuff that was in the suitcases was all we had. And we were provided with furniture for our flat. People were extraordinarily kind. On the other hand, it was wartime, so I was instructed never to speak German. Wartime for Canada was the same as for the UK. Canada declared war shortly after the UK. We did not wait until Pearl Harbor. I was instructed never to speak the only language I knew in public. So, there was a certain climate. I remember being chased home, and my brothers were chased down the street and had rocks thrown at us and so on, with the kids shouting "bloody foreigner" at us, and "why don't you go home" and that kind of thing. That existed in the schoolyard.

I remember when I went to primary school, they had a celebratory event once a year. As an English institution it was called a "garden *fête*," and part of it was a costume parade. I went with the only costume I had, which was some *lederhosen*. I went as an Austrian boy. When people asked me who I was, the immediate response was, "Oh! An Australian boy." People here were extremely provincial.

So, those who had brought us were extremely warm. The community was a very English-Scottish, Protestant dominated place. Certainly the majority of my parents' friends were also recent immigrants. But there were not a lot of them. They were either those recent immigrants who were typically German speaking, or people within the university scene who had been extraordinarily kind.

TGW: But the original destination was Canada, and not the UK or the U.S.? And this was because of—

GKH: A single contact in the University of Toronto who had helped persuade a group in the university and the immigration authorities who were not eager to take Jewish intellectuals, or intellectuals that could be so described. Canadian immigration policy at that time is not something anybody is very proud of.

TGW: As I recall reading, it was not just your dad but other members of his family who were academics. And your own family has quite a slew of them. Is this in the genes, or is this a disease you brought with you?

GKH: It does not go any further back than my father. On my mother's side, there was a strong political element. My father's father was the secretary of the Vienna Opera. That is a sort of intellectual thing to be, but he was not an academic.

TGW: And your brothers?

GKH: I have two older brothers, both of whom were until their retirement professors, one in biochemistry and the other in geography. And two of my three children—one of my children is handicapped—but the other two are both academics, and both of their spouses are academics. So it is an academic family. Now it is.

TGW: What do you remember from, I suppose it would have been grammar school, the war?

GKH: Here it is just called public school.

TGW: And these are all public schools?

GKH: Here they called grades one to eight public school, and grades nine to thirteen high school. Memories were good. My oldest brother suffered from the whole trauma of being uprooted and second language and new culture and so on. He, I think, suffered the most. And my second brother suffered as well, in a different way. But I was young enough that I felt myself thoroughly Canadian from the very beginning. I did not identify particularly with my origins, or with my parents. There was a lot of tension between my second brother, the middle brother, who was like me in that respect, and my parents, because of our quite different cultures. They did not understand why I was not going to operas and concerts and things. I was playing baseball and football and that sort of thing. And my brother had a different set of interests. He became an avid ornithologist. That was not really part of their scene either.

So the memories of my public and high school were generally very good ones. I was comfortable and happy. My high school was a very good one. It was also a somewhat multicultural one, in a different way—not like Toronto is now. But it was 50 percent Jewish, which was unusual for Toronto. There were a couple of schools, three in Toronto, that were Jewish or heavily Jewish. I went to the one that was half Jewish. This is just a question of geography; it was not a question of conscious intent. People lived in different areas, and I happened to live in a sort of border area. That was very good. I enjoyed that. And I was active in secondary school athletics and politics and whatnot. So, I have memories of high school in particular that are very warm.

TGW: A question I have asked some people, with a variety of responses, happens to be, what do you remember from instruction in high school—it would have been, for you, the public school, and then in high school—about the League of Nations, or the founding of the United Nations? Was this part of the curriculum?

GKH: That is an interesting question. I remember virtually nothing about it. It did not make much of an impact in high school, where you would expect it might have. It was not featured in any of the courses I remember. I did not take history right through. But I don't have any reason to think that it would have been emphasized in the part that I did not take, because the later years were devoted to American history. There was not a global world history orientation, and at that time there were no current events courses. What do they call them now, "man in society" and that sort of thing, which are in the curriculum now? There were none.

So that is interesting that I don't recall, at that time—which was the late 1940s, early 1950s—anything very much in the school curriculum that would have featured, let alone mentioned, the League. Those were exciting times. The UN, the Korean War, I do remember. No, I do not recall much on the UN in the curriculum, and that is striking. Now, I have been back to my old high school to give a speech—they bring people back to speak at special events—and apart from the wonderful ethnic, cultural mixture in the student body now, which is very impressive, they do now have heavy emphasis on overseas developments, and international events of all kinds. They have a million international clubs. We had very little of that. I don't think it would have had any role at all in my subsequent choice of work or career.

TGW: I believe the same generalizations would apply to the United States. There is probably as huge a difference between Toronto and some northern parts of the province, as there is between New York and upper New York State, in terms of what kinds of things are on the

table. Was there any decision to be made about university, or did the University of Toronto just seem logical?

GKH: The University of Toronto offered free fees for their faculty children, so I went to the University of Toronto and so did my children. The fringe benefit was just too good. Besides, this is the premier university in the country. Some people in the U.S. think McGill was, but it never was.

TGW: And you were tempted by, you said your father was an historian, but then he got into economic history, so to speak. Your first degree was in political science and economics? Was this IPE (International political economy) before its time, or a European mixture of politics and economics?

GKH: Yes, as in many things in this country, it is halfway between Europe and the U.S. Let me back up a bit. I was advised by a guidance counselor in high school that I would be an excellent candidate, according to aptitude tests, for a course called commerce and finance, which is basically a business course but in this university had a high theoretical economics content. It was hard to get into, and it was hard to graduate. There was a certain pride in that course. That is what I started out in. And my father was happy because he knew it was mainly economics, so he was quite happy that I would be doing his kind of thing. But I hated it the first year. I hated the accounting, and the mathematics, which I had no trouble with. I got 100 in calculus and 90-something in accounting, but I was so bored in the actuarial science course I took that I nearly flunked because I could not keep my eyes open. I found it so boring. So I quit. I said, "This is just not for me."

I wanted something more social, more political, a little broader. And political science and economics allowed me to retain some of what I would have gotten credit for having taken in



economics, and expand out to the study of political philosophy and the various things I had become more interested in. I did not want to get boxed into a business career. The political science and economics program here, in which you had a lot of room for choice was not really an attempt at political economy—although the department was at that time called the department of political economy, and both political science and economics were in the same department. They were not very good at integrating what the two wings did. They actually had sociology within the department as well, when my father first joined, and commerce, as well. It was a huge department.

TGW: It was a department of social science?

GKH: They weren't all there, but yes. And when we eventually split (I was a member of the committee that recommended that they split, which was, I think, the biggest career mistake of my life) the main reason was administrative—that we had become so unwieldy that we could not hold a meeting. There were not rooms large enough to hold a meeting in. And we were being penalized because of the dean's assumption that every department deserves one secretary, that kind of thing. It was purely practical. But I have since very much regretted it.

TGW: In what sense? Because your own work moves back and forth?

GKH: It marginalized all those who were doing political economy sorts of things in both of the new separate departments. The result was, in economics, which I know best, instead of being at the very center, things like economic history and the history of economic doctrine, and the people who worked in things like development, were pushed completely to the periphery. Originally, there was a guarantee in the separation deal, which I insisted upon, and a couple of others, that all of these traditional elements of the department would be retained in the split. But that only lasted a couple of chairmen, and we should have foreseen that.

TGW: But this split was much later, in the late 1960s?

GKH: It was in the 1970s. The result, now, is that everything is gone. The history is gone. The history of thought is no longer required. It is no longer even taught. Development is about to disappear, when Al Berry retires next year. And it has become a highly theoretically oriented, traditional, mainstream, North American economics department. The political scientists survived rather better. We thought they would tear themselves apart the minute we left, that we were the only glue that was holding them together. They were an ideologically polarized group, with C. B. McPherson, a very prominent Marxist political philosopher, and some extremely conservative people on the other end. We had Allan Bloom and Walter Berns around then, during the period immediately prior to our breakup. We thought they would just blow themselves apart. But they actually got themselves together and became a department respecting a wide variety of approaches. And they had nothing written into the agreement, whereas we had a firm commitment. And it was breached. Anyway, I am getting way ahead of the story.

TGW: Why don't we just follow up with it, because it is interesting that everyone speaks a good multidisciplinary game. But putting people together seems to be very, very difficult, if not impossible in most places. The economics profession seems to me over the years to have become even less tolerant—even less tolerant than the other disciplines—of openings of any kind. I was curious, for example, in one of the readings, maybe it was the festschrift in your honor, that you were sort of teaching economics for non-economists, which I think is one of the things that needs to be done. Other people need to understand this discipline, and economists need to understand what other people are doing. But this does not seem to be what is going on in the field these days.

GKH: It is not what earns respect. Every economics department has a service course for engineers and that sort of thing—economics for non-economists. But that is regarded as a “Joe-job,” not as what you like to do, and you tend to assign teaching assistants. It doesn’t carry respect. Yes, economics here, as elsewhere in North America, has become narrower and more inbred. I think it is fully deserving of the attacks that have been launched. I don’t know if you have been following this, but in France and elsewhere, there is a whole movement now against what they call “autistic economics.”

I think it was always difficult. But when the geography at least required that you see political science colleagues periodically and you had meetings together and committees on which you served together (it was a matter of course, because you were all in the same department) that had some effect. I did not know how much until I moved out. The sheer geography altered my relationships. I had fairly close personal and other relationships with people in political science. And when I stopped seeing them regularly, they were no longer there, not in the same way.

I shared a course, I gave a political economy course actually—I gave one actually when I was at Yale—but here as well, jointly with a political scientist. I found that a real strain, actually, mainly because most of the students were political scientists, and I just had great difficulty getting them to think in a different way. It is tough, but I very much believe in it. The center where I now am located, post-retirement, has as its main rationale the encouragement of multidisciplinary approaches. The faculty of law and the anthropologists and sociologists and political scientists and the odd economist—really odd economist—come to seminars together.

TGW: This is the Munk Centre?

GKH: Yes. But it was there before. The Munk Centre is just an umbrella for a whole lot of pre-existing centers. Prior to that, we were the Centre for International Studies.

TGW: But people are still based in departments, unless they are retired.

GKH: Yes, except that the geography has shifted. A lot of people have physically moved to the Munk Centre. Virtually everyone in development now resides in the Munk Centre, and they don't associate with departmental colleagues as much anymore. And I think geography really does matter.

TGW: So, you didn't want to be put into a box. But then you decided to pursue economics at Yale. Why?

GKH: I had become persuaded that of the social sciences, economics was the one that was most significant for public policy formation rightly or wrongly. I had by then developed a certain social awareness and consciousness, and I wanted to work in public policy matters. The critical decisions were made in the summer job I held in Ottawa at the Department of Labor, Economics and Research Branch, between the third and fourth year of my undergraduate studies. The first two summers I had spent in the navy. These were all devices to earn money, basically, which I needed to get through. My first real job—my first job was in the navy, which was a bit of a joke—but my first real job was with the Department of Labor, and it was with very able people. My boss was a guy called Doug Hartle, who just died about a year ago. He was subsequently a very well-known economist in this country, a senior civil servant and eventually he came back and founded the Institute of Public Policy here. And he had a profound effect on me and persuaded me that I really needed to go to graduate school in economics. I was also influenced by Ian Drummond, who also recently died. He was also subsequently in the department here and at that time was a senior graduate student at Yale.

The two of them persuaded me that I should think about postgraduate studies, which I hadn't seriously done before. Then my grades came in for third year, and they were much better

than I had anticipated, and I suddenly was aware that I could. Drummond's description of how it was at Yale influenced me. So, I then decided to apply for a Woodrow Wilson Fellowship and a variety of graduate schools. The usual practice even at that time was to apply to several places. I got the Woodrow Wilson, and on the Woodrow Wilson list they at that time asked you to list your top three places you wanted to go to in order of preference. I had Yale at the top. So, halfway through my fourth year I had an attractive scholarship to go to Yale from Woodrow Wilson if I wanted it. And I did.

I was not, at that time, professionally directed toward international things, or development particularly. I had an interest, which I developed, and I was active in some student things and the student council here, and in the World University Service (WUS) of Canada. And I was the—I have forgotten the title—but the sort of foreign affairs officer of the student council here. But that was more of a hobby than it was a professional aspiration. I went to postgraduate economics school in the expectation that I would be an academic or in the public sector in my own country. I really didn't aspire to anything international.

There was one international economics course which I took in my final undergraduate year. I liked the content enormously, though I did not find the lectures very inspiring. That did direct me, after I had already decided that I wanted to go into this field; it led me to choose some internationally oriented courses at Yale. But even then my thesis was not on anything international/developmental. I did not take the development economics course at Yale because I had been told that it wasn't very good. And I chose a thesis which was on international capital flow, which I suppose is international but it was US-Canadian Flow, which is somewhat domestic. At that time, we were really the only country that had free capital flow and a flexible exchange rate. We were forty years ahead of the world. So I did a piece of econometric work

that showed that capital flows were highly responsive to short-term interest rate differentials and exchange rate expectations, which today is banal but at that time had not been proven. I was stimulated also to do something very tidy like that because my wife announced she was pregnant about the time I was starting out on this. So what I did is probably still, I haven't checked it, but for a long time it was the fastest thesis ever done in the Yale economics department. I was highly motivated to choose something that could be done quickly. And I have always advised students to try to do that.

TGW: I do exactly the same thing. This may not be your life's work. You're not going to win a prize from it. But you are on your own afterwards.

GKH: Exactly. That is my line, too. Get it over with and get on with your life. So that is what I did, and I learned by doing. Actually, I was very pleased that Charles Kindleberger was very impressed with this thesis and wrote me about it and stayed in touch. He described it as a sort of perfect thesis. You can get something done fast and it is worthwhile. And there was a fellow studying under him at that time who was also Canadian, who had also done what he regarded as an extremely good thesis. It was Steve Hymer, whose name you may have come across. And he subsequently came to Yale. He joined the faculty a year after I did at Yale. So we used to kid about having done the perfect theses. You had to be Canadian in order to do that.

TGW: With whom did you study at Yale, then?

GKH: The people that had the biggest impact were Jim Tobin, Art Okun and Robert Triffin.

TGW: Not a trivial group.

GKH: Lloyd Reynolds and Gus Ranis.

TGW: Was Gus already there?

GKH: Yes. Gus and John Fei were developing their much-praised analysis of the dual economy theory of economic development. But their course, everyone said, was a disaster, so I did not take it. But they were there. There were a lot of minor figures who were very good, who subsequently became major figures there at that time. Like Ned Phelps. The Cowles Foundation was there. That was the major econometric research institution in the country, in the world. It had Jan Koopmans, who was still around. It had been moved from the University of Chicago. Yale's department of economics at that time had just taken off. They put a lot of energy and money into it. And it was used to move the Cowles Foundation from Chicago, to hire some top faculty—Tobin and the rest. Willie Fellner was there then, too. He gave me my basic first year theory. And Henry Wallich.

It was an exciting time. At that time they had just achieved a top level reputation after a period when they had been sort of dormant. My thesis supervisor was Robert Triffin, but he was not an econometrician, although my thesis was an econometric one. I have never forgotten how he frightened me when I presented my thesis draft to him. I went to see him again about ten days later to get his reactions. He called me and he said, "Gerry, I have very bad news for you." I thought, "Oh, geez." And he said, "I can't think of anything to say about your thesis." So, it went quickly.

TGW: What was on students' minds then, over coffee or beers? What was the passion?

GKH: Well, there were students, and there were students. There was a group in the department there at that time that was passionately interested in what was going on in the developing countries. It was the time of independence in Africa for a whole range of countries. There was a lot of excitement about that. It was the time immediately prior to the first [John F.] Kennedy election and the Peace Corps and all of that. When I was a young faculty member,

Kennedy was there and he called Jim Tobin and Art Okun down to his Council of Economic Advisors (CEA). And we would talk to them when they came back. I have never forgotten Jim Tobin's introductory talk to incoming graduate students in one of those years after he had come back from Washington. By that time, I was on the faculty. He spoke about whether economics was of any use in Washington or not. And there were a few great lines which I carried over the years, as just wonderful summaries of how it really was in the real world.

Among the student body then, there was a group very interested in development. We formed our own discussion group and met in one another's homes to talk about things that interested us. That was exciting. The student body, by and large, was of pretty high quality as is often the case. As I tell my students repeatedly, you learn as much from a good student body as you do from the faculty. That became even more exciting once I joined the faculty, because at that time, Yale had just begun the Yale Economic Growth Center. It was intended to be *the* repository of development statistics in the country and it was to be the leading, cutting edge of research in the U.S. on development. Simon Kuznets was the architect of the thing. Lloyd Reynolds was appointed as the first director and Gus Ranis as the associate director. And I was their first employee.

They wanted to hire a number of young faculty, whether or not they had any relevant background. I didn't. And they had a so-called country study program. It involved a number of book-length monographs on twenty-five countries, in which they would try to produce standardized data for the first time, and a general account of what the development experience of these countries had been. For that they hired people right out of Ph.D. programs, by and large. I was the first. And Lloyd Reynolds I remember offered me the job and said, "You are the first and the world is yours. Anywhere you want to go, we will pay for you. We will give you a half



courseload while you are here. You will be cross-appointed between the Department of Economics and the Growth Center. You can have as much time as you think you need, but at least a year in any country of your choice. I will pay for all that and any associated research expenses, and another half load when you return, and an appointment in the Department of Economics if you finish early.”

It was extraordinary. So they started hiring waves of people. The first wave included Carlos Diaz-Alejandro, who became my best friend. And Don Mead, who is now the only remaining person I stay fairly closely in touch with. And Don Snodgrass, who has just retired at Harvard. Don Mead has just retired from Michigan State. Carlos, of course, passed away. And Werner Baer is at the University of Illinois, but was not as close to the rest of the group.

In the subsequent year, the next wave was Steve Hymer and Howie Pack. It was really a very good group, really smart young guys. They were really keen. And we had this series of visiting professors in the Growth Center in the early years who also were very exciting. They were mid-career people. Dudley Seers was the one who had the most profound influence on me and I saw a lot of him afterward. Seers and Joe Grunwald. Alexander Lamfalussy, who subsequently became the head of the BIS (Bank For International Settlements). He was the first head of the European Monetary Institute, I think it was called, en route to the Euro.

We then set up an evening study group that consisted of the young people in the Growth Center and the visitors. So Dudley Seers, Joe Grunwald, Alexander Lamfalussy, and all of us young, bright people would gather in the homes usually once a month or so and really go at some subject or another that they knew a great deal about, typically. Those early Growth Center years had a profound effect on me. Those were my formative years.

And, of course, going to Nigeria. I chose Nigeria to go to simply because they spoke English and it was the biggest country in Africa. Nothing by way of economic research had ever been done there before to speak of. The kind of work that I was allowed to do was just wildly exciting. It was the year after independence. The Growth Center, the Nigerian experience, followed a couple of years later by the Tanzanian one—all of that was really what formed my next thirty years. I think that is where I got really going.

TGW: I would like to ask a question like the one that I asked about the UN and the League of Nations. During the end of the University of Toronto and those first years even before you were interested in international things, how did this mass of developing countries appear on your horizon? Did it seem that this was the kind of momentous change in world politics and world economics that it seems in retrospect? At the moment, did it seem that this was wildly exciting?

GKH: Yes. I don't know whether it was for everyone. I cannot speak of the general mood, but among my group it was wildly exciting. And when events occurred, like the American invasion of the Dominican Republic, which occurred right in that period, the result was these passionate debates about whether they should have done this or not. I remember being horrified that Jim Tobin—my hero, Jim Tobin—was backing the U.S. action, where the whole gang of us, especially Carlos, a Cuban, was horrified at the very prospect of this kind of behavior. At that stage of history it just seemed like a throwback. Yes, we were excited and thought it was a major sea change in how the world was going to be, and the thought of being able to play some role in it was quite exhilarating. And it was when we all went there, too. There probably were some exceptions, but I think most of us felt that we were deeply involved and that we had an opportunity to be involved in a very exciting period. It mattered, as I used to

say repeatedly, if you were hit by a truck while you were in Nigeria—it would matter. Whereas, when you came back you were aware that if you were hit by a truck everything would keep going and it would not make the slightest bit of difference to anybody. There was that sense that these were new times. The world was changing, and we were in on the ground floor. We were very fortunate to be able to be involved.

TGW: Did Bandung (Asian-African Conference) appear on the radar screen?

GKH: Yes. But it was not enough simply to see all of these countries becoming independent. Development, rather than Cold War or non-alignment politics, was where we were. We were not impressed with the need for aid as an instrument of the Cold War, or the need for countries to align themselves independently from the two sides. The politics of the thing was not, as I recall it, primary. We were heavily focussed on the need to address poverty, and to economically get things going. We were probably narrower at that point than we should have been. All of us gradually became more political economy oriented. I remember one of my friends from that period, Richard Webb, saying—he was not actually one of our country-studiers, I cannot remember how he came into this; he came into the Growth Center later—just a year or two ago, when somebody asked “what do you think your country needs, and what sort of studies and research do you need?” He said, “What we need is one of the old Yale Growth Center economists. They are the kind we need.”

TGW: Were you tempted at that juncture to become a practitioner, if that is the word, a bureaucrat, an aid administrator, or a government technical assistance advisor, as opposed to heading back to the Growth Center and remaining in the academy?

GKH: I was tempted a little later. I can tell you the most significant of the temptations. But immediately, no. I saw my task as writing this book, which was the first of its kind, and is

still used in Nigerian universities, I'm told. And I wanted to teach. I liked teaching, and wanted to do independent research. The main temptation came when the British Labour Government was elected in 1969 or 1970. I had since spent two years in Dar es Salaam as the director of the Economic Research Bureau, which got me even more interested and passionate about development things.

I skipped a stage. I had gone back to Toronto. I saw there was no hope of getting tenure at Yale. I had taught there for four years, and was director of undergraduate studies for the last couple of years. But I saw that tenure really was not on. In any case, I wanted to come home to Canada eventually, and I got a very nice job offer here. I stayed here one year only and asked for a leave, as the Rockefeller Foundation came along and asked me if I wanted to take a great job in a newly created research institution in Tanzania, which at that point, with Julius Nyerere and everything, was the most exciting place to be in Africa. So I just leaped to Dar es Salaam.

But shortly after that, the British elected a Labour Government, and they then declared a keen interest in development to the degree that they appointed Dudley Seers as the head of research in their newly formed Ministry of Overseas Development. And his assistant director was Paul Streeten. So this was pretty nice. And he offered me a job right away. And I really thought hard about that. I have been looking through some older papers, not to prepare for this, but because this is my main fun thing in my retirement. I want to pull together a lot of old correspondence and stuff and make some kind of a product, or maybe several products out of it, if only for my children and grandchildren. I don't know whether it would be worth publishing. Anyway, I was reminded, when I was looking through some of this stuff only about a month ago, stuff from that period, how tempted I was. I really was.

In the end, it was more practical and family considerations that led me to stay here, physically in Toronto, rather than to go to England for what would have had to have been an extended time. But I was never tempted to join the Canadian International Development Agency (CIDA), because its reputation was not that great, and its leadership was not that great. There was not the excitement that there would have been under Dudley Seers and Paul Streeten. That really was appealing, and there was nothing equivalent here. I had a lot of offers over the years in the UN system, but I never really, after that, was severely tempted. Lots of short-term things I did, but after landing back here after Tanzania, I had exactly the courses I wanted to teach, my parents were living here and they were aging. By that time, I also had a handicapped son who had to be cared for in a way that would have made it difficult to uproot. I was never really tempted again.

TGW: How did the experience in Nigeria, and then in Toronto, and immediately after in Dar es Salaam, change the way that you looked at these countries? I presume that there was one view of what Africa was like in New Haven, and it must have looked somewhat different, anyway.

GKH: I think the main thing it did was to engender a greater humility and a greater appreciation, for me, of non-economic things. In part, what happens to you is a product of who you were before you went. I remember this peculiar conversation with a guy named Herb Grubel. I don't know if you have come across him, but he is very well-known in this country and was reasonably well-known in the U.S. as a much-published international economist of very conservative bent. He was a classmate of mine at the Yale Growth Center. I know him quite well. In fact, I helped him a lot with his thesis and to get through his orals, which he had more trouble with than anybody else in our class. He flunked them the first time around. But he

subsequently became a published economist in international economics, and then subsequently became a member of parliament in Canada. He was German, but he emigrated and then ran for the Reform Party, the right-wing party in this country and became their finance critic in parliament. Before all this, he had a year's sabbatical, teaching at the University of Nairobi. It wasn't long after I had been in Dar es Salaam, and we had a meeting at some conference or another and were talking over drinks about our experiences in Africa. There were polar opposite reactions. His was that all of his belief, his profound belief in markets and economics had been reinforced and that he now saw how economics more than ever before was the center of everything.

My reaction had been the exact opposite. I came away thinking that economics was useful, but that there are a hell of a lot of other things that I wanted to learn and did not know and had to be a great deal more humble about. I had a greater suspicion of economics, of what it had to offer, and a greater suspicion of development economics, as well, and its various grand theories. So, I think the main thing is that it sensitized me to the complexity of these societies and to the sheer difficulty of achieving what I had thought to be fairly straightforward objectives—reduce poverty, get people into school, improve their health. It turned out to be a little more difficult and complicated and I think that is probably what it did.

In Dar es Salaam, of course, with Nyerere and all of that, I was greatly influenced by his passion and his honesty and his effort to really address distributional issues early. I had written a paper in the graduate program for one of my courses, the Lloyd Reynolds course, in which I had argued that all of these things were secondary and that the important thing to do was to get the economy going first. One should not have a premature welfare state, and if you were going to do it, then they should emphasize education and not health, because education would pay off and it

was not clear that health would. It was all very cold-blooded. Well, I got totally turned around in Tanzania, and became, and remained, concerned about direct assaults upon poverty and concerned for income distribution from the beginning. Also, I found myself, for the first time in my life, under attack regularly from the left. That was new to me. I was attacked as a bourgeois economist.

TGW: Attacked there or here?

GKH: In Dar es Salaam. Those were heady years. The late 1960s and early 1970s were a period in which, at the university, there was fierce conflict between Marxists and the rest. As a director of economic research with a foot in the government—I was a member of the Board of Directors of the Central Bank and when they nationalized the sisal industry, I became a member of the board of the nationalized sisal corporation. I was on the national economic council and had direct access to the president, and I made a public speech there that the president so liked that he ordered every cabinet member to read it. I subsequently heard of a story published in *The Washington Post* about this Canadian economist who had this tremendous influence over the government and the nationalizations, which I did not. They were putting two and two together and getting five.

However, this made me, for the Marxists, an object for attack, because in their view Nyerere was already a sell-out. He was not moving to arm the masses and revolutionize the country. And when I did offer advice, it was invariably not to forget economics and not to try to go too fast, and not to nationalize things that you could not run. I was very much on his side, but very concerned that they were biting off more than they could chew and that a lot of this was unnecessary. And the left was particularly saying that whatever you did it was not enough. To them I was this visible foot-dragger. That was a formative thing because I was forced to figure

out exactly where I stood on a lot of these things in a way that I would not have been in a comfortable academic environment in a North American university.

This was terribly—I should say it was terribly—real. I considered a lot of the Marxists there as being totally off the ground, and nowhere near the level of discussion that was appropriate for governmental decision-making. I had a very short fuse, I guess, at times with them. But it was a learning experience, and I learned a lot more about Marxist approaches after all of that and I was in a better position to argue back here with all shades of opinions. I had always been comfortable arguing with the right. Now I found myself comfortable arguing with the left. I guess I became clearer about where I stood on the spectrum—an old-fashioned social democrat. That is where I landed.

TGW: And that is where you would still situate yourself?

GKH: Yes.

TGW: How do you explain such continuity? The rest of us have been all over the map.

GKH: Early baptism by fire, maybe. Dar es Salaam had a lot of impact. The influences over the years certainly contributed to that. Shortly after coming back from Tanzania, I was offered a job at Sussex. I didn't take it, but I took a sabbatical there. That was when they were developing all of the ILO (International Labor Organization) missions—Colombia, Kenya, Sri Lanka. In fact, they asked me to go to Kenya and be one of the leaders of it while I was on sabbatical. I said that was not what I came to do on sabbatical. But I was very much involved in those discussions and in the ILO preparations for the World Employment Programme (WEP). I helped write the document for that. So that whole atmosphere was consistent with where I had reached, anyway. So that all strengthened it further. Then, I suppose, it was consistent with political positions I had in local politics in my own country.



TGW: This was 1971 or 1972. So who was in charge?

GKH: Dudley Seers was in charge, then. While he was at the ministry, he had created the Institute for Development Studies (IDS). They fought, evidently, over whether it should be at Oxford or at Sussex. Oxford was where Paul Streeten was. Paul lost. But he then went, anyway, for a short period to Sussex with Dudley and, at that time, became, as far as I was concerned, the center of the world for development research. So I went there for sabbatical, and that was very exciting. Those were exciting times. Then Richard Jolly took over from Dudley. I was a good friend of Richard's. Richard was at Yale, as well.

TGW: He had been at Yale when you were?

GKH: Yes. He was a year behind me. But he was a member of our evening discussion group. And he had already served as a conscientious objector in the UK. He served in Kenya as a rural field officer.

TGW: I didn't realize that.

GKH: Yes. So he was imbued with developmental things. He had gone there with a certain missionary zeal. He had been highly religiously oriented. But he got turned off that during his field experience in Kenya, but acquired a passionate concern over poverty instead. I was sort of in the same intellectual mold. I had rejected religion and acquired a passionate concern over social justice. So when he took over from Dudley, I was offered a job and was sorely tempted. We very nearly moved. But again we compromised and I went back for a summer in 1975, I think it was, and stayed in touch with Sussex until about ten years ago. I was very much involved in Sussex. Many people wanted me to become the director there, a couple of directors back. But instead I wrote letters of reference for most of the potential directors for

the last three or four appointments. Sussex has been very much a part of my life, but it is no longer.

TGW: It is very different now.

GKH: Yes. It had its golden years under Dudley Seers and Richard Jolly, and those were the years when I was closest to them. But my link originated at Yale.

TGW: Who else was at Yale when you were there then in this discussion group?

GKH: T.N. Srinivasan. He was a year ahead of me. At that point he was much further to the left than he now is. He has become quite crusty and neoclassical. Dharam Ghai.

TGW: Was Dharam there, too? What a crew.

GKH: Yes. All the young people. Steve Hymer came to these things. Steve Resnick. Markos Mamalakis. Chuck Rockwell. Jim Land. Brian von Arkadie. Ron Soligo. But the last group were not part of our sort of passionate group.

TGW: You mentioned Richard's conscientious objection and then disaffection with religion. But it seems to me that a lot of things that have cropped into the discussion already verge on a sort of moral purpose. How important is this in either motivating your work or in penetrating your work?

GKH: It has been very important in motivating what kinds of things I do. There is lot of room for choice. Once you get into this, you have an awful lot of opportunities and a lot of offers to do this and that. It has had a profound effect on my choices, moral purpose, or whatever you choose to call it, has driven me toward lower income countries and to Africa, when there were plenty of opportunities to go to Latin America and Asia, and better off and more comfortable places. And it would tend to drive me to UN activities, rather than the World Bank and IMF (International Monetary Fund) activities. I tend to have a soft spot for the underdog. I

guess I always have had, and continue to have. I get my kicks from backing the underdog in general. My severely handicapped son has had an impact on that as well. His struggles against the world and against all-knowing professionals, and against the idea that efficiency is everything, have all influenced me a lot, too, and have consolidated the kinds of approaches that I was already pursuing. I have been more concerned with weaker and smaller and more vulnerable people and countries. That is really what I am.

TGW: Would you say that has been your main contribution to analysis, or to the literature?

GKH: That is hard to say. I think it is my major contribution, professionally, in the sphere of applied economics. But, analytically speaking, it may not be. When I was elected to the Royal Society, the citation said nothing about that. The citation was about my contributions to the analysis of international trade and, in particular, intra-firm trade. I was really the first to write on that as a major alternative way of thinking about a high proportion of trade. That is what they pulled out as the contribution I had made that deserved my election. But who knows? I have done a certain amount in industrial organization approaches to trade, and transnational corporate activities, which is not directly related to those sorts of low income and poverty concerns. There is a concern for morality in it, but it is a more analytical approach, which would be considered more professionally okay. Most of what I do is way out in left field of my profession.

TGW: In the profession, even in Tanzania.

GKH: Yes, where you were not supposed to go. In North America, in the professional circles of my own department, these activities do not earn high marks. What earns high marks is being elected to the Econometric Society, making contributions to theory, and publishing in the

*American Economic Review* or the *Journal of Political Economy*, which is not a political economy journal. Those are the things that matter. The kinds of things that I have done, by way of institution-building, and advisory work, and highly applied stuff, particularly in low income countries where there are not any data and you cannot run regressions, are considered rather far out.

TGW: So, you were returning from Nigeria and Tanzania, with a conviction that the field was going in the opposite direction?

GKH: Yes. But the Toronto department at that time was still the Department of Political Economy, and they had acquired, or at least the chairman had acquired, the view that the university had to have more expertise in Africa and in development. I was hired for that. At that time, it was considered a matter of high priority. Well, it is inconceivable now that this university would hire somebody because he knew a lot about Africa, or because he was developmentally oriented. I could tell you anecdotes about that. It was a different world then. It was not out of line at all with what the profession, or that part of it I was closest to, thought was appropriate. Everything changed when the department split. From then on, I was on the margins.

But the one beauty of this university was that they really did leave me alone, and I was free to do my own thing. They thought it was peculiar, and certainly never pushed me to represent the department in areas in which the department had to be represented. But I was allowed to do my own thing, and I do appreciate that.

TGW: But you have not procreated, so to speak, in that department?

GKH: I supervised more Ph.D. theses than the rest of the department put together, for twenty years or so. And I have always had, even to the day of my retirement, I think, more Ph.D. advisees than any other individual. So, I have procreated.

TGW: But not in Toronto?

GKH: Well, my Ph.D. students at Toronto were, I think, an important part of what I did. I think some of my colleagues felt that these guys were probably not up to snuff, although they had to pass their exams, and their courses before they could get to their theses. And a lot of them were very tough, and they were completely irrelevant. My advice to graduate students was always just to hold your nose and keep going. It was like studying Latin used to be. You had to do this as an apprenticeship. Don't worry about it. You will be able to do it, and get through. And I will eventually supervise a thesis on something that is interesting. And I will protect you then against attack. And I was able to do that, although in the later years they kept trying to put in more controls to make sure these guys did not get too wild. And I guess the orientation of the theses did become more "professionally respectable" as the years went on. But that was partly my doing, too, I think. The nature of the Ph.D. changed, and I changed with it. But I was not so sidelined that I could not still attract students.

I still get a lot of letters asking if people can come and study with me. I tell them that I am retired now. But I also say that this is not now a department that I can recommend for people with interests like mine. Unfortunately, I am unable to go on and say that I would recommend such and such a place, because God only knows where that is. I don't know.

TGW: This is in parentheses, but I was asked to look at a proposal related to recycling traditional economists at the Council on Foreign Relations (CFR) so that they could think about a range of issues. But the economist's view on the evaluation was that this was the kiss of death,

because were you to spend two years on such an assignment, you would never be able to come back to your department. Why did you retire when you retired?

GKH: Firstly, unlike the U.S., we do not have any constitutional protection against discrimination on the basis of age, so we are required to retire at sixty-five. I retired a little early for a combination of reasons, one of them being health. I suffer from afflictions that made me increasingly nervous about my ability to handle the classes. I have something called dystonia, which in its original form took the form of blepharospasm, which prevents you from keeping your eyes open. So, I went through one year where I had difficulty in keeping my eyes open. That scared the hell out of me. Imagine standing up in front of a class. I was able, with drugs, to control it, but I was not ever quite sure what was going to happen next. Then it moved to my arm. I am now heavily drugged. I have these botox—which is botulinum—shots all through my arm and shoulder, and I take fairly heavy tranquilizing drugs to control it some more. If it were not controlled, it would be flapping around and I would not be able to write so easily. I now have to write with two hands, which is very slow. On the computer, I have to do most of it with my left hand—and I am right-handed. The drugs make me very tired. With the uncertainty, I could never be sure that any course I could begin I would be able to complete. And I always said, and my father had said before me, that I had to quit while I was ahead. I had seen people—for instance, I remember after a visiting lecture by Bert Hoselitz, after he retired, after he had had a stroke or two, my father who was there came up to me and said, “If I ever reach that stage, you must swear to tell me. I may not know it, as he did not know it. But you must tell me.” And I have always had the terror of going on too long.

The second half of it was that the university made a very attractive offer to get us to retire early. I was actually making more with my pension than I was from salary, because I was on

part salary for the last seven or eight years anyway, when I was directing research for the Group of 24 (G-24). They bought some of my courses. So, I could easily make more continuing to do that work for the G-24, and dropping my university appointment in favor of the pension. The pension was roughly two-thirds of my salary, so why should I take on all of these tasks—like committee meetings, which I absolutely hate? Why do all of this if I could do the same without? And the health was a question. Actually, nine of us retired in one year in our department because of this wonderful offer. They were making room for young blood, and we were very expensive. From their standpoint it made budgetary sense, but they lost some very good people. They made no attempt to control who went and who did not, so some very good people left and took appointments in other places, which is very odd.

I was fortunate that when I quit, I was offered an office in the Centre for International Studies. Lou Pauly offered me an office with no obligation whatsoever. I kept asking him, “You must want something. What is the hidden agenda here?” He kept saying, “There are no obligations whatsoever. We just like to have you around.” And that has been very nice. I have continued to function on all sorts of things. I am trying to retire. Two and a half years later, my wife still asks me when I am going to retire. I am working on it, though. I have gotten rid of a lot, and I am saying firm “nos” to things that I do not want to do. And I try to do what I want to do, instead of what other people have been asking me to do, which is how I spent the last thirty years. It is delightful. Right now is the first time, literally, this week, the first time when I have no writing obligations. What I need to do now is to satisfy my own desire to make sense out of my life with memoirs or something like that. People continuously ask me to do more. In part it is now just physically difficult for me. But in larger part, I just don’t want to do it.

For example, when I got back from Harare last night, one of the emails was a request. We have a series going on globalization. I am going to appear on one of the panels. One of the leaders asked me to write about global governance. I have been writing and thinking about that, and I am actually giving the Prebisch Lecture about that next Monday in Geneva. It is easy for me to appear on the panel. But he said he is now thinking of putting a book together based on all of these things. Would I do that? I said a flat “no,” immediately. This is all last evening, right when I got back home. I got back an immediate, somewhat annoyed, response saying, “Well, that was certainly unambiguous.” I also allowed that I did not think the quality of the contributions justified a book, and that I intended to speak from texts that I have already written. I was not prepared to write something new.

TGW: Actually, what, in looking at several pages here of your c.v., what pushed you to write? I am not quite sure whether it is refereed or unrefereed, or in-between.

GKH: It certainly wasn't the need for tenure.

TGW: No, because you got that in 1965.

GKH: As I say, I got a lot of requests to do things, and the truth is that with very few exceptions, I wrote in response to requests. It was a matter of choosing between different kinds of requests. The only major thrust of my own was on transnational corporations. For that I got a Guggenheim. I wanted to work on a new phenomenon of the early 1970s—the export processing zones and multinational corporations and outsourcing. All of that was new, and I wanted to try to figure out what was going on and what the implications were. That was my own idea that I initiated and carried through. Then I worked on another project request for more research in the same area. But I had selected that. I think it is true to say that with that single exception, I could check it over, but everything else was in response to requests, and then it was a matter of



choosing what I was prepared to put some time into. Those tended to be things that were more African-oriented or poverty-oriented. Sometimes if I had an opportunity to travel somewhere that I had not been, I would do that. So I did go to Asia and Latin America on several occasions because of the friends involved, or because I had never been there. And I am still prepared to do some of that. But why write at all? Because I think I can write in a style that is intelligible to non-economists, or so some people have told me. And I can do so in a style which also appears objective. I have a reputation for seeming reasonable, even when the message is on one side. I think I am good at presenting a case which is perceived as reasonable by the other side, and not appearing like a wild-eyed extremist, even when the conclusion I draw is the same as the wild-eyed extremists. I reach the conclusion more carefully. I remember it being reported to me that when UNICEF (UN Children's Fund) had called together a group to talk about African debt and what they could do about it, and they were discussing commissioning a paper on it, names were suggested. A couple of others were suggested that were set aside in favor of a request for me on those precise grounds—that my case would be reasoned. So I pride myself on that. I like to hear stories like that. I think I am probably good at that. I am doing it again next week. This Prebisch Lecture is fairly wild, I guess, but I think it is reasonably argued.

TGW: What is the topic of the lecture next week?

GKH: It is called “Markets, Politics, and Globalization: Can the Global Economy be Civilized?” I can get you a copy.

TGW: The answer is?

GKH: Yes. Yes, with difficulty. There are a lot of things that need to be done.

TGW: We are going to pause for a moment. This is the end of tape one.

TGW: This is the continuation of Gerry Helleiner and Tom Weiss, the 4<sup>th</sup> of December. What was your first encounter with the United Nations? You mentioned your fondness for underdogs, but what was your first official contact with the UN?

GKH: I guess, well, back when I began working on development in the Yale Growth Center. I immediately encountered the UN statistical sources and the UN standard national accounting system and the UN classifications for international trade and industry and so on. I became immersed in the statistics side. And those were the early days of my crash-coursing on development issues. I read a lot of the early UN documentation, like what was it called, *Measures for Development*.

TGW: Yes, the Arthur Lewis report.

GKH: Those and others like it. I read a lot of that stuff. And when Dudley Seers came to Yale, he had come from ECLA (Economic Commission for Latin America). That was where he had worked. And the papers that he was giving us were ECLA papers, usually unpublished still. So, the UN statistics and economics came at me because of the work I was doing, trying to get statistics in place in one particular country, and trying to understand development. The UN's material was quite central to my attempts to understand the numbers in some systematic way.

In terms of direct exposure to New York or Geneva, that came much later. They had a lot of people in the field in Nigeria and Tanzania. I remember being deeply impressed and taking a photograph—at that time we had everything on slides—that became a major part of the innumerable slide shows we gave describing our experiences in Nigeria after watching a UNICEF truck in one of the most far-away, rural, backward areas in Nigeria that we had reached. We traveled around in a Volkswagen—my wife and my one-year-old daughter—and

we drove all over the country. In one of the most remote places, here was this dispensary, and a UNICEF truck was bringing drugs. And I remember that was very moving.

I am trying to remember when the first actual New York or Geneva occasion was. And I honestly cannot remember. I would have to try to put that together. It must have been an invitation to something—probably UNCTAD (UN Conference on Trade and Development), not New York. When I was on sabbatical in Sussex, in 1971 or 1972, I was over in Geneva fairly often, visiting the GATT (General Agreement on Tariffs and Trade) and visiting UNCTAD. And I think that was probably when I attended one of the first UN conferences I attended. They used to be more sort of think tank occasions, when representatives of research institutions around the world would gather to discuss research priorities and things of that kind. And I was working on something that was sort of on the frontier, so I was asked to speak on some of these things. But I would have to check. That was fairly late. That was in 1971 or 1972. I am just not sure now. There was a major event in 1969. There was Barbara Ward's big conference after the Pearson report (*Partners in Development*). That was in New York, but it was not the UN. There were a fair number of UN people there.

TGW: That was in response to a Bank request?

GKH: Yes. I am trying to remember what happened in 1969. I think it will come to me a little later.

TGW: You mentioned earlier that your initial excitement with developing countries, and independence, and decolonization, all of which was proceeding apace, was seen in and of itself as exciting. It was not really the political context. When did the excitement of the political coming together—the initial UNCTAD in 1962 to 1964—when did this begin to penetrate your

own thinking about the way that the world might go, or the way negotiations might go, or discussions might be held?

GKH: I am not sure. When was the first UNCTAD?

TGW: The conference was in 1964, but participations started in 1962.

GKH: The existence of UNCTAD did make an impact, and I did work with them eventually, and was aware of them, probably highly so, and what they were trying to do. I do not know. I made a decision when it was clear that I was not going to be working in Africa or other developing countries again—I made a conscious decision to work more on things that would help, but from a northern base. That implied more on trade and finance, and on the policies of the North as they impacted on the South. I did not stumble into that. That was a clear decision, and it implied that I would not pose as an Africanist for very long. I preferred to be in international economics, with particular interest in development. That was because I realized that it was very unlikely that my family would be able to live in circumstances where there was not adequate health and medical support for our youngest child, who was born in Dar es Salaam. Whether there is a political dimension to this in my own thinking—seeing UNCTAD and the New International Economic Order (NIEO) in this way—is hard to say. I certainly was active in the discussions on the NIEO.

I wrote and spoke at all sorts of NGO (non-governmental organizations) meetings and parliamentary committees. I got into a fierce dispute with Herb Grubel in the pages of one of the Canadian journals. So, the NIEO debate was highly politicized. I remember Ron Soligo on a visit up here saying to Al Berry, my colleague here, a mutual friend, and reported back to me by Al, that I had evidently become very political. That was the quote from this guy, now at Rice, who was hearing about what I had been doing. It took me aback. I was not aware that I had

given up my professional life and was being perceived now as something else, which was what seemed to be implied. I was active in a technical way, in testimony to committees and in international advisory activity to UNCTAD—primarily UNCTAD and the ILO, and eventually UNICEF. Very little with the World Bank or the IMF.

The NIEO (New International Economic Order) period was also that in which I pushed for and eventually succeeded in creation of a North-South Institute in this country, which was our equivalent of the ODI (Overseas Development Institute) and the ODC (Overseas Development Council), and now it will evidently survive the ODC. I was quite shocked to get a letter from John Sewell last month about the ODC's demise. The North-South Institute in this country has played a major role in professionalizing such discussion as there is and trying to influence government, not always successfully. It really has been important. That came from the period. Its origins were in 1975. And it came from the North-South Committee in Paris and that whole collection of events.

TGW: But between 1964 and 1974, there was this growing of developing countries' solidarity or whatever term you would like to apply to it. When did it strike you that the politics of this were probably more important than the economics?

GKH: I don't know that there was a moment of blinding insight. I sort of rode with the current, and liked where it was going, and helped where I could. I don't know that there was any particular event, although there were things happening, like the foundation of the G-24 in 1971. The UNCTAD itself, and its activities, were part of it. Incidentally, I had a postgraduate class from the beginning on international aspects of development, from the year I arrived to the year I left. And I always tried to keep it extremely current. That is why it was quite popular. It had all of this stuff in it. Whatever was going on was in the course. It was the same with my big

undergraduate international economics course. We had so many students in this subject that we broke it into sections. My section was always known to be differentiated in that it had a lot more applied and institutional content. It also had development, which the other sections did not. So, it was always nice that there was this clamor to get into my section, because it was known as more interesting, more real.

TGW: Michael Ward asked me to ask you when you—because we introduced this notion of statistics—when you thought that in the economics sphere the UN began to differentiate, or began to tailor its thinking to a Third World with special problems that did not fit into this neoclassical model that had been developed at Yale. That these were different problems, different countries? You yourself saw it in the field, but your colleagues obviously did not. When did the United Nations begin proceeding with a special emphasis on these countries that was distinct from traditional economics?

GKH: That is an interesting question. I think you would have to say that it began in ECLA. And out of that came this famous article on “Limitations of the Special Case,” by Dudley Seers, which was part of my bible. It made exactly that argument—that developing countries are different. They need a different set of statistics, and different categories, and so on. That came from ECLA in the early 1960s. They were pressing for different categories and different approaches. But I don’t know when, or whether, the central statistical offices in New York altered what they were doing. Most of the major standardized categories were already in place. And actually they have not changed. It is more a mindset as to what topics and what approaches were to be taken, and what reports were to be written about.

TGW: I think his second question was, “Did exposure to these problems, that is the emphasis on technical assistance, contribute to an evolution in thinking toward simply more exposure by more people to the real problems?”

GKH: I think so. Certainly all those whom I knew who were working on statistical issues, in the Growth Center for instance, came back from the field very much affected by their increased knowledge of the constraints on data collection and on the use of such data systems as were already there. There was a lot of emphasis on how statistical boxes actually did get filled in, because the UN had to fill them in. We all came back, and there were several seminars in which we compared notes on what the priorities really ought to be in development statistics. There was a lot of discussion about that. So we must have had some effect—not our group, but the collectivity of all those who acquired some experience in the field. And a lot more people did, of course, after independence. As more people went with aid agencies and the UN into the field, they must have carried back a recognition of the weaknesses of some of the existing systems of boxes and the fact that they did not really help very much. There was a major revolt, I guess, in the early 1970s, which took the slogan “disenthronement of the GNP (Gross National Product),” and a whole parallel attempt to develop social indicators.

TGW: That was already in the 1970s, then.

GKH: Yes. And the ILO, and the World Employment Conference, and a full-scale rebellion in all of the aid agencies against the GNP and growth took place in the 1970s. That led to a push for statistics on poverty and on employment and re-conceptualizing of what employment really meant in developing countries. There really was a whole new debate as to whether western conceptions of employment and unemployment made any sense in the context of countries where peasant agriculture was dominant and when there was a huge informal sector,

and where people typically did three or four tasks simultaneously. We really didn't know what unemployment meant. You got huge unemployment numbers by calculating the number of people who were recorded as employed in the traditional labor market censuses, and deducting that from the estimated labor force. You got these huge numbers, and there was panic about rising unemployment in the Third World.

Then there was a reconsideration as to whether this really was unemployment, as we think of it. Maybe it is something else. Then there was concern about high-level, professional, university graduate unemployment and what that was all about. That turned out to be, in some of the literature, voluntary unemployment. It was unemployment that consisted of waiting for the right job, the job that you thought was appropriate to your credentials, coming along. It was only possible to wait if you had a certain income. That didn't sit very well with how we had previously thought about these things. So I think the 1970s was when there was, to me, the most important effort to re-think the numbers and to re-think what we meant by success and by development itself and to play down the previous emphasis on GNP and GNP growth.

TGW: It is interesting to try to trace how this happened. Another one of Michael Ward's questions was that the Bank was using something like a 1920s USSR model, that rather mechanistically related projects and investments to GNP. But that seemed to remain in effect, if not in vogue, in the Bank for a long period of time. How did these ideas—the new notion of world employment, or how to measure employment and the importance of social indicators—how do they percolate from some people in the field to headquarters in the ILO, and then become rather conventional wisdom, I suppose, five or ten years down the line?

GKH: And then got turned back again. That is interesting. It was not just the ILO that was engaged in this, of course. I remember a famous paper at the OECD (Organisation for



Economic Co-operation and Development), by a guy named David Turnham in the mid-1970s on this, and the World Bank people were writing papers on this. I think maybe Richard Jolly and Louis Emmerij overdid the role of the ILO in their first draft for your history project—not to minimize it. It was important, but they were not the only ones who were dethroning GNP and warning about reconceptualizing employment. There were very orthodox institutions that were at least worrying about it at the same time.

The percolation—I am not quite sure now. It seemed to just happen. The ILO missions, the ILO reports, were influential. There were already a couple of academic articles that had been written on these issues. One had been written back in the 1960s by one of the people at the Growth Center, actually, pointing out huge increases in recorded unemployment as a major problem. It was spread through conferences and academic exchange, exchange between the ILO and the World Bank, and the OECD and various research groups—OECD in this case meaning the Development Centre at the OECD—and conferences addressing these things, and debate about the literature. There was a major conference at Cambridge in which dethroning GNP was a major part. There was a single speech by Mahbub ul Haq that got wide coverage, because he had been in charge of the plan in Pakistan. He seemed particularly influential when he delivered this speech in which he said that GNP growth was not what Pakistan needed for understanding its development future. There were policy-makers who make public pronouncements and moved into academia, or academics who wrote and advised governments. The ILO's World Employment Conference document was actually written, was drafted, by a group of which I was a member, who were primarily academics, who had been brought in to draft this report. We sat in a motel outside Geneva for a couple of weeks.

TGW: Was it a nicer spot to draft?

GKH: No, it was not. But I have always wanted somebody to do a careful study of the transmission of ideas in this field. Even more fascinating is the reaction in the 1980s, and its speed—the transmission of Chicago School economics to the world at breakneck speed and with tremendous influence. How did that actually occur? People say, “Well, [Ronald] Reagan and [Margaret] Thatcher were elected.” It is not that simple. There has been a multiple succession of so-called “fads” in the development field, and I have not seen a good study of how that works. I would like to see a study on the transmission of neoclassical economics ideas to the world, how that transmission belt works, and the role of particular institutions in the transmission. The most effective transmitter, by far, is the World Bank. Yet, it has not, by all accounts, been a leader. It is a transmitter. So how do the ideas actually get there, and who chooses which ones to be transmitted? What is that mechanism? It is terribly important. I have tried to persuade foundations and people to try to undertake that kind of study for twenty years, now. And I still haven’t seen one.

TGW: I don’t think there is one. Feeble efforts notwithstanding, it really is striking—your contention that academics do matter. As one looks around, we all have anecdotal evidence, but it is hard to really hammer that home. I don’t quite understand the perception.

GKH: The rise and fall of changing message within the World Bank really looks like the product of the reshuffling of the relatively small number in crucial positions within the Bank’s own structures. So, if you were to move Mahbub ul-Haq and Paul Streeten, with access to Robert McNamara, into positions of influence, you suddenly get this whole change in the nature of what is being written, although not necessarily being done. That is another question. And then Anne Krueger comes in, and Deepak Lal in the early 1980s. All of this gets stood on its head very quickly. It may be that in a few very influential institutions, the movement of a very

few individuals has influence quite disproportionate to what you would think. But I have not got a good grip on that, and the same goes for changes in approaches to statistics. I am hoping Michael Ward will tell us how these things happen.

TGW: During that period at Yale, and subsequently, one of the main snapshots of what was going on were the Development Decade I and Development Decade II. How do these seem in retrospect, and do you remember how they seemed at the time? Was this an important coming together of thoughts?

GKH: No. At least I don't recall it having been that important as an original contribution. I don't remember seeing it that way. It was part of the political thrust to give more visibility, or to create some impetus toward action. But—and there is Development Decade II, and then III, and then IV—you lose a certain credibility after the first one. You cannot ever recreate the credibility of the first one. When I got closer to it, when I served on the Committee for Development Planning (CDP) in the UN, whose task it was to write these basic documents, and then to try to lead a little, I became totally disillusioned both by the CDP and by efforts to negotiate texts. I became very allergic, and have been ever since, to negotiation of the texts.

I pulled out some of the correspondence on this period when I was at my most disillusioned. I was looking at some of these anyway, but when this interview came up I went out of my way to look up some of the stuff that was going on at the time. When I first resigned from the CDP—there is more of a story to it, it was really because of disillusionment at what it could possibly achieve. And it was the spearhead of the Development Decades. It provided the intellectual rationale for them.

TGW: You were serving on the CDP?

GKH: Yes. In two bursts. I quit it. I could read you the disgusted letter I wrote to give

you some sense of the correspondence that followed. I thought the only possible way it could play its role was if it functioned more like a foundation which commissioned pioneering work on matters of global importance. In the absence of that kind of back-up, and in the absence of any staff of its own, it was something that consisted of a bunch of people, which in one period—the period in which I served—had been appointed for political reasons, sitting in a room for three days at a time, and negotiating a banal text. And then having the media use it or not use it, depending on what the news of the day was. One instance, the one that finally drove me in disgust to leave, was when we had developed a document that really did have a message in the 1970s that there was already a crisis in Africa. And we decided we would put out a special statement, not one of the regular kind, calling the attention of the world to the fact that things were going terribly wrong and the world needed to address it. I was the principal draftsman. I stayed up all night drafting this thing. Then we came to the press conference at the end—Sonny Ramphal was the chairman at that time—and the whole thing became somewhat political. The U.S. Representative was Robert McNamara. People within the UN system were trying to rebuild the CDP's credibility by putting high profile people on it.

And in the press conference after the meeting to release this new document with its message for the world, the reporters persisted in asking Robert McNamara questions. There were only two people there—Sonny Ramphal and Robert McNamara. McNamara, being who he is, attracted all of the attention. People were asking him questions completely unrelated to the point of the conference. What was his view on American carworkers' attitude to some strike, or something. I was absolutely furious. I cannot tell you how angry I was. We were just being used by the media. This conference had been completely taken over, and McNamara was impervious, insensitive to what was going on. He was just enjoying his interview. He should

have said, early on, “Look, this is not what this conference is about. We are here for another purpose.” And he didn’t.

I do believe expert groups can have an impact, and I recommend them all of the time. And I will recommend another one at this lecture next week. But, there are expert groups and expert groups.

TGW: What are the elements for successful ones?

GKH: They have got to have the capacity for significant, original research, or even the capacity to commission surveys of the existing available knowledge. CDP did not have any of that. It was just a smile without a face. It was just bullshitting to and fro, and there were still Cold War elements in that as well. Somebody made a statement about the market—and you could count on a reply. This kind of thing—I just found it really unhelpful.

But if you are going to get things focussed on a particular topic—African debt, IMF reform, the commodity problem, the rise of protectionism in the 1970s, the handling of the OPEC (Organization of Petroleum Exporting Countries) money—there are plenty of examples where I think contributions were made. And if they didn’t have an effect immediately, they nonetheless drove the process a few steps ahead. There was one memorable occasion when a UN professional group, the one on African finance and debt, was put together with the full cooperation of a vice-president of the World Bank, precisely because he could not, within his constraints, get from the Bank a strong public declaration of the need to act on African debt. I attended a private meeting in the home of the then Canadian ambassador to the UN, Stephen Lewis, who had called together a group which included this vice president of the World Bank, to see whether there was some way that we could move things forward. We decided that there was, and an expert group including a private banker or two, was the way to go. And the World Bank

man, Kim Jaycox, was really supportive and told us that he could not do this and that he could not get a Bank study done that would say what an independent group could say that needed to be said.

TGW: This group was in the UN?

GKH: Well, we talked about how this could be done and in end the UN Secretary-General appointed a group chaired by an eminent British civil servant, recently retired. He had been the head of the civil service, and had been the top official in the treasury—Sir Douglas Wass. And I served on that to try to make sure the right message got through. But they had some bankers and they all said the right thing. It had focus. It had credibility because of the bankers and Wass and people like that. And it was able to get out of the politics of the World Bank. Of course, we haven't dealt fully with African debt to this day, so the impact is another question. But, again, it moved things forward. I think focussed efforts like that one move things forward in a way that generalized statements of the Development Decades type do not. They are too general.

TGW: But you were keen about perhaps the most generalized of statements—the NIEO?

GKH: Well, on individual elements. One could argue over the importance of different elements therein. But, I admit there is a certain inconsistency.

There have been a few unique periods in which it looked like, if the politics and economics were played right, you could make some more general yards. That was one of them. The OPEC success, if you call it that, in 1973 or 1974, provided one of those windows. The debt crisis in Latin America, more broadly, was the next one. And the Asian crisis, perhaps, was the next. In each case, the North succeeded in stalling and disorganizing the southern group and getting them to fight with one another and managed to fight it off. But they were instances in

which, had the southern group been able to stay together, to keep their act together, there was an opportunity to so frighten northern decision-makers that some progress could have been made. But they have failed on every occasion so far to keep their act together and to sufficiently frighten the North.

TGW: Those three instances are quite different in the sense that the OPEC one, you might argue, was a real position of strength after the Yom Kippur War. But the other two were positions of weakness.

GKH: Yes, but I don't see the differences as that great in terms of political implications. Had Argentina, Brazil, and Mexico ever jointly been able to say, "We are not going to service our debt," the implications for the American banks were so severe that, I think, they had the power. It is an old story, an old [John Maynard] Keynes story, that if I borrow \$10 from you, you are in a position of power. But if I borrow \$1,000 from you, I am in a position of power. That is not a direct quote, but that is the gist of it. I think they had power in the same way that the OPEC countries had power. But they failed to use it.

TGW: Why?

GKH: They were kept apart every time they came close. I remember one meeting convened by WIDER (World Institute for Development Economics Research) actually, in Mexico. It was convened for the express purpose of getting the Latin debtors to strategize together. Jeff Sachs was there to urge them on. It was Brazil in that case—there was always one, but in this case I think it was Brazil—who did not come. In each case, whenever it got close, American efforts were made to persuade one or the other that a deal was about to be struck in their favor, that if they played their cards right they could get special arrangements or special concessions. It sounds conspiratorial, sort of, but I don't mean it to sound that way. This was a

very effective aspect of American diplomacy, keeping always at least one country thinking that it was on the verge of a deal, and that it would not be in its interests to play with the others in a collective assault on the U.S.

TGW: In retrospect, do you think the confrontational tone or character of the NIEO led to its demise? Or was it disinterest that led to its demise?

GKH: I don't think it was a matter of tone. The successful northern defense consisted of stalling long enough to await a more favorable environment. It went on until it was clear that the developing countries did not have so much strength; and they also kept emphasizing the degree to which developing country interests did not coincide.

TGW: One of the steps not taken, obviously, was helping the non-petroleum exporting countries ("NOPEC") to hold their own. Would that have made a difference? That was probably the wedge that drove that first coalition apart.

GKH: I thought that the right way to handle all of that would have been to use the IMF and World Bank much more than the private banks. The way these things were handled, by and large, were simply to let the market, in the form of the banks, receive OPEC deposits and then lend them to those they considered credit-worthy. That was the main mechanism for recycling and bailing out of those who were in biggest trouble. The IMF did have a facility, but it was relatively small. I thought that the right way for the financial system to be run was for the central, official bodies to recycle the funds, because it would have generated more equitable distribution among countries. It would not have depended upon creditworthiness as perceived by private bankers, and it would have been much more stable. It would not have been subject to bank herd behavior.



So, if the North had taken a more progressive stand in the way in which these things were done, I think it would have been in the global interest. And it would have reduced the fear of OPEC. It would also have strengthened the central institutions which they controlled. Yet they did not do that. I don't know that the North fought back by strengthening the NOPEC countries very well. They left it in the hands of the private banks, and that ultimately was the root of the next crisis. If they had handled the whole thing through official circles, as Keynes, if he had still been around, would have certainly wanted to do, and probably Harry Dexter White as well, they would not have run into the next crisis. They would have persuaded the world that the central financial institutions were in good hands, and were generating stability and equity in a the face of shock.

I think they screwed it up. They did not handle it at all well. What they did was sort of stall the effort, try to discredit the intellectual arguments being offered. And then eventually the Cancun disaster just put an end to everything, full stop.

TGW: That's for sure.

GKH: It was not OPEC itself that got things going, or that impeded progress. To my mind it was not that OPEC was so strong. Rather, it was the example to other countries—"NOPEC" countries—of what could be achieved if they kept their eyes firmly on their objective and collaborated with one another. It was the sense that collective power existed, not necessarily in oil or copper, or any of the other ones that were being discussed then—bauxite, and coffee, and sugar, and cocoa. It was the sense that if they just hung together, then progress was possible. That is what had the influence, and the northern stalling tactic really did just wear them down. That is what I think happened. They just got tired and they began to argue with one another. Then, of course, eventually Reagan got elected.

TGW: And he was present at Cancun.

GKH: That is right. And of course the northern capacity to call for more meetings and more experts and more studies was infinite, whereas half the developing countries could not play that game. That is why today they cannot play in the WTO (World Trade Organization). They have not got the depth of expertise and lawyers to carry that on for long. So, if the North just keeps it going—more studies and more lawyers—it tends to prevail.

TGW: You mentioned Keynes. My sense is that the United Nations and people who work for it are profoundly Keynesian.

GKH: Yes, I think I would agree with that. That is the tradition, and it is carried on quite consciously, I think, in the UNCTAD work on global finance, which the U.S. has tried to cut back. In fact, I was very surprised when, at the conference in South Africa, the next to the last one, they mandated the UNCTAD secretariat to continue its work on global finance. They did so under a different heading. It was called something else; it didn't have finance in the title. But it was clear that that was a compromise and it was to be interpreted in such a way as to allow them to do their Keynesian analysis.

Yes, in fact, an anecdote I would like to tell from one of the G-24 meetings, one of my favorites, is very much on this. At every G-24 meeting—the G-24 is a developing country caucus in the IMF and the World Bank—both a deputies meeting and a ministerial meeting, which occur on successive days, they begin with statements from the official institutions, one from the IMF and one from the World Bank and one from UNCTAD, and more recently sometimes one from UN headquarters as well. The World Bank and the IMF presentations are always relatively upbeat, saying that things are under control and the most important matter is to make sure that budgets are balanced. And there is always a risk of inflation, which is about to

burst out—caution, caution, caution. Spending is about to get out of hand. But basically everything is all right. The UNCTAD one, which comes immediately after, invariably calls attention to the implications for global demand and the need to avoid the risk of deflation, the risk that if the major countries persist in balancing their budgets, they will generate negative aggregate demand effects that will hurt world recovery. They are always more pessimistic about the implications for the world economy than whatever the IMF and the World Bank are saying and more expansionary in what they prescribe.

I remember, on one occasion, one of the Mexicans—I think it was at that time the ED (Executive Director) of the Fund—coming up after the statement by UNCTAD and saying, “I am so glad you always make these statements, because it provides us with a reality check on the IMF and the World Bank.” It reflects the difference between the Keynesian approach and the current monetarist approach. It was always quite different.

TGW: Why don't we call it a day?

TGW: This is tape number three of a conversation continued between Gerry Helleiner and Tom Weiss. Today is the 5<sup>th</sup> of December 2000 in downtown Toronto. I happened to think of one thing. What is your own evaluation of Canada's role in the development debate, development assistance, and special measures? What has Canada's peculiar role been?

GKH: Well, it hasn't been anything like the potential. I have written and testified a lot on it. I think the Canadian position is one of a substantial potential if it were to play the same kind of role that the Nordics and the Dutch have recently been playing, as a broker and a middle power, building bridges and innovating. It has chosen, in the latter part of this period, to be a marginal member of the G-7, a member that doesn't really belong and goes for photo opportunities, basically. I think it has squandered its potential. Its record has not been terribly

good. It was very impressive during the war years and immediate post-war years. It was influential in the construction of the IMF. It played a major role in the drafting of the Universal Declaration of Human Rights. It has been an important player, but it is at present, and has been for most of the last fifteen years or so, around the middle of the OECD as an aid contributor. It has offered pretty close to zero by way of innovative initiatives, with a few exceptions—the IDRC (International Development Research Centre) led the way on the building of a research capacity within developing countries, and the conduct of scientific and economic research, and was subsequently followed by Sweden, Denmark, and others.

But with that exception, it has not been very impressive. There was in the 1970s an effort on the part of [Pierre] Trudeau, who clearly had the ear of a number of Third World leaders, and clearly had the interest to build bridges again and to play a role. But he did not have a lot of support in his own party or in his cabinet, apparently. And some doubt whether he had anything more than an intellectual interest in these issues. In any case, he could not carry it off. And certainly when Reagan appeared, the Trudeau role in the Cancun conference became irrelevant.

So I think Canada could have done a lot more. I wrote a piece once for a royal commission here that was looking at broader economic issues for the country, on the Canadian role in developing countries, and it was called “Underutilized Potential.” That was the title I gave it. That is how I feel about it. It continues to annoy me. At present, the governmental interest is confined almost exclusively to trading opportunities and investment opportunities in the Third World. They have not devoted serious effort to poverty reduction, despite some rhetoric to the contrary. The CIDA (Canadian International Development Agency) is weakly staffed and morale is extremely low and has been that way for fifteen years or so. I recently had a letter from a former student announcing that she was leaving the agency because she just could

no longer see that there was any way of doing anything about poverty while she worked in that agency. She was fed up. And it has been that way for a long time.

TGW: One other word that only came up once yesterday that usually comes up much more is “Cold War.” As you look back over these forty-five years, say from 1945 to 1990, what were the main effects of East-West tensions on the definition of development and on development potentials, on what the international system was able to even conceive?

GKH: Well, I think you could certainly say that there would not have been anything like as much official interest in the subject at all in the West had it not been for the Cold War. The effect in practice was to drive the western world into supporting all manner of governments who, on the face of it, were not interested in poverty reduction or development, all manner of right wing dictatorships and corrupt regimes. And the money that was flowing into the Congo, for instance, was outrageous. It poisoned the opportunity to be objective and analytical, at least in official circles, about what might be required for development. It did not prevent academics and independent analysts from going at the issues in a reasoned way, but they were not as likely to be financed or as likely to get finance for the things that they advocated on objective and analytical grounds. So it drove western development analysts into a bit of a *pis aller* as far as their opportunity to influence policy was concerned.

It is an odd situation, because I think there was an evolution of good, solid empirical research in the academic communities. There was a lot of support for area studies, all of which collapsed after there was no longer the Cold War incentive to have people who knew about areas. But you could not, in the end, have much impact on the big policy questions, even though you were doing the research and you knew a lot. That was kind of frustrating. On balance, it is very difficult to say, but I suspect that one of the reasons there now is so-called “aid fatigue” and

declining support for aid activities is that the Cold War isn't there anymore. So it works both ways.

On the other side, from the standpoint of the recipients, it was good for them in many ways. It did provide a strong incentive for provision of resources for their development. All you had to do was stimulate a rumor that there was this communist guerrilla force in the jungle and you were a good candidate for assistance. And you could, and they did, play off East against West. I remember one wonderful occasion in Tanzania where the Chinese were quite active. They built a huge railway that had been controversial for years. It had been rejected by the World Bank as an undeserving project. They came in and built it. They didn't build it very well, but they built it. And some of the engineers stayed in the university campus when they arrived. We tried to be very friendly to them. One day I encountered one on the road as I was walking up to the office and greeting him I said, "Good morning," and nodded my head. I tried to be as expressive as I could. And he said, "Good morning," in perfect English back. He turned out to be a visiting academic from the University of Indiana who just happened to be of Asian origin.

But we were certainly conscious that the Chinese were there, and the embassies were all there at that time when Dar es Salaam was a hotbed, as seen by the Americans, of radical activity and radical thought and revolutionary zeal for all of Southern Africa. So there was this constant talk of who was CIA and who was not. It did influence the atmosphere, but it contributed resources to the Tanzanian scene and probably to some of the resistance movements that were headquartered there at the time. It is hard to say on balance.

TGW: Were you surprised by the collapse of the Soviet Union?

GKH: Yes. I certainly did not see anything of that order coming. I think most of us expected things to putter along in Eastern Europe and the Soviet Union. We didn't regard them

as a model for anything, certainly. But collapse? No, I didn't anticipate that. I didn't know anybody who did.

TGW: The notion of planning, which was so widespread in the development community, how did this get so closely associated—incorrectly I believe—with the Soviet model? In certain conservative western circles, the use of the word “planning” meant that you were in the Soviet Union's pocket, when in fact it was a notion that applies to the corporate world as well. How did this happen?

GKH: Just parenthetically, in response to your side comment, planning was a requirement of assistance by USAID (Agency for International Development) at one time, particularly in the Alliance for Progress. In that period, the whole point—it was in response to [Fidel] Castro—but the whole point of the nine wisemen they created to go into Latin America and discuss their future with them was to insure that Latin American countries that were receiving AID assistance had a plan. Moreover, that plan was to have some social content and do something for the poor. Anyway, it was the right wing that went bananas over the term. It wasn't the mainstream, I don't think. I think it was just lifted from the terminology of the Soviet Union, where five-year plans had been in vogue for a long time. It wasn't reasoned at all. I think it was sort of a knee-jerk reaction.

But planning, even on the part of conservative economists, was considered *de rigeur*. This was also true in African countries at the time I was there. When I went to Nigeria, I remember there was a book that was about to come out, it was still in draft form, by Wolfgang Stolper at Michigan, who was a fairly conservative guy. The book was called *Planning Without Facts*. And it was about how difficult it was to do reasonable planning when the data were so weak. But the desirability of planning was not at issue; it was a data problem. The World Bank

was advocating planning. The USAID was advocating planning. The UN certainly—the Committee for Development Planning was the center of activities. That was [Jan] Tinbergen, a strong advocate of longer-term thought and planning. So I agree with you I don't think planning was generally seen as a left wing communist sort of thing, except by the right wing, and actually the right wing in the U.S. above all. I don't think the term would have generated the same gut reactions anywhere in France or the U.K. But I am not so sure about that.

TGW: I know there were planning commissions in most European countries. My answer would be that I think the fact that so many countries that were getting into the planning business were also so heavily dominated by the state sector.

GKH: Well, not by our standards. That was one of the things I learned when I first got into the numbers—that the size of the state relative to the economy in all of the developing countries in which we were working was much smaller than it was in the western world. The sheer numbers—tax revenue or governmental revenues or expenditures as a portion of GNP—were much smaller than in the U.S., U.K., or Europe. There are reasons for that. You could argue that, “Well, the state was nonetheless disproportionately active.” And I suppose that was so. And the state certainly had aspirations. The rhetoric of the post-independence period was an anti-capitalist, anti-market rhetoric. I think it was understandably so, under the circumstances.

They had seen the market and associated it with colonialism and they didn't like it. They wanted to restructure their economies. They had the Soviet Union model as an indication that it was possible to do that. And the USSR had some influence because of that, particularly on the need to industrialize. I think the association of planning, of long-term thought, with a state-led push for industrialization was what people were nervous about and not simply on the extreme



right. More generally, there were many mainstream analysts at the time who were not sure whether a push at that time might not be premature or counterproductive. There was an analytical debate about it at that time.

TGW: I'm going to shift gears here slightly, to move to UNCTAD where you spent a lot of time. How did you end up there in the first place? Was it happenstance? Had you met [Raúl] Prebisch?

GKH: No, I did not meet Prebisch until quite a bit later. In fact, this Prebisch lecture I'm giving on Monday starts out with an anecdote about the first time I really met him, which is a nice story.

TGW: Do you want to tell it?

GKH: I had seen him from a distance and probably shook his hand at some point, but I'm sure he didn't know who I was. He was such a distinguished-looking man that you knew who he was. There was a huge conference in Dubrovnik—back in better days for Dubrovnik, before it was bombarded—led by the Yugoslavs, who were trying to play a major role in the non-aligned and North-South issues, and leading the developing countries in some ways. They launched a series of conferences called the “World Conference on Scientific Banking,” which was really about international monetary and financial reform. I went to one of these in 1980 or so, which was a period when I was doing some work for Sidney Dell and the Group of 24. I agreed to do a separate paper, a side paper to my G-24 project, for this conference on the exchange risk associated with the use of OPEC funds as they got recycled, and advocating the use of the SDR (special drawing right) as a unit of account to reduce it. It was a rather arcane and not terribly exciting topic. And it was a huge conference, with probably a couple of hundred

papers. They followed one another in a totally incoherent fashion and you did not have time to say anything very much.

By accident, the guy who came up immediately before me was the Dutch executive director of the IMF, and he delivered himself of an analysis of IMF practice, which I knew to be deeply flawed. He spoke of IMF activity in a way that suggested a.) that they knew exactly what needed to be done everywhere; and b.) the recipient countries typically did not, and therefore, c.) they needed tough conditionality on all their loans from the IMF. The IMF board had, in fact, less than a year previously, passed a famous resolution on the need to establish conditions to take full account of the local social and economic conditions, which was then a very controversial matter. It had finally made it through the board, and the IMF was thereafter supposed to be much more careful and sensitive. But there had not yet been any evidence that they were doing that. Anyway, this guy made his presentation and I got really angry, because I thought him to be terribly wrong.

So I was next, and I tossed my dull paper on exchange risks away, which was certainly contrary to the conference rules, and I said I didn't want to talk about that and the conference could do whatever it wanted with the paper. The previous presentation was so out of line that I wanted to respond to it. And I did with some vigor, not quite knowing what the organizers were going to think of this. When I finished, I was expecting perhaps some polite and embarrassed applause. There was quite vigorous applause. But then this silver-haired gentleman rose from the first row. He was a patron of the conference. He strode up to the platform, shook my hand warmly, and said, "That was the right thing to do." By this time there was tumultuous applause. It was just a lovely gesture on his part. We were all good friends thereafter in the next few days, and that is really how I met Raúl Prebisch.

But I had been doing things a long time before, consulting and attending conferences. I don't remember the exact sequence, but there was one group on cooperation among developing countries that they launched, and I served on it. There was another one on the problems of the least-developed countries. What year was that?

TGW: The least-developed meeting was in 1975 or 1976.

GKH: Yes. I served there before the ILO's World Employment Programme. So, I was there when I was on leave (from Toronto) in Sussex in 1971 or 1972, and probably not before. I became close to Alf Maizels. He used to call me regularly and try to get me to come over and write memos for him or to criticize his papers. I criticized a hell of a lot of UNCTAD papers over the years, right up until today. Really, I invested a lot in trying to improve the quality of UNCTAD papers.

TGW: Is it possible to characterize the intellectual atmosphere in-house? Is it less predictable than your caricature of the IMF or the World Bank?

GKH: I want to come back to the IMF and the World Bank. I want to be a little bit more careful about that, maybe. But the UNCTAD intellectual atmosphere is a difficult thing to analyze because UNCTAD, as you know, was a mixture of a large number of people who didn't appear to be doing anything very much of value, and a small number of people who were extremely active and overworked and extremely influential in the actual output. Among those who did anything—I don't know what was going on with the rest—I think it is fair to say that they were more cautious about the merits of markets, more willing to tolerate and even encourage state intervention than the IMF or World Bank. They were less uniform, certainly than the IMF group. That is the overwhelming characteristic of the IMF—self-selection in going there in the first place, followed by further weeding out in the selection process, and then very

tight discipline. It tended to be a pretty uniform crowd. The World Bank did not work like that. The World Bank has always tolerated a degree of diversity. UNCTAD even more. UNCTAD had a wide range. There were people who were self-described as Marxists analyzing international commodity markets at the same time that there were apparently neoclassically-oriented ones. The center of UNCTAD was to the left of the Bank, and there were far fewer talented people and a very heavy workload on those who were good. That was a major problem. And I think they had to rely on outside consultants to a degree that probably was not healthy.

But I think both UNCTAD and the World Bank were inbred. There was an old memo done by a guy in UNCTAD, Havelock Brewster, in which he actually calculated the number of references in World Bank papers to World Bank material. He also looked at UNCTAD papers, and the number of references to UNCTAD material, as against World Bank material. What he discovered was that both were utterly inbred, according to the references, and neither, as I recall, was any worse than the other. Both paid no attention whatsoever to anything that had not been published in English and in the North. There were no references outside this fairly small proportion of the world's intellectual community.

UNCTAD was relatively weak in numbers of quality professional staff, and a large portion of its staff appeared to be dross. Among those who were active, sometimes they were publishing a lot and were doing so because they had been so misplaced in the organization that they had no clear mandate as to what they were supposed to be doing. They weren't led well. So people like Gary Sampson and Sandy Yeats and Dani Rodrik, at that time, were able to do things sometimes that were quite interesting. They published them in *World Development*. I remember Dani, the first time I ever met him. We met at an advisory meeting called by a guy named Ronaldo Figueredo—do you remember him? He was a Venezuelan, head of the

manufactures division. He didn't know a damn thing about manufacturing. He called in Carlos Diaz-Alejandro and Ajit Singh and me to one of these advisory meetings to try to help him figure out what do, because he didn't know what to do. Dani was at that meeting. You weren't at that meeting were you?

TGW: I was still in least-developed countries, then.

GKH: He was so impressive, and sitting in the back. He says now he was terrified of us because Carlos made a critical remark. He had presented some material on estimation of import demand, regressing imports on various country characteristics. He vividly remembers Carlos, apparently, saying, "Why are you doing this? What possible use is this?" He was absolutely mortified. What impressed me was that I had suggested a totally different variable. At that time, there was a paper by a guy called Hemphill in the IMF, which did a very sensible regression that simply assumed that import volume would be the product of how much foreign exchange you earned. It had nothing to do with income or prices or anything else. Most countries controlled their imports, anyway, so they spent whatever they had. I told him about this paper and suggested that he go back and eventually get some numbers on this and see how that worked.

We went for lunch, and he came back from lunch and he had done it all! He got the data, plugged it in, ran the regressions and came back and reported on them. I was blown away. I had never seen anything like this in UNCTAD, or anywhere else for that matter.

So at that time, as now, there were some strong people in the organization, and some very, very weak ones. It had difficulty keeping the good ones.

TGW: What role did tension, competition, open warfare with the Bretton Woods institutions play in keeping UNCTAD on its toes and in determining a research agenda?

GKH: I am not sure whether the Bretton Woods institutions had that much effect, except to the degree that they failed to do what they should have done on issues like debt, the difficulties of gaining access to markets in the North, technology issues, restrictive business practices, special provisions for particularly poor countries. On none of those issues did the Bretton Woods institutions take any leadership. They should have. They could have. So you could say the vacuum provided an opportunity, or perhaps even a goad to UNCTAD. I don't know whether a sense of competition was really what was moving things there. I think it was more opportunities to assert leadership in a time when the Bretton Woods institutions were off on other topics.

The NIEO period was the period when the UNCTAD forces really did try to compete and did try to lead. That was, as I said yesterday, the product of a new mood in the developing countries and they responded to it. I guess you could say that they ended up in the lead. But I think they were always perceived as a developing country organization, whereas the Bretton Woods institutions certainly were not. So when the mood kind of altered, they took full advantage of it and probably overshot in their aspirations in responding to it and trying to lead it and direct it. They moved into commodities as the flagship of the NIEO, in the mistaken belief that that was the area in which it would be easiest to achieve some breakthroughs and some agreements with the North. They, I think, and I am speaking mainly of Gamani Corea and Alf Maizels, generally thought that northern grain exporters and exporters of minerals in the North would, themselves, welcome greater stability in the markets in commodities that they sold, and that even northern consumers, or governmental representatives of consumers in products that they did not produce themselves, would welcome a degree of stability. And investors from the North would welcome stability.

Henry Kissinger and Chuck Frank, who was writing his speeches at that time, argued vigorously that there was a lot of sense in stabilizing commodity prices and arranging a deal between developing countries and potential investors that would protect both sides over the longer run. UNCTAD really thought that this was an area in which it would be possible to reach agreement. They didn't choose it because of some ideological conviction that commodity markets were evil in some way. I think it was a sophisticated, but in the end incorrect, assessment of where they could make the most progress.

At that time, all of the papers coming out of the Bretton Woods institutions were utterly neo-classical. The market analysis was based analytically on the theory of perfect markets—full information and competition. There was a difference in the modeling that both sides undertook. And there was a lot of hanky-panky going on. I remember a paper on the copper market generated for the OECD, I think it was, that did not produce the answers that they wanted. So they just hired another consultant and got the one that they did want. It was very difficult to get middle-of-the-road analysis of the critical issues at that time.

There was a great paper by Jere Behrman, done for the ODC during that time, on commodities, which was one of the first to make a strong case on neo-classical grounds for the UNCTAD line. And we held a conference, a conference I chaired, which the Norwegians financed during that period, on whether current economic theory was able to handle the current North-South dispute. A book came out of that, and a summary article in *World Development*. It categorized the disagreements into three. One was represented by the commodity market debates, in which the North-South problem was the use of different models, with the South basically using the bargaining model, based on the assumption that markets are highly concentrated, and the Northern approach typically based on competitive markets and neoclassical

analysis, with reasonably full information and few imperfections. The second category was typified by disputes over IMF conditionality. Those were instances where the models were not that different, but where the assumptions about the coefficients were at issue. So supply elasticities were assumed by the South to be very low, and by the North to be very high. A number of assumptions about the length of time it would take for change in response to exchange rate change and so on were quite different. And those were matters of fact and subject to research and empirical analysis. There was some room for resolving those sorts of disagreements.

The third category related to trade theory where both North and South agreed that Northern protectionism was politically driven and had no theoretical rationale. But there was a pretty widespread feeling that the economics at the time, mainstream economics, was incapable of resolving the NIEO debates. People were talking past each other, and UNCTAD was always on the South side, regardless of which category you were in. And the Bretton Woods institutions were on the other.

TGW: Do you think it would have been a sensible idea to have simply turned UNCTAD into a Third World secretariat, or was it a better idea, on balance, to maintain this universality in membership?

GKH: I have always been a strong advocate, and still am, of an effective Third World secretariat, an OECD for the South. But I think that is probably best seen as additional. UNCTAD plays a role, and if you did not have it, you would have to create it. You would have to provide a place, a forum, for the discussion of these questions. Unquestionably, its universal membership did inhibit UNCTAD from being a Third World secretariat. It wasn't. It couldn't be. And that's why you needed one. But it did have a role, a different role. It was a forum



where you could discuss these issues in a way that they were not typically discussed in the Washington discussions. And I think that was a helpful role. It was the old interpretation of the UNCTAD acronym—"Under No Circumstances Take Any Decision." There was a certain amount of snickering about UNCTAD, and, of course, people in Washington seemed to have contempt for whatever came out of UNCTAD and what went on there. Eventually, they actually tried to close it down.

But I think it played a role. I don't think it was a Third World secretariat. I think they needed a Third World secretariat.

TGW: The question is whether it was tactically a mistake—I would argue that it was—to try to place an emphasis on negotiations, because those were never going to be taken seriously, versus the production of ideas, or the confrontation of world views. It seems to me that the "Under No Circumstances Take Any Decision" came smack dab into a situation, and then led to an impression that the institution was doing nothing. In fact, the important part of the institution was being buried by this other controversy. So, the recent notions to dismantle the institution, including Sonny Ramphal and company, in *Global Governance*, played upon what was certainly not the strong suit of UNCTAD. So I think at present they are in better shape, simply because they are being more honest about what they are about.

GKH: They have more ideas out front. But they always had a different set of ideas, so if your point is that if they didn't try to negotiate anything, and now they are not trying to negotiate anything, they are more influential—yes. I hadn't thought of it in those terms. I had thought of them as an alternative source of ideas, anyway, and never expected them to achieve very much by way of negotiation. They weren't given any authority to do that. Mind you, they did have responsibility for putting together the meetings at which commodity agreements were or were

not agreed. That was their mandate and they did that. And they did achieve guidelines which became rules and principles on restrictive business practices, and a code of conduct on technology, and the shipping conference thing, for what it's worth. There were a number of things they did succeed with. Most were fairly weak, because they did not have the full backing of all the membership.

But they pioneered. I always interpreted what they did on technology as pioneering in the realm of ideas. And that was what mattered rather than the weak code of conduct that they ended up with. It is the same with restrictive business practices. They just kept hammering the fact that there was a need, which is clearly recognized now in the WTO, to address the same kinds of cartel issues and abuses of dominant market power in the global arena, as most western countries have in their own economies. I thought they did that quite well, even if they could not induce the major powers to sign the kinds of agreements that UNCTAD people would have liked. They nonetheless got them to the table, talking about it, and produced papers.

TGW: As you look back over three decades, how would you evaluate the leadership of UNCTAD? Some sort of rank ordering or emotional ideas about who brought most to the table for purposes of getting new ideas in circulation.

GKH: Relative to what? In many ways, you can be fooled by time, I guess. But [Rubens] Ricupero today is perhaps having more influence and more impact than any of them have had. I am not quite sure why. It may be, as you say, because he is not trying to negotiate anything. But he personally led the effort prior to Seattle to get the developing countries to come up with their own agenda, some sort of positive agenda. He led, ably supported by a key staff person or two, the resistance to the IMF assault upon the capital account and their attempts to

change the Articles of Agreement of the IMF to require liberalization of all capital accounts. The work of UNCTAD during recent major disputes I think was very influential.

In the earlier periods, well, Prebisch of course was a major figure in starting the whole thing, the launch of the effort. The GSP (generalized system of preferences) didn't really get anywhere, but symbolically it was important. And I was always annoyed at those who argued that it should be removed and that we go back to a level playing field, because it never amounted to anything anyway. Well, the reason it never amounted to anything was because those who subsequently argued for its removal did not do what Prebisch and his people at that time thought that they ought to do. It was not a general system. It was not general, and it was not a system, as the saying used to be. But that was a remarkable achievement, nonetheless, to get through the GATT authority. That was Prebisch.

Gamani (Corea) was hung up on commodities, and that was probably his big mistake. Gamani, with Alf Maizels at his side, led them into an area where, as I said, with the best of intentions and sophisticated calculations, they just got it wrong. They misjudged how it was going to come out. Corea was not an easy man to identify with and follow. He was not a charismatic leader. You would know better, but I never felt the staff were excited about him as a person. He was aloof, and not really a leader in the way that Prebisch could be. He was a major figure, but he made some major mistakes and did not carry that much support—that may be too strong—within the organization.

[Manuel] Perez-Guerrero was weak. I don't recall anything much coming out of his period. I may again be unfair. That may just be my memory that is failing. Who else is there?

TGW: We had Alister MacIntyre, Ken Dadzie.

GKH: Dadzie was weak. Alister was the one who wrote the memo to Sonny's governance commission, recommending UNCTAD's abolition. When I saw that, I wrote a reply to Sonny saying that Alister is overreacting here. But Alister was not a major figure in the UNCTAD leadership, either. And Dadzie was not. Dadzie was very weak. I think I'm missing one, now.

TGW: In your observation of the processes surrounding ideas within the secretariat, to what extent did ideas come from the Group of 77 (G-77)? To what extent were ideas fed to the Group of 77 by the secretariat? And to what extent was it a two-way street?

GKH: I don't honestly know. I think you need to ask G-77 people. My impression was that the typical G-77 people around the secretariat were diplomats and were not in a position, as they still aren't, most of them, to develop ideas. It was all they could do to get to all the meetings they were supposed to go to. It would be unlikely that at least the people in Geneva would be able to lead anything very much. So they welcomed UNCTAD and secretariat ideas and usually supported them. Whether the national capitals fed ideas into Geneva I don't know, but I suspect not. I think it was an UNCTAD operation, and the G-77 picked up their ideas in some cases. In most of the cases, they didn't think of them themselves. And they sometimes backed off.

TGW: That is how I would have answered the question myself. But probably the main legacy happens to be this notion of a Group of 77. Do you think this actually continues to make any sense, this notion of a Third World?

GKH: Yes, I do, if only because of their collective sense of not being in control and being against something. It is not that they are agreed on what they are for, because they are not. But they share a sense of powerlessness. It extends well beyond the G-77. There was a

movement originating in WIDER to form a Group of the Non-G-7. There is a sense that is almost as strong in Holland and Denmark that the G-7 is running everything, or rather the G-3. And there has been periodic talk about trying to organize middle powers. To straddle the North-South boundary, we had a conference at WIDER on this once. I think the G-77 are not organized in anything like the way the OECD countries are. The OECD countries also disagree on all sorts of things among themselves. The European Community and the U.S. are always at each others' throats on trade issues. Yet, they have their act together on major questions in a way that the South, without a secretariat, does not.

The southern group—and I have argued this in print recently, and will do it again in this lecture next week—is extraordinarily weak in its ability to put unified positions on the table in the Bretton Woods institutions, in the WTO, wherever. They are not organized. What they speak of now is using the South Centre, which has a total professional staff of five, I think. The G-24 in the IMF and World Bank arena, for which I directed research for nine years, is ludicrously weak. The total research budget per year is probably about 1/50 of the size of the World Bank research budget. The most we could hope to achieve was to lever our small papers into influencing the Bank and the Fund to do some work on things that they would not otherwise have done work on. That was the most we could do.

But the membership of the G-24 has been reluctant even to support that much. It has been very hard to keep the money flowing. They finally set up an office in Washington about three years ago. It was all they could do to keep that going. So with the least little bit of effort they could, I think, work harder to try to identify their common interests and, in advance of IMF meetings, talk to one another about their common positions and how to express them. Every now and then, they have a minor triumph. There was one in Madrid in the IMF, when India

basically led the resistance to an effort to push through expanded quotas for the countries in transition. The odd thing about that was that, although the G-24 met immediately before all of that, and they discussed all sorts of things, that was not one of the issues they discussed. India simply took it upon itself to lead. They did their own lobbying, and the developing countries did succeed, because they had the voting power, and they still have, to resist changes that require a qualified majority. They have the power to block if they can get their act together, and in that case they did, although even then eventually, they caved in—about three years later.

Many people thought at the time that Madrid was the beginning of a new era. The developing countries were finally getting their acts together, finally using the power that they had. I think the notion of a Third World group, of a Third World secretariat, and Third World collective action, is just as valid as an OECD. It will be riddled with some internal dispute. There has always been a problem over mechanics, like the location or staffing of any secretariat that they might have—great struggles. In fact, I have said many times that I could not quit as research director of the G-24 in favor of a southerner, because they could never agree on who the southerner might be. But there were also intense, bitter struggles over the leadership of the OECD. The last time it was really ugly.

The group was united in the struggle over the leadership of the WTO. It did unite on major issues in the Seattle meetings—not all of them. But on inclusion of labor standards, for instance, they were absolutely unanimous. And they succeeded, and will continue to succeed. I think they will stay together on that one. Where there are things that they have in common, they can, if they get their act together, have an impact. So, why not try and figure out which these areas are? That does not mean that is the only kind of alliance that the G-77 members can have. They should develop issue-specific alliances with whoever they require, and they will, of course.

So much the better. That is what OECD members do as well. But I think there are fundamental differences between G-77 members and the majority OECD members, perhaps minus Mexico and Korea. Mexico oddly still belongs to the G-24, and there has been some discussion about that. The decision was that, yes, we want them to stay. It is contrary to the rules of membership, I think, probably those of both the OECD and the G-77. But there they are, and that is fine, apparently, with both sides. There is no tidy boundary, but I think there is some sense to it.

TGW: In this context, you mentioned WIDER a couple of times, an institution that you had something to do with over the years. On balance is this internal—internal to the extent that the UN University (UNU) is part of the UN system—mechanism superior to the kind of independent, outside research capacity with access to the system? Or would it be better that its research budget were to be located and be totally independent of the UN system?

GKH: It is pretty independent, subject to the UN's administrative rules and personnel practices and whatnot, but my impression is that the director of WIDER and its board have complete independence. I mean, the first director, Lal Jayawardena, got his programs going by just calling up his friends and saying, "What would you like to do?" People like Amartya Sen and Carlos Diaz-Alejandro, when he was still alive. Carlos, Lal, and I sat not too far from the restaurant we were at last night for a whole day, trying to put together a research program for WIDER. Lal used to call me up all the time and he wanted me to run anything related to trade. And I kept asking, "What are the constraints? What kind of a budget are we talking about?" He would say, "It doesn't matter. Tell me what you want to do and we'll do it." That's what he did with Sen. That's what he did with Jeff Sachs, eventually, to his cost. It's one of the things that got him in a lot of trouble. But it was quite clear that he felt completely independent and I think he was. He didn't suffer from being inside the system. The whole rationale was to have an

independent body. [Robert] McNamara, himself, was a big supporter of WIDER because it was independent of the system. It could do things that the World Bank staff could not do.

I don't think it suffered in the slightest from any association with the UN. As far as I know, there were no UN politics intruding on the research program at WIDER. I would be very surprised if I were to hear that there were.

TGW: You were discussing having an autonomous research capacity within the system. Jeff Sachs has written that the UNU's main problem has been self-censorship, not imposed censorship.

GKH: WIDER has been the most successful, I think, of all of the UNU's activities. It may be that they just pushed the envelope and others haven't.

TGW: My sense is that the envelope can be pushed much farther. I think most of us are reluctant to push out the boundaries. But the criticism of Jayawardena created a lot of scandal and almost killed the institution.

GKH: I don't know the details. He was certainly indiscreet in the degree of support he gave to people without adequate financial controls. He was just too casual. I think he is vulnerable to the charge that there was laxity in the financial control system. But I object to the charge that he favored Asians. I think that was outrageous. And I don't think it's really true to say that there was a crony system. He did reach out to his friends. Who else would you reach out to? And the way he ran it was to gain credibility for the institution by getting people who were very well known to run programs under the WIDER flag, even if they didn't necessarily meet that often in Helsinki. It is not surprising that the Finns didn't like that, and it is not surprising that local newspapers sent reporters around to look at WIDER and found that the offices were all empty in winter. They were annoyed. But he did a whole lot of very innovative



and interesting programs under credible leaders. To that degree, I think he was an enormous success. That was not the way the Finns wanted it, and probably not the way the UNU originally wanted it. But he was enormously successful in putting out high quality, innovative material.

And at the very time that he was being attacked, there was a conference in Washington that he had co-sponsored with the World Bank and the G-24 on alternative stabilization and adjustment programs. It was a meeting in which the World Bank staff debated vigorously with people, most of whom were from developing countries. A few others were there. I was there. Lance Taylor was there. But at the very moment he was getting his worst attacks in Helsinki, he received a standing ovation at this meeting. Everybody in the room in Washington—it was a big room—applauded him, thanking him for his work at WIDER which was soon to conclude.

In the North American professional community, there were those who called WIDER “WILDER.” It first started at a memorial conference for Carlos Diaz-Alejandro in Helsinki, which is a long story. In brief, I thought it turned out completely wrong. Anyway, it took place there, and it had too many mainstream American economists. They looked at the program and said, “This is not WIDER. This is WILDER.” It was the big joke of the conference, because of people like Lance Taylor and Steve Marglin at Harvard who knew Lal from his work in South Asia and was now seen as very much out of the mainstream.

I don’t think Lal Jayawardena deserved professional attack. You could quarrel with the route he chose, which at that time seemed to him like the only way to put WIDER on the map. He got good people, gave them a lot of freedom, and got good output. But in fact, he had hardly anybody in the WIDER offices over the winter. In the summer, the place was alive with conferences and interesting things going on. That may have been a bad strategy, and certainly it was unpopular with the Finns. But indicative is the experience that when they appointed the next

director, who was to be Keith Griffin, and he went to Helsinki to talk about his work there and how that was going to be, he met there with some of the leading Finns in FINIDA (Finnish International Development Agency). They began to denounce Lal and the way things had been going. He quarreled over the attacks on Lal, which he considered to be unjustified. He later said he considered the Finns to be totally unreasonable and to be making charges that were not fair, including the one of racism on Lal's part. Keith resigned the next day and said nobody could work in this environment. He quit, walked out, and walked away.

So it was a difficult environment. In the next period, everything kind of quieted down. The guy in charge, Mihaly Simai, was not very aggressive and nothing much happened. When Andrea Giovanni Cornia came in, the place took off again. He managed—I guess because he had more contacts around the world—to attract people to actually live in Helsinki. Now that he is gone, I'm sure they're going to have big trouble in keeping it going, because the new director is totally unknown in the development community.

TGW: Who is that?

GKH: I don't even know his name. He is not a development person. He is an econometrician. I was surprised they could not come up with anybody better. But I think WIDER may fade away until they get another strong leader. Cornia put it back on the map as a major place for independent analysis in a whole variety of interesting areas, and demonstrated that you could get people to work in Helsinki. You could at the same time keep all of the other good people associated with it. And he maintained the confidence of the Finns to the end. He really worked at it. He thought that Lal had really screwed up on the control system. That was his main mistake.

I think it can be done. I think that an independent research body within the system, like that one, can do a lot. And I think they did do a lot.

TGW: If the offspring had its good moments, the parent—that is the UN University—has been quite another matter. What is the matter with UNU?

GKH: I don't know. I am not close enough to it to really know. But their record is a rather sorry one. I don't know really what the problem is, whether it is weak leadership or unwillingness to get too far out of line. They have commissioned a number of studies that are way out of line, in the area of world economics and politics. They got some people on the left end of the spectrum, certainly off the map as far as the mainstream perspective is concerned. And then they produced books that nobody pays attention to. That is not very good. I don't think they do anything for the UNU's reputation.

And I don't quite know how that happened. It might be that it happened the same way that WIDER succeeded. That a few key people reached out to their friends, but in this case the friends were the wrong people. The appointees were the wrong ones, and they got into the wrong networks. I'm not sure. My impression is if the institute in Maastricht is functioning a little better, more on the WIDER line.

TGW: Actually, the new rector, and a new vice rector, I believe, have made a difference and are poised to begin to make a significant difference. Most leadership is just personality driven and they are relying upon better people.

GKH: Why do you think they got off to such a bad start?

TGW: I think that, like Finland, Japan is not the ideal location. It is hard to get people there. It is terribly expensive. And the Japanese cultural and bureaucratic overlay, on top of the United Nations one, is not an ideal mixture.

You mentioned the rapid comeback—I'm not sure that it ever left—but neoliberalism returns with a vengeance with the elections of Mrs. Thatcher and Mr. Reagan. What will be their legacy? What is their legacy today in both the First, Second, and Third Worlds, and what do you think it will be in ten or fifteen years?

GKH: Well, as you know, there has been a reaction now to reaction. I liked the title of the book Tony Killick wrote toward the end of the 1980s called *A Reaction Too Far*. He spoke in terms of pendulum swings and argued that some reaction to what transpired before is appropriate—but Anne Krueger in the Bank, David Henderson in the OECD, and others may have overshot. They overdid it. The Elliot Berg report in Africa, I think, also overshot. I think they had a lasting impact. The neoliberal thrust was a reaction to previous over-reliance on the state and the direction of the reaction was appropriate. I think there is a middle ground where we will end up, and we have even begun to reach, where the majority of people feel reasonably comfortable, and there is still room for some independence within that middle range, and you won't get denounced for stepping out of line, unless you get outrageously out of line. I think that is where we will end up.

The legacy of the neoliberal thrust of the 1980s will be close to zero. They moved things back in the right direction but greatly overshot. It would have been wiser and less costly to move back in a gradual fashion, rather than in the really roughhouse manner in which they did. There is a full account of World Bank history you may have read by Devesh Kapur, Richard Webb, and John Lewis. They have a section on the research department under Anne Krueger that is devastating. It tolerated no dissent. Talk about liberal values! People who didn't agree with the way they were going were tossed out. They tried to censor material to be published in World Bank journals that were supposed to be independent, leading to the resignation of one of the

editors—Mark Leiserson—when Anne Krueger just refused to let him publish a paper by Jeff Sachs. You wouldn't have predicted it from her before, but during her reign they were utterly dictatorial and unwilling to tolerate dissent within their own research establishment. They drummed people out who didn't agree and hired their own, and censored those who spoke in different voices. They did a great deal of damage to the credibility of the World Bank, and the credibility of development research in general. I think they probably, in the end, discredited the very neoliberal ideas they were pushing, because they pushed too far.

I don't think their legacy will be important. The real legacy is one of reaction to attempts to capture research departments. I think there is now an in-house lore in the Bank: this must never be allowed to happen again. We have got to allow many voices to be heard. The IMF, of course, is a different matter. The IMF is a tight ship and it is run differently. You expect that. They don't tolerate dissent in the IMF, and never did. But that is a different tradition.

In the development community, I think the World Bank lost from the experience of the 1980s—it lost credibility and it lost influence among independent people and among its developing country members. And it has been fighting to regain their trust.

TGW: You mentioned the World Bank history. You sat on the advisory committee. What do you think of the final product?

GKH: I think it is very good. I think it is too long. There is a lot of unnecessary duplication. That is a long story, too. It is harder to write a short volume than a long one. But I think its content is very good. I think it is balanced. I am probably the only person in the world that has read every line three times, but I think it is very good.

TGW: Why do you think that there is a concern, both at the Bank and also in the Fund, to document contributions or at least to keep track in some way, whereas the United Nations and members of the system seem unconcerned with an historical record?

GKH: I suppose, partly, it is the same reason the World Bank and the IMF have beautiful cafeterias. They have resources. They can have an in-house historian, an in-house archivist, and still eat well. Their ceilings aren't falling down. They are putting up new buildings. These are rich institutions. The UN literally has ceilings falling down. It is partly that, but it is also partly that the Bank and the Fund have had the luxury of fairly independent hiring practices and the quality of the people that they have is, on average, higher. There is less dead wood. So they are better managed and have higher quality staff and more money. All those things go into a capacity to do a lot of things. And one of them is to maintain the archives.

But let's not overdo that. The Bank historians have had some trouble because although the Bank apparently had rules about retiring employees and departing employees (they would require them to leave their papers for the archives) a lot of them didn't. A lot of them carried them away. Sometimes it was systematic. Try to get the history of the Bank in Africa—a lot of it is missing. Some of the key people, I think, carried their stuff away for reasons I would not want to speculate on. The long and the short of it is that even in an organization where they had their own historians and archives and rules, it hasn't worked perfectly at all.

But why the UN hasn't gotten around to doing anything of that kind is hard to explain. The fact that they haven't got any staff working on it or any money is part of it. But it can't be the whole story. And I don't really know the answer.

TGW: You mentioned the quality of the Bank staff and, in general, the quality of the international civil service in UNCTAD—a few stars and a lot of dead wood. How does either

the Bank or UNCTAD or the UN in New York compare with a solid national civil service—the Canadian Foreign Office, or a solid social science faculty like the University of Toronto?

GKH: The Bank probably is comparable to a good social science faculty, maybe not quite. It depends on which part you are looking at. The research part, which some people say is totally irrelevant to what the Bank does—their people are equivalent as demonstrated by the fact that they publish in refereed journals. The line staff, the operational staff, would not probably qualify for our social science departments, but they would for most national civil services. They would probably be comparable to them. The IMF, on the other hand, is more specialized. Their people are comparable, I suspect, to the average central bank, but not, except in the research department again, to university departments of economics. In the research department, again, they publish in refereed journals. That suggests that they would be okay in a university environment.

In the UN system, there is great variation. As you say, there are some stars who would be happy in an academic institution. And there are lots and lots who would be inferior to the average national civil service and ineligible for any kind of social science department. But, again, the variation is enormous. I have been highly impressed by the quality of the key operations people at UNICEF that I have come across. I was at a brainstorming meeting for UNICEF in early October at the Carter Center, and I came away once again just terribly impressed by these people's motivation and knowledge and analytical skill. They are just very, very good people. These were people picked for the meeting out of their worldwide operations. Of course, they were the best. But I would put them against any national civil service—far ahead, I would say. And if they were academically inclined, which none of them are, by nature, I would be happy to have them in my department.

TGW: One of the topics that you are preoccupied with now, and you will lecture on next week, is this notion of global governance. What actually does global governance mean to you?

GKH: My line on this is that, firstly, the same functions of government in the market economy as are performed at the national level by universal consent need to be performed, somehow or other, in the globalized economy. That can be done through a variety of devices, and is being done—some of it through private, voluntary organizations and standard setting. One way or the other, it has to be done. And some things are unlikely to be done privately because they are of a public good nature. But, that said, the essence of good governance, as I see it, is good process. It is not the identification of various particular public goods, so much as the development of a credible and reasonably representative process that leads us all to something that we agree is a sensible way of handling these various issues—international financial architecture, rules for global markets, the management of the electromagnetic spectrum, or whatever. It is good process that matters and it may lead I know not where.

It may not lead to a perfect governance arrangement in the sense that the public goods are provided at least cost. But within nations we don't have perfect governance arrangements, either. The critical thing is that people understand what they are, that they have a sense of ownership of what they are, that they have a sense of legitimacy. The process by which one reaches whatever it is that one ends up with—well, you never end up, it is continuously changing—is the important thing to get right. And what is upsetting is that the processes now are so utterly wrong. You were saying last night that the G-20, in the financial sphere, was created by the Group of 7. They chose the members. I don't think that is the right way to go. There is no system of constituencies or reporting requirements or transparency of any kind. So the members are simply selected by the G-7 and by the U.S. Treasury. The secretariat is entirely



run by the G-7. It is answerable to no one and nobody knows what goes on there. And those who are not members have no mechanism for finding out or making an input. And there are some major gaps in the representation, particularly in representation for the poorest countries. They are simply not there. I think it is flawed and will therefore lead nowhere, because it does not carry the necessary legitimacy.

And in the WTO, they are stalled and unable to function right now. What I think would help at this point is a fundamental independent review of where they are. There is so much disaffection with the Marrakech Agreement. A large number of member countries signed without really understanding the implications of what they were signing. They are now realizing what has happened. It has all become really dysfunctional. The general council cannot agree on anything, and can barely agree on the leadership. They don't even agree now on this much-welcomed dispute settlement process. I think somehow we have to stop the debate about whether to launch a new round immediately, which everybody is arguing, step back a couple of paces, and look at the whole system, in particular, look at it to see whether it is likely to have developmental effects.

Of the three—the Fund, the Bank, and the WTO—the WTO is the only one that has no aspirations, except a little bit of rhetoric in the Marrakech Agreement, to be developmental. The Bank—absolutely. The IMF—it has gone in that direction for right reasons or wrong, but they now have this Poverty Reduction and Growth Facility. They are very conscious, at least [Michel] Camdessus was, although we don't know yet where [Horst] Kohler is, of their important role in the development community. The WTO is not perceived as a development institution by anybody. And it is not one. I think it needs to be. I think potentially it can be. Perhaps when the new director, who is Thai, comes, and when the risks of collapse increase and

the pressures build, it may be possible for them, as well, to declare themselves to be centrally concerned with development issues. And then there may be some greater hope for its survival. As a governance mechanism right now, I think it is running into the sand. My instinct is, therefore, to step back, to slow down, and stop the effort to launch a round and instead review the Marrakech Agreement to allow everyone to reconsider where they are in terms of the current rules.

At the same time, some mechanisms must be provided. The Lawyers Without Borders group, that I spoke about, could make it possible for the smaller and weaker countries to benefit from the rule system and the dispute settlement process and to defend their rights. At present, all of these rules are irrelevant to the majority of the members.

TGW: In a speech, actually, that you gave at the UN about a year ago, you began to talk about some of these things—for example, having broader, more accountable international institutions. But you asked a question: Who plays the role of a development-oriented state in a global economy? I guess the answer to that is, “no one.” My question is, as the editor of a journal called *Global Governance*, I absolutely do believe that one has to get one’s hands on these myriad of actors—private groups, corporations, et cetera, et cetera. But at the same time, it seems that one of the real problems in our search to identify all the actors is to not focus on the intergovernmental apparatus that would be adequate. As I have gone back to read some of Keynes’s own speculations about the future, nothing that he imagined even comes close to being in the most powerful institutions we have. So, where does that leave us for the future? If we have a stool that has a leg that is very short—mainly the intergovernmental one—don’t we need to place more emphasis on better and more adequate intergovernmental institutions as well?

GKH: Yes, I would agree with that. I think intergovernmental institutions are the ones that, one way or another, are the ones that have to be constructed. And they are the ones that I try to focus upon. The processes that I think are so important—I wasn't clear about that—are intergovernmental processes. That is what I really meant to emphasize. There are other elements in it, but the ones that really matter to me are the intergovernmental ones. That is the development of processes that are acceptable to all governments, but seem to be, at present, quite difficult to construct. How do you reform the current governance of the IMF and the World Bank? It turns out to be very difficult to change the power structure of these organizations.

The WTO, at least, begins on the face of it with more possibilities, because it is not built upon a weighted voting system. Yet, it seems to be running into the same problems, because in the end the quad is still sitting in their green room with a few others, trying to do things as they have always done them. But they cannot any longer do that. That is no longer acceptable. The WTO does not have money to dispense, so unlike the Fund and the Bank, the other members, the weaker members, will not tolerate this, because they have nothing to lose. They lose money if they don't go along with the Fund and the Bank. But I don't see the WTO functioning unless its members can develop something that can be accepted by everybody.

I run into a lot of controversy with my line on this, but I think the WTO is young enough and free enough from the encrusted staff and procedures of the Fund and the Bank that there is still time. You can still catch it. You can still make it work. It is much more difficult to get a handle on how to make the Fund and the Bank acceptable. The weaker governments only play in the Fund and the Bank, in a sense, by holding their noses. They know that it is not right—the way power is distributed there. They don't like it. They don't like being pushed around. The WTO had a different starting point. Four years later, everybody knows a lot more. They are

young and they have a very small staff which will eventually build. But it has not been built yet. So you can, if you are careful, influence how this thing evolves. And there is no rush. We should be careful in building it and starting new rounds and creating new rules. We should be very careful and go more slowly and not rush.

I sometimes think that the quad countries are rushing because they know that time is running against them, that if you get as many rules into place, and if they appear to be between consenting adults, then they will stick. Thereafter, you can say that any change would have to be bought. You would have to give something up. You get as much in place as you can, and rush it all through. The rational response for the weak is to stall, and go slowly and more carefully and get the process right. Wherever you are going, it should be through a credible, legitimate, reasonably transparent process.

TGW: We are going to pause here. This is the end of tape number three.

TGW: This is the beginning of the fourth, and probably final, tape of the conversation between Tom Weiss and Gerry Helleiner in Toronto on the 5<sup>th</sup> of December 2000. In this process of global governance, or in fact in the development debate over the last couple of decades, what role precisely have private groups played—the NGOs (nongovernmental organizations) that are on every conference doorstep these days? In your view, what has been the role of private actors in helping to put issues on the UN's agenda?

GKH: The most significant private actors are private businesses. Certainly in the GATT negotiations, and now the WTO, the business lobbies are major players. They, in my view, distort, in the same way that they do in national politics, outcomes in international negotiations. The influence of the U.S. pharmaceutical industry, and the U.S. financial sector, the private financial service industry, in the last round, the Uruguay Round of the GATT/WTO, was

enormous. That has been the case in the evolution of the Centre on Transnational Corporations (UNCTNC) and where it has gone. I think it is something that deserves much more scrutiny than it has received. U.S. politics is described in the current debate about campaign finance as essentially corrupt. In this respect I am quoting from the *Financial Times* and various other independent research institutions in the U.S. which I quote in this Prebisch Lecture of mine. All of that goes on at the international level, too. The number of lawyers and lobbyists who descend upon Geneva when there is negotiation going on, from the powerful and big countries, is amazing. There is nothing equivalent, practically zero, to fight them from other private interests in other parts of the world.

So private sector interests and lobbying are very influential and need to have a spotlight put upon them. In this country, lobbyists have to at least register who they are. And there are certain campaign finance limitations, and so on. There is nothing of that kind in the international arena. So vast amounts are spent by powerful, private corporations and they have an enormous impact. I would like to see this global compact of Kofi Annan's include some responsibilities in the private sector and an explicit focus on lobbying activities under their control. I have not seen any sign of that, and until that is there, I regard the global compact initiative as a joke.

NGOs in recent years, especially the Greens, have become, on the face of it, very influential. But that is quite a recent phenomenon. For the first thirty or forty years, I don't think they had much influence. I could be corrected, but I was not aware as I traipsed around church basements in the 1970s, giving speeches on the NIEO, that they had any impact on anything. They used to make representations at the same time that I did to parliamentary committees. And they were frequently asked by members of parliament to speak. The representative of the national YMCA or the United Church of Canada would be saying these

wonderful things about what needed to be done at the global level. Yet, everyone knew they were functioning a little like the UNCTAD secretariat on behalf of a whole lot of people that they had not really consulted. No votes had been taken. They were expressing their own views. They had been hired by these organizations, but they were not in any sense elected representatives with authority to speak on behalf of the membership. They would say that they did. But when you have 5 million members of the YMCA, have you consulted them on any of this? Of course not.

So they did not have much credibility and did not have much influence. Why it is that the Greens suddenly acquired so much influence is a bit of a mystery to me. I am sure there must have been things written by now on this whole process, but I have not read them and I don't really understand it. There is constant reference to it. There certainly was in this UNICEF brainstorming meeting to which I referred earlier, for instance. How do we replicate this? What is it about it? Is it focus? Somebody there listed the number of things that were required for success, but it seemed to be coming off the top of his head. It was not the product of research, as far as I know. I don't see that the development NGOs to this day have been very successful. The environmental ones have. And they, of course, have trouble with one another. And now we have a further complication that the northern NGOs are fighting with the southern NGOs. And the southern NGOs, many of whom are financed by the northern NGOs, are beginning to bite the hands that feed them, partly because they are not trusted by the governments of the South who see them as agents of the North. So it has all become rather complicated. I don't begin to understand it.

My sense is that the environmental NGOs, for whatever reason, remained enormously influential in the UN environmental discussions. Maybe it is simply because Maurice Strong

welcomed them all and invited them to Stockholm (UN Conference on the Human Environment) and then to Rio (UN Conference on Environment and Development). It may be as simple as that. I don't know that the door was everywhere open. I haven't been following the debates about this in the General Assembly, but I gather they are pretty intense. China doesn't think very much of NGOs and their presence at international meetings. Neither do some others. In the G-24, among the most contentious and unpleasant of all of the research projects that I sponsored in nine years or so, was the one on NGOs and the potential for alliances between developing country governments and northern NGOs in pursuit of common interests. The typical southern government representative, at least in the financial sphere, was intensely suspicious of NGOs, northern and southern. It really was quite unpleasant, because we had a couple of NGO authors trying their best and subsequently denounced by many NGOs for having tried to do this—trying to find ways of cooperating and allying with people who were abusing them.

So I don't begin to understand. I do see the NGO presence as increasingly significant. And you certainly cannot ignore the rioting in the streets and whatnot. NGOs are a motley crew. Some are much more sensible and responsible than others. One of the people at this UNICEF brainstorming was Kevin Watkins, who is the head of UK Oxfam research—a very good guy. He expressed real concern that as the jubilee year comes to an end, all of the responsible NGOs are running out of their authority to be engaged in these discussions on international finance. He said that what is going to happen by year end is that the entire NGOs push will be from those who just want to close everything down—the Fund, the Bank, WTO, close them all down. That is not his position. That is not Oxfam's position. But it will be the new NGO thrust—a much harder line, almost anarchist in behavior and objective.

So there is an enormous variety. And then there are thousands of NGOs in developing countries that are nothing more than a device to obtain funds, from the North usually. They are brass plate NGOs. They don't really do anything very much. Their people's aspirations are to acquire a large car and an office. There are all kinds of bogus NGOs, and that doesn't do anything for the reputation of the NGO community in southern governmental circles either.

Somehow, I guess, you have to distinguish between all of these groups and seek to identify those which are credible and in any sense responsible. But of course none of them is elected by anybody. They don't have any legitimacy in that sense, so whether they have a right, an inherent right, to participate in collective governance and the discussion of global affairs, or any other affairs, is in question. Now, in the WTO system, there is a hot debate—I don't know if you have been following this—over the appellate body decision, without consultation with the General Council, which is the body that is supposed to make such decisions, to receive *amicus curiae* briefs from NGOs. And they posted this decision on their website. The developing country members of the General Council are outraged that they have done this without consultation. They have gone far beyond the powers that they believe to be vested in the appellate body in the judicial wing of the WTO.

The NGOs that make the representations to the WTO are always northern ones, and they tend to be Green. This is coming up as a hotly debated issue in the governance of the WTO—in the very center of it. Why should they have a voice? In fact, at present third parties are not allowed a voice in these affairs. If you are not directly involved, even though you are a member of the WTO, you have no right to have your voice heard in the process. Whereas now, NGOs, according to the appellate body, are welcome to make representations. That seems very odd.



These things will have to be sorted out. One thing that is clear is that the internet has provided all of these NGO bodies with instant information and an opportunity to organize in a way that they never had had before. And they have access to information. I don't know how they do it, but when I was G-24 research director, I usually learned first about new things that were happening in the IMF and the Bank from the NGO internet connections. They would have instant reports on secret meetings that had gone on in the executive board. They had their tentacles in everything, and they spread this information right around the world virtually instantaneously. I was supposed to be the research director and I hadn't heard anything about these things. I relied on them for information as to what was going on. There is extraordinary power in this new instrument—just a little bit of information access and instantaneous transmission around the world! This is new and it is bound to have an impact on the way things work.

I cannot sort out in my own head yet what the right way forward for all of this is. I have always tried to work with NGOs and provide them with information and analysis and help them to make their case in a credible way. I still do, with the ones I consider responsible. But it looks as if a lot of the NGO push is sort of out of control now, in the hands of irresponsible ones.

TGW: Then there are an enormous number, of course, that are operational. Statistically, that is where all the money is. Ninety-eight percent of all of the activities are actually operational in the development or the humanitarian arena.

GKH: Well, mind you, a lot of that money is official money, too, channeled to them.

TGW: That's right, through either governments or the UN to NGOs. I will send you a boring book when I get back, which is about subcontracting, because it really is the phenomenon of the future in terms of private sector involvement—not just corporate, but NGO involvement.

We mentioned Stockholm and Rio, but there have obviously been a lot of other global *ad hoc* conferences since the early 1970s. What purpose do these serve, particularly in terms of finding new ideas or coming up with new proposals or pushing the intellectual agenda farther than it had been before the beginning of the conference? Some people dismiss them as jamborees. Others see them as more useful. Where do you come down on this?

GKH: Probably somewhere in the middle. I don't think they are utterly useless, but for the effort and cost it is probably not good value for money relative to taking the dollars and dropping them over poor villages or something. They are jamborees. One of the things that occupied a lot of our attention at this UNICEF brainstorm was how to avoid the World Summit for Children, scheduled for next year, being just another occasion of that sort. They are determined that that not be the main thrust of their activities. Rather, what they want to do is build what they describe as a movement, which has much more permanence and is an ongoing process of concern and involvement.

I think these major events do stimulate the creation of such ongoing movements, or call them what you will. And they do move things forward. But it is like the straining of an elephant to produce anything. It is not a lot that has come out of it. I think it galvanizes those who attend, especially on the NGO side. They get very excited and come home enthusiastic. It is a judgement call as to how you assess these. The Social Summit in Copenhagen, for instance, paralleled the changing agenda in the Fund and the Bank. I think it probably would have happened anyway. You could argue that the Social Summit was a great event because it put all of these things on the table, and the Fund and the Bank were pushed by that, among other things, to a greater concern with poverty. I suspect that is not the case. I suspect they were going that way anyway. It had its own momentum.

And now Copenhagen Plus 5—the way the press reported it, there was nothing very much accomplished, nothing terribly new and dramatic and different. But if you speak to some of the people who stayed up late drafting the resolutions, like John Langmore, they are terribly enthusiastic about their accomplishments. They pushed the envelope back a bit and they authorized the further study of the Tobin Tax and things of that kind. But that is not where the power is. That is not where the decisions are taken. It is sort of like the General Assembly. It is theater. And there is a role for theater. It is not where the real action is. It is not where power meets power and deals are struck. It is backdrop. It does matter whether these things are in the press or not, whether people are talking about these subjects or not. And if you didn't have these conferences, what would lead people to discuss these things? Well, there are PR (public relations) departments, information divisions, NGO meetings on the UN system. But, when all is said and done, the United Nations Associations (UNA) I don't think, by themselves, would be able to sustain very much. They need support for UN-type activities or any of these women's agendas, environmental agendas, social sector agendas, children. I think you probably do need periodic theater and media coverage to maintain momentum. But they are costly and I would not, myself, waste time in going to them. I don't think I need that. A lot of the UN stuff is like that. I remember a guy who had a lot of diplomatic experience in the UN system saying that the principal qualification—he was actually speaking of UNCTAD at the time—for being effective, representing your country at the UN, was a lead bottom.

TGW: It is interesting. I hate to go back to something you wrote. But, in fact, in that same speech on the framework for global governance, you actually thought that a global conference might be a good way to serve educative and galvanizing purposes. And there don't seem to be other ways to put ideas on the agenda.

GKH: Well, like what? We've tried every lever you can think of. In that instance, *Finance for Development*, it was and still is, a device to get the things that are discussed exclusively in the Bretton Woods context discussed somewhere else. The object was to achieve a balance. I saw it as a device to obtain the attention of the finance ministers and central bank governors who would otherwise pay no attention at all. All of a sudden, there are now consultations between the Bank and the Fund and the various development banks and the UN on what is going to transpire here. The IMF has not signed on yet, but they are talking. I understand that UNCTAD has not signed on either—maybe because they don't trust the way this is being run by New York.

TGW: Can we go back a minute to something we began yesterday which is if these conferences may not be the most cost-effective way but, nonetheless, occasionally may serve purposes. You mentioned that you thought that expert groups could serve a role. They certainly cost less if there are twelve or fifteen people than if there are hundreds. And that you were going to propose one in the lecture next week. When and why do expert groups make a difference?

GKH: Well, the sheer independence of groups of that kind, I think, give them a certain legitimacy and attract media attention because everyone else is discounted for what they say because of their direct interests. There is a certain predictability about what anyone says in the political arena. The beauty of the independent experts—and I don't pretend that they are apolitical—that you can move further in reaching technical agreements and in carrying legitimacy than you can in the usual kind of intergovernmental meeting. No one is bound by instructions or limited by their other commitments. They are truly there as independent people. And you can usually move things forward.

I have been advocating that as a parallel process in the international financial discussions as well—something like the Bellagio group in the 1970s—as a critical requirement for moving things forward. You can stay a bit ahead of the intergovernmental discussion in pointing out directions that one can go with a degree of professional agreement. And that is true in a whole range of areas. I have always thought that was a way to move in discussions of conditionality and stabilization and adjustment programs—bringing a thirty party in to assess independently the reasonableness of the governmental position and the IMF position. I think it can only be for the good. Although I have been at some of these that have failed utterly.

So, when do they work? When are conditions right? It is hard to say. I think they always have the potential to move things forward. I don't really know. My experience with them is quite considerable, actually, both at the national level and at the international level. When do they have an impact? I don't know. I chaired one for the Commonwealth Finance Ministers called "Towards a New Bretton Woods" in the 1970s. It resulted in the one and only occasion in my life when the government of Canada and the Bank of Canada invited me to come and talk about our conclusions. But Mrs. Thatcher, I was told, took one look at the title and said, "I don't want to have anything more to do with this." At that point, it didn't go anywhere at all. It is still a very good report and should be resurrected. Many elements of it are as true today as they were then. We had Sir Jeremy Morse, former head of the British Treasury and at that point the head of Barclay's Bank, sign it. He gave a sense of credibility to us in the IMF. When we went to the IMF, they were bowing and scraping to him. Kenneth Dadzie was a member of that one, by the way. At that time, he was ambassador in London. Sonny Ramphal used to be very good at picking people for his groups. I served on about four of his, with people who were chosen for their credibility in the circles that would be most suspicious. Jerry Morse did that in

one. Sir Alec Cairncross did that in another one—that was on protectionism. The head of, I think it was Booker's, chaired another one on commodities. He was very good at sprinkling together shit-disturbers with pillars of the establishment. It was the same with the African secretary-general's group. We had bankers on that to give us credibility. The one on African commodities was chaired by Malcolm Fraser, the conservative former Prime Minister of Australia.

I think if you put the right kind of group together, a mixed kind of group, it does have an impact on people. It is like social scientific research. The impact may not occur for twenty-five years and you don't really know whether any or all of this research has an impact. You never do an impact study that makes any sense, even though everybody wants impact studies. I don't believe they can be done with social scientific research. But I do think it matters. In a funny way that isn't always clear and certainly does not have a uniform pattern, the ideas percolate through, and eventually influence outcomes. That is a very Keynesian view, too. As he said, "The power of ideas is greater than the power of vested interests. In the long run..." and he goes on to say that "in the long run we are all dead." But that doesn't alter the fact that ideas do move things as well as interests. And these expert groups are devices for demonstrating that ideas can be shared among people of quite different interests and origin when they gather as independent people, not representing their constituencies.

Now that you mention it, I prefer expert groups to jamborees. If I had my druthers, I think that is a much better use of money. Now I show utterly my biases. I show support for research. I guess that goes without saying or I wouldn't be in academia.

TGW: How about the most visible kind of expert group—these blockbuster commissions? What was your association with the Brandt Commission?

GKH: I was a member of what was called by a lot of people the “Commonwealth tinkers.” Sonny Ramphal was a member of the Brandt Commission. He considered this to be very important, so he decided he would constitute a group of advisors from all around the Commonwealth and they would consider all the papers and advise him before every meeting. I was a member of this group and read all the background papers. Prior to every meeting, our group would assemble, all those who were able to get to the meeting—and it was a very good group. We had Alister McIntyre and Manmohan Singh and Dharam Ghai and Mike Faber and a couple of others. And there were usually some secretariat people around. I am missing a couple.

Sonny is a very serious guy. People put him down because he has got wonderful rhetoric, but underneath it I think is a mind as sharp as a tack. He would listen and engage in very good meetings. Sometimes we drafted position papers for him to present or, in one case, when they had an outline of the report, we sat down and wrote another one for him to take to the meeting.

So, I had that involvement. But at the end, as you probably have heard, the thing collapsed in the next to the last meeting and Brandt essentially said, “To hell with this. I have had it. We just can’t agree and I don’t want to have anything more to do with it.” At that point, the members agreed that two who had argued with each other the most—Ted Heath and Sonny Ramphal—should be given the task of producing a draft that everybody could agree with. They figured that if they could agree, then the rest of them could agree. There had been a couple of rounds before. They had earlier thought they would make an impact on the world by hiring Anthony Sampson to draft the report. But what he drafted was a disaster. It was just very poor quality, and we just shat all over it. So, they dropped that and then they didn’t have anything else. And the secretariat for the Brandt Commission was split—terrible fights going on between

Goran Ohlin and Drag Avramovic. Robert Cassen was there at the same time. He was trying to make peace. And a few others.

In that meeting, they finally said, “Okay. Ramphal and Heath, you sit down and give us a draft. And the secretariat can help. But you are the ones that will have to agree on what it will finally look like.” At that point, both Ramphal and Heath drew on their own personal contacts. Sonny this time did not go to the whole group of his thinkers—he basically called on me. Robert Cassen was given the task of putting this together between the two of them. Ted Heath chose a guy named Archie McKinnon, who had been, I think, his chief of staff when he was prime minister. I have forgotten exactly. Sonny chose me. So we met every week or every other week, for a while—for a couple of months. We drafted, re-drafted, argued over sentences. The combination of Robert Cassen, a few of the original secretariat, but not Ohlin or Avramovic, some people in the Commonwealth secretariat, Archie MacKinnon, and me—we produced a draft which then was agreed at the final meeting of the Brandt Commission through the device of a guillotine on each chapter as the chair presented the draft and said, “No comments will be entertained unless they are revisions in writing and they are provided within the deadline of the next forty-five minutes.” He just rammed it through.

So that was a fun experience. It was a chastening one—about how these grand efforts work. But at the time, *the Times* of London wrote a long editorial declaring this to be the most significant document of the century, or something of that kind. It was received with rapture in parts of the media, even the conservative media. The line that the commission agreed to take was that there was mutual interest between North and South on doing many of the things that needed to be done, a constant mutual interest. The report was denounced by many social scientists, especially in political science, as being pie in the sky, and ignoring interests and



power. Any consideration of politics as based on mutual interests, they said, is naïve. As I say, it attracted a lot of very favorable media coverage.

Then they did another one shortly after, because OPEC had its second price increase. They did a follow-up. And then they met again ten years later, and I think they met again quite recently, although they are not all that vigorous anymore. I think it had some impact on thinking. It probably moved some people. It didn't move the world, but it is like research activity in the sense that it did *something*. It influenced some people. It was widely discussed within governments. Conferences were held around it that stimulated thought and raised concerns. I think it was worth doing.

TGW: Which other commissions over the years—the first of these was the Pearson report in 1969—which of these have staying power or influence on the way we think today?

GKH: There are sections of the Pearson report and subsequent discussion that are of lasting value. I wrote a paper last year in which I quoted from Barbara Ward's conference on the Pearson report. There was a wonderful paper from I. G. Patel on the aid relationship. He hit it right on. What he said in 1969 or 1970 is as true today as it was then—right on, on the relationship between the recipient and the donor, and the nature of power, and the inability of the recipient to say to the donor, with honesty, what he thought was wrong about the donor's policies while the donor has the recipient on the ropes. At a consultative group meeting, as you know, they go around the table and every donor individually bashes the recipient, at the end of which the recipient thanks everyone for their comments and says that he will take them into account, and says not a word about the failure of the donors to meet the pledges that they made at the last meeting, or that they misbehaved in all sorts of other ways, and failed to coordinate their activities, and wasted their time. Patel was very, very good.

Some of those things are of lasting value, although people do forget that they are there. What, of all these commissions, lasted? I suppose that the one that had the biggest impact by far was the Brundtland one. That had a global impact that I think is sustained. It galvanized a movement that was sort of waiting for a galvanizing document. I think the Brundtland Commission was probably the only one that you could say had a lasting impact. I am trying to think of others that might have. Various ones on the reform of the UN—the original Jackson one—had a large impact at the time, but I guess that has not really lasted. I guess there have been quite a lot of them, but Brundtland is the only one that I think is clear. Remind me of some others.

TGW: There was Palme on disarmament. There was Ramphal on global governance.

GKH: Yes, that did not make an impact. I don't think it was all that good.

TGW: There was the Ford Foundation-Yale report on the future of the UN. There have been lots of these.

GKH: Yes, a lot of them have vanished without a trace.

TGW: Well, the timing I suppose is important. Jan Pronk's view—of course, he was on them and he had something to do with financing, so you may have to discount this—but his view was that the Brandt was still one of the sharpest reports and that the unfortunate circumstances surrounding its release happened to be with Thatcher and Reagan coming to power. It really ran into a brick wall.

GKH: Yes, I think that is fair. I think that's right.

TGW: Whereas Brundtland captured a notion that was sensible, had a catchy title, and consensus was coming together in the late 1980s around this notion.

GKH: Or Brandt—I don't know what the potential was there, but he is certainly right that the timing could not have been worse for its release. The period of the 1980s was just a lost decade, as they say, in Latin America and Africa.

TGW: And the other report, that I just thought about, whose timing was terrific, even if the message ended up being, after the fact, totally wrong, was *The Limits to Growth*, the Club of Rome's report, before the Stockholm meeting. Resource depletion is not, thirty years later, the name of the game. But it did really capture everyone's imagination at that point and framed the debate, it seems to me, for a very long time.

GKH: It wasn't very good. I'm biased perhaps, but I didn't like it when I saw it. I merely thought that they had just discovered the laws of compound interest.

TGW: In these various gatherings of practitioners and policymakers, of decision-makers and thinkers, what makes an academic an asset, and what makes an academic a real problem in the dynamics of these groups? What makes an effective outside cattle prod?

GKH: Well, I guess we don't need to say the basics—intelligence and intellectual capacity, of course. But, assuming everybody has that—although it is not true—people who are well-informed and up-to-date on the agendas of meetings of decision-makers, people who make an effort to stay up-to-date and current on what is on people's minds at the moment, are much more likely to be useful and to be listened to. There is nothing worse than people who are very bright and analytically capable, but who are talking at much too general a level and who spin general approaches to things and are unable to be specific about anything. If you really have a practical idea as to what needs to be done in a particular commodity sector, or with a particular intellectual property provision, and you can articulate it in a way that is intelligible to a person whose field this is not; if you can translate the theory and the arcane details into a language that

is intelligible to the intelligent layman—and a lot of people don't have that—then an academic can be very useful. The worst are the ones that remain at a high level of abstraction and generality. People are just turned off and don't listen, don't value. On the other hand, somebody who is so specific and so narrow and so focussed that he or she cannot speak on anything except their particular specialization, is not much help either, except at a meeting that is highly focussed itself.

It is sort of a popular touch, and the capacity to translate, and the effort to stay current and not to simply remain in the realm of theory. And it does take a lot of effort to stay current—read the daily press carefully, keep up with events, consult before going to a meeting, and know what has been going on in some detail. Many academics do not do that, and many have a degree of self-importance about their own field that does not go down well. So, I guess some humility is helpful.

TGW: You have served on a lot of editorial boards. This is obviously not the primary focus of an academic journal; it is one of the audiences aimed at by policy journals. But to what extent do things written, in your view, in either refereed journals, or even policy journals for that matter, have an impact on government officials, NGO officials, and UN officials as they try to come up with ideas?

GKH: I think you have to ask them. I don't really know. You have as much experience as I do. How many letters do you get, for instance, from policy-makers who have just seen your articles? Not very many.

TGW: No.

GKH: And when you do go and testify, invariably no one has ever heard of you, or knows anything about anything you have ever done in the past. You can assume nothing. And

it's good for you to realize that nobody knows anything or gives a damn about the things you have been sweating your guts over for the past fifteen or twenty years. They don't know who the hell you are. And these are the people that are supposed to be making decisions in the area you think you have been making contributions in.

I don't know. I think it's probably highly selective. There are some parliamentarians I know who, although they are heavily overworked and stressed, do read some academic journals as a matter of course.

TGW: As you look back over this field of economic and social development, how do you explain the appearance and disappearance of ideas and fads—material progress and trade, social development of the market, sustainability, human development. Some of these fads are important in and of themselves, but what explains our enchantment with the latest thing that comes down the pike?

GKH: As I said yesterday, I long to see somebody do a careful study, a sociology of knowledge person, who could try and track how ideas spread and in what circumstances. I haven't got a handle on it. I believe that it is a very interesting question and I would love to see some people devote a lot of time trying to figure that out. I don't know. I know that it's important and I would like to see somebody work on it. I don't like "great men" theories of history, but I am increasingly driven to the thought that individuals are enormously influential. Politicians or people in key positions of authority, people like Elliot Berg, Anne Krueger, Joe Stiglitz, they do really matter. Their individual characteristics, their mindsets, at particular times, matter. Back in the 1940s, it was Paul Rosenstein-Rodan and Walt Rostow and Jan Tinbergen who had an impact. They influenced things. In the 1970s, Dudley Seers, and the Sussex people, and the ILO people, Louis Emmerij, Daram Ghai, and a few others. In UNICEF, a little later,

Jim Grant and Richard Jolly, whose sheer force of personality, especially in the case of Jim Grant, but Richard was no less enthusiastic—they did things. They marched upon the managing director of the IMF, told him that he was killing children, almost. They had an impact. And the fad, or whatever, began to move in a different direction. Reagan and Thatcher, and the appointments of people like Krueger, and Berg, did significantly change things.

But I hate to put so much emphasis on individuals. It's a lousy theory of history.

TGW: I would say that's my biggest personal change since I left graduate school, too. I also began to believe that people began to make a difference. What are a couple of the best ideas and a couple of the worst ideas that have come out of this United Nations system in the last fifty years?

GKH: The best idea is still there in the original Charter. It was a very good idea—multilateralism and rights. There are probably no better ideas that have come out of the system since. The environmental concern came out of the system, and that's a pretty good one, a pretty powerful one—global warming and all the rest. I think it's true that that came out of the UN system. And I don't think there's anything environmental in the Charter. That is significant. What else? I suppose the whole emphasis on poverty, equity, children. It's in the Charter. It's implied, if not directly stated.

I guess the worst ideas, I think, are some of those in the current WTO—although that is not strictly UN. But if it were, the idea that the world's markets should be marching according to universal rules and that market functioning, and fairness of market functioning in the global playing field, should dominate all other considerations, I think, is a very bad idea. Thank God it is not a UN idea. Bad ideas out of the UN? Well, I think people caricatured the NIEO as a market-replacing, state-dominated plan for the functioning of the world economy. If it were all

that, that was a bad idea. I don't think it was. I think that's unfair. Probably, in retrospect, it was a bad idea to try to organize the world's primary commodity markets in the way that the NIEO, the Common Fund, tried to. Probably the Common Fund was not a good idea, although I backed it at the time. It just wasn't likely to fly and would not have worked.

If you regard the Fund and the Bank as integral parts of the UN, I think there are a lot of bad ideas coming out of both. The Bank, in its neoliberal excitement in the 1980s, was mistakenly pushing universal prescriptions for all, and liberalizing everything, and privatizing everything, and reducing the role of the state in all circumstances, and charging user fees to everyone on everything. I think those were bad ideas. They were not much shared by others in the UN system, so UNICEF, and UNDP, and ILO, were not in on that set of ideas. The IMF's insensitivity to distributional and poverty issues, and its overarching anxiety to stabilize economies also, I think, was fomenting bad ideas and bad practices. But again, it was the UN agencies that led the attack—UNICEF above all—on those bad ideas.

TGW: There is one that you haven't mentioned.

GKH: Bad or good?

TGW: I think good. Gender equality—which seems to be part and parcel of everything we do.

GKH: Is that a UN thing?

TGW: Well, it is and it isn't. It certainly is something that has been pushed through the three conferences on women. My question is, when do you recall becoming aware that this was going to be central to the way we thought about development? The first conference was in 1975 (UN Conference on the International Women's Year), and some people say we still don't have it

today. Some people say it's been going on forever. But when did this idea come up in a class, or when did you begin trying to put this somewhere on the front burner?

GKH: That's hard to answer. I don't know. Probably around 1978, with Nairobi (World Conference to Review and Appraise the Achievement of the UN Decade for Women). But it is difficult, because the issue at home was probably prominent well before that. Making it an issue complete with genital mutilation and rights in Islamic countries and all of that came much later. And it was also, I guess, constrained somewhat by unwillingness to interfere in other cultures, and nervousness about how far one could take that. I am not sure. I think it probably did not get through to me and to this country, in the North-South Institute, for another ten years or so beyond Nairobi. I cannot recall any projects, or requirements in private analysis that gender be taken into account until the mid-1980s, about 1982. It is quite recent that this has been central. I guess in my graduate development class, it never featured very prominently. Never. I had a section on it the first time, about seven or eight years ago, in the 1990s. It wasn't all that popular. People didn't seem to be that interested. But it was late. For me it was late. As an international issue it was in the late 1990s before it was taken on board. Am I alone?

TGW: No.

GKH: I'm glad to hear that.

TGW: Just to refer to your Africanist mode for a moment. In 1997 you wrote in the paper titled "Africa and the Global Economy," that Africa "now has the potential to move quickly toward sustainable development." Do you still believe that? Virtually no one else is arguing that.

GKH: No I do not. Civil war and instability and whatnot is making a mess of a lot of places. And you certainly cannot argue that with Chad and the Central African Republic, Congo,



Sierra Leone, Liberia, and the list goes on. But there are still thirty other countries, and when you compile a list of those that are really in desperate straights, there has been a revolution in the sheer capacity of the human resources, of people on the ground, literacy, numeracy, and higher level practical skills—albeit it a lot of them are now in the diaspora—there is absolutely no comparison between the way it was when I first went to Africa in the early 1960s, and the way it is now, in the capacity to do their own thing, to make their own decisions, and to do so in writing and calculation and modern methods of doing things. There has been an historically unprecedented burst of capacity-building. That, I think, is enormously important.

I was recently in Harare with the staff of the African Capacity-Building Foundation. It is 100 percent African. And they are first-rate people. The quality of their papers and the quality of their arguments, and the discussion in the meeting, is up to anything, anywhere. And twenty years ago, thirty years ago, there was none of that. This wasn't there. And it goes a long way down. Those are people at the technical top. But even after the disastrous 1980s, there have been a hell of a lot of kids going through school. Even though a lot of them are without jobs, and selling baskets in the informal sector, and protecting your car against being slashed by themselves, there is a capacity there.

Now, a footnote: AIDS/HIV is a disaster of the first order. You just simply cannot exaggerate how terrible that is in a lot of Africa, now. A lot of the capacity is just dying. It is quite tragic. A lot of the capacity has left for Europe and North America. A lot of those who remain are dying. I am not a short-run optimist at all. But I see longer-run prospects as far ahead of where Africa was thirty or forty years ago when I began, in terms of the underlying human capacity. There is much more there than there was. If commodity prices were to come back up, if resources were to be provided, they would be utilized now, I believe, more

intelligently, more productively, and with more support from the people and more participation among the populace as to how they would be used and in whose interests—in twenty-five or thirty countries of Africa. Some of them have gone through terrible things.

I may be overly influenced by Tanzania, which I think is on the way up in a major way now. It is about to use their natural gas deposits offshore, and major mineral deposits, mainly gold. Tourism is on the rise. The economy is in shape. Democracy is improving. Corruption is going down. Highly skilled technical people are in place. I think there is nothing to stop them. I see no reason why they won't, barring catastrophic droughts and further AIDS disasters, move steadily forward. You can be made a fool of very quickly, as you know, with statements of this kind. Côte d'Ivoire now looks like a disaster, and we used to think of Côte d'Ivoire as a pretty good place to be. The same for Zimbabwe and Uganda. Ghana was a great model there for a little while; it doesn't look so hot anymore.

Still, for all of that, I think there is vastly increased human capacity in Africa and that is, for me, what matters. That is what will make or break the continent.

TGW: On Monday, you used two terms that I juxtapose a lot, namely rhetoric and reality. And this project in some ways is about one half of that equation. Are ideas a necessary first step? As governments think about how they are going to define national interests—setting aside your mutual interests in the Brandt Commission—but to be at least more inclusive of a wider range of concerns other than their own definition of narrower interests. Are ideas important?

GKH: Yes. I think they are a prerequisite. They are indispensable for any sort of rational action, moving forward at the individual level, the community, nation, whatever. How can you escape the starting point of ideas, thought, reason?

TGW: We're in the wrong business to argue something else. But I think, concretely, there are a couple of ways that it seems to me quite important. We have discussed both, I believe. The one is that ideas form a way to galvanize groups of people who perhaps at one point did not see that their interests were so closely aligned. Or new groups spring up to respond to these interests and to bridge gaps amongst people, NGOs, corporations, the military, humanitarians. There are a number of groups that have come together, it seems to me, that have not come together before around an idea. Mrs. Brundtland's, for example. Does that make sense as a way to measure, at least on certain occasions, the utility of an idea—that whole new coalitions come together?

GKH: Well, that is one aspect of impact, success of ideas. Even if you did not bring people together, though, immediately, I think there is still a positive element in the building and dissemination of important ideas. The idea that the world was round rather than flat took a while to become accepted. It didn't bring everybody together all at once. And there will always be somebody who resists changes in current ways of thinking. So I would be happy at the creation and dissemination of ideas, even if there was no sign of their being accepted widely. If I didn't believe that, I would have to throw my life away. Because there has not been great success in the achievement of all the things I think are important over the years.

All of us are rather bloody, but unbowed, I think, continuing to push the ideas that we think to be important. Because ultimately we think people will see light, as we see it. It just may take a little longer. I am fond of saying that *everything*, in my experience, *everything* takes longer than I first thought it would. That is one of the great lessons of life. Everything takes much longer than you think when you are young. It is more in the nature of Chinese water torture—the constant drip, drip, drip of good ideas and eventually they can have some impact.

You could say that this is just a way of saying that your statement is right. It just may take a lot longer.

TGW: Is an essential manifestation of an idea that it becomes crystallized, or as political scientists would say, “embedded” as a new institution or within another existing institution, that this is the way that human beings try to take a next step, to institutionalize an idea?

GKH: Yes. I think another way of saying that is that ideas that move things cannot be too far removed from where you are when you began. You cannot get too far ahead of where the world is and expect to have much impact. Well, there are visionaries that have a role as well. But I am a reformer at heart, and believe that you start where you are. And that implies that you probably need to find an institution or something real that is in existence that can help carry ideas and move the envelope a little. I don’t see the prospect of any “big bangs,” any revolutionary changes. I am a Marshallian, and believe that nature does not take large leaps. I enjoyed the way, I think it was Paul Streeten who expressed this dilemma. You have the theory of war, Clausewitz: “When confronted with a wide ditch, it is unwise to take a small leap.” On the other hand, you have Alfred Marshall saying: “Nature does not take large leaps.”

TGW: As long as we are going out into the future, for young grandchildren, what do you think are the main intellectual challenges that they face, and therefore, the system of multilateral institutions faces? What should they be thinking about?

GKH: Do you mean in the realm of ideas or practices?

TGW: Well, actually, the next question was what are the main intellectual challenges and what are the main operational challenges over the next twenty-five to fifty years?

GKH: It is kind of intermingled in my mind. I am not sure if it is an intellectual challenge or an operational one, but to conceive of ways in which the world can be made to hold

together and survive. In a sense, it is an intellectual challenge, but it is also an intensely practical, operational one. People need to devote concentrated thought to it, and in that sense it is an intellectual one—puzzling out how to move a slow-moving system. I think that is an intellectual one. At root, it is an intellectual problem. Understanding how the flow of ideas actually works, understanding scientifically how some of the new technologies will impact upon us—information and genetics and their interaction with ethics—are, I think, serious challenges. But I am saying the obvious.

TGW: What are the main threats to human security, to use one of our friends, Lloyd Axworthy's favorite phrases, that you see for your grandchildren?

GKH: The danger is in an economically polarized world, and a world in which a few live at wildly lavish levels and the majority have very little to live on, and 45,000 kids die a day unnecessarily. I just don't think that is sustainable. I don't think it is politically sustainable. It is going to produce violence and migratory pressures and all sorts of problems. I think a Brandt-type of argument—mutual interests—is right. My children will suffer if we don't all address the enormous income disparities and utterly unnecessary suffering and death on the part of large numbers of people when we have the knowledge and we have the resources to do something about it. The measles vaccine costs 15 cents and protects a kid for life. The global warming and global environmental challenges, I think are real, although I am not an expert on these things. I take them seriously. The carrying capacity of the planet and all of that, I think, will be a serious issue for my children and grandchildren. I am concerned about the implications of biotechnology and genetic engineering, and our still rather cavalier approach to them. I am not quite sure where that is going and what that will do.

The risks of unprecedented pandemics and environmental disasters—I think we are entering into an area that we don't know much about, yet. And that includes planning human lives and human futures, as well. The ethics of all of that, I think, are worrying, and will be, for my grandchildren, whichever way it goes. Whether we end up with a sort of eugenics, or whether we don't, I think it is scary stuff. That seems a more micro thing, but it has potential for macro disasters. We just dimly perceive that there are risks there; we don't really know what they are and how big they are. But I find it worrying.

I think the prime ones, for me, would be in the area of income distribution—equity, poverty, and the environment. Those are the two that I would identify for my grandchildren as most important.

TGW: Is there a question you wish that I asked?

GKH: No. I wasn't sure what kind of questions you were going to ask. I am glad you haven't asked me for dates and specifics of various occasions, because I was really worried that I wouldn't be able to deal with them. Actually, what you have asked is at a much broader level of generality than I had anticipated. I thought you wanted to nail down some specific events and get more anecdotes, and more names, and more details on individual conferences and events that I might or might not be able to recall. I am glad that you haven't because my memory isn't that good for those details.

TGW: The anecdotes have been timely and fun, actually. I hope we have not shortchanged them. Let me thank you enormously on all of our behalf. This is the end of tape number four.

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