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TRANSCRIPT OF INTERVIEW OF

VICTOR L. URQUIDI

BY

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Transcribed by Ron Nerio

THOMAS G. WEISS: This is Tom Weiss interviewing Victor Urquidi in Oslo, of all places, on Sunday afternoon, 18 June 2000. Good afternoon, Victor. The first thing I would like to start with is, could you tell me a bit about your family's background and how it influenced the person who you are, and especially the ideas that you have, and your own career in international relations?

VICTOR URQUIDI: My family background. I was born in Paris, six months after the armistice of 1918. This was because my father, Juan Francisco Urquidi, was sent there as a third secretary in the Mexican embassy, which was newly opened under the direction of an ambassador whose name was Alberto Pani, who had been a prominent politician in the revolutionary period, especially under Madero and Carranza, and who was a mentor of my father in engineering. My father studied engineering at MIT (Massachusetts Institute of Technology), graduated in 1906, and he worked, coming back to Mexico, on several civil projects in Mexico City under the director of public works, who was this man, still under the Díaz regime.

I spent the first five months on a little island in the Seine, three hours down the river, called Chatou, which is a charming place. (I visited it again three or four years ago). Conditions in Paris were very difficult in mid-1919; there was no heating in apartments and food was hard to get. And if you went out to the countryside, you got more things that you needed for a small child.

My father was sent to London two years later, to help open up the Mexican embassy there. During World War I, Mexico had no relations with France or Britain. The French were suspicious of Mexico, and so were the British, of having been in contact with the German government in the early years of the war. They were suspicious that the German government was trying to induce the Carranza government in Mexico to take their side against the Allies.

So, we went to London and, it turns out, this was just the age when I really started getting to understand language and to speak it. As a matter of fact, I learned English before Spanish. And when I returned to Mexico at the age of three, I had to learn Spanish quickly, and everybody made fun of me. I mention all this because my father was in the foreign service of Mexico at that time, having been before that an assistant to [Fransisco] Madero, the Mexican president who helped in the deposition of Porfirio Díaz and became president in 1911. And my father worked with him because his brother, my uncle Manuel, was the treasurer of the Anti-re-electionist Party of which Madero was the leader during the Mexican Revolution.

So, as I grew up, I heard a lot about political life in Mexico. My grandfather, I learned, had also been in politics, in mid-nineteenth century, very close to Juarez, against the French invasion. Later in life, I learned that my grandfather had actually fought as a young man against the Americans in the 1847 invasion of Mexico, in a battle in the state of Veracruz, a place called Cerro Gordo, in which, of course, the invading forces defeated the Mexican forces. And then, as a young man, he took part with many other people, liberals at the time, in writing a history of the Mexican-American War. As I learned more about the past, I found that this book had been translated into English by a Colonel Ramsey, who had been in the infantry; it was published in New York (John Wiley) in 1850, under the title *The Other Side*. It is a very extraordinary book. There was a strong reaction of sympathy towards Mexico.

We were not long in Mexico when my father was sent to Colombia in 1923. So, at the age of four to five, I was traveling up the Magdalena River, which was the only means of reaching Bogotá from the coastal ports, the Santa Marta-Baranquilla area. I don't remember that trip, except the last part of it, which involved getting off the boat at a place called Girardot and

going up by train to Bogotá, a five or six hour journey. We lived in Bogatá four years. I went to school there.

Because of the tension between the Catholic Church and the government in Mexico, Colombia reflected this. My father was very popular among the diplomats, and he had great friends in the government, which happened to be a liberal government at that time. But people held very much to the power of the church in Colombia. When I was in school there, I was surrounded by young kids—I remember that very well—screaming at me, "Mason!, Mason!" I didn't know what a Mason was, but they assumed that anybody who was not Catholic was Masonic. Actually, my father was a member of the Masonic Guild, but I didn't know. So, you get these impressions when you're young. It's part of you.

We went on traveling. From Colombia, in 1928 my mother left first, with me and my two sisters, first down the Magdalena River. I remember that trip very well. We got on a ship at Barranquilla to New York where we lived until my father, who had to hand over the embassy to his successor, joined us. And I spent some time in New York, which was new to me. I went for a few months to school there. Of course, I was adamant about not singing the U.S. national anthem at the opening of class every day. Nationalism had been ingrained in me.

Then we went back to Mexico for a year and a half. My father was sent to El Salvador. I didn't go. They put me into school in Mexico City for a while. My mother traveled with my sisters, and my father came later to fetch me. We traveled overland—that was the only way you could do it, take a long train ride, reach the border at Suchiate, cross the bridge, get on another train to Guatemala City and then take an auto, a kind of limousine, on a dirt road, to San Salvador. This was the only transportation that existed there. They were beginning to open up air service on very small planes, and my mother used it once.

In El Salvador, I spent a happy period. I got to know a lot about Central America. In school they taught us about the rebellious actions of [Augusto] Sandino, and the writings about him by a Costa Rican named Vicente Sáenz. We used to clip the newspapers, read his articles, and discuss them in class. This was still primary school. I was about ten. And also, Sandino came through El Salvador. My father got orders from Mexico City to meet Sandino and his staff, together with the Salvadoran authorities to protect him from anything that might happen. Sandino was on his way to Mexico to have an interview with the Mexican president. I have pictures of that. One is a large photo, the size one of these pages, in which there is Sandino, his full staff, including Farabundo Martí, after whom the revolutionary movement in El Salvador later was named, and a Haitian staff member, a Mexican and another, and the minister of defense of El Salvador, the minister of foreign relations (who was our next door neighbor), my father, my mother, and my two sisters. My mother had decided that she wanted to see Sandino, for a good reason. She had lived in Nicaragua in her childhood up to the age of eighteen. She knew Sandino, and she knew Sandino's mother. She was great friends of his mother.

So we learned a lot about Sandino in our home. Once another assistant of Sandino came through San Salvador. He went to the embassy to seek protection while he was there, and he showed a scarf he was wearing, a silk scarf which was actually a letter written by Sandino in his own handwriting to a Mexican politician. He was going to deliver it, and he just wore it around his neck. My mother took only a minute to get it off his neck, put it up on the wall, and take a photograph of it. She had also taken photographs at the railroad station interview, and I have the original negatives in my possession, of Sandino and his staff. That famous picture of Sandino with his foot on a car bumper, wearing a big rancher's hat—she took it.

All of these were interesting things because I was becoming, at a very early age, slightly politicized, you might say. I was not living only in an ideal child's world, going back and forth to school like you hear about in other countries. I was involved in knowing what was going on politically in Central America.

At another time—I wasn't there—but Raúl Haya de la Torre, this famous leader of Peru, who headed the Apra Party, and who was absolutely *persona non grata* to the United States, had been in exile in many places and came to Mexico. When he was going back to Peru, my father got instructions to go see him on the ship he was coming on. And while that ship was anchored at the Pacific port of La Libertad, he was to be in the Mexican residence in San Salvador, which was not too far by car. I heard that he played the piano for my sisters. He was there for twenty-four hours, and my father then took him back to ship, and he went on to Panama. I don't know whether he got to Peru or not. He is a man who later spent about eighteen years under the protection of the Colombian government at the Colombian embassy in Lima.

Frank Tannenbaum, at Columbia University, used to tell me later that Haya de la Torre's Apra was the only real modern political party in Latin America—in 1928 or so—because it was a party that had roots in the labor movement. It was not just a creation, like so many parties, around a person to build up his personality and to show that he had some kind of backing for elections.

All these experiences had been in background all the time. But they continued. From El Salvador, we moved to Uruguay. I knew nothing about Uruguay. We spent almost two years there. We stopped in Brazil on the way. I never went then to Buenos Aires, but I heard what was going on there. There had been a revolution, the 1930 revolution in Argentina. My parents

did go. As a diplomat, my father was frequently in contact with the president of Uruguay and high officials in the government.

I went to a British school in Uruguay. Diplomats' children have to find schools that are more or less compatible with what they have done before. They cannot just go to any public school. I went to British schools and got a good education through the fifth and sixth grades.

We finally returned to Mexico because another friend of my father's had become president in Mexico, Pascual Ortiz Rubio. On becoming president, he sent a cable to my father, saying: "Juanito, I need you. Come back and work for me." The reason being that when they were both in exile in New York after the Huerta uprising against Madero, many Mexicans had to leave Mexico in a hurry. My father ended up—after being in Washington for a while—as secretary to the Mexican agency that President [Venustiano] Carranza opened in Washington, pending recognition. He used to go to all the interviews with Woodrow Wilson because the head of the agency did not know a word of English and my father would act as an interpreter.

He finally left that because conditions had changed, so he went to New York to return to one of his sideline professions, which was journalism. He founded a monthly journal in Spanish, *Revista Universal*, in New York, having learned that there was quite a large Latin American and Spanish community living there—Colombians and Spaniards and many Mexicans. He published articles about World War I and on events preceding it, and also about the Mexican Revolution. He wrote articles sometimes under pseudonyms. He made it a journal about the arts and literature. He got to know Enrico Caruso, the opera singer, and people like that in the arts world.

My mother, who had come from Nicaragua at the age of eighteen to study nursing at Mt. Sinai Hospital, was frequently put on cases of Latin American patients who needed a Spanish-speaking nurse. She was a rather good looking woman, so she used to get invited on weekends

to have dinner with the Latin Americans up on the West Side there. That's how she met my father. He was not a patient; he was at a dinner when he met her.

And then she started helping him in his work, doing translations into English. She had been born in Melbourne, Australia, and was brought up by her British parents in Managua. At the entry of the U.S. into World War I, all foreign-language publications were required to submit their copy to censorship, so everything had to be translated into English. It was expensive to do it, and finally the *Monthly Magazine* had to close down. My father was just wondering what to do—this was 1918—when he received a telegram from Mexico from his friend Mr. Pani, who had been appointed ambassador of Mexico to France and was inviting him to be a staff member. My parents were married in Philadelphia in 1917, so they gladly traveled in December 1918 to take the job in Paris. That's how I was born in Paris in May, and not in New York.

To get back to Montevideo in 1931, my father accepted President Ortiz Rubio's offer. In those days, it took thirty days to get back to Mexico, whichever sea route you took. There were no overnight flights. And we went from Montevideo to Spain on a fast ship, and spent a few days there. My parents were invited to the inauguration of the Spanish Republican president, Niceto Alcalá Zamora in December of 1931. We were there—the younger ones—but we didn't attend any ceremonies. When that was over, we drove back to La Coruña and took a ship to Mexico. However, unfortunately, by the time we arrived, the president had resigned. So my father had to start finding a job in the government, wherever he could.

Then he got appointed to Poland, but we never went, because when Lázaro Cárdenas became Mexico's president in December 1934, the first thing he did was to send his main political rival within the government party, a full general of the revolution, a man from the north, as ambassador to Spain. The foreign secretary, a friend of my father's, called him in and said,

"Juanito, please, I must ask a favor of you. Don't go to Poland." He had already had a farewell dinner from the Polish ambassador. "Would you accept not going as ambassador, but as deputy-ambassador (*ministro consejero*) to Madrid?" He hesitated about one minute and replied, "Yes." He had been to Spain and he liked Spain. He was very afraid of the winter climate in Poland, and there was again the problem of what to do about school for the younger ones.

And so we went to Spain. He and I traveled ahead, by ship. My mother came later with my sisters. I spent barely two years in Madrid. I was about sixteen when I arrived in Spain, and I had not quite finished my secondary education in Mexico. My father tried to get me into the Spanish baccalaureate system. We went to see the undersecretary of education. He pulled out a file tied with dark pink ribbon. That's how I learned what red tape meant. He opened it, and he said, "I have your son's papers here, but unfortunately we do not recognize studies carried out in Mexico. We cannot validate his secondary education in Mexico." So, the answer was no. Can you imagine what his surname was? Señor de No.

I got into a special program for the Oxford School Certificate at the British School in Madrid. We were only three students: the twins of the Chinese ambassador (a boy and a girl, lovely, lovely, good friends; his name was Victor Tsien), and I. We were privileged in a special course to prepare for these Oxford Certificate Exams, but one of the teachers there made the mistake of insisting that we take too many subjects. I passed them all, but I ended up lacking one credit. I went to London on May 19, 1936 (I remember the date exactly) and this was because the Spanish War was getting close, everything was very unstable—I had passed these exams and my father said, "If you have done these exams, why don't you go to London?" I went because I liked geography and I liked statistics, but I didn't realize the problem of lacking one credit. My knowledge of statistics came from keeping scores of jai alai games, working out

percentages, and things like that. I went to the LSE (London School of Economics and Political Science), and they said, "It's fine that you took these Oxford School Exams, but we cannot accept your Oxford School Certificate, nor will Oxford University accept it either. You will have to go through the London matriculation exams." This requirement has been replaced in the UK by A-level exams. I had to attend a "cramming school," where I met students from many nationalities and they put you through the usual subjects: Shakespeare, essay writing, physics, math, et cetera. I took French as a foreign language, and I met some very nice friends from Turkey there. We all took the exams together, and I got a so-called "first," a top grade, in the London matriculation. And I went back to the LSE, and they reacted, "This is wonderful, you got a first. This is unusual for a foreigner. But, we have already started and now you have to wait until next October."

I was encouraged to register as a non-regular student until the summer. But it was very useful. I was barely seventeen and a half, and I had not realized that what you were meant to do was to spend time in the library, not listening to the lectures too much. I nevertheless attended lectures of interest to me by Harold Laski, Lionel Robbins, and many others. I started reading books on economics and economic history. It took me a few months to learn that if you didn't spend hours in the library, you would get nowhere.

The summer came and I had plenty of time, living in cheap quarters around the university, to read and read and read. I was at the hub of a school dedicated to international studies, to international politics, to international economics. So, when I got back in as a regular student in October 1937, I was better trained than most young entrants into the university. And I also had the advantage of knowing Spanish and French.

The atmosphere in London—you can imagine the period. This was the time of the build-up of Nazi power in Europe. The Spanish Civil War had been going on. My parents were caught in it. On July 18, 1936 my mother missed a train, which she was going to take in Madrid to join my father and my sisters in San Sebastian, because in those days the whole diplomatic corps had to spend the summer in the Basque country in that city. They had left by car the day before; he had to go with the ambassador and rent a house. She stayed behind just that fateful day, and the next day there were no more trains. The uprising of [Francisco] Franco had started. She went back to the embassy. She had already given up, for the duration of the summer, the apartment that we rented in Madrid, so she stayed temporarily at the embassy residence. Soon she heard on the radio the call of "*La Pasionaria*," and got very excited. She was a registered nurse from Mount Sinai and thought, "I am a nurse, I have a duty to go and help."

She went to the International Committee of the Red Cross (ICRC). They did not believe her. They just thought that she was a stuffy diplomat's wife who wanted to help there but did not know anything. So she did something very risky. She went to the International Red Aid, the Socorro Rojo Internacional. This was the Comintern's Red Cross. She went there; they accepted her. She said she wanted to help; she was a Mexican. And the first thing they did was send her up to the *Navacerrada* front, near Madrid, to pick up wounded and to help there on an ambulance. She thought about this and said, "I can do this, but I can do better. I know how to run a hospital operating room." They said, "You do? We need that kind of person." They had taken over a nun's hospital somewhere in Madrid, renamed it as *Hospital Obrero*, or the worker's hospital, and they sent her there. She met a famous Spanish doctor who had trained in Moscow, who was a communist, Dr. Planelles, and others.

They said, "Well, we don't quite believe what you're saying, but take a look at the operating room." She said, "It stinks. It's horrible. It's dirty." They said, "Well, get somebody to clean it up." And she herself helped clean the floors and sterilize the instruments. It had only been open two or three days. She got the operating room running. She hired lots of young women who were not nurses but who were willing to help. She taught them how to sterilize and all kinds of things, and she started running the operating room. She spent several months there. She remembers having treated wounded fighters from the Lincoln Brigade, as well as young Spanish militiamen, to one of whom she once donated blood. His comment was: "Now I'll be able to speak English!" She had to go on special missions to recover wounded people from the city outskirts. She also had to help supply the hospital with food. And she helped others keep in contact with the Mexican embassy.

My father came back from San Sebastian, round about through Valencia. And then they made an agreement that she would help run the embassy because he was then in charge of the embassy as deputy ambassador, the ambassador having got himself appointed to Chile. She wrote a book about her experiences in the Spanish Civil War. She wrote it in English and had it translated into Spanish. It was published, and this was a very moving story. I finally sent it to Hugh Thomas, author of *The Spanish Civil War*, whom I befriended in Mexico. He tried to get the English version published by English publishers. He could not succeed; they were not too interested, but he did, in the second edition of his book, mention this book and wrote a footnote about something that I told him relating to when I had worked as a volunteer for the Basque Children's Refugee Committee in England in late 1937.

The Civil War was part of my life on two sides. I was not there when it started, but my family was affected. My mother was involved in it on the hospital side and also on the side of

running the Mexican embassy service staff and its kitchen. The residence was filling up with political refugees who went there because they knew that Mexico would always protect people who were politically persecuted. There were a lot who had some claim to Mexican nationality or had lived there a long time. So, they had the embassy full of people of different persuasions, including some who were friends of Franco who had asked for asylum.

This was the undoing of that embassy because the Mexican government had spies there who worked directly for Lázaro Cárdenas, the president. He had sent people there, and they spied and reported that the embassy was full of Francoists who were being protected by the Mexican embassy staff. This was not true; not as a political act. It was a humanitarian act. One day, the Mexican government appointed a new ambassador. They did not notify any of the staff, except the day before, saying, "The ambassador is arriving with a full staff. You are all to return to Mexico."

This was pretty unpleasant. My father got quite depressed about this. After having been a true democrat in Mexico with Madero, and having helped all these people to use their right to asylum, he went back very despondent. This influenced his life in Mexico for a few months. I think he died partly as a result of all of that. I did see him in 1938, during summer vacation, and he died in December. In those days, there were no antibiotics to control pneumonia, which was the cause of his death.

The whole Spanish Civil War was a trauma. I kept asking myself what was happening. This was the work of the fascist governments of Italy and Germany, and it reflected on my other life as a student in London. I was naturally pro-Spanish Republic, rather radical. I used to go out on street demonstrations. I used to go to Labour Party demonstrations. I went to hear Stafford Cripps, and hear speeches by Laski and all these people. You might say that I got a

little more politicized, but I was able to stick to them. I did an awful lot of reading and wrote papers. I read a great deal on contemporary European history. Why were the great powers doing this thing? What were Mexico's relations with Spain?

I was in London when Mexico nationalized the foreign oil properties in March 1938. At that time, we were only six or seven Mexicans living in London, in addition to the Mexican embassy staff. I knew some Latin Americans who studied in London and used to share different apartments with them. The day of the oil expropriation, I was very elated. I thought: "This is an act of nationalism that really is going to change the path that Mexico has been following, which was very difficult after the revolution. This is going to open up possibilities." That is the only kind of thought that I had. I also was already studying economics, and I knew that if you had the oil industry, you had more resources and it would strengthen the government's policies. I wasn't really very critical of Cárdenas at all, in spite of what happened in Madrid, because I thought of him as a great leader in those days.

And of course, it meant facing up to the British. The British had always been part of the "enemy" for Mexico. I remember my father's days when he spent two and a half years in London and he could not get recognition settled in favor of Mexico by the British government. He had to work through intermediaries to see the high officials in the Foreign Office. He had a good friend, Mr. Edward Bray, who was head of the Mexican Railroad Office in the city; it was a British investment. So, here we are facing the British, and Cárdenas goes and faces up to the British and the Americans. He nationalizes oil and great expectations are to follow from that.

Well, my father died at the end of that year. I was in London and I could not get back. In those days you could not take a plane and go to the funeral. So I stayed on. My mother and a relative helped me by getting quite a modest scholarship from the Ministry of Education, through

a cousin of mine who happened to be the budget director in the Ministry of Finance, so he found a source, and he said, "I will see to it that Victor gets twenty pounds sterling (about ninety U.S. dollars) a month so he can pay his expenses during the last few months of his studies." Fortunately, I did visit and see my father for the last time during summer vacation in Mexico in 1938. It took twenty-one days to get there from Southampton to Veracruz. I was able to live on the £20 a bit better than before.

I also got a little summer job in 1939 at the BBC (British Broadcasting Corporation) helping to write the Latin American news bulletin program, which we usually did at about two o'clock in the morning, with some Spaniards who worked there, and some British, Argentineans, Brazilians, and others. I got a little payment out of that. And I was there when war broke out. We had just finished the program on Latin America at about two in the morning. We usually went downstairs at the BBC to have something to eat and play ping pong for a while. We were going down the corridor and the European department called out, "Come over here. Something very important—the Germans have just marched into Poland. That means war." So, you can imagine our impression.

The next night we had the first blackout in London. I went to the BBC and walked home in the dark. I was in London the morning that Chamberlain made his speech declaring war on the Nazis and supporting the Polish government. Such events in your life when you are barely eighteen impress you very much.

But I did finish. I stayed on, 1939 to 1940. The LSE sent us to Cambridge, because the building was commandeered by the Transport Ministry. I went to Cambridge and found a place to live with some friends who were my pals, especially a Greek who was from a Cyprus family, born in Alexandria, who had no nationality. A very interesting case. There was a German, an

Austrian Jewish student of a theatrical family. He was put in an internment camp in England for Germans, because he was Austrian! Austria had been invaded by Germany!

Imagine living through all that. And I read books on the Soviet Union. I belonged to the Left Book Club, and you got all of those wonderful books that were very well written. I read the book by Sidney and Beatrice Webb on the Soviet Union. I read about the militarization of the Soviet Union and the preparedness which they had achieved in case of war. They had tanks and an airforce. Whereas I'm now reading how unprepared the British were, and how utterly unprepared the French were. Jean-François Deniau, in his recently published *Secrets of the Second World War,* was able to consult documents only recently released, showing that the French army had deliberately over-estimated the might of the Nazis forces in its number of divisions, in order to persuade the French prime minister [Édouard] Daladier that it would be absolutely senseless to go to war against the Germans; they advised that they would not last two weeks in spite of the Maginot Line.

I lived the British part of it on a small scale. I had been living in Cambridge, and one morning, sitting in a private home garden, I heard what I thought was thunder and, after I talked to the gardener there—very difficult to understand because he spoke with a Cambridgeshire accent—he said to me: "No, that's not thunder. There must be some guns that you are hearing." We did not know what it was. The BBC did not announce it until the evening. It was Dunkirk. So, we met evacuees from Dunkirk that evening at a pub. Officers, sometimes with bandages on their arms or faces, came to the pubs, those who were allowed to. We heard all about it.

But we were not very close there. There was only one slight bombing—of an RAF (Royal Air Force) airport—near Cambridge one night. I heard the noise of the German bombers. It was a very characteristic, recurrent sound of the engines. They were starting to bomb the

south of London. I finished my studies, did my exams, got my degree and then applied for a berth on a ship to get back to New York and Mexico. I had to wait in London three and a half months to get space. They finally sent a telegram saying: "Please be at Euston Station at such and such an hour tomorrow." I went. I didn't know where they were taking us. The train was to Liverpool. They took passengers on this train; they put us aboard a big liner and held it for twenty-four hours at the dockside until they got a thirty-seven ship convoy organized.

We heard afterwards that the Nazis had bombed Liverpool that night. We left the next day on the convoy and finally, ten days later, we were in sight of Halifax and arrived next stop at New York City. I spent a few days there and got on another ship to Mexico. I arrived in Veracruz with two dollars in my pocket, having spent the last remnants of my scholarship during those three months in London, going to dancing places and so on at night, in the dark. The Mexican fiscal office which sent me my scholarship had had to move from Belgium to France. In the end, they sent me the balance for the whole year, which was 140 pounds, which I had never had in my pocket as a student—ever. I had never had more than fifty dollars worth of money in my pocket. I bought my tickets with that.

I arrived in Mexico hoping to start my career as an economist with a job at the Bank of Mexico, the central bank then run by another man who had been in exile with my father. He was an old friend of his and said: "I can give you a job now but I am leaving in a month's time because I took sides with the opposition candidate." There had been elections in that year—1940. "You will see the person who will replace me, who is the undersecretary of finance. Eduardo Villaseñor is his name." His grandson today is a high official at the United Nations on special missions organizing the administration in Namibia and other places, and in Kosovo. And this man, Villaseñor, happened to be the man who approved my £20 scholarship

unkown to me. And he had been, in his younger years, an attaché at the Mexican embassy in London, and he took courses at the LSE. He was very glad to know somebody was going through the full course. I think I was the first Mexican to get a first degree at the LSE, as a regular student.

I went to see him. He said: "Yes, I am appointed as director of the Bank of Mexico; come and see me on the first of October and we can talk about a job." So I went to see him and he appointed me in the research department. And I got assigned to some tasks immediately. I started out there, and I very soon became an assistant to him, because he needed somebody who knew English well. He used to give lectures in the United States. He used to have correspondence with officials in the Treasury and other parts of the U.S. government. He was a friend of Nelson Rockefeller and other people. I was always helping in writing his letters in English and the papers he presented, and his speeches. And also, I helped him write other things and a translation into Spanish of a book on central banking.

I started getting connected with another organization that was called *Fondo de Cultura Economica*, a government publishing firm established in 1934 in Mexico as a trust fund to translate books in economics and political science from other languages into Spanish. There was hardly any modern literature on economics. I was given a translation to do of a textbook written by one of my former teachers. I was familiar with the subject, and I did that to earn extra income. The *Fondo* was next door to where I am now—El Colegio de México. El Colegio, first known as La Casa de España en México, was established in 1938—I didn't then know about it—to receive in Mexico the Spanish Republican intellectuals: teachers from Madrid and Barcelona, writers, artists, scientists. The government of Mexico established a fund for them to help them have an income teaching and writing. The idea was that as soon as the Spanish War

was over, they would go back. Of course they never went back, though one or two did return in later years.

The people running the Casa very wisely decided towards the end of the Cárdenas administration in 1940 to transform it from what it was to make it more open and converted it into El Colegio de México, slightly patterned after the Collège de France as an independent institution financed by the government but with all scholarship to take place at university level. That's how it started. I didn't know about it. I knew the director because he had been ambassador to Brazil, and he was a friend of my father's, too. The other person running it was Daniel Cosío-Villegas, who later became a respected historian of the Profirio Díaz period and a writer and a journalist. During the [Luis] Echevarría presidency in the 1970s, he was very critical of the way the government was being run. He also coordinated a two-volume modern history of Mexico, a ten-volume history of the Porfirio Diaz period, and a twenty-six-volume series on the Mexican Revolution in which I had helped to organize when I became president of the *colegio* in the 1960s.

At first, through El Colegio, I got connected through seminars with intellectuals and scholars in Mexico and other parts of Latin America. We had a seminar on the postwar prospects, and another on Latin America. I was in a working group on the postwar outlook. We studied the Dumbarton Oaks proposals for the San Francisco conference. And as an official in the Bank of Mexico, I was immediately drawn into the study of postwar proposals in monetary and financial matters that led to the Bretton Woods conference in 1944.

I had more or less specialized as an undergraduate on money and banking and international trade. Some other things I liked very much—transportation, for example. I had read Colin Clark, *The Conditions of Economic Progress*. That started me on my studies of the

future. It was a very important book at the time. At the LSE, I had read Indian economic history because one of my tutors, Vera Anstey, was an economic historian. I had India in mind from reading, and I had Mexico in mind but not knowing too much about Mexico, although I did some readings on land reform and the oil industry. Thus, when I started work at the Bank of Mexico, I had a sort of personal conflict. Did I want to teach at the university, which I did for a while, and get involved in Mexican economic development issues? Or did I want to specialize in monetary matters at the Bank of Mexico, which gave me a nice salary? Not too nice, but useful.

Then came the Bretton Woods proposals. And this is how I got closely into them: in 1942, when I was only 23, I was included as a young assistant in the Mexican delegation to a conference called by the U.S. Treasury, an inter-American conference on the control of enemy assets. What did this mean? Well, by then the U.S. had entered World War II, following the attack on Pearl Harbor. This was June of 1942. We had a lot of German investments in Mexico—hardly any Italian or Japanese. A great many coffee plantations in Chiapas were run by Germans and also Norwegians, by the way. They had interests in a hardware store, and in a bank which finally closed down. What the U.S. Treasury wanted was for all the Latin American countries to adopt legislation to secure enemy assets—financial assets and any others. The head of our delegation was the director of the Bank of Mexico. There were others in the group from the Ministry of Finance who later became prominent in Mexican financial government posts.

I made contact with many of the other delegations, especially those in central banks. Argentina was represented not by Raúl Prebisch but by the deputy director of the Central Bank of Argentina. The meeting took place at the OAS (Organization of American States), but it was really run by the U.S. Treasury. I did not realize exactly how powerful the U.S. Treasury was in those days. But I did know one interesting fact, that Mr. Villaseñor, the director of the Bank of

Mexico, had led a Mexican delegation to Guatemala in 1939, under the OAS, proposing the creation of an Inter-American Bank.

Then I learned through research—and that is in my chapter in a book prepared for the fiftieth anniversary of the Bretton Woods conference (1994), published in 1996 (Orin Kirschner, editor)—that the OAS had finally sent that proposal for review at a conference in Washington in 1940 and that the American participant in the review group was no less than Harry Dexter White. At the final banquet at the Mayflower Hotel the night the conference finished in Washington, they sat me next to Harry D. White. I had never talked with him. He was prominent at the meeting, but I was very much lower in the ranks. I knew who he was because I knew of his doctoral dissertation at Harvard, which was on Canadian balance of payment issues and capital flows. We had a very interesting conversation (for me at least). It was a little on the academic side. He asked me what my background was and where I had studied economics, what I did. I said that part of my interests were in international economics, which was one of the reasons I was at that conference.

By the way, there was a rather good-looking woman on the other side, but I had hardly paid attention to her. I found Harry White very persuasive, very interesting to converse with. And he said, "Why don't you come to my office tomorrow. I think I can let you have an interesting document for you to read and mention to your boss." I went to the U.S. Treasury. He was the director for International Monetary Affairs, with a large office there. He pulled out of a drawer a thick, about 180 pages or so, mimeographed document. And he said: "Now, I want you to read this, and then you report to your Central Bank director and tell him what is in it. If you have any comments, you can also write to me." I looked at it. It was marked "Strictly Confidential." And when I started reading it back at the hotel, I found it was the first proposal to

create the IMF (International Monetary Fund). It was a bit like the Keynes White Paper of 1943: a real hodgepodge of things. He proposed the creation of an International Stabilization Fund—that's what he called it. Also, a funding mechanism to stabilize raw materials prices. This was much like the economics I had learned, because I used to read about British investments in the Far East and Indonesia, and Dutch investments in Indonesia. At the LSE, we had a lot of reading to do about the Great Depression and the tremendous decline in markets for raw materials—that's what they were called before they became "basic products." I was interested in that. White had a proposal also to create something that resembles the World Bank.

All of this was to reconstruct the world economy, to open up markets and stabilize currencies, et cetera. The set of proposals was not very clearly patterned or structured, but it had everything in it, in a kind of naïve way in many aspects. I got back to Mexico and read the document carefully, and I reported on it and so on. Then we started receiving other documents relating to plans for the postwar era. I suppose this all came out of the Atlantic Charter. That's where I believe that the main outlines of the postwar economy were defined in terms of real investment and trade. I wrote to Harry White and said: "This is a very interesting document and we are studying it. May we publish it in Spanish? Could I do a translation of it?" I have his letter that he wrote back to me urging me strongly not to publish it. "It is a confidential document, and a new proposal will come up very soon." This new one, officially sent to us, turned out to be the first more carefully structured proposal for the IMF only.

I followed all of that literature. I read all the academic literature: Professor Williams at Harvard, everybody else. I was reporting constantly to my superiors at the Central Bank. We were not too far from the Bretton Woods conference. At one point the number two man at the Bank of Mexico, Rodrigo Gómez, was invited to Washington, to the Treasury to start

conversations with other Latin American central bankers about postwar currency stabilization plans. A second draft of this IMF proposal from the Treasury was officially sent to us.

The Mexican minister of finance, Eduardo Suarez, who was originally a lawyer but very well informed on financial affairs, used to invite me for long sessions at his office in the Ministry of Finance to discuss economics. He had journals on his desk. He got me into working on the proposals for the Fund and the Bank. Finally, the director of the Bank of Mexico asked Mr. Cosío-Villegas, then director of the research department, and me, to write a report on all these proposals, which we did. We spent a whole month doing it. We were building up towards the Bretton Woods final invitation, which came around April of 1944. I was put on the delegation to Bretton Woods. We went to Washington first for some preliminary meetings, then on to Bretton Woods.

In the article I wrote on the fiftieth anniversary, I indicate that Mexico played an important role in the conference, both because the Mexican minister of finance was made chairman of Committee Three, which dealt with matters such as the use of silver as a monetary asset, and with miscellaneous topics. Mexico was suggesting that silver be incorporated as a part of monetary reserves, because we had a lot of surplus silver, of course. It was also as an honor to Mexico to hold the third chairmanship. The chairman of the Fund Committee was Harry White and the chairman of the Bank Committee was Lord [John Maynard] Keynes. I was involved then mainly in working on the World Bank proposals. We saw them finally in shape a few months before we went up to Bretton Woods. It was my idea that the Bank was very slanted towards reconstruction of Europe and that when the stage of reconstruction ended, the Bank should have any ideas as to what development was about, and on how to treat it. In fact, the Bank was structured as more of a guarantee organization for private investment, for when private

banks became empowered to make loans for reconstruction. Certainly at Bretton Woods we had no idea that there would be a Marshall Plan or anything similar to it.

We were interested in the Bank proposals also because Mexico needed long-term capital for development. Mexico had had no access for many years to official capital, except for small loans during the war. Mexico still owed money on the nineteenth century external debt. It was a policy decision that pending debt repayment would have to be settled, which meant that all of Mexico's external debt which was in arrears would have to be renegotiated. That was done mostly in 1942 and 1943. In 1946, the railway debt was settled. This was a final condition for becoming a member of the IMF and the Bank. Our interest in the Fund arose from Mexico's history of unstable currency since the Revolution. It was thought by officials in the Bank of Mexico and the Ministry of Finance that Mexico should have a stable currency in the postwar period and access to long-term funding. Bretton Woods fitted very nicely into Mexico's needs. I must say that Mexico was very favored by the U.S. Treasury people because they had had close relations with Mexico over the price of silver. When the silver interests in the United States pressed the Congress to push up the support price for silver, it was terrible for Mexico. Our coinage, which had a high silver content, went out of circulation. Very few bank notes circulated because the Revolution was a period when bank notes were issued just like postage stamps. On the other hand, when Mexico benefited from a lower price of silver in terms of coinage in circulation, of course it meant less exports of silver to the United States. There was thus no identity of objectives, but certainly there was enough interest pro and con that the U.S. Treasury always kept Mexico abreast on the silver situation.

In early 1945, the Rocky Mountain mining interests organized a conference because they were beginning to demand an increase in the ceiling prices of silver and gold. They sent a

telegram to the minister of finance to invite him to address them in Denver. He called me and said, "Look, Victor, I can't go. But you are an academic. You know about these things." Well, I knew something about the history of silver in Mexico and so on. I had to do a little research. "Well, you have time. I'll tell them you are going as my personal representative." He sent the telegram, and I spent some time looking up silver currency in China and all of these things. I studied the silver market through all the journals, the financial press and so on, the reports of Handy and Harman, the main silver bullion dealers in New York.

I went to this conference in Denver and when they saw me arrive, they could not believe that I was the representative of the Mexican minister of finance (because I was only twenty-five). I was very skinny and looked very young. I arrived there at four in the morning, in the middle of a snowstorm, on one of these small planes that made stops in many places. And they had me paged and I said, "I am Urquidi." They said, "Are you *Professor* Urquidi?" I said, "Yes." They said, "May we see your credentials? Do you have a passport?" They could not believe that I was the person.

Well, they were convinced of at least my identity. They took me to Denver. The conference had just started, and they could not get a room at that time. They got the presidential suite at the Brown Hotel and put me in there. There were two grand pianos in the living room. That's where [Franklin] Roosevelt stayed then, and I stayed in Roosevelt's room. They grilled me until 5:30 or 6:00 in the morning about silver, until they were convinced that I did know all about it. I was very up-to-date on the silver market and the history of silver and the uses of silver. So, from then on, I was OK and I could participate and speak at sessions and banquets.

At one of the banquets, there was an army general sitting next to me. A conversation started up. He said, "Are you from Mexico?" I said, "Yes." They always say, "You're not

really Mexican," because I was not dark. I said, "Yes, I have a Mexican family." Then, I said to him, "By the way, have you ever been to Mexico?" He said, "Oh, yes, I was at Veracruz, the landing in 1914." My father was then at that agency in Washington, and the acting foreign minister in Mexico was a very close friend of his. My father was then the only link they had with what was going on at the State Department and the White House. When Woodrow Wilson decided to withdraw the American marines and the forces that had landed in Veracruz, my father was the first person to know and to send a telegram to the minister of foreign affairs in Mexico, Isidro Fabela. I have a copy of that telegram reporting that the marines were being withdrawn. This was April 1914.

You can image, in those days, if you were in economics or politics in Mexico you could not avoid hearing of everything that related to relations with the United States—the landing in Veracruz, the Pershing expedition, Pancho Villa in the north of Mexico. My family came from Chihuahua, originally, and my father was born in Mexico City but my grandfather was born in Chihuahua, so we knew about the family background in Chihuahua and all that happened there. Of course, it is where Juárez went up to the border in his famous black carriage, during the French occupation in the 1860s. He stayed at my grandfather's hacienda. There is a beautiful letter that he wrote (which has been published), thanking my grandfather for his hospitality.

So, you see, my focus on international affairs started very young. It had this strong, emotional influence from what was happening in Europe with the Nazis. A footnote—when Mexico was finally admitted to the League of Nations in the 1930s, the man who was appointed by Cárdenas as ambassador to the League of Nations, was that same person, Isidro Fabela, who was a close friend of my father's. He led a vigorous movement there to support Ethiopia against the Italian invasion. Of course, he was *persona non grata* to the British, the Germans, and the

French, everybody. But he defended Ethiopia brilliantly, so that when peace came back to Ethiopia in the postwar, the emperor of Ethiopia, Haile Salassie, went to Mexico. There is a square named after him. Then came the Spanish Civil War, and Fabela also led a very vigorous defense of the Spanish Republic and protected many Spanish politicians of the time, as Mexico did also.

All of this was very close to me because Fabela was so close to my family. When my father died in 1938, and I informed Fabela of it by telegram, he invited me to go and spend Christmas with him and his wife and family in Geneva. I went there, and it was a great consolation to be with him. He showed me the League of Nations buildings. We talked about his activities there. He was a very distinguished person. The Americans did not like him because, as an assistant to Carranza, he was very anti-American. He wrote books on Yankee imperialism despoiling the Latin American countries, which did not go around too well in Washington.

A book came out recently, published by *El Colegio*, transcribing the archives privately held by a man, who, at the age of thrity-six, was appointed Mexico's ambassador to France in 1940, just before the fall of Paris to the Germans. He was a young, intelligent politician, very close to President Cárdenas, who entrusted him with a special mission: "You are going to be ambassador to France but I want you to help protect all the Spanish refugees in France." The Spanish Civil War was over in 1939. The fascist, Franco, was in power. There were some 300,000 republicans, including bureaucrats, soldiers, party members, who had emigrated to France. He said, "They are all under the protection of Mexico." The Spanish Republican authorities in exile had an office in Mexico, and they had also had a treasury through which they could finance many things. They were offering to take care of the living expenses of all of these

refugees in camps and different places, not just in the original refugee camps in the south of France, but in many other places where they were destitute, living in small towns, trying to find jobs. At that moment, Ambassador Luís I. Rodriguez arrived with this mission. Cárdenas said, "Anyone who wants to come to Mexico is invited. We will pay all expenses."

Within weeks of the new ambassador arriving in Paris, the German advance had been such that Paris had to be evacuated by the French government, under Premier Paul Reynaud, who moved the seat of government to Bordeaux. Ambassador Rodriguez received instructions to go to Bordeaux and leave just one staff member taking care of the embassy building in Paris. But he meanwhile had made contact with Spanish Republican leaders who lived in Paris in exile. And he was very friendly with one of them, a leading Spanish politician, who would have fallen to the Germans and be turned over to Franco immediately. They would have shot him. He had made friends with him, and one day he said, "Listen, I have to leave very soon, because we are going to go to Bordeaux. My advice to you is that you come with us. You come with me. We'll drive down and we'll take care of you. You will have to give up your status here, because if the Nazis get you here, that is the end for you."

This book contains reports that he sent to Cárdenas and to the Mexican Foreign Office. He moved down to Bordeaux in six different cars, diplomatic licenses providing necessary protection. They had a lot of problems. One of the cars had an accident on the way. And it turns out that all of the staff of the Mexican embassy at the time were persons that I have known later in life, who became very prominent. One of them, James Torres Bodet, twice became the minister of education. He also was the second director general of UNESCO (UN Educational, Scientific and Cultural Organization). I worked for him at some point on an educational project. There were many others. The ambassador did get the Spanish politician and his family out of

Paris and put them in a hotel in Bordeaux. The Mexican ambassador could only find a room in a hotel where it turned out that the guest next door was a commander of the SS forces.

It was a very delicate situation. The Reynaud government had fallen. This was July of 1940. [Charles] de Gaulle had already declared in London the launching of the "Free French." I heard his speech on the 18th of June in London. (I had also been there at the time of the abdication of Edward VIII). So, this man Luis I. Rodgriguez got it into his head that he had to get the republican leader out of French territory. He wouldn't leave. He pleaded with him, and he wrote a memo to him. Finally, he convinced him. Secretly, he hired a Greek tanker that was at Bordeaux and paid enough money to the captain to take some passengers on a special mission of the Mexican government to London. The ship's captain said, "I can't leave at night without pilots, but for this consideration, we can leave right now." He had them on board, and the ship left in the dark, and they got to London with this very valuable Spanish politician and his wife and others around him, all with assumed names and Mexican passports.

From there on, this ambassador set out to make contact with the Vichy government. He had to present credentials to Marshall Pétain Vichy and had to find a place to live. All he could do was get a hotel room in Vichy. He left one staff member in Bordeaux. There was another who went to Marseilles as consul-general of Mexico. He helped enormously to get Spaniards out of the clutches of Franco's agents in the area and out of the clutches, of course, of the French sympathizers of Pétain and the Nazis. In the end, they got 30,000 Spaniards out by various means. On ships, they took them to Morocco and to Tunis and re-shipped them from there. They rented ships and got insurance companies involved. They had a lot of money to spend. But they had to negotiate with Pétain, who hardly understood the issue, and with [Pierre] Laval. The ambassador convinced Laval, because he said, "I don't care a bit about these rotten people,

the Spanish Republicans." "But," replied the ambassador, "we are going to pay for them. We are going to save you money." That convinced Laval, because he would not have to pay for their maintenance.

So, Mexico took over full protection of all of these people. Not all of them went; thirty thousand did. Some refused to go because they thought they would go back to Spain. Or they were afraid of reprisals on their families in Spain. Others ended up in concentration camps and in what is now called the slave labor factories that are coming out in the press recently. A great many Spaniards were left there. There was also a madhouse concentration camp where many Spaniards were imprisoned with Jewish refugees and others.

The fascinating thing about the book—well, there were many things, but one of the things that struck me is the long list of people who he records as non-Spanish refugees from Nazism in Europe who were also invited to apply for visas to go to Mexico. I went through the list, and I found the name of my next door neighbor of where I now spend my weekends, a man called Bruno Schwebel, who is from Austria. He was at the time about eleven or twelve years old. His parents and his brother are also on the list, drawn up by the Mexican ambassador. And I showed it to him and said, "Bruno, look. Are these your parents?" "Yes, those are my parents." And he told me that he had gotten out through Spain, the secret path, to Lisbon.

There's a book by Albert Hirschman, which is a collection of essays which he wrote just a few years ago. One of them is about his early experiences as a refugee from Nazi Germany. He was born in Berlin. In France, he studied economics. He got his first degree at the Sorbonne. Then he ended up in Marseilles working with an American who ran an escape network for Jewish refugees from Austria, Germany, and Hungary. There were lots of Hungarians involved. And Albert said, "I helped, and I knew exactly how to send people out." He had a false identity

card, with a slightly modified name, in case he got stopped by the German police anyway. "Until I realized," he said, "that my own life was in danger. But I knew the way out. I escaped through Spain. I went to Lisbon."

Of course, I knew none of that which was happening in 1940. I was studying in Cambridge, at the LSE temporary quarters. I did not know what was happening on the Mexican side of that extraordinary episode of this ambassador who was there for about ten months. His mission was to get Spaniards out, and he did, by the thousands and thousands. That is a link to Spain, you see. There were also matters that the *colegio* stood for, because it started as a center for scholarship for Spaniards of the Republic who could not continue their work in Spain.

This is a long story but it shows you to what extent I was involved in international affairs one way or another, parallel to my life as a young student and the emotional traumas of knowing what was going on in Spain. When I was in London, I had English friends who worked on both sides, because some were Francoists and they went and fought with Franco. Others were Republicans, especially those who belonged to the Communist Party. On one occasion—in December 1937—I offered my services to the Basque Children's Refugee Committee. They needed people to help run locations where they had Basque children. They had pulled out of the Basque country several shiploads of young kids. This was the time after Guernica, when the Basque country was falling completely under the power of Franco forces.

I went to Thame, near Oxford, where there were one hundred children there of different ages, from four to eighteen. I taught them elementary school lessons together with a motley crew of volunteer English teachers, among them a student at Oxford from a wealthy family, who was a communist. There was a communist teacher who used to call me, "my friend." I said, "Don't call me 'my friend.' I am not your friend." And there were some others. The whole

thing was run by a fiery Irish woman who had been the parliamentary secretary to someone in the British Parliament. The cook was a Spanish anarchist who had worked in a Spanish restaurant in London that I knew. I did not go to that restaurant because I could not afford to, but I knew the restaurant existed. She would set out with him the menu for the whole week, and he would pay no attention to that. He would give the Basque children whatever he thought they needed. Then he would invite them in the afternoon in groups to indoctrinate them in anarchism. Imagine what a place that was. It was a cultural shock for the children themselves, and for the English people who were so generous in receiving them in their homes for tea on Sunday afternoon. Those kids used to tell me, "I don't understand this habit of having tea in the afternoon. We only have tea when we're sick." They also wondered why "these people spend so much on keeping their dogs and cats, when there are children who are starving in the world."

There have been one or two books on these Basque children's camps. I drew Hugh Thomas's attention to them, because he did not know the whole story. We had become very good friends, Hugh and I. He has come to Mexico a lot and he has written other books.

At Bretton Woods I was in a world class situation because I was vying with young economists from Canada, the UK, the Latin American countries, the U.S. Treasury. I met Dean Acheson. I met many important people of the times. I attended the twenty-fifth anniversary of Bretton Woods in Washington in 1969, at my own expense, and I have photographs showing me with the survivors at the time. And I got invited by Paul Volcker to the fiftieth anniversary in 1994, because he was then chairman of a committee that had been working for three years on reforms to the Bretton Woods system. They came out with a book this thick, and I sat there hearing this idiot, [Michel] Camdessus, saying, "We don't need any reforms. The IMF is doing

very well. It has the support of all the countries that we are involved with. I don't see any need to undertake any more changes in what we are doing."

The head of the World Bank then, a man called Preston, had a very narrow view of development. I raised the question of the environment in public. Maurice Strong and I both did. Maurice made one of his grandiose speeches on the environment. This was two years after the Río summit (United Nations Conference on Environment and Development), and I seconded it. This poor guy, Preston, did not know where I was coming from. He died a few months later, unfortunately. He was very ill at the time, and we did not know that. I ran into Volcker at the reception, and I said, "Mr. Volcker, I thank you for the invitation, especially because I was at Bretton Woods." He looked at me and said, "You must have been in your knee pants." I said, "Well, not quite, but I was quite young." I was the next to youngest delegate at the Bretton Woods conference. The youngest was Papandreou. He was named in the list of delegations as Andrew Papandreou, Berkeley University student. I never met him there.

Bretton Woods was a landmark in my personal history. If anybody talks about Bretton Woods, I really know all about it. I was inside. I knew the things that were going on in the discussions of articles and changes in the drafting and all of these things. I was on the final drafting committee with Professor Lionel Robbins and Dean Acheson and two or three others. It was very interesting, very, very exciting. The Soviets were there too, and the Free French. Mendes-France made his speech in French. There was no interpretation. Carlos Restrepo was the Colombian delegate; he made his speech in Spanish. There was no interpretation. Our own Mexican delegates all knew enough English to make their speeches in English.

I was the one who wrote the position paper to give more relevance to development than to reconstruction, or equal, at least. Keynes said, "I like that draft resolution." It was only

supported by Norway and Peru, I think. He said, "But, I would suggest putting 'equitable use of resources,' instead of 'equal.'" In Spanish, we mean equal in the sense that you do not distinguish this or that. You use money "equally" for two purposes. But, in English, it means sort of 50-50. So, when he said, "I would agree to adopt this amendment if we substitute 'equitable' for 'equal," I looked at my fellow delegate and said, "That's it. It's much more elegant besides."

From there on, I shifted to other matters. In the late forties, I got interested in development studies. I finally ended up working in Mexico City for CEPAL (*Comisión Economica para América Latina*, or Economic Commission for Latin America, ECLA) in 1951. We started a good program on Central American integration. I had once had the chance of a brief talk with UN Secretary-General Dag Hammarskjöld about the Central American program. He was very interested in it. Somebody was mentioning yesterday that he was an economist. Yes, he was an economist, and he expressed his views extremely well. I had a nice little talk with him. I, of course, knew many at UN headquarters, including Vladek Malinowski and Ben Rivlin, and Phillipe de Seynes, later, when he became under-secretary, and David Owen, when he was head of the Technical Assistance Board (TAB), because they were involved in supporting the program in Central America. That's how we got experts from FAO (Food and Agriculture Organization), ILO (International Labour Organization), UNESCO, and many others. We even had a study of civil aviation.

TGW: We've gone a long way here, and I'm going to backtrack just a moment. On your c.v. (curriculum vitae), you mentioned that between 1940 and 1947, you were involved in "self education." It strikes me that you spent much of your life doing this. Did you ever think of going back and doing a dissertation?

VLU: When I graduated from the LSE, I applied to three U.S. universities to do graduate studies. I got very good replies from all of them. They said, "If you are a graduate of the School of Economics, you go straight into an advanced Master's degree program. I think one of them was the University of Michigan; one was the University of Wisconsin-Madison; and the third may have been Johns Hopkins, but I would have to look it up. They all accepted me. But when I got back to Mexico, I had to find a job because my family was in a very poor condition. I got into very interesting work, as I described. But at one point, I can't remember the exact date, I thought that I really should make an effort to get a higher degree. There was somebody at the American embassy—I can't remember his name—who was involved in these things. He said, "Look, you're just the kind of person who can be awarded a scholarship and go to an American university." I consulted with one of my mentors at the time, not the head of the Central Bank but the man who was running the *colegio* and the publishing firm. He used a lot of arguments. He said, "You can do all the reading you like here, number one. Number two, you have to really do much more in Mexico, because we are so short of economists and so short of teachers here. I don't advise you to go." I think his advice was strong enough that I did not take the decision. It was wartime. I did not think it was the best time, either, to go the U.S. to study. I was involved in very important and interesting things.

Then, I found out that he, as a young man, having gotten a law degree in Mexico, having studied sociology, got the idea that he had to study economics or he would never understand what was happening in Mexico. So, he got himself a fellowship from, I think, the Mexican government, and he went and spent some time at Harvard studying agricultural economics. That was a big issue in those days. Eighty-five percent of the population was rural. He studied under Professor Black at Harvard, and he also took courses from Frank Taussig on international trade.

But then he went to Cornell, because he heard that Cornell was very strong on agriculture and animal husbandry and so on. Then he went to Michigan. He never took a degree. He just did short stays in different universities. I think this is the reason he did not advise me to go for a degree. He thought the best thing would be to go like he did.

I never made up my mind. And time went by. But I was teaching in the university and in the *Colegio*. I was participating in seminars and doing a tremendous amount of reading. On international monetary and banking issues, I was quite up-to-date on the literature, not only publications in the U.S. and the UK, but also in France and Belgium and other places. Then, in 1947, I had a wonderful opportunity. Mexico had ended the war with tremendous silver bullion reserves, because silver was a byproduct of lead and zinc. Any silver that could not be sold on the market—it was very controlled in the United States, very regulated—the Bank of Mexico was ready to buy it, to build up reserves of silver as part of its monetary reserves. We had about 80 million ounces of silver, which was a lot of money in those days.

One day, the director of the bank, a new director whom I did not particularly like—who had been a private banker and had come in under the Alemán government—decided that the Central Bank had been too hard on the bankers and he was going to do something different. I did not agree too much with that. Fortunately, he followed with, "Look, I have a very important job for you. I have offered it to your immediate boss, and he does not want to take it because he says his English is not good enough. Can you go on a trip around the world to study the silver market and see what we can do from a policy point of view and what deals we might make in selling part of our silver reserves?" He said it was not secret but it had to be carefully managed because the silver market was very sensitive. "You can make all of the contacts you want with the IMF, to have them make connections for you. You can go to New York and talk to the bankers and

you can go to silver bullion dealers anywhere you want." I thought, "This is a fantastic trip." And I accepted it. I began my preparation for it. Shortly after, he insisted that I be accompanied by a member of a Lebanese family that ran a bank in Mexico, because in the Middle East I might have some problems. It turned out that I knew him—Joseph Aboumrad. The director said, "He speaks Arabic and English. He was brought up as a lawyer in New York, and his brother runs this bank here. And he is very relied upon by the Bank of Mexico as a very friendly banking person." So, I said, "Sure," and we went together.

It was a long trip—four months and a half. We went to Washington first, then New York. I made my contacts in Washington with the IMF. I got letters of introduction to all kinds of people in India, Pakistan, and the Far East. We divided our travels. We went together to London, spoke with Bank of England officials, bullion dealers, and private bank executives. There was nothing secret about it. It was just that we had to keep it under cover a bit. We went to France. I went to Italy on my own. He went to Belgium. I went to Holland. We met in Geneva. We went to Cairo together. Then troubles started for him, for he had not been brought up in the Middle East. He was from a Lebanese family, and his mother spoke to him in Arabic, but his Arabic was Arabic from the Bronx. And he spoke English with a strong New York accent. We arrived in Cairo, and I had all kinds of letters of introduction. The Bank of Mexico wanted me to take specimens of silver coinage that Mexico could offer to countries that were interested in resuming silver coinage and offering the services of the mint in Mexico. I had lots of traveler's checks and money orders and things like that. I had documents to show for identity purposes. I went through the customs inspectors OK, but he did not. They opened all of his baggage, right in front of everybody there at the Cairo airport customs. I got close and said, "What's the matter?" The customs officers said, "This man is Jewish. Look, you can tell by his

name, Joseph. He cannot be an Arab. He cannot even speak Arabic properly." What a situation! He was a Catholic Lebanese.

They held us up for two hours at the airport with all the other passengers, furious because we were all to be on the same bus to go into Cairo. This upset him so much that he said, "I cannot stay in Egypt. I'm going to Beirut. You catch up with me over there." So, I stayed alone and did all of my business. I started with the Chase Bank because they knew everybody. I talked to the Egyptian officials. They were really wonderful people. I went to Beirut, and there he involved me in all of his family gatherings and parties. They were a lovely bunch of people, but they overwhelmed me with hospitality. I said, "Look, Joe, I have to go to Turkey from here, so why don't we meet in Bombay. I will come back here just to catch a plane, and then go to Iraq. Why don't you go to Saudi Arabia, meanwhile, and try to make a deal with them." So we did all that. I went to Baghdad. I went to Tehran. All this was on DC-3's. You can imagine what the flying was like in those areas. Geneva to Cairo was on a DC-4; that was a little bit better.

I spent several days in Tehran and made very good contacts there with authorities. Then I flew to Basra, and from Basra I took a British Airways flight to Karachi. And I did all the contacts with the Karachi bullion dealers. I also learned a lot about where Mexican silver ended up. I saw Mexican silver bars in Karachi, in the hands of a dealer there. But they were so nice. They invited me to lunch with them and we talked. I met foreign bankers too. So, I finally met Joe Aboumrad in Bombay. We did all of the visits there to the Reserve Bank of India, to the National City bank manager who was very influential, and to many other people. I also contacted politicians—the former Indian ambassador to Washington and people like that. I had letters for all of them.

I went to Delhi and Joe returned to Mexico. The reason why they were so rough with him at customs in Cairo is that he had a little case that was empty, but obviously had contained jewelry. A friend of him had asked him to buy, in Paris, a ring for somebody in the family and said, "Don't carry it with you. Send it back with any other traveler." Instead of sending it in this little case, he kept the case and the other person just took the ring in his hand, put it in his pocket, and arrived in Mexico with this diamond ring. When they found this empty case, they thought he was a smuggler. They ran through all of his baggage and made him undress in a little room.

He finally came back from Bombay, and I went on first to Delhi. I talked with the secretary to Nehru, who had been at the London School of Economics, naturally. I met other people. The minister of finance had also been at the LSE. I met old school friends in Baghdad too, and in Turkey. The LSE had alumni all over. Finally, I had to go to China. I flew from Calcutta to Hong Kong in a DC-4, with one stop at Kung-Ming. That was an interesting sight.

In Hong Kong, I had to find out more about China. But this was the China that was collapsing. It was June of 1947. The Chiang Kai-Shek government was losing ground all the time. I spent about ten days in Hong Kong, talking to bullion dealers and to journalists. First I went to Shanghai. We had diplomatic representation in China, in Nanking, where the seat of the government was at that time. The railroad to Beijing had already been cut off. There was no point in my going to Beijing because there was no government. I went to Nanking to meet with this single Mexican diplomat who was there, as the *chargé d'affaires*, for the Mexican ambassador could not stand it for long, and had returned to Mexico. The person in charge at Nanking had to live in a third-rate kind of hotel room in Nanking. But he was very useful to me, because I did see the high officials. I had previously contacted the Central Bank of China in Shanghai, because I had letters from people in the IMF. It was very interesting. I got to know

Shanghai rather well for about ten or twelve days, when the currency, when I was there, went from 22,000 to 36,000 yuan to the dollar. If you wanted to send a cable, you would have to make out your cable, go back to the hotel, and bring a porter with you to carry to the cable office a large parcel of money wrapped in newspapers under his arm to pay the charge.

I gave a lecture at the Central Bank of China about the history of silver in Mexico. And I started negotiations with the government in Nanking, which resulted in a mission being sent to Mexico, with the "OK" of the U.S. Treasury, because the Nanking government at that time was very much under the thumb of the U.S. Treasury to negotiate the minting of silver coinage for China. It was on the assumption that they had—which I didn't do anything to discourage, though I knew it was ethically wrong—that the issuing of silver coins would bring down inflation: people would grab these coins and not spend them. The deal was negotiated later in Mexico in more detail. I had to do it all by coded telegrams from the Mexican embassy in Nanking to the Mexican Foreign Office. So, I had to wait for answers.

The deal came through, but the U.S. Treasury required that if it was going to pay for all of that silver for Chiang Kai-Shek, the U.S. should mint it also. So, we supplied the silver but the minting took place in Philadelphia. That was a big deal for the times. It was something like ten million dollars worth of silver coins. Mexican coins had circulated in China in the early century, as ordinary coinage. The history book tells you that, and I had read special histories of currencies in China. The Mexican silver coins of the early century were 900 proof, or even 925. That was practically pure silver.

Meanwhile, the visit that Joseph Aboumrad made to Saudi Arabia resulted in a deal. They had no silver coins in Saudi Arabia. They decided to issue silver coins, and they gave the

contract to Mexico, which offered its national mint of great repute. The first issue of silver rials in Saudi Arabia was minted in the central Mexican mint.

Those operations were useful. The problem of Mexico's gigantic surplus of silver was not solved, but it was helpful. It put me into contact with another world of central banks in Europe, Italy, Holland, and Zurich and Geneva, the Middle East, and India. And, of course, the authorities in China, though they did not last long. In Shanghai, the first conference of the UN Economic Commission for Asia and the Far East (ECAFE) was held while I was there. My friends at the Central Bank got me an identity card that allowed me to be an observer at that meeting. Through that, I learned that a commission had been created for Europe—the United Nations Economic Commission for Europe (ECE). I later got to be friendly with Gunnar Myrdal, who was the executive secretary. I was then in CEPAL. I once went to Geneva in 1955 with Raúl Prebisch, the executive secretary of ECLA. In 1947-1948, I did not know that ECLA had already been put on the books. ECLA was proposed by the Chileans and the Cubans in 1947. It was organized, or created, in 1948 in Santiago, Chile.

In Shanghai, I met the Filipino delegation and made good friends with them. When I went to Manila, I had the doors open to anything—to the Central Bank and the Finance Ministry. I had a long talk with President [Manuel] Roxas, who spoke "Castilian" Spanish. He spelled his name with an "x" as in the old Spanish orthographical system. I made good friends with many others there. But they said, "Unfortunately, we cannot move a finger about coinage and monetary matters. It is all run at the U.S. Treasury." The Philippines had become independent, but it was still too soon after the war.

I tried to stop in Japan on the way back, but I could not get a visa. It was impossible. So, I came across the Pacific back to Mexico. I wrote my report. I still have a copy. It's a long

report, country by country with names of all of the people I interviewed, and negotiations I carried out. That was another world. I had never been to India before, or anywhere in that part of the world. So I have a very good remembrance as an economist of seeing what India was like. I spent three weeks there. I had studied Indian economic history at the LSE, but I had not realized what I sensed was the deepest level of poverty you could imagine.

Years later, I read *Asian Drama*, the book that Myrdal wrote with a number of other top social scientists. His definition of underdevelopment was very interesting—it is a political construction of the concept and how you have to lift the whole society up a step by step to get things going. I felt no shock in India. Europeans going there, who had never been there, would tell me, "Oh, you've never seen such poverty." I had seen it in Mexico. I felt I was in Mexico in many ways. The food in India is not very dissimilar from the food in Mexico. I had no problem with all that. But, it did surprise me that they employed so many women on construction, just carrying sand in baskets on their heads. In Mexico, it would be unheard of that a woman would work in construction. Now, they do work on construction; they do men's jobs in construction. But in India, they would pick up sand in baskets on their heads and go around and tip it over to where the sand was needed to create the cement mix. There was a construction job just outside the hotel, and I kept watching it. So, it is interesting that I learned that women were part of the labor force, whereas in Mexico they were not. For an economist, it strikes you as something that was not in the textbooks. So, you learned a lot from observation.

That 1947 trip also changed my whole outlook on the world. I came back to Mexico, and I found some very unpleasant things at the Bank of Mexico under the new directorship there. The man who did not make the trip was very envious and made life very difficult for me. I could not even find my desk with my files and papers. I used the boardroom as an office. They

allowed me to, except when they had meetings on Wednesdays. Joseph Aboumrad would come in every day to talk about his experiences and mine. I wrote the whole report, and we signed it together. Rather naively, we were saying to those countries that had eliminated their silver coinage because of the war, "You got silver through lend-lease, didn't you?" They said, "Yes." "Well, you have to return it, don't you? We can supply it to you, if we make trade deals that would compensate for this so that we could sell you silver, which helps us. But you may not use it if you do not want to issue silver coinage, but you could then return that silver to the United States. Then we would make the compensation through trade deals."

I tried this in several countries, but they had made up their minds. I remember talking to the head of the Central Bank in Holland. He said, "Look, it's too late. There is absolutely no thought given to ever issuing silver coins again." And it was the same in France and the UK. I did not go to Belgium, but it was the same story. So, we could not do anything about that; we could not move. We could not even bring the matter up at the IMF. In India it was exactly the same thing. They had already started experimenting with an alloy of coins that could not be melted down, which really had hardly any silver in them. However, I did find that India had a very extensive black market in silver. People bought silver in small pieces, not coins but tiny pieces of silver for hoarding. Women in India wore silver anklets. So, there was a market for silver. It was a very restricted exchange system. A great deal of smuggling took place, with the result that the price of silver in India was about twice the world market price. But we could not enter the market directly because it was still under British supervision in 1947. I was there when independence was declared.

TGW: That is where we are going to stop, because we are almost at the end of the first tape.

TGW: This is the beginning of tape number two, Tom Weiss interviewing Victor Urquidi, Sunday afternoon 18 June 2000, in Oslo.

TGW: I wanted to pick up where we left off. But, before we get to CEPAL, I just wondered if it is unfair to ask you to describe the evolution of your own thinking about economics and international cooperation, from your days at LSE, to the ACUNS (Academic Council on the United Nations System) meeting here in Oslo, in the year 2000.

VLU: You see, I was brought up believing in the League of Nations, because one of the things I did as a matter of my studies was to read the League of Nations World Economic Reports. I was familiar with them and I kept reading the stuff until they ceased publication. They went to Princeton and they still put out a few reports. There was a professor, a New Zealand professor, who had worked there in Geneva, John Condliffe, who later wrote *The Commerce of Nations*, published by Norton. It was extremely good, published in 1950. He was at Berkeley a semi-retired professor. He had written some of those reports at the League of Nations and he did the *Network of World Trade* study. In other words, I was sensitive to the League of Nations, and I have mentioned to you my particular connection with the League of Nations through the Mexican delegate. So, I believed in all those things. And I think I must have gotten some input at the LSE itself. I cannot pin it down. I did take courses on contemporary history.

I knew Professor C.K. Webster, who was an internationalist. I remember his having an extraordinary debate with Harold Laski and getting the best of Laski. That was quite a feat. Laski had such a mind, and was such an extraordinary person. Webster had written on history and contemporary international relations. I was reading all the time, keeping up to date with everything that went on, because, as I said earlier, I was affected by events in Europe and by

events in Mexico. There was a big change when Cárdenas expropriated the oil companies. There were British and Dutch interests; the American part was small. That's why it was easier to negotiate with the United States government. The British broke off relations with Mexico, or rather Mexico with Britain because the British sent a very rude note to Mexico a few days after the oil expropriation, which affected their interests, of course. The note alluded to the fact that Mexico had not paid up its agrarian debts to British owners of land property in Mexico.

So, all of this brought things very close to home. My father having been a diplomat, and I myself knowing a little bit of what he used to do in his embassy posts, I had an interest in negotiations, international diplomacy, and so on. When I went back to Mexico with my economics degree, I didn't lose that interest because I kept up on the Princeton publications, on the economic surveys and so on. I kept up to date with what was going on in Spain, and finally the war and the allied forces and the French and all of these things. We followed the Nazi campaign in Russia very closely because many of our friends were sympathizers of the Soviet Union. I had one friend who worked alongside of me who was a self-taught Marxist and sympathizer of the Soviet Union, who finally got a job in the Mexican embassy in Moscow in wartime. When the Germans were advancing, our first topic of conversation every morning was to see the maps and see what had happened the day before in the advance towards Stalingrad.

I maintained this international interest all the time. Then, I described to you this trip I made around the world, which brought things much closer to home, to understanding. Also, I was struck by the fact that Mexico had no official representation in Asia outside of the embassy in Nanking. There was no Consul General in Hong Kong and no diplomatic representative in the Philippines; Mexico had no relations with India. It was the moment when India had declared independence. After my trip, one or two years later, a diplomat from the Mexican Foreign

Ministry was sent on an exploratory trip to India to sound the government out on establishing relations. Mexico then appointed its first ambassador to India, who was a former president of Mexico: Emilio Portes-Gil, who had been interim president in 1929. This man wrote a book on his experiences as ambassador to India. The only contacts that had been had with India before were cultural. A Mexican philosopher, José Vasconcelos who was also a very important politician at some point, and minister of education in the early twenties in Mexico, had been to India and studied Indian philosophy. He had books published on the Ramayana and the Vedas. I remember as a child reading those books because my father had them in his library in Colombia; so I learned a little about that.

But Mexico had no diplomatic relations in all the Far East during my trip in 1947 and 1948. I often had to go to the U.S. embassy for assistance.

TGW: So, you remain a convinced internationalist.

VLU: Absolutely. All the time. And my attitude regarding the relations of the United States is that we have to accommodate. We had very different policies. During the war, Mexico was drawn into signing in 1942 a reciprocal trade agreement of the kind that the State Department espoused under Cordell Hull. I think of this agreement more as a gesture of cooperation with the United States in the war effort. It was never quite operational. The feelings in Mexico were not so easy to gather up in favor of the allies. When I arrived back in Mexico in 1940, I found a very strong pro-German sentiment among people my age, among younger people and professional people, and rather negative attitudes toward the UK, and of course an indestructible memory of the Mexican American War in 1847, and the pressures Mexico suffered during the revolution.

I forgot to mention one thing earlier. Mexico emerged from the Revolution without representation in Washington, except for that special agency my father worked for set up by President Carranza in Washington to maintain a contact with the U.S. government. During the post-revolutionary period, the U.S. refused to recognize the legitimacy of the Mexican government under Alvaro Obregón. Finally, through intermediaries and mediators, they decided to have some talks. My father was made the secretary of the Mexican commission. Those were the so-called Bucareli Agreements. Bucarelli is a street where the Ministry of Interior is in Mexico City. They came out with something—it was not a treaty, it was not an executive agreement in the U.S. terms, like the trade treaty was. It was an accord to lay down outlines of relations between Mexico and the United States, which led to the recognition of the Mexican legitimate government of the time, and led to the appointment of that very famous U.S. ambassador, Dwight Morrow, in Mexico. Morrow was a man of much understanding of what was behind the Mexican Revolution, the roles of Calles, Carranza, Obregón, and others. A street is named after Morrow in Cuernavaca because he had a residence there. Morrow was very instrumental; he was a close friend of Roosevelt, but he went in the late 1920s to Mexico.

Morrow helped very much at the time when the Mexican government, the Calles government, became extremely inimical to the Catholic Church, because they had instigated almost a civil war in the 1920s, which was called the Cristero Movement. The Cristeros were a group of fanatics, church fanatics in the middle of the country, in the most conservative small towns of Guanajuato and Jalisco and the borderlines around there. They were a regular army. They had generals and colonels and forces. Their motto was "*Viva Cristo Rey*" (Long Live Christ the King). They combated the Mexican army throughout that area. They controlled parts of the country. Morrow helped to tone down all that religious conflict that was stupid in Mexico.

The Catholic Church was terrible, of course. But the Mexican constitution had disentailed church property since 1856, and the Vatican had no recognition. So it was nothing new, except that the constitution of 1917 reiterated that to such an extreme that, in the constitutional provisions, the legislators prohibited the clergy from voting and from wearing cassocks out of their churches. It also prohibited the operation of monasteries and nunneries; nuns were not allowed to go out in the streets in their habits. All this was prohibited until President Carlos Salinas changed it recently. Salinas made a deal with the church, with the tremendous instigation and influence of the Vatican's representative. Mexico didn't have a nuncio, but only a "representative" of the Vatican, a very intelligent and skillful man at negotiations. He created an atmosphere where it became almost natural to legitimize the Catholic Church again. So the constitution was amended. Now you see nuns and priests in their garb in the street. You see masses held in the Zócalo, the big downtown square where the cathedral is. They had a big ceremony. And of course the pope has been to Mexico three times. Salinas did all this, but he had to legitimize all the churches—there are 380 registered religious associations in Mexico, of which the Catholic Church and the Greek Orthodox Church are just two. The Jewish religion is another, the Baptists, the evangelists, and a whole lot of what the French are now calling "sects," groups of Seventh Day Adventists, and who knows what strange organizations down there, who have done a lot of proselytizing in the past among the indigenous people in Oaxaca and Chiapas. You know that Cárdenas—strangely, because he was not a declared Marxist or left-wing person, but he was very sympathetic to the left-wing causes and was anticlerical—brought into Mexico a large U.S. Bible movement. Many would say: "How could the Mexican people allow this man Townsend to set up a church organization in Mexico and teach indigenous peoples the Bible in their own languages?" It was always defended on the grounds that Townsend had done a lot to

stimulate knowledge of the indigenous languages in Mexico. He had a lot of money behind him. He used to fly in small planes with these evangelists, or whoever they were, to stimulate his movement. And he created a language institute—the Instituto de Lenguas Indigenas, or something like that—which was recognized by the government as a legitimate organization for people who needed to learn the many languages of Oaxaca, Puebla, Veracruz, Chiapas, Guerrero, and so on. One day it all came out in the open: Cárdenas had invited them, and they came in, and they evangelized and taught the Bible in English and in their native languages to native people. All this came out of Cárdenas, who was supposed to be a *comecuras*, a man who was ready to put all the priests into the jungle and let them die of disease.

But the really strong conflict with the Church was at the time of Calles in the mid-1920s. The ambassador from the United States had a lot to do with helping to solve it. The ambassadors from the U.S. have been fairly good, apart from the pro-consul type, like the incumbent at the time of Madero who was instrumental in helping Victoria Huerta to oust Madero and have him killed. This ambassador of the United States was called a pro-consul. And then there were no relations until the late 1920s when Dwight Morrow came down and then the whole attitude towards the American ambassadors changed—are they pro-consuls, or are they ambassadors just like any other ambassadors? Well, of course, the U.S. ambassador is not like any other ambassador in Mexico. He is a cut above, in power and representation. There were some very difficult and embarrassing moments. The wartime situation changed things around a bit. In Mexico, the president in the 1940s, general Avila Camacho, appointed as foreign secretary a politician who was very sympathetic to the United States: Ezequiel Padilla, who got along very well with Cordell Hull and others, and created confidence in Mexico as a stable and dependable wartime ally. And we were. In 1942, Mexico declared war on the Axis powers over the sinking

of two tankers carrying oil in the Gulf of Mexico. The rumors went that the Americans had sunk those to create the incident that would provoke Mexico into the war. That is not proven. But anyhow, it was a sinking by a German submarine, and they found documents proving it later.

At once, Mexico started very active cooperation, including the reciprocal trade agreement. That trade agreement lowered a few duties on Mexican exports of the mining industry. But that was in the interest of the U.S., because all the mining and smelting in Mexico was controlled by American Smelting Company, and by others. There was a British interest in silver mining. Mexico had to give concessions in return, and I know the person who negotiated all of that—he was an LSE graduate student who never quite finished, now in his late eighties. The Mexican negotiators were in Washington to negotiate the final touches to this treaty when I traveled to the conference on enemy assets I mentioned earlier. What Mexico did was to bind its import duties under the treaty; that is, it agreed not to raise them. This gave a tremendous advantage to the U.S. in 1946 when the market opened, when the U.S. economy reconverted at a very fast pace. I made a study of that re-conversion with an associate in the Bank of Mexico. A lot of U.S. business people started coming down to open up trade possibilities in Mexico. And we couldn't raise the tariffs. By then we had lost a lot of capital in 1946, and to the change of government, due to the overvaluation of the peso. Much new manufacturing was created during wartime, though it did not survive because it was rather artificial, under protection of the wartime situation. For a while, we sold a lot of goods to Central America. But it started a new tack of industrial development in the chemical industry and many others, which was run by new people.

A professor from California, Sanford Mosk, who regularly sought my view, wrote *Industrial Revolution in Mexico*, an analysis of who all these new industrialists were in Mexico.

They had created a new industrial chamber. And they were the people who put up wartime industries and then wanted to go on and to compete. Well, the Americans had begun to flood the market with everything in Mexico: cars, chemicals, refrigerators, flashlights, kitchenware, corn flakes, et cetera. Westinghouse came in and put up a plant, and General Electric also. The automobile plants started up again assembling cars, Ford and General Motors. Those people, the "new industrialists," were so important, so powerful, that their special industrial chamber still exists and is very much more forward-looking, less conservative, than all the others.

I was involved in an incident that the director of the Bank of Mexico, Mr. Villaseñor, brought out in public. In 1943, he was responding to mounting complaints from this new industrial group that they could not get export permits from the U.S. for equipment, like pumps and parts for repairs, for industrial machinery and electrical machinery, that they needed for their new factories. And the U.S. was running the wartime administration of controls and exports. Mexico was an ally, and Mexico was not being treated very well, they argued. We had just signed the trade agreement and we got no advantages out of it. Just a few tariffs were reduced on the processing of minerals which was really to the benefit of U.S. companies. These people raised such a fuss that the Mexican government decided to open a special office in 1942, I think, in Washington, to deal with the problem. A former official in the Foreign Ministry, Ramón Beteta, was appointed with the rank of ambassador, merely to get export permits out of the U.S. administration for Mexicans who needed to import certain essential industrial parts and equipment. This created a very uncomfortable dual ambassadorship in Washington. The two incumbents did not like each other. The steady, older ambassador, who had been a friend of Cárdenas, was very annoyed at all of this. But the government also set up an office in Mexico City to deal with import permits, to restrict certain imports, headed by a former Mexican

ambassador, Primo Villa Michel, who had been posted in London in 1938 when the oil expropriation took place, and, given the suspense of diplomatic relations, had to return home.

I went to Washington around that time and had an interview with Mr. Beteta, whom I knew. He was very powerful because he was showing to the Mexican business people his power in extracting export permits from Leon Henderson, or whoever ran the wartime administration in Washington. When Mr. Villaseñor heard about all this, he used an occasion to prepare a lecture on U.S.-Mexican relations and the wartime situation, and he asked me to help him. He said, "Look, I want you to find out about this industrial group. Go and interview them. See what their problems are and write me a report. I will take care of the rest. I know what I want to say in the speech. I'm saying that we're not being treated equitably by the U.S. government as a wartime associate." He was a man of very great ability in expressing himself. He also allowed himself irony in everything he said.

I prepared the few pages that he was going to include in his speech, giving examples of five different industrial branches which were suffering delays with not being able to order or to get permits for parts that they needed for their machinery, or certain equipment they needed. They argued that this was a plot by the United States to prevent them from growing as competitors to U.S. industries. I had interviewed these manufacturers on the policies they wanted later to be named "import-substitution"—and wrote a matter-of-fact study. Villaseñor used it in his speech, but he also ironized very much about the way Mexico was being treated. And who was sitting in the front row was, of course, the U.S. ambassador. The U.S. ambassador, Mr. George Messersmith, had financial interests in Wall Street and so on. He wrote a very strong report to the State Department. This came out in documents that have been consulted over the years, declassified under the Freedom of Information Act. Messermith wrote

an absolutely stinking report, in particular about Villaseñor. What right had the director of the central bank to intervene in such a delicate matter as wartime economic controls, in language that was very unfair to cooperation with the United States? He concluded that Mr. Villaseñor was *unfriendly* to the United States. (I have found out, meanwhile, that this is the worst thing that the Americans can say about a Mexican. They did not call you anti-American, or nationalistic. You were *unfriendly*. The worst sin that a Mexican public official could commit was to act in an *unfriendly* manner towards the United States, which means that the Americans wanted to be loved by everyone).

Well, this cost Mr. Villaseñor his political future. He continued as director of the Central Bank, but when he left the central bank in 1946 everybody regarded him as useless for negotiations. However, he had a very good friend—Nelson Rockefeller. At the time we were up there in 1942, when he was head of the Inter-American Institute in the Department of State, we met with Nelson Rockefeller. We were invited to his home in Washington, to reception, to dinner. They maintained a very good friendship over the years. Villaseñor had his contacts among bankers, Chase Bank and others. But, he never had another top job in the Mexican government. He became an advisor to a French-Mexican bank, then he became director of this bank for a while. I used to see a lot of him, of course, because I liked him. We often had breakfast together, and I went to his house for lunch. As a matter of fact, he had married an American in his second marriage—a Texan, who was head of the Franklin Library in Mexico. He had divorced from a very controversial woman, a daughter of a Mexican politician, who had a life of her own as a playwright. They finally separated, so he married this American woman. Still, his friendship with the Americans was limited very much.

This was an eye-opener too, because it was very difficult to negotiate with the American embassy anything after that. I had contact with the cultural attachés in the American embassy, and was friendly with them and could talk with them, and the agricultural attaché and people like that.

As things developed, when the World Bank started operating, Mexico was one of the first countries to turn up with a loan application. This was 1947.

TGW: We're getting to your career now, in the World Bank from 1947 to 1949.

VLU: Yes. I came back from my trip around the world and found a very hostile atmosphere inside the Bank of Mexico. I used to talk a lot with one of the officials who was an alternate to the Mexican executive director of the IMF. We worked together on many projects. He knew what had happened. I came back from the trip, had a long talk with him, and one day he wrote me a letter from Washington. He said: "The World Bank has an opening for a Mexican economist. Would you be interested? I have already talked with people there in the loan department." I decided to go. So, I came back from my 1947 trip, wrote my report, delivered it, and told the director of the Bank of Mexico that I was going to the World Bank. I was interested, because I was interested in development, having been to Bretton Woods; having known what the background to all of this was; having read so much on the topics and discussed so many books written by Americans and others on these issues. The ILO people used to write books on development. I thought it would be interesting to see what one could do in an institution created for that purpose.

Well, of course, development didn't come easily to the World Bank because all of the people in the loan department, as I learned were from the private banking world. The man who hired me was a Canadian, but he was leaving. He was replaced by an Englishman from the Bank

of England, who had not the vaguest notion of what development was about, a sort of discarded Bank of England official.

TGW: And you had mentioned that earlier in your slight confrontation with Keynes, that the balance between the "R" and "D," that is "reconstruction" and "development," was not in the original intentions. So, in 1947 was development on the agenda?

VLU: I did not have an actual conversation with Keynes, but we negotiated that at the committee level, and it went through and so on. That was one of the few amendments made to the original proposals in the Bank. When I went to the World Bank, and I was offered this post, they had divided Latin America between East and West. Can you believe that? I was put in the Eastern Latin American Division, and they had a Western Latin American Division, and I couldn't be in the western because I was not supposed to work on Mexico. That was the rule in the World Bank—you couldn't work on your own country. So, I was put in charge of Brazil, Venezuela—Colombia and Ecuador, incidentally, were considered eastern, for the Bank's purposes—Uruguay, and Paraguay, but not Argentina, because Argentina did not get invited to Bretton Woods because they had been too friendly to the Axis powers. They also had evidence that a lot of the German Nazis had gone to Argentina.

Prebisch let it be known—he was very discreet about this, even in his memoirs—that there were some German funds in Argentina and that [Juan] Perón, the first time he was in the government, was very close to the German and Italian governments—mainly some of the remains of the Nazi and fascist movements. That was one of the reasons he got dismissed from the central bank, because he wanted to control all of that and Perón stood up and said, "No. Get rid of this man."

I went to the Bank as head of the Eastern Latin American Division in the loan department—we did not negotiate the loans. They had loan officers for that. And I had to deal with a very nice man, who came from the National City Bank in New York City, but he was a traditional banker. Most of the loan officers either came from England, France, or Holland, from the banking world, the merchant banks and the investment banks. And the head of the research department in the World Bank was a Frenchman and so-called economist who came from an investment bank in Paris. He wasn't very much of an economist, but his father had been a very famous one. I made friends with many of these people, and I went to work in the World Bank in a very rarified atmosphere, because the appointment was a surprise to the people there, so they resented it. And the loan officer had a tremendous resistance to an economist of any kind, and much more to an economist from a developing country. But I made friends with an Italian, who also came from investment banking, and this had great consequences for the future. I became part of his group of friends in Mexico and in Washington, and we knew what was going on on the other side. He was involved with the Mexican negotiations, because he was in the Western Latin American Division. And there was a Belgian also, who worked on Chile.

These were difficult situations for me. I was twenty-seven years old, and I was totally naïve about bureaucracy in the United States. The World Bank was set up as an American bureaucracy completely. And I felt very soon those strange jockeyings for power that occur in an organization. I had a very bad reception from my immediate staff. There was a very pleasant—I made good friends with him afterwards—American, an Irish-American, by the surname of Lynch, Edward Lynch, married to an Italian. He had met her during the war in Italy. He worked for the Eximbank (Export-Import Bank), and he got the job in the World Bank, probably a better paid job, and they put him to work on Brazil, of which he knew nothing. I

knew very little about Brazil, but I knew something. And I had to study many documents and reports on Brazil. There was another who had a Master's degree in history from Harvard, named Parker. But he knew Portuguese, so that is the reason they put him there. He did minor work in writing reports and readings of the Brazilian newspapers and journals. I had to put it all together. There was a woman there—Hughes, I think—and I dealt with her. This Lynch guy was very difficult until, well, I began to be nice to him. We went out to dinner, he and his wife, and my wife. Over a few drinks, we became great, fast friends. And from then on, he was on my side. Parker I got on my side too, and this woman too.

We made a very good team. However, the two big loan applications were from Chile and Brazil. There was a minor one from El Salvador, that was dealt with in the Western Latin American Division; the one from Chile, which was for electric power and railroads, was also dealt with in that division. On the Eastern Latin American side, the only known application came from Brazil. It was the Brazilian Light, Power, and Traction Company. They owned the streetcar systems in Sao Paolo and Rio, and because this company was also known as part of the electric bond and share system, they call the tramways in Rio, "o b" to this day, though I don't think there are any more of them. This company owned power plants in Sao Paolo; they owned the water system in Sao Paolo and Rio; they owned the telephone system; and they owned the streetcars. They came up for a loan from the World Bank, and because it was a private company—a Canadian-registered company, although it had some Belgian capital too—the vice president of the World Bank, who came from Chase, was delighted. "What a wonderful thing! We're going to make a loan to a private company." But they made the terrible mistake of not negotiating with the Brazilian government. And they thought they could negotiate this loan for electric power development as if it were just a normal banking operation that would at some

point require the guarantee of the Brazilian government. All loans had to be guaranteed by the governments. But they didn't negotiate. They felt they could just get the loan set up and then go to the Brazilian government and get the guarantee. They went so far as to hire a very well-known lawyer in Rio de Janeiro, named Nabuco, who would negotiate the loan agreement guarantee for this company from the Brazilian government, with the World Bank and the Canadians looking on. I met them all. Mr. Nabuco did not succeed with the Brazilian government, which raised hell.

I had been telling them, "You are not going to get this through." First of all, power companies are hostages to politics in all of Latin American. I knew the Mexican case. It was one in which the power system was controlled by Mexican Light and Power, which distributed electricity in Mexico City, the central area, but they could not get any raise in rates to satisfy their needs because the policy in Mexico was one of subsidizing energy and making it as cheap as possible for the people. I said, "Look, the same thing is likely. From all of the stuff that I am reading on Brazil, it is the same thing. There is tremendous pressure not to raise electricity rates." So, how is this company going to guarantee the loan through revenue and how are they going to get the government's guarantee? Negotiations broke down completely. I wasn't intervening in them, but I did give my opinion to the people above me because I was in the loan department.

One day, they announced the arrival of a special delegate from the Brazilian Ministry of Finance to look into the loan situation. He spent four months in Washington in almost daily conversations. I attended every single meeting. They used to draw up minutes of the meetings. I never intervened much, but I knew him from before. And also, I became very close friends with him. He was Otario Gouvea de Bulhôes, an eminent economist in Brazil, a very pleasant

man. He was very patient. The Brazilian style is not to blow up with people opposing your views. They take it easy and negotiate calmly. They knew that in the long run, they would have the upper hand and that if they were going to give the guarantee for this loan, it would have to be on conditions set by the Brazilian government.

John J. McCloy was then president of the World Bank. I was brought into discussions with him, and he had a very powerful advisor from Guatemala, a man of the old regime in Guatemala, an extremely conservative lawyer. We became friends, but he was the great mentor of McCloy about Latin America. One day, I was told that Mr. McCloy was going to make a tour of Latin America and, since I was on Brazil, they did not want me to go around Chile with him, but they wanted me to meet with him in Rio. He was to have contacts with the president of Brazil and the minister of finance. When I walked into the Ministry of Finance, half the people there were people I knew, and McCloy was a complete stranger to them.

I was very discreet. I didn't say anything. I wasn't negotiating the loan. By then, it had been found out that the amount that the company needed was far too low. Prices had risen very much for power plant equipment and so on, and they had to increase the amount of the loan by 50 percent. That made things even more difficult. McCloy said to me: "What is your job at the Bank?" I said: "Mr. McCloy, I just study the Brazilian economy, which is not an easy economy to study because the statistics are terrible in Brazil." One of the justifications that Ed Lynch came up with was that in Brazil the telephone system was so bad that you had to keep sending personal messengers with your letters to other people because it was useless to use the phone system. So it would help development to modernize the phone system. (This adds to a later story in which I became a friend of Mitchell Clark, who became the new president of the Brazilian Traction Company after another Canadian left it).

I remember a conversation I had with McCloy one evening in the Hotel Copacabana. He asked me to sit with him alone and tell him what I thought about Brazil, and how I viewed Brazil and so on. I said I always thought very highly of Brazil and its potential. He wasn't listening, I quickly realized. Very strange—he had a briefcase full of yellow notepads with nothing on them. His secretary had filled his briefcase with them. He was looking out the window all the time. I didn't know that he was planning to become the high commissioner for Germany. That came out later. I said to myself later, "He was looking out in the direction of Germany." He was not at all interested in Brazil.

Someone has been writing a biography of McCloy, and they contacted me and I told them this story. I don't know if they published it or not. McCloy was a pleasant person, but he was not interested in development. Anyhow, the Bank did not consider development as development. They considered it as projects. Bankable projects—that's what they called it: money for electric power development; money for railroads; money for irrigation districts. But no overall concept of what they were doing in a country in which they were lending money for development, as they defined it, which was just projects.

In the end, they did sign the loan with Brazil. Parallel to that, a Mexican mission set itself up in Washington with support from the embassy and from financial agencies in Mexico to negotiate a rather large loan for electric power development in Mexico. It so happened that at one point they invited met to learn about it—this is very embarrassing because the head of the electricity commission in Mexico was a relative of mine, with the same surname, as a second surname (he was called Alejandro Páez-Urquidi), from the Durango branch of the family. He had been brought up in the United States as an electrical engineer and a management consultant. He got this job in the government, and they wanted McCloy to go and see the whole installation.

The Bank wanted to send me down first to make contacts. I said, "You forget, I am in the *Eastern* Latin American Division." They said, "Yes, but we know you have friends in Mexico." So, you go down there and make all the contacts with the media so that when McCloy "comes down, he can talk to the media."

I made all the contacts; I arranged for press conferences. McCloy arrived, and then we were the guests of the head of the electricity commission, my distant relative. We went to visit the whole hydroelectric power system. (It has now been closed down, because it was a relatively small one.) But this loan got complicated by the fact that the Mexican Light and Power Company, which was the central distributor in Mexico City, got a new director. Who? Messersmith, the former ambassador. They thought he would be a good interlocutor with the Congress. The way these things are conceived is incredible, because he didn't have a good reputation in Mexico. And I had been literally involved in the incident that created all this anger in Messermith in these statements on what Mexican industrialists were complaining about. So, Messersmith comes up. I didn't participate, of course, but I got news—I got news from the Mexican side because the Federal Electricity Commission set up an office in Washington, and its representative rented a house very close to where I lived, and we used to see each other on weekends. I never took part, but I was more or less aware of what was going on.

I found from inside the Bank that when they started looking at the Mex-Light electric power company's financial position, they said, "We can't lend money to this company. Their financial structure is very weak. They have a lot of debt and no possibility of re-financing that debt. It's not marketable. It doesn't go on the stock exchange. And we don't know what to do." Through my Italian friend, Federico Consolo, in the loan department, I met a very interesting person that the World Bank had hired. He was an engineer named Madigan, who had worked in

the metropolitan New York public works—bridges, et cetera—under Robert Moses. He was a first generation Irishman, very coarse-mouthed. I learned something from him—engineering projects are very easy to carry out. You just lay the whole thing on the table, the plans, the financial documents, and up pops the answer. It was interesting that that's how engineers work, but what do economists think? He would tell me that he would sit with Messersmith and tell him, "Look, Messersmith, you son of a bitch, you run a lousy company in Mexico. It's bankrupt. I wouldn't give a cent for your company in New York if you were trying to sell something for a project." That kind of language! Messersmith would just blow up, they told me. I never saw him there.

In the end, the legal department of the World Bank, which is extremely conservative but understood the language of this Irishman, forced Messersmith to accept that the loan that he needed to develop the power system around Mexico City, especially generation and distribution, should reach him through the Mexican state commission on electricity. And this is the way the Bank protected itself. The Mexican government was not going to give an outright guarantee to the Mex-Light, as it was called. So, they arranged for that, and Messersmith was so humiliated that he resigned. I don't know what happened after that, whether he wrote his memoirs or what.

In the end, the Mexican government bought out Mex-Light in 1960, and nationalized the whole system for the country. That was the end of that. It is still a powerful Mexican state-owned enterprise because they have a powerful union behind it. But the real planning in electricity is in the hands of the Ministry of Energy now. The Federal Electricity Commission is a construction company and an operating company.

I learned a lot of how the Bank was operating. These were the kinds of deals they made. I didn't last too long there. There were a lot of things that were against my way of thinking.

One day, I was told: "The Colombians are putting a lot of pressure on us. They want to build a steel mill. Now, Urquidi, you take a look at those documents, read their projects and tell us what is going on in Colombia. But we don't want any steel mills. We don't have to finance steel mills. That's not the mission of the World Bank." I did the review of the application. This was the Paz de Rio steel mill, which finally got created. But they were dead set against it at the time.

Then I was sent on a mission to Venezuela, quite by accident. For some reason, a question of trust on the part of somebody, they asked this Belgian who was working on Chile to go on a mission to Venezuela. Now, Venezuela was my property, my line. It was *Eastern* Latin America. They asked him to go there on a mission with a loan officer, a Mr. Clee. One evening I got a call from Mr. Larsen, a New Zealander, an economist in the economics department. He said, "Victor, we have a problem. We sent Jacques Torfs (the Belgian) and Clee to Venezuela because this country's government asked for a mission." This was the government of Romulo Gallegos (of which I had known nothing at all but in any event by then I had moved to the economic department), the second president after the Acción Democratica party held power after the fall of the dictators and the interim generals or admirals who were in power for a short while. Mr. Torfs had a seizure at the airport in Miami. Torfs always told us that he had been a pilot in the Second World War, and he had been in Africa and so on and so forth. We never knew whether that was true or not. But, he apparently had fear of flying. He went to the airport in Miami to get on a plane to Venezuela and he panicked. He could not get on the plane.

So, I got this call from Larsen, and he said, "Victor, I am sorry to bother you, but could you take his place?" I said, "Well, as a matter of fact, I know everybody there, all the people in the new government and so on. So, if you like, I can go." I went and spent about two weeks in Venezuela gathering information. I talked to the people of the Central Bank, and we built up the

national accounts on the back of an envelope. Then, we tried to make the data consistent and understandable. (I later, in 1958, was able to do something similar in Haiti, with a Dutch economist I had known who was on a UN mission there, Jan Lichthart).

I had great friendship with Manuel Pérez-Guerrero, who was then minister of finance and who had been in the League of Nations and in the ILO at the end of the 1930s. Also, I had a very good friendship with an economist that I had met in 1946 at a conference in Mexico, who belonged to the Central Bank and then later in life became head of CEPAL, after Prebisch—Mayobre, his name was, José Antonio Mayobre. He became head of an agricultural bank in Venezuela at that time, before he went to CEPAL. He later became representative of ECLA (Economic Commission for Latin America) in Brazil, and later became Minister of Finance in one of the Acción Democratica governments in Venezuela. And he was ambassador to Washington, which was the last job he held.

I had met all of these people on a previous trip. When I went to Brazil to meet with Mr. McCloy, I had I stopped in Venezuela on the way, just to say hello to my friends there. This was early 1948, I guess. Then, when they sent me on this mission, doors were opened to me: the minister of finance, the minister of development, the Development Bank. All of my friends in power. I had enormous facilities for studying their development plan, looking at the financial situation. I wrote a report, which carried a special message. Everyone had told me at the Bank, "Look, you are wasting your time working on Venezuela. They don't need loans. It's a rich country. Look at the oil. They can finance anything they want."

I said, "Yes, but Venezuela has a very backward and poor agriculture. Most of their industry is completely artificial because they have a seriously over-valued currency on account of the oil. And, because of that, no industry can get very far without enormous tariff protection

or import restrictions. And they can't export anything, almost, except oil, which gives little employment. So, I think there is a case for lending to Venezuela. I know they have huge reserves; I know they have all this oil money. But it is not going to last forever. They are going to have problems with development. And I think the important thing for the Bank is to realize that development does not consist of just making loans and making sure that there is a return on the loans." There was a wonderful column Bank officers always showed you on the broadsheets showing "times earned." Times earned meant the factor by which the annual interest on the loan and the annual amortization were covered through the earnings of the company or the borrower in its operations. This was the way, apparently, to make sure that no external debt would fall into a non-payment situation.

I argued against the Bank staff very much, but I only found one sympathetic ear in the whole Bank, the economist Paul Rosenstein-Rodin, who was the deputy director of the economics department. I don't know how he got in there, because he was a very arrogant, Shumpeterian kind of person and did not fit in at all with the kind of people you met at the Bank. He was there, and he was the only person who understood my view of Venezuela. But he said: "Look, Victor, you better keep out this thing of the overvaluation of the Venezuelan currency from your presentation of the report. You are going to argue that Venezuelan productivity is very low in agriculture, that they have inefficient industry, that they import everything, and that they rely heavily on the oil industry, which has a special exchange rate. But don't say it is overvalued because we would have the IMF on our necks if they get hold of this report."

So, he made me modify some parts of the initial pages of the report, but he did allow me to leave a footnote to insinuate that there was a problem with the exchange rate. And it went through. It got approved. The next day, there was a coup d'état in Venezuela, and Gallegos was

knocked out of business and many of his ministers had to go into exile. That was the end of the report. It never got to the Venezuelan government.

What I did, but I did this after I left the Bank, was to make copies of it and gave it to all the Venezuelan exiles I knew. I sent one to Rómulo Betancourt himself, in person, a former president and party leader. I gave one to the former minister of finance who had left the country and was in Washington. I gave one to the head of the national petroleum interests of Venezuela, and to Mayobre and all his people. And I said, "Well, this report is really just literature now. It is not being acted upon and may not be for a long time. So, you might as well have it and use it."

I think my argument was a strong argument in terms of development objectives. We have been living this over and over again in Latin America—overvalued currencies. This is what happened to Ecuador the other day. And this is happening to Argentina with the currency board. The currency is overvalued. It happened to Mexico, of course, several times, and I argued with President Echevarría in 1971 to adjust the exchange rate.

In my intellectual history, I regard that report as a kind of breakthrough. But it fell on deaf ears in the World Bank. This matter led to other connections later with Mexico in CEPAL. But anyhow, I finally reached the conclusion that I was not useful to the Bank, that it was not being of much use to me anymore in learning about development because nobody was interested in development. They were doing projects. So, I resigned after almost two years there, and my friend who had initially invited me to accept the offer of a job by the World Bank was back in Mexico, and he was in a high post in the Ministry of Finance. That was Raúl Martinez-Ostos.

And he said, "If you are coming back to Mexico, I have a job for you right now." I said, "Well, what is it?" He said, "I have just been appointed to head a division in the Ministry of Finance, which deals with budgeting, tax studies, subsidies, tariffs, financial planning. I have

just set it up and I need a person like you. But I won't give you a bureaucratic job. That is going to go to a man called Raúl Salinas-Lozano (the father of Carlos Salinas). Do you know him?" I replied, "Sure, I know him. He was a student of mine at the London School of Economics." He said, "He would love to have you there, but I am giving you a special appointment in which you will be called Special Assistant for Financial Studies. You will cooperate with him, and you can do whatever you think is useful." I said, "Well, the first thing I want to do is, send me some money so I can go two months as a trainee at the U.S. Bureau of the Budget when I quit the World Bank, because I want to know how they organize their statistical reporting to show whether there is a deficit or a surplus, and what kind of a deficit."

I spent two wonderful months at the Bureau of the Budget in mid-summer, before they had air conditioning, learning, as a practical matter, how the budget was made up and the five year planning of projects, and how they took into account all the trust funds. And I had a friend in the National Planning Association named Gerhard Colm, who was a German originally. He was extremely good at analyzing public finance and budget planning and the meaning of a budget deficit. I was also a friend of Alvin Hansen at the Federal Reserve Board. I knew many people in Washington who I used to see frequently. So, I spent two profitable months there and left back for Mexico and went to my job.

I set in motion immediately research on finding out what the real economic impact of the budget was in Mexico, by a new classification of expenditures. They only had it by departments and not by economic purpose, whether it was for transfers to the private sector, through subsidies, or direct investment by the government, or government consumption directly. We had to delve into files and files of budget reports on expenditure because we found that there were many broad categories of expenditure where you didn't know what the money was spent on.

And we had to find out what it was for classification purposes. Some very interesting things came out of there.

Regarding the United Nations, I had two strange experiences at the World Bank. One was that I had been invited previously by the United Nations when they were at Lake Success to be a member of the subcommittee on development, which was part of a development and employment committee. It was set up by the Secretariat in order to start thinking about what they should do. I was a member of this, and when I arrived at the World Bank I said to them, "Well, I should inform you that I belong to the subcommittee on development in the United Nations." They said, "Well, you are in the World Bank, you should probably not be on the subcommittee." And one day the UN Secretariat called me to a meeting, so I had to ask permission. And a Bank official said: "No, that does not seem compatible. You are in the World Bank, you cannot be on a committee in the United Nations at your level. It is for the World Bank's president to go there and say things."

TGW: The question that I had wanted to ask concerns tensions between Washington and New York, because the Bank is *de jure* but not *de facto* part of the system. But, in your view, are these tensions healthy or counterproductive? Could one argue that, in fact, these kinds of differences and tensions actually push the institutions to be more creative, particularly in terms of putting out ideas?

VLU: I don't think so, at the time I was there, because in the Bank there was no notion of development. I had to write papers for the Bank because, when they prevented me from going to this committee—and somebody else took my place there from Mexico—nevertheless the United Nations would request the Bank to give an opinion on the issues that were being discussed at ECOSOC (Economic and Social Council) regarding development. The United

Nations was groping for ideas to put into practice what the Charter said about economic cooperation and what they interpreted development aid to mean. I had written some papers, but no one else did. In the end, people in the Bank didn't like what I wrote, naturally, because I had a much broader view of things. I should have been in the UN instead of being in the World Bank. The Bank had a very narrow view. They saw it as a banking operation. I'm talking of late 1947, 1948, up to mid-1949, when I was there. There was a great deal of internal friction with the loan officers and these secondary people from the Bank of England. They were terrible—very conservative, very narrow, and not even competent as bankers. This was the worst thing.

The Bank had very little capital to start with. Also, they had the need to issue bonds on the New York market. And they didn't want the slightest suspicion that anything they were doing was against the interests of people who were investors in the market. They knew their bonds might not be accepted. It took years to get their bond issues really openly accepted on the market. So, their concern was that whatever they did on the other side should be absolutely uncontested by any critics saying that the World Bank was selling out to this or that country, or to some initiatives that they considered inimical to private enterprise, for instance when you were financing government electricity companies, or companies that ended by being nationalized, or when there was such control by the government on electricity rates that it was not a profitable enterprise for the stockholders.

So, I think there was a very deep tension there which I regard as ideological in the sense that the Bank, after all, came out of the banking world. It was staffed by bankers. Sometimes it was a big company like General Foods who nominated the vice president or president of the World Bank. Sometimes it was Chase, like McCloy who came from there. This was the

financial world of the United States and, whatever you thought of it, it was really dominating the World Bank, together with the U.S. Treasury. The weighted voting system gave the U.S. government tremendous power in the Bank. No loan could go through without the acceptance of the United States executive-director. There could not be a majority vote against him because he could break the majority. He had enough votes in his hand that he could block a loan according to the percentages of votes that were needed to approve a loan. It was the same in the Fund—completely under the control of the U.S. Treasury.

So, I think the tensions were very deep. And, later, when in the United Nations they started coming up with these ideas of a financing development institution, the ones that Johan Kaufmann of the Netherlands, used to espouse like SUNFED (Special United Nations Fund for Economic Development), the Bank did not want to hear of it. Absolutely not. If McCloy or anybody had to go make a speech, because they had to present an annual report, they saw to it that it was a very skimpy report that did not reveal anything about what the Bank was really doing. All of the documents were there, that the loans were made under these conditions and so much interest and so on and so forth. They did not want to join any opinion that was near what the less developed countries were saying at the United Nations.

That was part of the atmosphere that I lived in in the short time that I was there, which was almost two years. It finally made me wonder what I was doing there. I could not influence these people. I was too young.

The other thing that happened to me was that I got a visit one day, early in 1948, from an Argentinean who worked at Lake Success. His name was Adolfo Dorfman. Now, later in life I learned that Adolfo Dorfman had been a member of the Communist Party of Argentina, but he got a job in the UN. Many did in those days. I did not mind that at all. I liked him. He was a

very intelligent man. He came to me and said, "I am coming here on behalf of someone, who works for David Owen." David Owen was a Welshman who was selected to be one of the first five or six high officials of the United Nations at Lake Success. I think he was the first under-secretary for economic and social affairs.

TGW: Or under-secretary-general, I'm not sure. But he certainly worked with Brian Urquhart and that came up in the conversation with Brian on several occasions. And Brian did the first report on economic and social development.

VLU: That's right. And then he became the head of the Technical Assistance Board, around 1950 or so, which took over the coordination of all technical assistance, including the funds that went to UNESCO and the FAO from the TAB. There was a TAA (Technical Assistance Administration). Maybe he was the first head of that, and then he moved up to the Board. The Technical Assistance Administration was divided by regions, and the Latin American in 1950 became headed by a Mexican named Gustavo Martinez-Cabañas. He is still alive, in his nineties. He became a powerful person because the Technical Assistance Administration was the UN's branch for technical assistance that had its equivalent in the FAO and the others, which got their funds from the Technical Assistance Board. And later, when the UNDP (UN Development Programme) was created, the funding came through the UNDP. A lot of the technical assistance given by UNESCO was from UNDP money, directly allocated under this interagency committee.

He came to me on the part of David Owen, whom I had met, and he said, "Victor, I come to offer you the executive secretariat of CEPAL." The post had just been created. It did not take me long. I said, "Look, I don't think I have to think much but give me a day to think it over." We talked again and then I said, "I'll give you a straight answer. I'm too young for the job. I

don't have enough political experience to be the executive-secretary of an organization that is going to deal with all of the Latin American governments. I have already been on a mission for the World Bank, and a meeting with the president of Brazil, but that does not give any particular experience to me. I don't think I could handle it. Secondly, I have only just joined the World Bank here a few months ago, and I cannot just turn back and say, 'Gentlemen, goodbye, I am going to another job at the United Nations.'"

So, they offered the position to Martinez-Cabañas, and he accepted. He went as first executive-secretary of CEPAL. But he did a very narrowly conceived job there. CEPAL had hired Raúl Prebisch to write a special report. There was a Cuban there as deputy executive secretary, Eugenio Castillo. He was a self-styled economist who said he had a Ph.D. from Johns Hopkins. Maybe he did, but he had married a very rich woman from the Baltimore region in any case. Isn't Phelps-Dodge located in Baltimore? She was connected, I think, with the owners of Phelps-Dodge. Later in life he became the representative of Phelps-Dodge in Central America. He was in Santiago; he hired Celso Furtado and all of the early group of economists there. And Martinez-Cabañas was appointed executive-secretary, and Castillo was put in a subordinate position, which did not make him very happy.

But, in 1951, as you may recall from documents and maybe your talks with Furtado, the CEPAL was up for renewal. It was created for only three years. Actually, the first resolution the UN adopted was in 1947, when Hernán Santa Cruz gave the great battle. But the beginning of CEPAL was in 1948. So, the anniversary came in 1998—fifty years. Its creation was the work of Hernán Santa Cruz, the Chilean ambassador to the UN, and Eugenio Castillo, a Cuban delegate. Castillo became very friendly with David Owen. This is what gave him the job as interim executive-secretary, with the rank of deputy-secretary. Then they hired Martinez-

Cabañas when I did not accept. They also at one time considered hiring Prebisch. Castillo, being a very widely astute and practical person, had heard about Prebisch. He did not know him. Prebisch had been obliged to resign from the Central Bank of Argentina in 1943, through the influence of Perón. We invited Prebisch to Mexico to give us some talks. In 1944 we invited him back. He spent three or four months in Mexico, giving us the benefit of his experience and lectures which were all recorded; he used them later in a book he wrote.

In 1946, the Bank of Mexico convened the first conference of central banks of the western hemisphere. I was the one to organize it. We invited Prebisch. We had Canadians there. We had the Federal Reserve Board too. It was a very successful meeting in getting the central banks to recognize the need to have frequent biennial meetings, at least, on issues affecting banking, business interests and trade. The IMF already existed but it had not yet begun operations.

Castillo in 1948 had obviously heard about Prebisch, and he invited him to write a report through Martinez-Cabañas for the Havana Conference of ECLA. That was the first general conference of ECLA.

TGW: But not the Havana GATT (General Agreement on Tariffs and Trade) conference.

VLU: ECLA's meeting preceded the big UN trade and employment conference. Prebisch then said that he would write a report because the first annual report of ECLA was just modeled on the OAS reports (Organization of American States). I knew it very well because they wanted that report printed in Mexico. They asked me to take care of the editing and the printing. It was just a story of statistics without any analysis, or any idea of development in it. Nothing. So, Prebisch came along with his ideas, and he wrote this famous report that he presented in Havana, which was acclaimed by all the Latin American delegates. The IMF was

present there, and they did not like it. There was a Chilean there representing the IMF, Julio Del Canto, a conservative.

The UN liked Prebisch's work so much that they started cooking up a deal to have him write the *Economic Survey of Latin America*, which he did—the famous 1949 one. That clinched matters to such an extent that David Owen, with the help of Philippe de Seynes, who was a French delegate, got it into their minds at the 1950 conference in Montevideo, to move Martinez-Cabañas upstairs to headquarters, as head of TAA, and invited Prebisch to become the executive-secretary. And he accepted.

Now, this was a year before the meeting in 1951 that was to take place in Mexico in which the renewal of CEPAL was on the program. That has been amply explained in Furtado's autobiographical book, *La fantasía organisada*. The Brazilian delegate, Ossario de Almeida, had to appeal directly to President Gétulio Vargas for support in holding up the notion that CEPAL should continue. The American delegation, in 1951, took the view that there was no need for CEPAL because the Bogotá conference of the OAS in 1948 created the Inter-American Economic and Social Council. Their arguments were strong. They said, "You don't need a new commission." But the Latin Americans did not trust the OAS. The head of the economic and social department in the OAS was an American, called Amos Taylor. The State Department, of course, could hold that they did not want a UN organization in Latin America, because that would not be under the control of the State Department. It was as simple as that. You still have this sort of colonialist attitude also in the OAS. Of course, it was then no longer the Pan-American Union, it was the OAS. Nevertheless, the OAS was born in very troubled circumstances in Bogotá, because that was when the famous *bogotazo* took place and presidential candidate [Jorge] Gaitán was assassinated. The disturbance broke up the conference.

I was already at the World Bank in 1948, which was when the Marshall Plan documents were published and I started looking into them.

I used to get frantic calls from Mr. Villaseñor, my former boss. He was going to the Bogotá conference, and he wanted to present the Inter-American Bank idea again. He needed information about what was going on. What was the Marshall Plan? Because they knew that General [George] Marshall would go to Bogotá. He did, and he made a speech in which he repeated what William Clayton said at the Chapultepec conference (Inter-American Conference on the Problems of War and Peace) in 1945: "The post-war has arrived. You don't need anymore external public money for development. You are not going to get it. There are no longer any guaranteed prices for raw materials. You have to put your coffee on the market, and your cotton and minerals and everything else. We don't want tariff protection, we want free trade."

I was at Chapultepec. I was secretary to one of the commissions which dealt with the coffee prices and things like that. I sat in on the plenary session in which Bill Clayton laid it on the table in those terms. He was the head of the Department of Commerce. He had cotton and oil-seed interests in Texas and Mexico. I was sitting in a place where I could see what he was reading. He was reading his speech from shorthand, which he had written obviously himself. This man read his whole speech in those terms. This was 1945, just a few months before San Francisco (United Nations Conference on International Organization).

Marshall went to Bogotá, and he gave substantially the same speech. He said that there would be no Marshall Plan for Latin America. This speech can be found. It is an official document. There will be no public role for development. You have to invite private direct

investment. You must create conditions for private direct investment and open up your frontiers to trade. This was pretty much the opinion of the World Bank too.

Of course, that was, as we say in Spanish "*un balde de agua frìa*" (a pail of cold water) on the delegates, because the notion of a Marshall Plan for Latin America had been built up somehow mysteriously among the many countries in Latin America. And the conference was going to create the Inter-American Economic and Social Council. In Peron's government in Argentina—he was in power then—a man called Miranda was the economic czar, a big spender and controller of everything in the Argentine economy. He had a bombastic Argentinean way. He went there and proposed a $5 billion fund to which Argentina would contribute $2 billion or more to finance Latin American development. And Marshall said the opposite.

First, the Brazilians disliked the proposal of a Peronista style of government. Mexico was not very excited about supporting an Argentinean proposal. Villaseñor was on the Mexican delegation, and he was going to try to push through the idea of the Inter-American Bank again. He was the author of the proposal on Guatemala in 1939. He had not forgotten it. He had published an article in *Foreign Affairs* about it. He took the proposal again, and he was negotiating it when the *bogotazo* came and the conference was brought to a close.

I was in touch with him because he used to ask me for data. I used to read at night and on weekends reports that used to come out of the U.S. Congress about the Marshall Plan. I would send memos to him, typing them up at home—not under World Bank auspices. And I sent him reports summarizing what was in the Marshall Plan and what the policy behind it was. It was the reconstruction of Europe that the World Bank could not do. The World Bank did make three or four loans for reconstruction—to France, Denmark, and a couple of others. They also made a very mysterious loan to Australia, which had the same purpose. The loans were made without

much negotiation. These were not project loans but general loans. Well, that's in the history of the World Bank. You know the book that was written by Richard Webb and co-authors.

Bogotá sort of destroyed all the proposals. The idea of the Inter-American Bank just fell into the drain, so to speak. The OAS was not going to pick it up. CEPAL did not pick it up either. The Americans were very irritated by the growth of CEPAL. They were very irritated by Prebisch having been appointed head of CEPAL, because they did not like him. They had a very poor opinion of Prebisch. They thought he was one of these nationalist Argentinians they could not deal with. And Argentina had been excluded from the Bretton Woods conference altogether, because of their dallying with the Axis Powers. They argued that it was unnecessary to duplicate the work of the World Bank. Of course, the argument from the UN was that was part of a system of regional economic commissions.

At the CEPAL conference in Mexico in 1951, the argument ran like this. The U.S. delegation had a bit of support from several countries that were usually compliant with the United States. Cuba was one of them. Mexico gave a very strange, halfhearted support. Mexico was the host to that CEPAL conference. The head of the delegation was Antonio Carrillo-Flores, who later became under-secretary-general for the Bucharest World Population Conference and eventually Mexican minister of finance and of foreign relations. In the Mexican delegation was Manuel J. Sierra, a lawyer and a specialist in international law and a stalwart of the Foreign Office in Mexico who had then moved to the Ministry of Finance. He was a defender of friendly relations with the United States government. And he took the American side on this question! I was told by a friend who was present that he had nothing but the most horrible contempt for Prebisch. He said, "I will never accept him, that disgusting Argentinean." Nevertheless, Celso Furtado, de Almeida, and President Vargas saved CEPAL.

The Central Americans played a very interesting role at that conference. They presented the notion of creating an inter-ministerial committee for Central America under CEPAL, *Comité de Cooperación Económica del Istmo Centroamericano.* That is a very big name for Central America. Of course, they always hoped that Panamá would join them. This notion came from two people—Jorge Sol-Castellanos and Enrique Delgado, Salvadorean and Nicaraguan ministers of economy, respectively; the latter sufficiently capable and conservative to be accepted by General Somoza. A third was a Guatemalan who had been at Bretton Woods—the only Guatemalan who had been at Bretton, who was then a student at Harvard. He was listed as "Graduate Student, Harvard University," Manuel Noriega-Morales. They convinced the Hondurans to join them. And the Costa Rican, who was a bit distant from the whole thing, was a nice man, an agronomist and a rancher. He had cows up in the mountains. They presented a joint draft resolution to create this committee. They negotiated with the secretariat. I was not in that but I heard about it later. And it passed. It was Resolution Number 7 of the Fourth Conference of CEPAL, held in 1951 in Mexico. It set up this committee and required a secretariat to do the technical and advisory work for the ministers to create the Central American common market, and to do all of the other necessary studies required to support this idea.

Whether they had full authority from the governments, I don't know. But Noriega, from Guatemala, who was a wonderful person; Enrique Delgado from Nicaragua; and Jorge Sol, as well (Jorge died a few years ago; I remember Jorge more as a statesman than as an economist) were men of vision. Jorge Sol patterned this whole idea from the European Economic Community (EEC), which already existed in 1951. It was four years after the creation of the Common Market idea in Europe. They had Benelux (Belgium, Netherlands, Luxembourg) and the European Coal and Steel Community. Then they had the Treaty of Messina. They got the

common market idea going in Europe. Jorge Sol had lived in Washington and had been working at the IMF under Ed Bernstein; he was a lawyer and had graduated with a degree in economics from Harvard at the Littauer Center. He was a really extraordinary person. Another economist was in the IMF at that time, Jorge Ahumada, a Chilean, who went to work in CEPAL at some point. He was trained in Chile and he had been to Harvard also. There were a lot of people through the IMF in the early stages in various jobs, but not in the World Bank. I was almost the only Latin American there.

I can swear that Central American integration was not in the mind of Prebisch, or anybody in CEPAL. It was an authentic Central American idea, and the immediate rationale behind it was this: the political people, the presidents, had created an organization called ODECA (*Organización de los Estados de Centro América*). Governments had some inkling that this was a good idea to present. They had been talking of integration since the mid-nineteenth century, when Central America was for a while "*Las Provincias Unidas de Centro América*," from 1838 to 1842, or so. In other words, they had the idea of creating a single country out of the five parts that developed from the withdrawal of the Spanish empire from there—except for Chiapas. Chiapas did not join them, and in 1936 asked for annexation to Mexico. This makes the Guatemalans always resent what they said was the Mexican maneuver to steal Chiapas from them. Well, they stole Belize, or half of Belize, which belonged to Mexico. So, there was a final deal on that at the UN in 1958.

The work was to start as soon as possible because they were afraid that the ministers of foreign affairs would get their hands on this idea of integration and make a mess of it. I remember Jorge Sol saying precisely those words to me: "We wanted CEPAL because we wanted a serious, objective analysis of what it meant to create a common market. And we

wanted CEPAL to do it because this organization was above-board. It was the United Nations and not in the hands of the OAS, or of ODECA, which could have been influenced by the OAS."

That's where I came in. Prebisch, as a result of that, decided to open up an office in Mexico, which he called the *Subsede* of Mexico. And he spoke to me at lunch one day shortly after that conference. He said, "What are you doing, Victor?" I said, "Writing a report for the Mexican government and the World Bank. It's this big study on Mexican development. We have had a joint working party. Two Bank economists, two Mexican economists, and I'm still writing a chapter." He said, "Could you come to CEPAL and work as research director in this office? I would like you to be in charge of the economic research and analysis support for this committee." I jumped at that idea because as a young boy I had lived in Central America. I had a feeling towards them. I had many Central American friends. And I was going to be out of a job, and he was going to double my salary. So, all of these things were important. And he said, "You don't have to come to Santiago. You are going to operate out of Mexico, and you will have to get along with Castillo. He is going to be director of the office." I said, "That's alright with me, as long as I have freedom to develop the research program and if you allow funds to start hiring people that I will need. I cannot do it all myself."

So, on October 1 of 1951, I joined CEPAL. It was entirely down my line. I believed in integration. By some coincidence, I had already read books and articles on the Benelux and the early development of the European Economic Community. I was familiar with what they had done. I was familiar with the theory of customs unions. I had studied international trade. I had been a trade specialist, among other things. I knew trade theory. I knew the arguments, pro and con. I said to Prebisch, "Do you consider this as a trade liberalization arrangement, or do you consider it as a development issue?" He said, "As a development issue." So, I thought, "I can

start developing ideas." I hired a Mexican economist who was born in the Canary Islands and had come as a young refugee from the Spanish Civil War. He is still around Chile, but where he retired because his children married there—Cristóbal Lara, who had worked with me before.

Cristóbal and I just put our heads together and started thinking about how we were going to present this whole idea of integration to the ministers of economy in Central America. We wrote the first CEPAL document that we sent to them to justify sitting around the table in Tegucigalpa in June of 1952, after I had done the trip with Prebisch and Castillo, which I described in 1998 in the article in the *ECLA Review (Revista de la CEPAL)*. By the time Castillo had resigned—he had gone to work for Batista in Cuba—Prebisch immediately asked David Owen to appoint me as director of the office. I accepted. I had more power to hire the right people and to get people involved. I negotiated with the United Nations to get experts. And we presented a document at the first Central American conference in Tegucigalpa, justifying integration not just as a trade study but as a development study. We argued, "If you talk of integration, we have to think of the five Central American economies as interrelated, as jointly carrying out development."

Why did we choose Tegucigalpa for the first conference? Because it was the weakest link. It was a deliberate strategic decision. We had to get the ear of the decision-makers in Honduras. We already had the ear in Guatemala, in Nicaragua, and in El Salvador. A little less in Costa Rica; they were very independent and very distant. And we laid it out in terms of studies on trade liberalization and moving in the direction of a treaty for a customs union. And we got people to work on the tariffs. We developed for them a common tariff. At one point, we created subcommittees on commerce, on transportation, on road transport, in the area of electricity, on agriculture. And I created a special committee to start multilateral negotiations.

We had no idea how to do it. We had not been involved in the GATT negotiations. But we developed a common nomenclature of the tariff, and we had some ideas on the common tariff. And we wanted to start them thinking in terms of reciprocal trade negotiations and concessions. And we invented it *ad hoc*. All of these strategic things were done in Honduras to get them to start negotiations. We spent hours and hours, whole days, getting it started. I remember it so well, because none of us had the least experience in multilateral negotiations. So, we had to invent it on the spot there.

This led gradually to the preparation of the documents for the first formal conference, setting up the free trade and integration agreement. We also chose Honduras for the signing in 1958. It almost slipped through our fingers because the Guatemalan delegate arrived without full authority to sign the treaty. So we had to get him to send for authority. And he got it, and he signed. The Honduras position was a bit distant, but we had very good support in the central bank. We had a lot of opposition from two economists who were hired by the Honduran government years before to give them advice on development and projects and things. One was an Italian-American; the other was an Italian.

TGW: We have about thirty seconds more of time, so this is a good place to break for dinner. This is the end of tape number 2 with Victor Urquidi.

TGW: This is tape number 3, Tom Weiss interviewing Victor Urquidi in Oslo on Monday 19 June the year 2000. Good morning, Victor. Yesterday, we left you around 1958. I wanted to ask you to describe not just your relationship with Raúl Prebisch, but his relationship with the other people with whom he worked. He seems to come out in everyone's recollection as both an intellectual and a bureaucratic force. I was curious as to what the atmosphere was like

within the secretariat when he was around. Was the morale different from what you found in Washington, the conceptions of development, et cetera?

VLU: It was very centered on him, his writings, and his ideas. There was no question he was a man who had some charisma. He knew how to arouse interest in what he was saying. He liked to have people around him, some immediate people who were sort of "yes-men." But he was very willing to engage in polemics with anybody who had different ideas, and he carried his own very strongly. I witnessed that several times. He was a rather unusual person because he was not authoritarian in the least. He was very, very stimulating to be with. The people he liked he invited to his home and to his weekend place. There was always lively discussion going on, and he tested his ideas very much with lots of other people.

One of the first times I met him in Mexico, especially when he was there in 1944, I was the liaison person to deal with him and I would accompany him on long walks in the park discussing issues—import policy, balance-of-payment problems. I ended up later by saying to myself, in Spanish, "*el economista preguntón*": he is always asking, and asking, and asking questions. He is not telling you. He is not lecturing you all the time on his thoughts and his findings, or his divine inspiration. No, he is finding out, and out to find out and find out. "Tell me, why did this happen? When did it happen? Who was behind it? How did it come about?" He ended up being very informed through conversation. I was convinced that he was a man who did not read very much. He did not like to carry papers around. I once traveled with him to New York, and I discovered that his briefcase was totally empty. He liked to sit and think and get knowledge from people and test these ideas by asking questions. So, he was a very unusual kind of person to deal with.

There is a rather good book, but it's only in Spanish, by an Israeli sociologist, Joseph Hodara, who worked in CEPAL many years in Santiago, and also in Mexico. He is now in Tel Aviv. *Prebisch y la CEPAL* was published by the *Colegio de México*. It was critical—critical of the roots of the ideas Prebisch brought out. "*Don Raúl,*" as many called him, was very good at drawing out other people's ideas and adapting them to his frame of thought on issues, whether in banking, balance-of-payments, or development ideas. He also originated things, very much. He was a good proselytizer of his own ideas. But the book brought out a tremendous critical reaction in the CEPAL sources. Many people regarded Prebisch as untouchable. If you went to the foundations and shook his structure of ideas, and where they came from, you had to start asking, "Did he ever read this or that? Or did he just pick it up from somebody?" If you started that kind of discussion, people got very mad because they were so convinced of the great view that he had of Latin America. He was a very persuasive person. He was extremely good at talking to government officials and business people and explaining why this, why the other. He had a certain power of persuasion and charisma, and he listened. That was a rather interesting combination.

But you could not say that he was a full-blooded intellectual. He picked up things. For example, the center and periphery idea that he developed—he was very clever to use that. But it was not original. Everyone thought he had invented it. I found a book by a German economist, called von Wageman, published in Spain, in Barcelona, in a translation, where the idea of the center and the periphery is spelled out. I told him so once. Had he read von Wageman? It did not strike a cord. Von Wageman had actually lived in Chile for a while. Maybe that's where he got inspired. So, I made a copy of the book and passed it to him. Whether he read it or not, he got the idea that somebody had developed this notion of center and periphery, which is a very

crude way of saying things. Center and periphery—which is the center? Well, the center was Great Britain in the nineteenth century, and the periphery is everybody else. So, it did not make much sense just to put it so simply.

He also latched onto the terms of trade idea, and that was much more subtle than he imagined, the way that he put it out. He was not anything that you would call a mathematical economist, well grounded in theory. He was a very pragmatic person, but he had ideas. He had a view and he invented terms. For example, three or four years ago, I was at Oxford at a meeting with economists and all these people when they were beginning to prepare *An Economic History of Latin America in the Twentieth Century* that the IDB (Inter-American Development Bank) commissioned. And there was a big discussion on import substitution as a topic because they had commissioned some papers on that. I was invited to be in the general advisory group, and they treated import substitution in abstract theoretical terms. They were applying a modern concept and surrounding it with mathematical formulae to find out if it made any sense from a welfare point of view. I said that this never entered anybody's mind in CEPAL when this idea started. And the reason it was called import substitution was that Prebisch was so afraid of using traditional terms like "protection." He had had a terrible run-in with Jacob Viner at a conference in Brazil. Viner and Haberler were very critical of the CEPAL approach. And he invented the term "import substitution," which had to be defined and to be developed in all of its consequences. It was a new term for tariff protection.

In Argentina, when he was a younger economist and advisor to the Ministry of Finance there—I heard this from him and one of his very close friends—they had to develop a system for income tax. There was no income tax in Argentina. They worked it all out. They were very careful to see what other countries had done. Prebisch had attended the World Economic

Conference in 1933 in London. He even met Keynes there. He said he was the only Latin American there. That is not quite true; there was a Mexican there who was later minister of finance—Eduardo Suarez. And there were one or two others. That is an example of his simplification—he was the "only" Latin American present. But when they had to develop the income tax in Argentina, he did not call it in the traditional way, "*impuesto a los ingresos*." He called it "*impuesto al rédito*." *Rédito* is a word used in Spanish to mean "interest," or "an earning on capital," whether on rental or financial capital. And he insisted on "*impuesto al rédito*." Nobody understood what it was, and it went through. If he had called it *impuesto a los ingresos*, everybody would have been up in arms. He had this ability to know what people would accept and understand from the technicians of the time.

So, this discussion at Oxford was very amusing. I said, "Listen, in my time, in 1946, I used to discuss with the *import substitutors*. I used to confront them with ideas about why they wanted so much tariff protection. We had open discussions. But one called them *import substitutors*. They were just industrialists in favor of tariff protection. These were the people that Sanford Mosk talked about in his book, *Industrial Revolution in Mexico*. It is not a refined concept. It meant just wanting protection from the onslaught of cheaper goods coming from the high-tech countries, or the postwar adjustment, and so on and so forth.

So, I think Prebisch was a kind of prophet or preacher. He sometimes skimmed over complications and subtleties very easily. He had strong ideas and people were influenced by him. But he was always open to discussion. You could always see him in CEPAL. And he trusted people. In the Central American program, he just gave us an absolutely free hand. We made it very clear what we were after. He talked with the ministers. He went on the first tour that we did there. He talked to all of the presidents, all of the ministers and all of the people.

And he said to me, "Now, you go ahead and report to me. Keep me abreast of things." Only once after that did he go. He went to the first ministers meeting of 1952, in Honduras. He never went to Central America again. I reported to him all of the time. I went to the CEPAL conferences. I always prepared the Central American delegates. We always sought a draft resolution from the five countries, with sometimes Panama joining, which I helped them to write. Everybody was quite well informed on Central America if they bothered to read reports—reports of the committee and reports of the secretariat.

The Americans, at the end of this thing, were very opposed when they got wind that we wanted industrial planning for Central America under a special agreement. This idea did not come from the secretariat—you cannot blame CEPAL for everything—it came from the countries themselves. It came, in fact, from Nicaragua. It was a very sensible proposal. If you want to stimulate industry on a Central American basis, and for the Central American market—well, if you are going to allow five tire companies to be set up, they will cut each others' throats and nothing will be achieved. The market as a whole was too small for more than one tire factory, or one cement factory, or one glass factory. There were no tire factories in Central America; there were no glass factories. There were only one or two small cement plants in those days—in the early 1950s. We did a survey; we had a UN expert working with us, and we consulted with all of the business communities. The idea came up first to set up an unusual committee under United Nations aegis—a joint commission of business groups and public officials and the secretariat to discuss the issues of future industrial development in Central America. And it was very successful—a couple of meetings with them to get their ideas through and to hear their responses and their reactions.

And the Americans did not like that, because they always feared that we were acting against U.S. interests, as we learned later from all of the documentation that has been pulled out of State Department archives. Then, the Nicaraguan member of the ministers' committee, Enrique Delgado, said, "Well, what I think we should do is reach an agreement among the governments to say that we will give temporary, but declining tariff protection to those industries that may qualify as what we may call Central American integration industries." In other words, they would have access to the whole market to start, but after a ten-year period they should be freely competitive with all of the others. We set up a declining rate of protection within the common market. The Americans just blew up on that when they heard about it.

Now, this produced a reaction not in the Commerce Department or anywhere else, but in the State Department. The man who reacted to all of this had been an ambassador to El Salvador, Thomas Mann—no relation to the famous German novelist, of course. I knew him. He was a very active person. He spoke Spanish. He was a Texan lawyer. He sent a couple of people down, and this is the story that came up from a researcher, Charles Carreras, in a U.S. university, Ramapo College in New Jersey. I had left CEPAL, and the U.S. envoys came to see me on their way to Central America. They said, "Tell us about the Central American program. We are coming here to find out all about it and to make a proposal to El Salvador and maybe to Guatemala, to go ahead with a much easier and quicker and more direct free trade agreement. Forget all of this other nonsense about Central American integration and five countries involved." I said, "It is not just a trade treaty. It has an integration purpose. We have done transportation surveys. We have done agricultural studies. We have done a whole gamut of things. We set up an industrial technology research institute and a public administration institute. It is to push the development of Central America as a whole, but with a common

market to make it interesting to investors, especially Central American investors, to develop their ideas and projects in terms of the market. Otherwise, they'll never do it. And I think it would be very wrong for you to go down and suggest that they should throw this out of the window and do just a simple free trade agreement."

What they wrote to the State Department was that I had agreed on their position. "We have interviewed Mr. Urquidi, and he was very much in favor of this proposal." It was Isaiah Frank and a man called Turkel. Isaiah Frank is still around. When I heard their views, I realized that they were not going to budge. When I talked to them about electricity and transportation, they started looking out the window. So, I went home and phoned the minister of economy in Guatemala. I said, "These two people are going to see you, but they are really going to see El Salvador because they want to have a direct El Salvador-Honduras free trade treaty like they had in 1917 and to forget all about the integration agreements." The minister of economy of Guatemala, by that time, had been a staff member in CEPAL. He was a really wonderful person called Alberto Fuentes-Mohr, who was later assassinated by the right wing groups in Guatemala.

TGW: He was also an official in UNCTAD, wasn't he?

VLU: I think so, yes. He had gotten his first job in the UN, in the Trusteeship Department, for those countries that had not yet gained their independence. He had a Ph.D. from the London School of Economics. I said, "Look, Alberto, I hope you get across to them that they should not try to break up the Central American integration scheme. It can be improved. It can be modified and so on, but they should not break it up. It has been so hard to build it up over seven to eight years." What he did, then, was to phone the minister of economy in El Salvador, who was another friendly person toward the integration program, called Alfonso Rochac, who in earlier times had lived in Washington and had been in charge of the coffee agreement. He did a

lot of very good things; he had succeeded Jorge Sol in the ministry. They were quite forewarned by me. I was no longer in the United Nations secretariat; I was not acting disloyally to the system.

So, I warned them, and they succeeded in stopping this idea, at least of an El Salvador-Honduras agreement, but they did have to accept the pressure and signed a three-country agreement, ignoring Nicaragua and Costa Rica. It did not work, of course. It lasted on paper about a year or two. And the Americans then established an office in Guatemala, which they called ROCAP (Regional Office for Central American—what the "P" stood for I cannot remember). And they appointed an economist there who was rather well known. He had funds from USAID (U.S. Agency for International Development), and he was dead-set against the industrial promotion agreement among the five countries, which had been signed at the Tegucigalpa conference in 1958. In the end, I think one or two industries got going under this agreement—glass manufacturing was one—and then the whole thing collapsed, because it was totally undermined by the United States. They just wanted it so, "you're having free trade, that's good. That will bring in foreign investment. Do not bother with any planning of industry. That is against private enterprise." It's the argument we heard all of the time.

This was the time when planning was favored by CEPAL. CEPAL had started out in the 1950s with a study on Colombia, and there was another on Peru, with the military government, and one on Bolivia, to set up development projection studies—programming studies, they called it. We even supervised one for El Salvador and one on Costa Rica with a Costa Rican economist. There was one for Honduras and one for Guatemala. There was one for Panama, headed by Oswaldo Sunkel, a Chilean, on what the future of Panama had in store for its economy, given the existence of the canal and the lack of anything else there. We did have a

clear negative feeling from discussions at the State Department once or twice, with Louis Swenson, who was CEPAL's deputy director, a really wonderful person, an American from Minnesota. We discussed all of this. They did not like it. They did not like programming; they did not like planning; they did not like anything that would stand in the way of free decisions by private enterprise, which meant foreign enterprise, because there was very little local capital. And local capital was very narrow, sometimes. They had very little vision.

I once had an interview with Luís Somoza, after his father, General Anastasio Somoza, was assassinated. Luís Somoza took over as president, after a certain intervening stage. He was a pleasant man; you could talk with him. And I said, "I have come to see you because we would like to have soon another meeting of the committee of ministers on economic integration, and they hope to make up their minds about the future of industry in Central America. We have done a lot of studies and we have had these commissions working." He said to me, "Look, Victor, it's simple: you bring me all of the main industrialists of Central America, and we will tell them where to put their factories." I said, "*Señor Presidente*, that cannot be done. The United Nations cannot do that. And I don't think anybody can achieve that. This is not the way to do it. It has to be done by convincing people, and convincing the governments, and following this whole outline we have been working on for years."

He laughed. He was very pleasant, but somewhat "innocent." I never saw him again, because he died of a heart attack, and then Tachito, his brother, came into power. Nicaragua had many brilliant young economists. They were really very good. They worked beautifully, as did the Salvadorans. One of the problems of those two countries was the excessive drinking of alcoholic beverages by all of these people. Almost all died of heart attacks and overdoses of whiskey. I used to say that whiskey was the common currency of Central America.

I left CEPAL in 1958. And I left not very happy with my relationship with Prebisch, and not about Central America—about Mexico. Because, when the time came to write a report on Mexico and development programming for Mexico, it was a difficult topic. All Mexican governments said they were doing planning. It started with Cárdenas. Every administration started out with a six year plan and so on. Sometimes they published it and sometimes they didn't. I had been involved, myself, in a joint working group with the World Bank, on Mexico's capacity to absorb foreign investment (finally published in book form by Johns Hopkins University Press). The idea was to take an overall view of Mexican development in modern terms, with national accounts and proper treatment of foreign trade and analysis, and the fiscal problems. I wrote the chapter on fiscal policy and on transportation issues. Somebody else wrote the trade and agriculture chapters. We did a complete survey of the Mexican development issues with modern data, which we built up with the help of the Bank of Mexico.

I was convinced that the approach to development in Mexico was not as simple as the CEPAL programming studies would make us believe. The CEPAL programming studies were based on a simple Harrod-Domar model, and they did not like to introduce the idea that if you needed foreign capital, part of it would have to be private direct investment, and not just loans from the World Bank and other sources. The *capalinos* had a definite slant against private foreign investment. Why? Because most foreign investment in South America was in copper in Chile, mining in Peru, and petroleum on Venezuela. I remember having endless discussions with Furtado, for example. To this day, he is absolutely against foreign direct investment. And he has written on it. He argued that through the access to technologies, foreign capital gets control of the economies of countries like Brazil and others in Latin America.

Prebisch asked Furtado to head the mission to Mexico to write this report. I was not the one to intervene and say, "I have my own ideas about this and I can do it myself." I was devoted to Central American common market studies. So, Furtado came; he came with Sunkel. They were a very strong team, really. They brought with them a Mexican who worked in Santiago, Juan Noyola, a brilliant young economist, who had been much under the influence of a Cuban who worked there, called Regino Boti, who had studied at Harvard. Noyola, Furtado, and Sunkel started looking at the prospects for Mexico, and they came up with the notion that the main problem in Mexico was the incapacity to prevent sudden devaluations of the currency. In other words, every administration ended up with a devaluation. This was done in a secret fashion; there would have been sudden capital flight if people got the wind of things. If not, they were taken by surprise, like in 1954. And Mexico negotiated with the IMF very secretly to devalue the currency when it was absolutely necessary, every time that foreign exchange reserves dropped to zero. When you get to that stage, you are in very bad shape. You become an invalid, who is looking for a crutch to continue walking. How to prevent that from happening? They hitched onto this topic; analytically it was very good, and I only had to lightly supervise the study because I was not going to tell Furtado what was right or wrong about a CEPAL study on Mexico. And they were supposed to be very objective. We did some consultations with people, but we did not—and I think that was a terrible mistake—and never got the agreement of the Mexican government to carry out that study. There was no need to, since this was a secretariat study, but these studies got published, and they influenced public opinion, like the one in Colombia. The studies were welcomed by the Colombian government and the Peruvian, the Bolivian government, they were all welcomed. This one was done as an analytical

study. When it was finished, Prebisch had not had much notion of what was going on in all of this; it wasn't my job to report to him either.

Finally, the study got to his desk. He read it, and he also discussed it with one or two people in terms of the general trend of the development studies that they were doing for other countries. And I was there, just before going to La Paz for the 1957 conference, when he asked Furtado, who was also there at the time—and this is related in Furtado's autobiography—to meet with him. We sat there for maybe four or five hours discussing the study. This was a direct confrontation between Prebisch and Furtado. I had never witnessed such an encounter. Both held strongly to their views, to their theory of what had happened in Mexico in terms of the importance of avoiding situations where you reach such a disequilibrium that the only way out is to let the exchange rate go. I always say that every Latin American economist who speaks about Latin America is really speaking of his national experience. Prebisch was very much a man talking of Argentina, through other language. And if you spoke with a Chilean, it was the same thing. Aníbal Pinto and many others in CEPAL were always thinking in terms of the structural problems of Chile, having in mind first the nitrate collapse and then the copper industry in foreign hands. You found this all the time.

Well, in this case, Furtado had his own views which were very much inspired by Brazilian experience, and he has written dozens of books on this. And he and Prebisch were like two giants vying against each other. And I was sitting there listening to all of this. I hardly intervened. I was politely invited by Prebisch to listen to all of this discussion, because I was responsible for the Mexican office. And I would have some consequences in what happened with this study in relation to the Mexican government. And Prebisch won. Prebisch won because Furtado, at the end, broke down and burst into tears. He could not go on any more. He

felt that Prebisch was overpowering him, in a personal way. So, conversation stopped, and we all said, "Thank you, good evening." And we walked out. This was a dramatic thing. It was absolutely overwhelming. Furtado couldn't stand the pressure.

Well, we went to La Paz and this was a report that was being submitted to the La Paz conference in mimeograph form as a document, a temporary document not approved for publication. The Mexican delegation there was composed, as usual, of second-and third-rate officials who were sent to these conferences. They had their own little game to play. These were people who were in the Ministry of National Economy, who were assigned the task of going to the CEPAL conferences every two years. I think I made the mistake of not having discussed the results of this report with them, but I couldn't. It wasn't my report, it was Furtado's report. It wasn't my responsibility. It was the responsibility of the central office of CEPAL, not of the Mexico City office. The Mexican officials didn't like it, precisely for the reasons that I imagined—that it was putting in evidence the ineptitude of the Mexican government allowing the economy to reach such disequilibrium and such losses through capital flight that exchange reserves went down to zero every time and they just had to let the exchange rate go without any warning. And they didn't like that politically.

They convinced Prebisch—and I didn't know this until later—never to publish that study. They said, "You are free to do these studies, but we were not involved. We were not consulted. The Mexican government does not like being put in evidence of poor economic policy and allowing devaluations to occur with great damage to the economy without any warning. And what this report is implying is that this has happened every time, and that Mexico has to get away from that disequilibrium." That was the positive side. But I didn't know Prebisch had agreed not to have it published.

This confrontation with Prebisch was so dramatic that I, who had already been over six years working with CEPAL, and still had to get to the signing of this first common market treaty in Central America, thought that it was time to tell Prebisch that after the treaty was signed, I was quitting. I'd give a year's notice. Furtado and I traveled together. We decided not to go on the charter flight that all of the CEPAL staff was going on. We took a plane to Arica. I suggested that: "Let's you and I go to Arica, and take the train. I've never done that trip. People tell me it's very interesting. You just get into this car with a motor on it; it takes about ten hours to get up to La Paz, but you get to see a part of Latin America that you and I have never seen." So, we did that. We asked to be allowed to get to La Paz by our own means. After a plane to Arica, then we took the train. And we arrived in time for the conference in La Paz. And Furtado and I were very good friends. We even shared the same room in the hotel; there were not enough rooms for everyone to have an individual room. And we talked a great deal.

I said to Furtado, "I have come to the conclusion, taking one thing into account and another, and not only what happened the other day with Prebisch, that I have got to get back to Mexico. I have been too distant from Mexican affairs. I have been working on Central America, traveling six months out of the year, and running back and forth all the time. It's fine. I've enjoyed it. But it's going to reach a climax if and when we achieve the signing of the treaty. So, I'm going to give Prebisch notice that I am going to move out when this is finished." Don Raúl and I took a long walk up and down Avenida Sucre in La Paz. We were told, "Be careful at night. Don't eat dinner; have a cup of tea and go to bed early." We did the opposite. We had good dinners and wine and stuff. Then we took walks up and down.

Prebisch loved to do that. He loved to walk and discuss as he was walking, as we had done in Mexico. So, I broke the news to him and he was receptive. He said, "Victor, I

understand." I said, "Essentially, I want to get back to work on Mexican problems. Not because of this study, but because I am worried about the future of Mexican development. Maybe I can help in policies. I have a lot of experience now. And this Central American program will reach a point where if it is approved and goes ahead, it is for them to decide what they want to do in the future. They may not need the CEPAL secretariat so much. In fact, they may want to set up a group of their own." I had recommended that at a meeting in Guatemala.

And Furtado told me, "I have taken the same decision. I am going to leave CEPAL." He said, "You know, Victor, I'm sure you're going to go into politics. You are going to be in the next government. You are going to do things in public life. I am going back to academic life." It was entirely the opposite. He went back to Brazil and soon got into the *Nordeste* program and became the *superintendente do nordeste*. Then he became minister of planning, et cetera. Then he had to go into exile when President Goulart was deposed by the military. And I went largely into research and academic life in Mexico.

By 1959, I was bent on that. I did work with the new secretary of finance, Antonio Ortiz-Mena, trying to apply my knowledge, forecasting on future developments in Mexico. I wanted him to have a six-year vision of things and not just try to face the immediate problem, namely that the exports were declining and imports were rising. And I got connected with the *Colegio de México*, and by the second-half of 1964 I broke the news to Ortiz Mena that I was going to devote the rest of my life to academic pursuits in the *Colegio del México*. He said, "Well, Victor, I understand. Now, who is going to replace you here as an advisor?" He had a large number of advisors. I said, "I have prepared him for you. He is my assistant, Rafael Izquierdo (who had worked on the Central American tariff nomenclature and on the studies that we then

carried out on trade in Central America)." He then built up his career as being a senior advisor to Ortiz-Mena, and later to the president.

So, from that point of view it all worked out very well. But, I did not want to have a clash with Prebisch. Not an open clash, of the kind that Furtado had. I also felt that if I stopped working on Central America, the most logical thing would be for me to go to Santiago de Chile. I didn't want to do that for many reasons, personal reasons, family reasons. And I needed to concentrate on Mexico, essentially. Prebisch was very receptive to this. He understood; these things happen. I'm sure they happened in his career too. And he let me go. I left in 1958, after the signing of the treaty. I worked, going almost every week to Central America, getting things going. It was like running a circus—all the committees and subcommittees, having all of this converge to the final drafting of the treaty. We stayed up nights with the Nicaraguans, the Salvadorians working also on this. We finally got the treaty ready for signing, and I think I mentioned to you that we had a hitch because the Guatemala minister who had just been installed recently did not bother to get the power to sign the treaty. So, they had to send a special plane to get this document that would empower him to sign a treaty. It was to be a treaty. It wasn't just a silly little United Nations agreement. It was a multilateral treaty, the first one in Latin America.

So, I went through that. And this was June of 1958. I said goodbye to all of my friends there, the ministers. It was a very emotional meeting; they put a medal on me and they gave me a diploma. They gave me a silver tray as a gift and so on. And the next month I was free from the United Nations completely, and I was out of a job. But I had talked to the then-Mexican nominated delegate to ECOSOC, who had already been one year to ECOSOC. He was Daniel Cosío-Villegas, my mentor and co-delegate at Bretton Woods. I said, "I'm free now, can I go with you to Geneva." He said, "My God, what a gift. I'll sign you up immediately. And we

must have some more young economists come along." We did; we recruited some. And he got all of the funds ready and we went to Geneva in July for the ECOSOC meeting.

We produced some ideas there which made me the declared unfriendly person to Jack Mosak, who had worked under the Polish economist, Michal Kalecki. He was in charge of the *World Economic Survey*. The idea we came up with was, "Look, the *World Economic Survey* is a terrific document. But it does not give us any view of where the world is going." This was 1958, remember—the Eisenhower depression year. We said, "Couldn't the United Nations have a short-term forecasting group that would warn all the countries—not just Latin America, but anyone who is interested—on the immediate outlook on the world economy. You need indicators for that. You need a very highly skilled group of people, for short-term analysis."

And Mosak took it as if we were despising the *World Economic Survey*. I said, "No, it's two different things. Because we don't get it from the IMF. If we got it from the IMF and it was adequate, maybe we wouldn't suggest this. But we think this is something that you could supplement enormously, and it would give you great prestige." Well, he and other people stopped me in the corridors in Geneva, "Victor, of all people, we didn't expect this from you. You are attacking us. You are attacking our credibility, our integrity." I said, "My God, Jack, far from it. I am just suggesting something that we, the Mexican delegation, believe in." We presented the idea, and I drafted the speech for my chief delegate. They mobilized against it; they mobilized others. You have all of these countries saying, "We don't want anything new." They got behind it, and they got the ears of Prebisch and many others. In the end, a mouse was produced—a resolution saying that it would be useful if the secretariat prepared statistical indicators on the world economy on a quarterly basis. They passed the whole thing over to the

statistical division, and they produced a little bulletin that was published about eight times and then died out.

Anyhow, I used that trip to a tour a few countries. I went to the Soviet Union, where I had never been, just to see what it was like. And I went to Sweden and so on. Then, again in 1959, I was invited to accompany Mr. Cosío-Villegas to ECOSOC. Also, at the end of 1958, I was put on the Mexican delegation to the UN General Assembly, in charge of assisting one of the ambassadors who was working on the economic aspects. They put me also on the Budget Committee, which was a very difficult and heavy task.

So, I spent two or three months there, and then I was out of a job again. I made contact with the new Mexican administration in December. Ortiz-Mena was appointed minister of finance, and I went to see him 1959 and offered to work with him. He took two months to decide. I was unemployed and had used up what I had drawn from the pension fund. Finally, I got a nice appointment with the Bank of Mexico as a consultant to the minister of finance to help him on what we called medium-term planning. He said, "Yes, you have said that you would write a report on what this economy will look like in six years. That's fine. Work on it. I'll give you all of the resources, but I want to know what's going to happen next week and next month. I want you to sit on another committee where we have some people doing that." I said, "Fine, I'll do that."

Thus, I started out on something new, which is very much what I like. But my CEPAL experience was extremely valuable for that—programming, the planning approach, the overall look at the economy, and my previous experience of having been co-author of the World Bank report on Mexican development. From then on, I maintained a very occasional relationship with CEPAL. I did go as a delegate to a CEPAL conference once or twice; I think there was one in

Panamá that I went to. There may have been another one. But I was not involved with the secretariat anymore. I saw Prebisch, of course, in a very friendly way wherever he was when he came to Mexico, with Enrique Iglesias. And I was helpful to Felipe Herrera when he got the mandate, finally, to go ahead and make the proposal to create the IDB (Inter-American Development Bank). He went to every country. He had come to Mexico and took up the old proposals that had been made and improved them.

The new IDB idea was presented at the Inter-American Ministers of Finance Conference in 1954, in Rio de Janeiro and was turned down by the U.S. and Peru. So, it didn't prosper. But, afterwards, conditions changed and by then Eisenhower's brother had given [Dwight] Eisenhower a good briefing on what was going on in Latin America. A Social Development Fund was created, with $500 million, and President [Juscelino] Kubichek of Brazil came out with his Operation Pan America and all of these things. I've written on that, and it's all in books and articles. I did not take part much in these Latin American activities. I was working strictly on Mexico. In 1962-1963, I was again negotiating with the Bank, especially, and the people in Washington, the OAS, the Committee of Nine, for Mexico. We had to write a report for the Alliance for Progress, and I was in charge of that under Ortiz Mena. I went up to Washington several times and worked with the OAS committee and presented Mexico's needs.

Then, I decided I wanted to go fully into academic life—my lifelong ambition. This happened around 1963 or 1964. My relations with CEPAL had been, you might say, distant. That usually happens. They no longer invite you to anything. Oh, yes, there was the occasional seminar here or there. In 1991, I stopped for three days in Santiago to visit CEPAL. Even the Mexico office forgot about me completely. Two years ago, they invited me to give a lecture on sustainable development at the Mexico office. In 1998 also, the new executive secretary, José

Antonio Ocampo, invited me to the fiftieth year anniversary on the spur of the moment. I was the only Mexican there. Imagine! Except for the Mexican ambassador, who had to be there formally!

When I went to Santiago to the fiftieth anniversary, I had developed some ideas about the role of CEPAL in relation to MERCOSUR (Mercado Común del Sur). I wrote a paper. They were not interested. Ocampo didn't even read it. So, I have had a distant relationship since. But I had maintained contact with Prebisch through 1993. I saw Prebisch at the CEPAL meeting held in Mexico a few days before he died. I was with him all the time—I and the Costa Rican congressman, Carlos Manuel Castillo (a staff member at the Mexico office in the 1950s), who has since died, and Cristóbal Lara. We were with Prebisch up to the last night before he left for Buenos Aires, and I never saw him again. And I had been with him a few days earlier at New Haven, at a meeting called by Gus Ranis and by Professor [Jagdish] Bhagwati from Columbia, on development and trade issues. They had Prebisch there, and I sat with him all the time. I was very fond of Prebisch, and I knew his first wife very well. And I did go to see her afterwards, when he had died, and his second wife was a very good friend also.

Prebisch was a rather admirable person. He had a lot of courage and a lot of guts to do things that nobody else dared do, because he was in the unenviable position of being able to do things from the United Nations that he could not do as a statesman in his own country. Well, I saw him go through the UNCTAD period and all of these other things, and back to Santiago. He was active to his last day.

TGW: Is it fair to ask a question about the quality of the people across these secretariats? You have mentioned a lot of people, good and bad. How would you compare the folks you

worked with in Washington, at the Bank, with those in CEPAL, and those in academic or governmental life whom you have met?

VLU: Well, I think the CEPAL quality was very high because they were extremely motivated and they all had degrees and post-graduate studies and so on. And they had experience with real conditions. Nobody came right out of academia into discussing how to run a country. They had already been in jobs in government. They had political experience, some of them. They were all at very high quality. I can't remember anybody who was not really tops in his field. Therefore, the staff meetings were really very active and very good. And I had really excellent staff in Mexico. Then we had this wonderful input from the TAB and the various technical assistance agencies, so that if we needed an expert on road transport we could get one. I used to negotiate with headquarters to send me down somebody for six months from the transport department in New York, or from the statistical division, the fiscal division, or any other. We got people seconded to work with us.

Through TAB, we got very good experts for the Central American program from many places—not just Latin America, but from other parts. We had an FAO team which was composed of at least two French forestry experts who had been in Africa and had a lot of experience, and there was a Scandinavian among them. We had them work three and a half years to review the forest situation in Honduras and, of course, the rest of Central America, and make proposals for a pulp and paper plant. That was our idea. And it went through to the point where we had the preliminary design of the plant. From there on, it had to go to consultants, but the Honduran government never took a proper decision and they thought that they couldn't do it and they would have to call in foreign capital. I said, "Well, fine, but make it clear what it is for—not to just exploit your forests for the benefit of some company in the United States, but

because you want to produce paper for Central America." (There was no printing-paper production in Central America. And the forests were being damaged by disease and by cutting for firewood.) "You are going to have to protect these forests through a good, modern pulp and paper plant, and for export, not just to supply Central America." The scale had to be very large. We ran all of that from my office with full support from FAO and all of these people. And we reported to them through the experts and through the TAB representative in Mexico. There was a special one for Central American integration, who had his duties well cut-out in terms of the Central American countries, and was separate from the country programs that each country had with the TAB, or later, UNDP, and separate from the Mexico operation too.

So, we had the best people we could imagine—from UNESCO, from ILO, from FAO, from the International Civil Aviation Organization. We did a survey of air transport in Central America. We did a big transport survey with experts from many countries. We covered railroads, ports, merchant marine road transport—everything. And we brought all of these things to discussion, to the presidential levels in Central America and through committees of experts in every country. It was very exciting. It was very heavy work. We were always on the job, for seven years. It was all in terms of the overall integration idea and treaty. So, we had the top people always.

There was a tendency of some agencies to send the same people out to do the same thing in every place. I once, in Geneva, was asked by Myrdal to give a talk to his staff, his Monday or Tuesday meeting with his staff, about the Central American program. And I was to listen also to what some of the people there were doing and so on. And I found the same ILO experts that I had found in Central America advocating for Central America the same things they advocated for every country. These were not bad—training schemes and all of this. But he recognized me,

and he was very embarrassed because he was saying the same things he had told me in Mexico two years earlier. So, you have that kind of expert in the United Nations system. They just live off—

TGW: Cookie cutters?

VLU: Yes. But, I must say that the IMF had very good staff, at least for Latin America in 1947-49. They had really good people. They had recruited Ed Bernstein, who was the boss there, and he used to get the best people he could. The World Bank, in those days, well—I was the only Latin American economist between 1947 and 1949. I was head of Eastern Latin America, but they changed that later and I moved to the economics department. They put me to work on the foreign trade prospects of the British colonies. Very interesting, but not for me an essential part of my life to study that kind of thing. So, when I did the Venezuelan report, I was very excited because that was right in line with my experience and the things that I liked to do. But, I finally went back to Mexico, and I have told you what I went to do there.

I did not have the impression—at least in those days, I'm talking of 1947 to 1950, more or less—that the World Bank had really top people as economists. And certainly from Latin America they did not have anybody. I have seen World Bank people just say the most stupid things in public meetings and reports. Whether there are some brilliant people there, I don't doubt that. In recent years (ten or twenty) I noticed the World Bank started having a lot of people from the European countries, young economists, Germans and Austrians and French and others. They always came to say, "This is the way that we did it in Mauritania, and this is the way you can do it in Puebla." Well, Mauritania is not Puebla. There was much too much of that, and there still is.

I have had a little contact with them over the last few years on environmental issues, and they now employ a great many Latin Americans. It is very much the idea that you hit upon a model, an experience, maybe you have an econometric study to show that it is a good thing, which is full of assumptions. Then, you go on to sell it to other countries, saying, "This is the way it worked over there, it will work here." And it doesn't. Development is much more complicated.

TGW: Templates have limited utility.

VLU: I have little judgment on the IMF people today. I know a few people in there, but I don't follow these matters anymore.

TGW: You mentioned, a few minutes ago, the term "sustainable development," and just now "environment." These have been issues that have concerned you for the last twenty years. But I would like to ask about this issue because one of the themes in the project is the movement of ideas. For sustainability, the environment, population, et cetera, in your view what has been the importance of two particular vehicles for ideas: 1.) the blockbuster report of eminent commissions, such as the Club of Rome, way back in 1972, the Brundtland report in 1987; and 2.) the utility of what some people dismiss as jamborees, the major ad hoc conferences, Stockholm and Rio and everything else in between? Are these two vehicles important in terms of putting ideas on agendas? And, if so, how?

VLU: Well, I think they are essential, and I will try to explain why. I was brought into the Club of Rome at the suggestion of a United Nations official, Milos Matsura. He was the head of the population division. And we knew him because we were friends of the previous director, John Durand, in Mexico, because we were starting population studies at the Colegio. John Durand invited us to a population conference, which was not a governmental conference of

experts, at Belgrade, held in 1965. And we met Matsura there. He was head of the statistical department. Then he got the job as head of the population division in the UN. So, I had a lot of contact with him.

One day, I was up in the UN and he said, "Victor, do you have any time to read some interesting documents?" He said, "Well, here, sit in this office." And he gave me his file on the Club of Rome. He said, "This is something very interesting." This was late 1969 or early 1970. "Maybe, because of your background, you would be interested in becoming a member. I can help you if you are interested." So, I spent an hour or two reading all of this. I went to see him, and said, "I would be interested." I had never heard of it. I did not know Aurelio Peccei, or anybody there. I did not even know Alex King, who had been in OECD. I knew other people, like Angus Maddison and others in OECD. And I had been to the Development Centre of the OECD in the 1960s, when it was founded.

But, then I got invited by Aurelio Peccei. I developed an instant friendship with Peccei. They were about to finish, or rather they had commissioned this famous report, what you call a "blockbuster" report, which was *The Limits to Growth*. And I was brought into a discussion of the drafts on that report with some other Latin Americans that I had recommended in Brazil and Argentina and others. We had a meeting in Rio de Janeiro, a very important one in which we were able to say enough about the inadequacy of the global treatment of things, that they wrote an epilogue to the report on the Latin American region, and the point of view of Latin America. So, we had some influence.

I know the critique of the study was tremendous. The economists in the U.S. just laughed at it and in England too. I can mention names. One of them was from Princeton, John Lewis. Another was Christopher Freeman, in England. In the end, however, the report was right. The

report pointed out the limits to which you could go without the kind of changes that are now the kind of changes that people talk about when they speak of sustainable development after the Brundtland report (*Our Common Future*). I think those reports are very important, but they are not all of the same quality. You remember—it came out at the wrong time too—the report by the former German chancellor?

TGW: Willy Brandt.

VLU: Yes, the Willy Brandt report (*North-South: A Programme for Survival*). I even met Brandt once when he came to Mexico. That report just fizzled out. Also, it was in the hands of an economist from Yugoslavia, Drag Avramovi_ (who had been in the World Bank). I loved him, but he had his views on things that were very simplified. We had an argument in Geneva in public about it. I was a member of ACASTD (Advisory Committee on Science and Technology for Development). Somebody in the UN suggested that I should become a member of it. They needed another member from a Latin American country, and they put me on it. I was many years there. This and the Committee on Development Planning (CDP) were the only two committees in the UN where you were not representing governments. You were actually in a personal capacity, an expert capacity. Of course, the governments hated these committees and they tried to destroy them, especially because the Development Committee had people like Joseph Pajestka from Poland, who was a "direct descendant" of Oskar Lange, and Kalecki and all of these people. And because they had Jan Tinbergen on this committee, the great guru of planning. So, they didn't like it. They also had a top Mexican economist there, named Leopoldo Solis, and the Japanese outstanding planner, Saburo Okita.

I was on ACAST for many years, with meetings in Geneva and New York. So, I was very much in touch with the scientific side of the environment in the 1960s. This was the time of

Rachel Carson and Barry Commoner and many others writing about the commons, including economists such as Kenneth Boulding. But, the mainstream economists did not want to think about it. When I was a student, you were not taught about the environment. Anything that came up that went beyond the limited models economists worked on, they called "non-economic factors," and that was that. You just move the transformation curve this way, and that was it. That assumed that technology had done its work. The only economist at that time who understood these things was Alfred Pigou, of Cambridge. He was quoted always because he showed the importance of externalities, negative and positive. It went against the grain of economics of the time.

We were all sort of neo-Keynesians at the time, or Keynesians. Keynes was the greatest guru of all. The environment—I learned about these things from the scientists, the people on this committee. So, when the Stockholm conference (UN Conference on the Human Environment) was coming up, we discussed very much the issues. We had to make a choice: if we were going to be invited to the Stockholm conference, we had to say something. And the decision taken by the committee was to draw attention to the problems of toxic chemicals and their environmental effects. A paper was drawn up, which I didn't write, but I helped. I was then chairman, so I was nominated to go to Stockholm. And the United Nations secretariat had a wonderful Australian as head of Science and Technology, named Guy Gresford, who was a physicist and was secretary to this committee, which reported to the Economic and Social Affairs under-secretary-general.

So, we said that we wanted to be "represented." They never gave us a place at the Stockholm conference. Maurice Strong was informed. When I used to go to Geneva, I used to meet with him. I met the people working on the secretariat side for the Stockholm conference. I didn't go to the Founex seminar, but I heard a lecture by Gunnar Myrdal on Founex. He was

very amusing. He gave a lecture in Geneva to a whole bunch of people, and he said, "I have just come from the 'Phony' conference." And he made great fun of it. He was a skeptic, but he was very charming. So, I was somewhat informed of all of these issues, and I was also going to represent ACAST, as we called it. And when we got to Stockholm, when Guy Gresford and I turned up there—I traveled on the same plane that [Kurt] Waldheim was on—there was no place for us. So, we had to decide what to do. I said to Guy, "Look, there are some empty seats there, next to the U.S. delegation. Why don't we just sit there, and I can arrange with Maurice to give us time." He gave me five minutes to make a statement in the name of ACAST. He thanked me for it and said, "This is a very important issue and we are taking it into account." We sat through the plenaries, and we heard all of the beautiful speeches by Indira Gandhi and all of these people. We were sitting by the American delegation, and the star of the American delegation was Shirley Temple, so we were in good company there because everybody wanted to take a look at Shirley Temple.

This was in 1972, and by then I was getting more and more involved in these issues. The Club of Rome, on the one hand, had an orientation towards environmental issues from the start, from the *Limits to Growth* study, and the following one that was done by Mihail Mesarovic at Case Western Reserve University with a German colleague. I then became a member of the executive committee, and I was very much involved with Peccei in planning things. We planned a meeting in Mexico. He invited, through me, President Luís Echeverría of Mexico to attend the Salzburg conference of the Club of Rome, which took place in 1974. I traveled with him and we met heads of state there, [Pierre] Trudeau, [Léopold] Senghor, and the Dutch prime minister and, of course, the socialist prime minister of Austria, [Bruno] Kreisky. So, I was in a very privileged group of people in discussions on all of these big issues.

I helped Peccei very much on the population side of the Club of Rome discussions, because he was no expert on demography, but he listened. I helped him write papers on that. And I had good knowledge of what the population division was doing and the projections. The United Nations was vital for anyone who knew where to go because they had such concentrated knowledge and such good people working on these things. So, I was very involved in that stage of development of the Club of Rome: the meetings in Tokyo, Mexico, and Salzburg. I went to nearly all of these conferences—Helsinki, Berlin, everywhere. These were the big issues and we were always insisting on them and developing new ideas. They were really first class people.

In the end, I got disillusioned with the Club of Rome after Peccei died because Alex King had no personality for the job. He didn't even know how to make a speech in front of public officials. He was a nice person, but in the end I had a run-in with him. He was very offensive to me in Montevideo. He was making a joke, but you know, his jokes are like the one that yesterday was made by Gene Lyons. I consider them offensive. Gene said to me, "This is just Mexican pessimism." One has no right to say that. I am not necessarily a pessimist, or maybe I am inclined to that. But he cannot say *Mexican* pessimism. What is he trying to say in front of a lot of people? What does he think about Mexico? And Alex King did the same to me, which was horrible, in front of people I didn't even know. He said, "Here is Mr. Urquidi. We call him "the abominable no-man.'"

TGW: "No-man?"

VLU: Yes. I said, "Alex, what the hell do you mean by that? That is not a very nice thing to say in front of strangers. It may sound funny to you, but I feel very offended." The reason is that I was often in opposition to many of the things said at the Club of Rome. If you take that attitude that you don't have to listen, maybe it's very funny, or you make a joke like

that, I'm offended. So, I broke off my relations with Alex. But the successor to Alex, the Spaniard, Ricardo Díaz-Hochleitner (a good friend otherwise) has really given no leadership at all. I don't know what's going to happen to the Club of Rome but it is declining in influence. When Peccei died, many of us thought it was time to close down the Club of Rome and let something else arise. We had had our say. It was very hard to say anything new. You cannot regurgitate all of the old stuff continually and update it.

And the secretary-general was a very unfortunately chosen person, a Frenchman who was very useful at one time, called Bertrand Schneider. But he had business of his own to deal with, and he used the Club of Rome for it. He was a very devious person in the end. He played a very dirty trick to the Mexican association for the Club of Rome. He got the executive committee to drop our chairman, a businessman from Monterrey, a leading person, Francisco J. Garza, from being a full member of the Club of Rome. We were the only Latin American association for the Club of Rome that had done anything. We wrote a very important report on Mexico in the context of globalization and the Club of Rome notions around it. We published it in 1997 as a report of the Mexican Club of Rome association. Then they dropped Garza, so I said I did not want to continue. They said, "Well, you can be an associate member." I said, "Alright, I'll be an associate member. But I am no longer a full member of the Club of Rome."

I don't know where it's going now. We have a Mexican replacement as chairman of the local association, the former director of UNIDO (UN Industrial Development Organization), Mauricio de Maria y Campos, who had returned to Mexico. Our chairman had died, and I invited him to become our chairman. He's really first class, and he was a very good director of UNIDO. He quit UNIDO two years ago when he realized that it was pointless for him to seek reelection when he had no longer any support. The U.S. had withdrawn from UNIDO. The

German's were pulling the rug out from under him. And other countries were not cooperating. So, he decided not to run and came back to Mexico. Maybe he has a political future in something.

But the Club of Rome, at its time, as we say in Spanish, "rang a big bell." Worldwide, ten million copies of that first book circulated in different languages. It's been widely quoted and is still quoted. One of the authors, Dennis Meadows came up with a study twenty years later that he presented in 1991, which is very useful to many people. It's been translated and read. So, I think, not the Club of Rome itself, today, but what came out of the Club of Rome was very good. It stirred up and got people involved in some really serious thinking. There is a recent study edited by Peter Berger, the sociologist at Boston University, called *The Limits to Social Cohesion*. It's a composite of reports from many countries, including Chile and, in the Spanish version, including Spain. We have decided to make our own report on Mexico. What is the problem of the limits to social cohesion in Mexico after twenty years of worsening social inequality and income inequality in the middle of political and economic reform? It's a very difficult situation. There's still an annual population growth of 1.6 percent in Mexico and the effect of past population growth on the labor force, which grows at three percent per year.

So, I think the Club of Rome has been a very important organization. It *has been*, but I don't know whether it can be in the future. It's very much in the hands of Germans, now—Germans and Austrians. There are good people on it—Umberto Colombo of Italy is always a source of wisdom on the future of energy and nuclear power. There are many others. Harland Cleveland goes to the Club of Rome, and he is really a thinker. But many of the U.S. members of the Club of Rome have been withdrawing. There is no good U.S. association for the

Club of Rome. There is a very good Canadian one, which we keep contact with. And there is a very good Australian one and a UK one, and a few others. But it has declined on the whole.

I think there is a great value in these big reports, but they are not all of the same quality. I thought the Willy Brandt one fell kind of flat.

TGW: Well, it coincided with the arrival of Margaret Thatcher and Ronald Reagan.

VLU: Yes, it came out at the wrong time, unfortunately. And some of the others are interesting, but they have not had many repercussions. Although the one on governance, I thought, was a good commission, in which a Mexican political scientist and politician, Manuel Camacho, participated. It's quotable. There are many others that just line the shelves. A lot of good people have been involved, like Lourdes Pintasilgo of Portugal—an extraordinary person. She headed one of the reports. But, I think the big UN report that came out finally was the Brundtland report. I got very excited about the Brundtland report because it brought everything together. They listened. They listen to people like Ignacy Sachs, who is in Paris—he was originally a Polish economist. He originated the term "eco-development," as a result of his Brazilian experience. He's a Brazilianist, and he's a great friend of all of the important people there. His ideals were taken up.

In fact, I remember meeting in Stockholm in 1972 with Maurice Strong, together with Ignacy Sachs, a Chilean called Vicente Sánchez, who was connected with us and is now in Geneva again as the executive director of the South Center at the moment; and Enrique Iglesias, now president of the IDB. We sat around with Maurice in private discussing where to go from Stockholm, and how vitally important it was that Stockholm—which was an incomplete conference in the sense that the Soviet bloc never went, the Latin Americans had not been sufficiently well-briefed about the conference—should galvanize world opinion. But many

governments went there, as I wrote in my paper here at Oslo, with this idea that the environment movement and programs are a way to slow down development because you cannot incorporate the costs of environmental policies. Only the rich countries can do that. The Development Decade mentality was still there; that has been very strong with Algerians, Brazilians, and others. So, the follow-up was not very good. UNEP (UN Environment Programme) started with $100 million. Maurice Strong got it going. Then they got Mustafa Tolba in there, who was first rate, absolutely very effective.

But, UNEP is slightly hamstrung. There was no echo, or not enough echo, in the United Nations system about this. You couldn't trust the agencies, the specialized agencies, to have their own definitions of environmental issues and of what they thought was necessary because there was no coordination. So, very little happened. Then the UN appointed the Brundtland Commission in 1984. It took three years to produce this report. I thought it was a very good idea. I liked it from the start. I thought, "This is the one that puts everything together. It takes into account the Club of Rome discussions and many others that came out from different sources. It puts in proper perspective the knowledge about energy and about climate change and all of these things that are important in the future."

It was the main document for Rio. It took still another five years to get that going. I was then a member of the board of the Stockholm Environment Institute. Nittin Desai was on it too. We used to sit together and talk a lot. I think very highly of him. We saw the build-up towards the Rio conference. I happened to be in Stockholm in 1991, at a meeting of the board when the president of Brazil came and there were a lot of awards. I think they called them the "500 Environmental Awards." They bring people from different parts of the world. We sat at the ceremonies where the king of Sweden was handing out these awards to all of these people.

Maurice Strong came in and out quickly. I ran into him in the men's room. He was only at the awards ceremony about 45 minutes and then left to catch another plane. But he was there.

I was present also at the ceremony where the Swedish authorities handed over the cudgels to the next person responsible for pushing the environment issues—the president of Brazil, Collor de Mello. I was invited to everything there, and I was very amused because there was a state dinner. I got there and they said, "But, you're not on the list." I said, "But I've been invited. Here's the invitation." They said, "Well, we'll find you a table." They put me on a table. I was sitting at a table with the chief security person of the king of Sweden and the chief security person of the president of Brazil—very interesting conversation! So, I witnessed all of this but decided not to go to Rio in 1992. I had been in the entrails of this for so many years. I had read the Brundtland report. I've written on it. I started lecturing and giving talks about it.

Then I got a call in Mexico from Luís Donaldo Colosio, who was then minister of social affairs and in charge of the environment. I knew him slightly. He was a pleasant man. I had a long talk with him and he said, "Well, would you like to come to Rio with me?" I said, "Mr. Colosio, I have been to so many conferences. This is such a pre-cooked negotiated conference that I don't think much of importance could take place in which I could participate. I have had my fill in life of big conferences. Maybe the environment forum would be interesting; I attended the one in Sweden. But even that is so big that it is overwhelming. And if you don't mind, I would rather not go." I never saw him again. Two years later, he was assassinated when he was the presidential candidate.

I have been involved very much in Mexico with the environmental authorities, as a critic and as a member of committees and ad hoc groups from the academic side. So, I follow these matters closely, and I met with a lot of the people. But I think the big conferences—I'll tell you

the one that impressed me very much is the Bucharest UN Conference on Population and Development, because there, after the Stockholm one which many countries did not attend, this one was more fully attended. There was a real confrontation there with the proponents of family planning, disguised by all kinds of names. There were remnants of the Algerian-led Development Decade, or the ideology that these were problems that the richer countries did not have to tell us how to handle. There was no population problem—it was a development problem. But I knew all the arguments. I had been on that for years.

Fortunately, Mexico had prepared very well, because President Echeverría, when he became president, had already received through some friends of mine, the report we had written at El Colegio de México on population growth and its implications—the high rate of growth and the need for a policy. And this was just made-to-order for him, in the sense the he needed somebody with academic respectability to back up what he was already thinking: population in Mexico is increasing too rapidly; we have to do something about it, but there is the Catholic Church on one side and the left wing groups on the other, who are opposed to these things. When he became president, he called us in. I knew him slightly from before, and he had great respect for the Colegio de México. We got along beautifully, and I set up a working group to advise him on population policy. And he called in the minister of interior, where population matters happened to be dealt with in Mexico, and said, "We have got to modernize our law, update it. We have got to introduce the idea of family planning as a legal obligation of the state to provide it and encourage it. And we have got to prepare for Bucharest." Because we knew and he knew that the U.S. NGOs (nongovernmental organizations) were pressing hard for countries to adopt a population policy, which meant, as much as you could disguise it, family

planning. Not the kind of Indira Gandhi stuff that she did so badly, but sensibly carry out family planning through proper institutional and medical services.

Echeverría was very clever on this. He thought that family planning had to be officially adopted in Mexico but knew that it was something Mexico had to do. If we went to Bucharest and came back saying: "We are going to fulfill the recommendations of the Bucharest conference," there would be hell to pay. We would have everybody against us. Let's do it all before we go there. So, he had endless meetings that I always attended. And Antonio Carrillo-Flores was appointed, interestingly enough, as secretary-general of that conference. So, he always came to these meetings from New York. I used to see him up there, too, when I went, with Léon Tabah, head of the population division after Maçura, who was very instrumental. He knew the *colegio*; he had helped us set up our demographic studies. So, we converged very clearly and very well with the authorities, with the minister who was going to head the delegation, with the people of the medical side in Mexico and the Social Security Institute and the Ministry of Health, and the demographers. There were a few of us like myself who were not demographers, but very involved in the implications of population growth for development. I got very inspired on that by a study by Ansley Cole, a demographer at Princeton University, who was co-author with Hoover of a book on India, with an appendix on Mexico, showing what would be the consequences of this young age structure, this pyramid, in the future, as child mortality declined and the survival rate went up and nothing happened to the birth rate. In fact, it might even go up, as the result of better women's health, which it did. So, all of these were ideas in our heads.

Having started with John Durand in the United Nations at the Belgrade conference in 1965, in Bucharest only nine years later I was involved in the Bucharest conference on the

advisory side—to the Mexican delegation, minding at the same time my position as president of the Colegio de México. I was assigned the task of writing on the committee of the conference on development and population, which was chaired by a Colombian, whom I knew from the OAS days and the Alliance for Progress. But, we had two very difficult delegations to deal with. One was the Algerian, and the other was the Argentinean. The Argentineans said there was no need for any population policy, because that was their experience. They had a very low fertility rate and a much higher life expectancy. They just thought that it applied to all of Latin America. They had no idea what went on in El Salvador, Mexico or Venezuela, or the other countries that we knew so well.

So, there was quite a battle there, but I had a very good ally, a Romanian, Mircea Malitza, who also was a member of the Club of Rome. He and I worked on a document there that, to some extent, neutralized all these rather exaggerated positions of the Algerians, the Argentineans, and others, and put things in perspective. Of course, those documents didn't have much repercussion. You work a lot. You spend hours at night working on the drafting and re-drafting, and putting it through and defending it in discussion. And, if it gets approved at the conference, probably nobody ever reads it afterwards. But, it stirs people up to think about these things. So, I do think there is value. Of course, the main committee—I wasn't on it, but I kept in touch—was the committee drafting the plan of action that comes out of every conference. We had some very good people from Mexico on that, including the minister himself, who really risked his political career by assuming the leadership on the population policy issue. And he did. He was talked about as a possible future presidential candidate, and he did not become it. There is a book written by Jorge Castañeda on what happened to all of those who didn't run as candidates, like the horses that don't make it. Briefly, we were influential at El Colegio, and the

Bucharest conference gave us backing. And Echeverría could say publicly that the Mexican government developed a population policy and even reformed the constitution to establish the right of every individual, not just every couple, to decide freely the number and spacing of his children. And he did it all before Bucharest. He said, "Mexico went and announced to the rest of the world its own policy." This was the Mexican way of dealing with things. But it did force, to some extent, enough people in the Mexican government and, with our help, from El Colegio. Once at MacArthur Foundation they asked me, "How is it that you in the *colegio* had so much influence on population policy in Mexico?" I said, "For a very simple reason. We knew much more about it than the government did." It's the only case that I know of in Mexico where we could boast that we knew more than anybody in the government knew.

We were trusted by the president to tell him the truth, which I always did. When speaking personally with Mexican presidents—especially Echeverría, [José] López Portillo, and [Miguel] de la Madrid—I always said the truth as I saw it. And they knew that I was not pushing any political angle on it. Echeverría had the intelligence to know how to convert this into amendments to the law, an amendment to the constitution. Under the Mexican one-party authoritarian system you could do that very easily. On implementation of the policies, we were very involved in helping the next president, Lopez Portillo, in adopting targets for population policy, for population growth, and in creating the instruments to reach those targets through family planning. There were very good people in the medical profession who worked on this. And this has continued. That was a real breakthrough.

Now I am not saying that it was all done because of the Bucharest conference. No, we had our own ideas and so on. But, I think that the Bucharest conference was an extremely good pole to hitch your own subject on to and to make it part of a universal United Nations approach

to the problem. The Cairo conference in 1994 was much more difficult, of course, because it took a different orientation towards women's health and related topics. That was very important; I realize that. I didn't go to it, but many of my friends went. Mexico was not very distinguished in Cairo, and Mexico has toned down very much its population policy. But it is running as a matter of course now. President Salinas did not push it as we thought he might, because he wanted to make a deal with the Catholic Church. Church and state have been separated in Mexico since 1856. The absurdity is that in this day and age, Mexico had no relations with the Vatican—not officially. Priests could not vote, and they could not wear their garb. Salinas put through a reform to the constitution which recognized the churches, including all of the others in Mexico, protestant and evangelist groups, and others.

To add to what I was saying before is the importance of the NGOs. The Stockholm conference set up a parallel discussion within the scientific community. I took part in some of those panels. At Bucharest, it was very important, but it was heavily bloated with activist groups of the kind of John D. Rockefeller and the Population Crisis Committee, and others. For many countries, it was difficult to face that pressure. And that was one of the things with Mexico. Everyone was breathing down our necks. "When are you going to start family planning?" John D. Rockefeller—we met him there, and many others were pushing in that direction. It had started already in Mexico, privately, but finally the government got it going on a large scale through the Social Security Institute and the Ministry of Health. Even labor unions were in favor of it. The more difficult people were the political people. But we found allies there, among the medical people and others—senators and deputies and so on. I do think that the NGO presence was extremely important in all of these conferences, and I believe that that was a good pressure to have. Sometimes you have to ward off the pressure a bit. But it was good, very important in

bringing others to the realization that there were not just governments talking about these problems, but that you had civil society talking about it and having ideas that should be taken into account. I still think they are not sufficiently taken into account, but it was a very good start.

So, to go back to your original question, I believe in the importance of these blockbuster reports. Some have been better than others. Certainly the Brundtland one was fantastically broad in its scope and almost impeccable, really. And I believe in the value of big conferences when they are participatory, when they are not too slanted in one direction by anybody in particular. In 1984, there was a population conference in Mexico. But by then, the U.S. delegation was very strongly against targeting population growth and anything that implied some kind of planning—the word "planning" was a horror to them. They and the British were just talked out of the discussion because the French delegation was composed mostly of population experts, most of whom had been to Mexico and had worked with us at El Colegio. And all of the Latin Americans had worked with us in Mexico on population policy. And there was strong support from other countries.

I remember sitting there as an observer. That's all I did there. I did have touch with a minister, so as to help correct a few of the details in one of the documents that I thought were important. There was no talk about the relation of population growth to employment, and I introduced the phrase and he got it through. The Americans were defeated, but the conference was weaker in its conclusions because it watered down some of the targeting ideas that came out of the Bucharest conference. However, 1994 was different, because by then you had had the environment conference, and the Cairo conference took a different tack because population and environment were not dealt with directly at Rio. I do support that, but I think the United Nations has to be on its toes all of the time and not just push through more of the same. It must really

update itself and bring the best people into the preparation of the conferences. You need many Maurice Strong's for the other issues. You don't always get them.

TGW: There aren't many of them.

VLU: You can't multiply them so much.

TGW: We're going to have to stop here in just a moment, but may I ask you just one question? There seems to be some dispute. I want to go back to the mid-1950s and move ahead quickly. What is your recollection about the Bandung conference and the conference of non-aligned states? Could you just tell me of the importance of that at the moment, whether it was perceived as such? Secondly, let's discuss the evolution of the Non-Aligned Movement (NAM), in combination with the Group of 77 (G-77). What is the importance of this constellation or coalition on the world stage in helping to keep issues before the international public?

VLU: I think the original formulations, the work of people like [Jawaharlal] Nehru, were very sensible and very solid. But I think that the whole movement became vulgarized in the hands of many people and many countries—I think the Algerians were the worst—who pushed things to the limit. There was no way out of this by having a big confrontation of the Group of 77 with the 12, the United States and so on. A good example was when President Echeverría—innocently or maliciously, I don't know—went to the UNCTAD conference in Santiago in 1974 and Porfirio Muñoz persuaded him to present this Charter of Economic Rights and Duties of States. They put language into that which obviously could not be accepted by the developed countries—the Group B countries (developed industrialized countries). They pushed it at the UN General Assembly, and they got it through by majority vote. Echeverría, when he went to Chile, said, "I am going there on a political mission." You cannot say those things, you

make your visit of state, and you make your speeches. But you don't say it beforehand and sort of put a color on the work of your delegation in front of the other countries.

If we had gone to Bucharest saying, "We are against the pope, and we are against John D. Rockefeller trying to push population policy upon us," we would have been laughed at. Well, I wrote an article analyzing this Charter on the Economic Rights and Duties of States. I really tore it up in an article in Mexico, and they didn't like it. But not many people supported it, even the government and the Foreign Ministry. So, I think that Mexico, in the end, never had a clear position for a very simple reason. We are the closest neighbors to the United States in all of Latin America. We have this border. We have a lot of attention paid to us on specific issues, not too much on the broad picture of what Mexico means in relation to the United States and Canada and so on. Even to this day, the focus is on many specific environmental problems. U.S.-Mexican relations went through some very bad periods during the Reagan administration, for example. But they are going through a much better understanding under [William] Clinton, as also occurred under [George] Bush. And things have worked out. There are so many issues to deal with, like drug trafficking and arms trafficking also, which is another one that is coming up.

Mexico actually never took a clear position. Mexico was not one of the nonaligned countries. They sent observers to the meetings. And one of the persons who was involved in deciding it was none less than Alfonso Garcia-Robles, at the Mexican Foreign Affairs Ministry, who had worked in the UN secretariat for ten years on political affairs. He was a very good friend of mine. He earned the Nobel Peace Prize because of his work on the Nuclear Non-Proliferation Treaty in Latin America. But in general, Mexico has had, over the years, to adopt an ambiguous position. Mexico has been friendly to the U.S., but has also, especially during the Cold War, been somewhat distant and sometimes quite opposed to U.S. positions. Mexico did

not want to be too far from the G-77, but was not fully part of the G-77. Mexico was not a nonaligned country, but did vote for the 77 on economic matters. President Salinas broke that by joining the OECD. Mexico was then told, "Okay, you are no longer part of the G-77, because you cannot be in the G-77 and also in OECD." That is changing, because now Korea is in the OECD also, and other countries are knocking at the door. Mexico is not a "developed" country; we are not an OECD country, really. I have seen in many reports, if you try to average out OECD figures, that the data for Mexico and Korea does a lot of damage to the averages, especially Mexico, because of the crises we have had and the amount of environmental damage we have. I analyzed recently the volumes of untreated waste that go into rivers and garbage dumps. It's worse than in any other OECD country. It affects the averages. The data are also quite shaky.

Anyhow, we are not fully in that. And now, I think any formal declaration on the part of Mexico in favor of the G-77 is out of the question. And I don't think it's useful—to Mexico. I don't say it could not be useful to another Latin American country. We are in for a long period of domination by the United States. NAFTA (North American Free Trade Agreement) is an example. But, there are going to be other agreements of the same type. The U.S. has just signed one with the Caribbean countries and Central America. It is to encourage opening up to foreign direct investment. Since every country is heavily indebted and still has to service the external debt, we are transferring capital outside instead of getting enough new capital. Then, the Americans say, "Well, open up to foreign investment. Then, you make up for your capital transfers through that." Only three or four countries can do that on a large scale.

I think CEPAL is making the terrible mistake of keeping its analysis to the aggregates. At one time, when the oil shocks came, they had to say, "Oil exporting countries, oil importing

countries, or Latin America with oil countries and without oil countries." Well, I think it has to break up more now. They have to really realize that MERCOSUR is one big thing. That Mexico is really integrated into the United States and, in a minor way, to Canada. That the Caribbean is something else, again—the former British Caribbean. That Mexico is really no longer a part of "Latin America," as such. That Brazil will be the leader in the twenty-first century.

I don't like the expression "Latin America" anymore, even if they add the "C" for Caribbean, because I think you have to see what happens in different countries and different groups or clusters of countries and follow policies out of the idea of subregionalizing, MERCOSUR showing the way because, among other things, it is being built on political consensus. I have written a paper on that. It was accepted to be published in a MacMillan volume on the proceedings of the International Economic Association World Congress held in Buenos Aires in 1999. It's an idea I want to keep developing—how to subregionalize many issues in Latin America, and how to use CEPAL, a United Nations organization, to help develop the capacity, the capacity building that you have to do in the lesser industrialized countries of Latin America, and the lesser developed countries that sometimes do not even have adequate staffing on the issues that they have to go and discuss in the Latin American "region." I call it the "Latin American region"; I don't call it "Latin America" anymore.

But, Ocampo, the current executive-secretary of CEPAL is not interested, and he does not even pay attention to me. I don't care. I'm not staying awake at night over these things.

TGW: Or keeping awake because of the light here in Norway.

VLU: Yes, there are other things that worry me, but not this. But, I am writing on it and I will keep pressing for this idea. And I talk to as many people as I can about it. There is a role, at least in environmental issues and sustainable development, for the regional economic

commissions. They exist, and you should be able to direct them more and more towards these issues—with less big talk and big numbers and big calling of attention to things that nobody pays attention to.

Well, I think we have to stop.

TGW: Yes, indeed. This has been a real pleasure. I look forward to continuing our conversation informally in the future.

VLU: Well, thank you very much. I enjoyed this. It helps me to put my ideas into focus also. We can keep in touch by email.

TGW: Absolutely.

VLU: Thank you.

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