



EAST-WEST CENTER
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EAST-WEST CENTER ORAL HISTORY PROJECT

Butch Montes Interview Narrative

7-1-2010 interview in Honolulu, Hawaii

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The **East-West Center Oral History Project** strives to capture the Center's first 50 years as seen through the eyes of staff, alumni, and supporters who have contributed to its growth.

Co-coordinators: Terese Leber and Phyllis Tabusa

Narratives Editor: Susan Yim Griffin

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Personal Background

I'm Butch Montes. I'm a Filipino. All of my education until college was in the Philippines. I was born in Manila, but my mother and my father were not from Manila. My mother was from the southern Philippines, my father was from north of Manila, and they had different languages, even between the two of them. I had a different language from the two of them because I grew up in the Tagalog area.

I went to a Jesuit school from the time I was in kindergarten to my university years. I went to one school. After I graduated, I worked for a while with some private corporations, including General Electric Philippines, in the Philippines.

Then I decided to apply to graduate school and chose the best school that I got into which included some tuition waiver, Stanford University, where I got my Ph.D. When I finished my Ph.D., I came back to the Philippines to join the faculty of the School of Economics at the University of the Philippines.

Life at EWC

Arrival, 1989

I joined the East-West Center in 1989. Before that, I was an academic. I was teaching economics at the University of the Philippines.

I came to the Center because I was invited by Seiji Naya [*Director of the Resource Systems Institute*]. Seiji, who came to Hawai'i at a young age, was one of the few senior staff persons at the East-West Center who grew up in Hawai'i. I was introduced to Hawai'i through him and his staff. I left the Center in 1999, so I stayed in the Center for a whole 10 years of my life.

It turned out to be the longest stretch that I've ever been some place. When I came to the East-West Center, we thought that we would stay here for two years.

I came first as a research fellow, a research associate. At that time, it was called an associate when you were part of the staff.

I was an expert in what economists call macroeconomics. I think that's one of the reasons why Seiji Naya offered me a post to join what was then called Resource Systems Institute. At that time, all of his staff was trained microeconomists. He didn't have a macroeconomist on the

staff. They were microeconomists, basically trade, doing trade. And Seiji himself was a trade economist. They needed somebody who had some background in macroeconomics, and he thought he would get me, and I came. We met in various conferences here and there. He used to come to Manila quite a lot because he did a lot of work with ADB. He was with ADB in the Chief Economist's office before he joined the East-West Center and I probably used to meet him there.

Philippine macroeconomics is a very interesting kind of macroeconomics because the Philippines always had debt problems, fiscal deficit problems, and even now it still exists. I was quite well-exposed to the kinds of problems that you normally see in Latin America because of the country where I come from. Seiji thought that having a macroeconomist on his staff would complete what he was trying to build.

I started as a research fellow, which at that time, was like a contractual person. I wasn't really intending to stay a long time. But then I found a place here, and also, my wife found a good job, and my son got into Punahou [School]. We needed to get him to finish. I decided to take the offer of Seiji to become part of the regular staff, and became an associate.

As you know, even from the very beginning, I had my own role among the group that Seiji was trying to put together.

Best Memories

What I found very interesting were the conferences that we used to run. We used to have a lot of people from Asia coming here. They would talk about how their countries were doing, the kind of policies that they actually had. These policies were not the kind of thing that's being told to the Latin Americans or to the Russians to do. For me, it bolstered my confidence in the kind of thinking I had about economics. So that's work.

One of the things I enjoyed about the East-West Center is the staff; they're very, very supportive. There was no need to negotiate about what needed to be done. It was a very different kind of atmosphere here at the Center.

There was a whole group of people who would bring lunch and would sit in one of these rooms and eat lunch together. I cannot remember all of the names, but I'm sure Marilu [*Khudari*] is one of these people who would join me for lunch. I used to bring lunch from home every day. I used to make my own sandwich. Cynthia knows this, my wife, because I would take the bread from the freezer, and put all of the things in between, the ham or whatever it was,

on the frozen bread and then wrap it up. By the time lunch came, it would be defrosted.

Jeni [Miyasaki] would be there sometimes.

Ralph [Carvalho]! Ralph used to come. Is Ralph still here?

There was a corner room where there was coffee and whatever it was. In East-West Center, I experienced all kinds of things. There was a time when there were not enough rooms and people had to double up. I had two interns at one time, both from the Philippines, who used to work on the modeling with me. They used to share my room because there were not enough rooms.

In 1994 when the budget was cut, there were so many rooms that were free; I could choose my own office room. I chose one where I could see Diamond Head from my window. It was one of those rooms on the corner there, facing Diamond Head, where we used to have lunch together.

We were in the third floor. I'm trying to remember. With the energy group *[and the minerals group.]*

Seiji Naya

Seiji was a very effective personable fundraiser, organizer, and also quite a very good person who maintained his contacts with very important officials overseas. I mean, in the Asia-Pacific region. Secondly, he was a very

generous person. When he introduced you to other people, he would always say, "He's the best economist that I know." That's the kind of guy Seiji Naya is.

He was a very, very generous person. He offered me this job all of a sudden, and now I'm guessing he was looking for a macroeconomist.

At the time when I left the Philippines, I wanted to leave the country for a while. His offer came at the right time. He didn't know that about me. I needed to leave because there was a very high tension political situation; this is after Marcos was overthrown and Cory Aquino was the president. I was getting involved in a very big discussion about what to do with the foreign debt that the country had inherited from Marcos. I used to come out on TV and all kinds of things.

Then we used to get death threats. My wife used to get death threats. On the phone, they would call up all kinds of times, say 1 a.m. in the morning. When Seiji made the offer, I thought I would at least take it as a break.

That's why I said I didn't really intend to stay long. But I ended up staying 10 years.

Working with EWC Students

The other thing I forgot to say, one of the things I really enjoyed at the Center was working with the students who were scholars of the East-West Center.

They used to come to me; I used to give them advice on their thesis topics. They used to try to work with me as interns, and if I could figure out the way that they could do something within the time that they had, they would work with me. One of these women, a Sri Lankan whom I ended up meeting again when I moved to Colombo, was an intern of mine, Deepthie Wickramasinghe. She's married to Ujjayant Chakravorty who was a grantee of the East-West Center.

The students were very nice. They're very interested in what you're doing with applied work, because I guess, what they were doing in the economics department was about theoretical discussions.

They really liked to work with us also because they might have found a thesis topic that they could work on.

I remember one person whom we brought here to work with me first, and then who eventually got her Ph.D. at the UH.

She was Sakulrat Montreevat, a Thai woman. She was the one who finished and got the macroeconomic model working.

I was here; I brought her in as my intern first. And then eventually, she applied for the Ph.D. program at UH, got

her Ph.D., and after her Ph.D. program, she moved to Thailand. Eventually, she moved to a position in the Institute for Southeast Asian Studies.

I was also there for a while, at the ISEAS. When she moved there, she got assigned to the room that I used to use.

She's now back in Thailand.

She was a very important person. She was the one who was running the model. It was called Linked Macroeconomic Modeling.

Water Sports

I used to go boogie boarding every Sunday. Every Sunday, I would go to Waimanalo, and boogie board for an hour, sleep on the beach for 40 minutes, and come home.

I was also a member of the Master Swim Club, the swimming club down there [at UH].

Ken Breazeale was in that one. I used to go Monday, Wednesday, Friday. The session would start at six and at seven.

They were from all over the place. Mostly UH people, yes. There was a coach. I don't remember the name. At 6 p.m. at night to swim in an open pool three times a week. You can't do that anywhere else.

Intellectual Innovations

Research on ASEAN

Among the things that we were doing was research on ASEAN, the Association of Southeast Asian Nations, about their development policy. Macroeconomics is very closely related to development strategies, and that's one of the things that I found very interesting. We did some papers on Thailand, Malaysia, and Indonesia. It broadened my mind quite a lot because then I could compare what I knew about the Philippines to how these countries were actually doing. Eventually, I was doing a lot of work on China, because at that time, China had opened up.

I started in '89, maybe around 1993, '94.

We had some projects running with China by the time Michel Oksenberg became president. But when he came in, of course as president, he tried to reshape the projects. But I'd built up my own friends among the Chinese reform economists in China. They were with the Development Research Center. In Beijing. They used to come to East-West Center quite a lot.

It's a government institute, it was owned by the government, but it had some independence of its own. We did joint research projects with them.

Project Link

One of the things that we set up was a macro model that connected the different macroeconomic models of the ASEAN countries with each other. We used trade linkages to connect their imports and exports.

For the first time, we tried to have a linked model within the ASEAN region. We could then simulate what would happen in one country, and its impact on other countries. It was a lot of work, but eventually we got it going. We were able to present it in international conferences in Project Link. We were actually even ahead of what they were doing because our linkages were bilateral linkages from each country to each other. Whereas the main Project Link at that time did not have very strong linkages, only from some selected economies to the other economies.

Project Link was a United Nations project under the Economic and Social Affairs Department of the UN. Another thing that we were trying to do then is to apply a particular computer architecture called parallel processing to solving the models. Parallel processing is to have computers working together with each other, and then passing on information with each other in the time that they are processing. With a friend of mine who worked with Clemson University, we set up the model in a parallel

processing kind of architecture. We were solving the models remotely because I didn't have a parallel processing computer here. We were sending it to Clemson, he was solving it there, and he was sending it back. We were updating it.

Well, we had an Internet link. We bought a Sparc computer made by Sun Microsystems. My room was big enough so it sat in one corner of the room. We had a node in the Internet, we were given a node. We had a domain name called swell.edu.

Yeah, from UH's thing. I called it "swell," because "swell" is a Hawaiian name. (laughter)

We had a person who worked with me who had to do backup. I was the system administrator. At that time, the East-West Center was very reluctant to get into computers. There were some rules that you couldn't do it, but we got an exemption, a temporary exemption through Bruce Koppel's efforts. We were able to play around with that and eventually the East-West Center, after four or five years, decided to hook up computers. Is Jonathan still here? Jonathan Chow? *[Chow is currently head of IT at the Center.]*

Roy Pargas at Clemson was a high school friend of mine. He was on the faculty of Clemson Computer Science Department.

He was officially on the project. We had presented it everywhere.

My assistant was Judson whom we hired. Later on Bob McCleery joined us. Bob McCleery is again, a microeconomist. He was a general equilibrium kind of modeler. But he understood how to run data and set up databases. But mainly, it was really me on my own, in a sense, to run this database and this model. After Bob McCleery, we hired Richard Garbaccio who was also a general equilibrium economist.

This group that Seiji started was basically microeconomists. I was the only one who did what economists call structural models which have come back now because of this crisis. Keynesian ideas are back and that kind of modeling is now quite important again.

The Asian crisis is a macroeconomic kind of crisis. It had nothing to do with microeconomics. It had to do with over-lending on the part of Wall Street to these countries. So we have a financial macroeconomic crisis.

The thing that I remember most is really that, the modeling, and then also the China projects, which I found very, very interesting.

China Projects

We were writing joint papers with this institute called the Development Research Center. At the height of reforms that China wanted to do, or needed to do, they were reporting about what they were hoping to do, and we were writing papers, in parallel with them, about what the possibilities of China were supposed to be. At that time, China was not following a standard way of reforming their economy.

The normal way that the Washington, D.C., folks like the World Bank and IMF would do is to force countries to remove all of their price controls. What China was doing was experimenting at the periphery, these outside provinces, allowing people to do some small changes, without changing prices, buying the extra food that people would produce, and letting people keep the extra income.

That allowed the local provinces to have more money to start building up their own enterprises, their small enterprises.

A lot of the economic growth came from what they called TVE's, town and village enterprises, which are, in a sense, not private companies. They were run by the provincial or the city officials, and officially owned by the whole province or the whole city. They were producing small

industrial goods, like jalousies, windows, and plates, and that kind of thing.

They were providing extra income for the local people without using the standard way of economic reform that was coming out of Washington, D.C. at that time. China is very interesting. In a sense, its resurgence now shows that a different kind of model is possible.

They were innovative. Well, at that time, it was less innovative. We thought that they were trying to solve an economic problem without having to change the dominance of the political party in the society. They were trying to solve this problem because they wanted to maintain the control of the party, but solving ultimately in the correct way. It was '91, right? '91, '94, '95. At the same time at that time, Russia and the Soviet Union countries were falling apart. They were doing it the way Washington, D.C. wanted to do it.

Later on, the Russians thought that they really made a mistake by accepting the model of the Washington, D.C., hook, line, and sinker. In Russia, or in other countries during the Socialist period, there were informal support networks around each industrial firm. What they did in Russia, which China never did because the party wanted to maintain control, was privatize the firm immediately, and

as long as there is a private owner of the firm, the firm cannot provide all of its informal support network for its employees. In many cases, the firm was sold for lower than the price of all of the machines which were there. There was just asset-stripping and people lost their jobs because they immediately privatized. China didn't want the firms privatized because the party had to maintain its control over the country.

They had a more gradual and deliberate approach. You could say it's innovative, because they were really trying to solve a problem that they needed to solve, and they managed to do it in a way without falling back, without retrogressing. So that's where probably the innovation was.

Institutional Transitions

The most difficult time was when there were adjustments that had to be made. First, when Victor Li left -- I was still here when Victor Li was the president -- there was some period in between, and then Michel Oksenberg got hired as president.

I was a very new member of the professional staff at the East-West Center. The professional staff was trying to protect the privileges that had been there but there were changes that had to be done. There was even a point, I

think during Oksenberg's term, where I ended up being acting head because there were resignations, and people were leaving. The most negative periods were when there was this 50 percent cut in the budget. I'm sure other people have talked about that. That was a time when there were more rooms than you needed. There were some friends of mine that had to be let go, and they left. That was the most difficult time of the Center.

Morrison Presidency

Well, first of all, I was very reluctant to leave in 1999, because at that time, there was a new president at the East-West Center. Charles Morrison had come in and they were trying to reorganize the Center. As part of his reorganizing, I became the Coordinator for Economic Studies. He started something called Economic Studies. Then he also began a process of hiring new people, because it had been decimated. We went through a whole process of interviewing, people giving seminars and we gave some offers of employment.

Life After EWC

Joining Ford Foundation

But then I got hired by the Ford Foundation, or they made an offer. I was reluctant to leave, but they were very persistent. They kept on asking me: Why are you hesitating

to come? This is a good job. You can do a lot of things. So I eventually moved to New York. Every time I land in Honolulu, I keep on asking myself why I ever left.

I was a program officer and I was in charge of what would now be called globalization programming. I had four million, actually more than that, \$4 to \$5 million a year to give out as grants for people who wanted to humanize globalization. People thought that the globalization process was becoming too out of control.

We were able to start groups. For example, Joe Stiglitz who was coming out of the World Bank at the time said that a lot of the kinds of rules that were governing globalization were not sustainable and that there needed to be more regulation and more capacity for developing countries to undertake their own development process, the way China was doing it. This crisis now proves that.

China was solving its own problem by not opening themselves up haphazardly to the rest of the world.

That one was a very interesting job. I was able to do stuff in, for example, Central Asia. I was able to do a lot of Latin American funding, and also for Asia. It broadened my background to all kinds of developing country problems. We were able to encourage alternative development analysis in Africa.

I figured out later on how they asked me to apply for the job. The Foundation had the process of one year to get somebody in place. First, they decided to run a series of consultations with their overseas offices about what kind of need there was. And when they had documentation about what the needs were about globalization, they hired an executive search company, a head-hunting company, to fill the job based on the job description that they had made. What they used to do was to send the job description to people, and they would say, if you were to hire for this job, which people would you like to hire. They sent me the thing, too, and I gave other names to them, not my name. What I was told later on is that my name kept on cropping up.

And then one time, the person who was hiring, I still remember her name, her name was Sarah Ashton and she is still hiring for Ford now, called me over the phone. I'm sitting in that corner room, facing Diamond Head. She asked me whether I might want to apply myself. I said, OK, I'll send you an email, I'll send you my CV.

I took care of it, I sent the CV that I had, and I didn't update it. It probably didn't matter for that kind of a job. Because if you're applying for another academic job,

you'd better get your publications updated. For that one, it probably wasn't necessary.

At that time, too, I was going to have an operation on my flat feet. Normally, they fly people over to New York to be interviewed. They said your interview is on this week, but I can't travel that week because I have a surgery that's already scheduled. And I said, if I can't do it, then I won't go for the interview.

After my surgery, they organized a video conference and held it in the Aloha Tower. My wife brought me there on crutches. They interviewed me over the TV and I ended up getting the job.

When we left, we kept our apartment here in Salt Lake.

At that time, this was 1999, there was a recession, and we would've had to pay the bank more if we wanted to sell it. The going price was bad. We still have it. I'd like to one day move back to Hawai'i.

Ford Foundation – 'Humanizing Globalization'

At the Ford Foundation, I was a Program Officer for international economic policy and this is really about trying to humanize globalization. They hired an officer because there were so many complaints about how globalization was making more people poor instead of giving them prosperity, how developing countries are having a hard

time coping with globalization. Therefore, they asked me to have a set of grants, a program to permit globalization to be more inclusive, to be more effective at reducing poverty. I ended up assisting the formation of some groups, some research and some dialogue projects, that assisted in helping policymakers make globalization more humane.

For example, we helped set up what is now called the International Gender and Trade Network. In trade, a lot of trade happens on the backs of women. Women are the big exporting producers. If the trade rules were fairer, maybe women will get more income, they would have safer work. This is an international network to try to improve both the national policies on trade and the international negotiations on trade so that women's livelihoods, women's safety, and women's development can be protected. A lot of the export-oriented countries really depend on women working.

Another group I started was called ILEAP, the International Lawyers and Economists Against Poverty. At the WTO, there are all kinds of legal challenges to countries' trade programs. Developing countries did not have enough lawyers to help them file cases and negotiate on a legal basis under WTO rules. A lot of their work is done for African

countries. These African countries have very few lawyers. In the Ford Foundation, I was able to work on all kinds of countries - Africa, Central Asia, Latin America, because my portfolio was global. In leaving EWC, I was able then to go beyond Asia and do work in other countries.

Ford doesn't set up the projects, but they fund them.

And in some cases, because I was ready to fund it, things got started. For example, people have been talking about ILEAP, and because I was ready to fund it, they set it up. One of the things that got started, particularly because I was ready to fund it, was an institute called Initiative for Policy Dialogue.

This institute was set up by Joseph Stiglitz who left the World Bank in a very controversial situation because of complaints about the way the IMF and the Bank were doing the development policy. He started in the Clinton administration then joined the Bank, but he left. He set up this institute to help countries design policies that would be more for their own development, instead of for a mindless haphazard kind of a globalization.

The institute highlights the successful cases like China, and all of the countries that did it properly, like South Korea, and discusses the problems that come out of the bad

kind of globalization, the passive kind of globalization that happens in Latin America and Africa in many cases. My grant to Joe Stiglitz was given in July, and after two months, he got the Nobel Prize. He built up my stock tremendously inside the Ford Foundation. Of course, I couldn't have guessed that he would get the Nobel Prize. In the Ford Foundation, you cannot stay more than six years. I actually stayed only five and a half years. You cannot stay long in one post, otherwise, the foundation officer becomes captured by his constituency. I was intending to come back to the East-West Center and I had been talking with Charles about me joining the economics program all over again.

Joining UNDP

But I had a friend who was working in UNDP who needed to replace a post that was in charge of trade and investment programs in UNDP's regional bureau for Asia and the Pacific. The post was originally based in Kathmandu, but then because of the insurgency there, they moved it to Colombo. I thought that's one way to get back into doing Asia work that I was doing a lot of when I was at the East-West Center.

I headed a program that had quite a lot of money for doing programming for countries on trade and investment. It was

assisting countries in the region to plan how they would make the trade policies and how they would make the investment policies. It was very interesting because the region included my being able to work on DPRK, North Korea, my being able to work on Nepal, for example it's an LDC [*Least Developed Country*], my being able to work on Fiji, which is something that the East-West Center does, Mongolia and Iran.

It was an interesting time for me. Living in South Asia was very interesting for us, too, because as Southeast Asians, the traditions and the relationships in South Asia were quite a mind-blowing kind of experience for us.

Life in Sri Lanka

I found the culture there much more hierarchical than I was used to in Southeast Asia. You have to negotiate the politics there more carefully. At work, and even in family life, and even in social life.

What I found quite mind-blowing was the caste system.

Officially, it doesn't exist, but it does exist.

And then I was living in Sri Lanka, in which there was a big divide between the Tamils and the Singhalese.

It did come up in everyday life. The office I joined in Colombo was a new office that was being organized. That's one reason why I found it interesting to move there. I was

the 20th employee and eventually we had 100. We hired and I was part of the hiring process. After all the hiring process, we realized that most of our employees were Tamils. We were recruiting based on capability, based on experience.

But Sri Lanka is a country where the Sinhala constitute the ethnic majority. So this is where the attention is. It's more than attention, it's what eventually became a war. A lot of the Sinhalese feel that they're disadvantaged in their own country, and therefore, they want to maintain their dominance, their political dominance in the country. One thing that was especially mind-blowing to us, to me and my wife, is this rift between the Sinhalese and the Tamil. It struck us as being true even of the ordinary people. Normally you think of conflicts as being the result of the machinations of the politicians. But there was a very deep distrust between the ordinary folks that were Sinhalese and the ordinary folks that were Tamil.

You wouldn't call it tribal, they hark back to historical events, or mythical events that each culture, each side bases its current identity on.

You really think that there can actually exist deep-seated conflicts that ordinary people take up for themselves, not just politicians.

It wasn't a problem. It was just the realization on our side that we ended up hiring staff based on standard norms without much attention to balancing diversity, which brings advantages to the organization. The office worked well, we didn't get any difficulties from the government, or from the local population, but it just happened that most of our staff was Tamil.

I was there only for one and a half years because my son announced that he was going to have a family, and therefore, I started looking for jobs in New York. My son lives in New Jersey.

I applied for a job and managed to get offered the position. I couldn't afford to wait for another job. My wife and I wanted to stay at least four years in the South Asia region because we found it really fascinating. Even though we are Asians, we found it more than exotic, not just the food, but everything was quite different from what we thought Asia could be. We wanted to travel around India, but we just didn't have the time because we wanted to be close to my son, and now I have a grandson.

Work for UN Secretary General

I work for the Secretary General of the United Nations. Right now, it is Ban Ki-moon, a Korean. And before that, when I first joined in 2006, it was Kofi Annan, who was a

Ghanaian. The Secretary General is an employee of all the countries that are members of the UN.

I am an employee who supports the Secretary General. He has been asked to make periodic reports, annual reports about the state of the global economy, particularly about finance, about financing for development, about macroeconomics. I have been drafting these reports. The reports get cleared and vetted by officials and whatever comes through and gets written up are his words. It's the Secretary General's view about how the global economy is. What I have been finding quite interesting and exciting is that sometimes, some of these words that I actually draft are quoted by other people as being the Secretary General's words.

It's reported to the member states, but he doesn't report it himself. Eventually, I end up reporting it myself. I present it as his deputized representative.

Yes, I speak in front of the delegations with all of the country names in front, at least twice a year, for the two reports that I'm in charge of that have to be provided every year.

There's a debate in the area that I'm in because of the current economic crisis. Since 2005, the UN has been warning that these global imbalances are not going to be

sustainable. We have been suggesting that there should be macroeconomic coordination among the countries, like the United States has to solve its deficit, but it has to be cooperatively done with China, and other surplus countries like Germany have to adjust, too.

We have been suggesting this for years, elicited no response until the crisis forced the issue, and all countries have to address a common problem. However, every time we would present this report on imbalances to the countries, some delegations would object about the statistic. The post I was holding was in charge of calculating this statistic, what's now called the "global imbalance." The global imbalance is to an extent due to the fact that the U.S. has a very large trade deficit that is being financed by China, mainly by China but also other countries. But other countries too are accumulating reserves.

There would be always an objection from the U.S. delegation saying the reason why so much investment is flowing to the United States is because the financial sector of the U.S. is very robust, it's safe, it's a good. And then as it happens, the crisis begins with the collapse of the U.S. financial sector.

Then it gets debated again, but other countries say no, it's a loss of our money; we shouldn't be investing in the United States. It's better if we can invest it in our own country so we can grow faster. But because the international financial system is so unsafe, countries like China have to accumulate reserves. It's that kind of a debate that my current position is involved in.

I'm only a staff person. We let the countries debate each other; we don't really resolve the debates. Well, we are asked questions that we answer always in a technical way. We always reserve the political decisions to the countries themselves. This is a political decision, whether they want to coordinate. We can make a suggestion that technically, it's better for them to coordinate. But a political decision for them to coordinate is their position, not ours. We're only making what we call the best technical advice.

We've been making for years at least before the crisis happened.

Well, there was some progress, but the imbalances are growing again. China is still depending on exporting to the U.S., instead of increasing its own domestic demand. The U.S. is still running deficits. We think that there are some direct solutions that can be done, but it's very

difficult for every country to do the kind of political decisions that have to be made. In effect, we always can think of what is the correct technical way to do it, but the politics have to be solved first. And we don't know how to solve the politics.

It's very satisfying being able to understand what is going on because when a crisis happens, you get consulted a lot. We launched a report last Tuesday and in the last week or so, one of the things that we wrote has gotten a lot of press coverage in *The Washington Post*, the National Public Radio, and the PBS NewsHour. We wrote that one of the weaknesses of the global system is that it's too dependent on the U.S. dollar as the reserve currency. And of course, the news venues pick this up. This is one of those weaknesses that we think should be solved by putting together a truly global currency, not just the US dollar. It's quite controversial because the United States doesn't want to lose its ability to print dollars, to be able to buy what it wants to buy all around the world.

UN Secretary-General Ban Ki-Moon also takes a mainly neutral position. For example, in the report launched last Tuesday, the Secretary-General characterized our suggestions as "promising ideas." Meaning that he does not necessarily support all of them. We in the Secretariat,

including the Secretary-General serve all of the UN's member countries. We report to the United States, too. Some of the technical ideas we introduce are in conflict with interests of some of these members of the United Nations.

We have to be neutral, we have to stick with the technical part of it, we don't want to cross the political line. Again, it's a political decision whether the dollar should be used less.

When there are questions, and some of this has been going on now with my email, the Secretary-General asks us to explain what it's all about. In the first place, we have to explain to the Secretary-General about the technical issues.

The Secretary-General is ultimately responsible for our responses. He has to be the one to explain to member states.

EWC's Impact

On Career, Perspectives

It has a long-time impact on my career because when I was at the East-West Center, I was given the chance to interact with government officials beyond my country. I was able to interact with policymakers in Asia and this is because of the kind of institute that Seiji Naya used to run. He was

not interested only in academics, he was also interested in actual policymaking, and I got comfortable with that. It served me very well.

For example, when I joined the Ford Foundation, I wasn't just doing academic research funding; I was funding things that could be fed directly into policy that could be part of the political debates about what the economic policy should be. For me personally, that was a very big addition to my career. I was coming from a country in which I used to only fight with my government officials. In the East-West Center, because of my job, I had to work with government officials in many different kinds of countries. I think the biggest impact has been on the students who came and worked with me. I had, for example, this Thai woman, Sakulrat Montreevat, who helped me run the trade link modeling project.

I have many examples. One was a Chinese person who was very interested in what I was doing in macroeconomics. Eventually, he went back to China and became part of the People's Bank of China, which is the central bank of China. I used to visit him in Beijing now and then when I was with the Ford Foundation. Eventually he became the representative of the People's Bank of China in New York by the time I had moved to New York. He was the People's Bank

of China representative monitoring Wall Street, monitoring what was happening in the financial markets. We used to meet in New York. His name was Zhongxia Jin.

I'm not sure if he finished his degree elsewhere. But he was a grantee and a student. At the East-West Center, at UH.

It was this kind of impact, where, if you come from the East-West Center, you have entry to many places and many situations because when you travel around there are people who have been with the East-West Center, worked with the East-West Center, and had a very good association with what they did with the Center.

Influence on Center/Programs

First of all, by the time I came to the Center, there was a long tradition of being a bit unorthodox in terms of its positions about foreign policy. I met a lot of people here who actually had problems with U.S. foreign policy at the Center. I don't know how that came about. People tell me it was because during the Vietnam War, there were a lot of people here who were quite unorthodox about the way the U.S. was doing the Vietnam War.

I think the way I influenced the Center was in this particular way. I had a very different view about how international trade and international development should

actually occur from the normal American view of things. I think my influence was in worrying about how development actually happens, and not relying only on free trade, and on deregulation, and reducing the size of government, which was a very strong part of U.S. foreign policy during the 1990s. It was a Washington consensus kind of an idea.

Through my research, and in my ideas, and in my interaction actually with the Chinese researchers, I was able to try to draw out the idea that the state has a very important role to play in making economic development happen.

My own views about how development actually happens comes from the experience of my own country. My own interpretation about how the Thais managed to develop, or the Koreans managed to develop, is not the way the Washington, D.C. people were telling those countries how they should develop.

I found the confirmation of this when the Asian crisis happened in 1997. At that time, the Asian countries had been convinced to remove their restrictions on foreign capital flows. The Asian crisis happened because they removed the restrictions too fast. Then the U.S. banks lent them a lot of money which they then had to re-lend into real estate, and other enterprises which did not turn

out to be productive. They had the first crisis in '97-'98.

At that time, I was very happy to have the best-selling book on the crisis because I knew it was going to happen. I knew that the kinds of policies that Washington was pushing on the Asian countries would not actually be sustainable, that it would come to a bad end, which it did.

Book on 'Capital Surges'

Yes, I was writing a book on what we called capital surges at that time. It wasn't published by the East-West Center; it was eventually published by ISEAS, the Institute of Southeast Asian Studies. Much earlier, I wrote a paper on the Philippines that had the title, "Private Deficits and Public Responsibilities." Private deficits refers to the fact that the private sector (which at that time Washington, D.C., considered its darling) was running deficits. They were borrowing money from abroad, but when the time comes to repay the money abroad it becomes a responsibility of the public sector.

Therefore, what I was arguing for is that the public sector, which is the government, has to regulate this borrowing from abroad that the private sector was undertaking. The Washington view was that as long as the private sector can borrow from abroad, there's nothing

wrong with it, there's nothing wrong with what the private sector can possibly do. Eventually this is what the U.S. financial sector was doing, too. It was borrowing from abroad, and it was under-regulated. In the lead up to this particular crisis, the idea was that the financial sector can regulate itself. There are unavoidable public responsibilities.

You can never really expect policymakers to listen. It's the politics that are going on. And as long as it's convenient for people who are powerful, you can always say the right technical thing but there will always be some doubt about whether you are right or not. This is the same kind of debate they have about global warming. People are always raising doubts about whether the people who are saying global warming is happening are right or not.

Yes. There would be some people who would lose out if they actually pursue the change in policy that is needed.

EWC Mission

When I was at the Center, it was a very controversial time. Everybody was trying to redefine the mission. There were three presidents for the 10 years that I was here. It was Victor Li, and then Kenji [*Sumida was an acting president. And then Michel Oksenberg.*]

Oksenberg brought up a lot of questions about what the mission should be, and there was a lot of debating about whether the mission should be about the students, or that it should be about the research, or that it should be about the U.S., whether it should be about Asia, whether it should be about the relationship between the U.S. and the Asian countries.

I always thought that the original mission, and at that time, we had an opportunity to look at the original legislation, which was to provide a platform, a venue for interchange between Asia and the U.S., was the correct way to do it. Of course, the problem is that every time you try to define that mission in actual terms, it becomes very hard to make an agreement.

If it's a platform, then you could also say well, let's just do students or let's just do research. The question is really how to move it forward. I always thought that by making sure that policymakers from both sides, from the U.S. side and from the Asian side, would be able to connect with each other and to interact and to be able to compare their own views with each other was probably the most important part of what the East-West Center could have done, or could continue to be doing.

One of the problems was that in Hawai`i, it's very hard to bring over very important policymakers on the American side. It could be done, and it was done, with a lot of forward planning, a lot of lag time. But most of the time very few policymakers from the East Coast of the U.S. would ever actually come here to interact with the policymakers in Asia.

If you had a year's lead time or six months, it would be quite good because even the people in Washington, D.C. like coming to Hawai`i. But you have to plan it way ahead of time.

It wasn't always possible. If the Center had regularly scheduled events, people in the East Coast would then plan on being here on those regularly scheduled events. You have to understand, in the East Coast, sometimes, it can almost be scandalous to be going to Honolulu.

Especially in the winter.

But then, this is the kind of thing that can be planned, and should be done.

Hawai`i has the capability for this kind of thing as long as it's planned ahead of time and it is done on a regular basis.

Personal Legacy

Well, maybe I want to be remembered as a developing country person, somebody who advocated what developing countries need out of the international system, or how the international system should be reshaped so that it is kind and beneficial to developing countries.

At the East-West Center, I thought I was able to at least find a space to take the developing country's side in an American institution. It was always clear that this was founded from the U.S. Congress.

I thought that many of the simplistic answers that used to come out of Washington, D.C. do not actually work in the developing countries. That, for example, just thinking of a smaller government would automatically create more jobs, or create development, was not something that would actually happen in any developing country, not just in Asia.

That's how I want to be thought of, as somebody who would be thinking about what the developing countries actually require in order to develop, and in order to develop themselves, and how the international rules and systems should be changed so that it will allow this to happen.