



Witness Seminar: ‘The beating heart of the Commonwealth?’ The History of the Commonwealth Secretariat 1965-2013

Session 3: Economic Affairs

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Introduction

I am delighted to hear of this oral history project. Without it, much important history would be lost. It is more so with an organisation like the Commonwealth Secretariat where filing was not as embedded as long established civil service departments of Governments. I recall, for instance, where notes for files after significant small or one-to-one meetings were too discretionary. I suspect some information surfacing would come as a surprise.

Before joining ComSec, I was Research Fellow at University of the West Indies, Barbados Campus. I had had known Chief Emeka Anyaoku since our work in 1969 on the Anguilla Commission. I was a member of that Commission, which was an international Commission set up by the UK and St Kitts Governments. I joined the Secretariat in 1974 as a Chief Economics Officer and became Assistant Director, in charge of the Commodities Division in 1976. I became Director of the Economic Affairs Division in 1982.

Role of Economic Affairs Division

When I joined there were two Economic divisions—Finance and Trade and Commodities. In the late 1970s the two divisions were amalgamated into the Economic Affairs Division. It was by far the largest functional Division and perhaps even larger than the Administration Division. Much of what I have to say relates to this large Division, to which I was associated for a long period and had been head for 10 years. I believe EAD achieved a lot for the Commonwealth, under supervision by notable DSGs such as Sir Peter Marshall and John Small and reputable

Economist Directors such as Frank Rampersad and Dr Bimal Jalan, my predecessors, and Dr Cable an adviser, who joined during my time, and Assistant Directors such as Qamar Siddique, Ian Thomas and Dr SK Rao.

The size of the Division was influenced by its history which predates the setting up of the Commonwealth Secretariat. It had a staff of over 50 and a professional staff of over 30. When the Secretariat was set up, it inherited work on Commonwealth Commodities production and trade, which was formerly carried out under the supervision of a Commonwealth Economic Committee (CEC) by a staff who were part of the British civil service.

What prompted this work by the CEC on commodities, which was taken over by the ComSec? In global terms, the British Empire was large in global terms in commodity trade. The products were sugar, bananas, tea, cocoa, wool, jute etc. The work involved providing statistics and commentaries on production and trade, including prices and some of it was intelligence work (primary information) provided regularly—monthly, quarterly and annually, including price and production forecasting. This commodities survey work, which was very demanding of staff resources, was gradually phased out in the late 1970s and early 1980s-- the reasons being a shift in Secretariat priorities. There was some protest against this move from consumers of this material but the reality was a declining significance of the Commonwealth in this trade as well as some commercialisation of this work through commodities intelligence firms.

The Commonwealth commodities work had high international reputation and usefulness and it is sad that this work has been missed out in the historical write-ups of the Commonwealth, as it got lost in the new priorities of EAD and the Secretariat. I recall my own Ph.D work on sugar, before joining the Secretariat, relied a lot on data from the Commonwealth sugar surveys.

The trade and finance activities were largely international policy work. Finance loomed larger than trade because the Division serviced the annual meetings of Commonwealth Finance Ministers (FMM) for which it provided background papers. These meetings were held just prior to the Annual meetings of the World Bank and the IMF and our Commonwealth meetings offered the opportunity of prior Commonwealth discussions on the then current issues, and this sometimes led to a carrying forward of a Commonwealth position. More importantly, our papers served

as valuable briefing material on the current issues, and the discussions a widened involvement and exposure to these issues, especially for smaller and poorer countries, which did not have the technical capacity to provide well informed and analysed briefings for their Finance Ministers and significant scope to have their voices heard in the wider international discussions, which took place, mostly at the World Bank and the IMF.

Looking back now some notable international contributions of these Commonwealth meetings were a leading role played in initiating and promoting work on debt relief for highly indebted poor countries and getting recognition of the special financing problems of small states and the consequent need for some flexibility in applying graduation criteria on access to World Bank lending.

Beyond work related to the FMM, the Finance work included a capital markets programme. This included a regular training programme which provided valuable insights into the workings of international capital markets. The discussions on debt influenced a parallel development in CFTC's debt management and recording programme.

In the trade work, there was just an occasional meeting of Trade Ministers, but trade formed an important part of international economic negotiations whether at the GATT or UN and the Secretariat carried out studies to assist Commonwealth countries to develop their positions in these forums and participated itself in these forums as an observer organisation, during which it sometimes organised *ad hoc* Commonwealth meetings to facilitate discussion, convergence or consensus.

Reflections on Sonny Ramphal's tenure as Secretary General

The SG may have forgotten this, but I welcomed him to the Secretariat. In coming to join the Secretariat, he decided to pass through Canada, where we were having a first meeting of the Expert group on the NIEO, set up at the CHOGM at which he was appointed SG. He was keen on the work of this Group and may even have had an important role in advancing the idea of setting up such a Group, as part of the Guyana delegation to that CHOGM. I went to the airport in Ottawa to welcome him with the then Deputy SG.

Sonny Ramphal as SG had great influence in promoting international development policy work. His interest may have originated from Guyana's significant involvement in the non-aligned movement, when he was foreign minister of that country. In fact, not long before Guyana had organised a very successful meeting of heads of the Non-Aligned Movement. In fact, a major thrust of the Non-Aligned Movement at that time was the need for a major restructuring of the economic relations between developed and developing countries; and this led to a call by developing countries for a New International Economic Order, involving improved terms of trade and a better balance of influence in international financial institutions. At that, too, the development dialogue had a high profile in the international system so this new thrust was influenced by members' interest and the SG's own leadership. So from the start of his headship of the ComSec there was a change of thrust and an increasing involvement in international development policies and international economic relations.

His style and presentation were remarkable and his diplomatic skills world class. His manner of management of the ComSec was to allow divisions/units much autonomy, under their respective heads and supervising DSG or Assistant SG, but worked closely with some areas in which he was particularly interested or felt were strategic.

SSR placed a lot of emphasis on 'the cerebral side'. Hence his period was one of new thinking and great creativity. This was in contrast to what could have otherwise been a concentration on the practicalities of diplomacy and inter-governmental relations and improving services. Therefore in the period 1975-1990, there was a concerted drive to refresh and to maintain policy relevance. It was a period of many innovations and initiatives. The nature of the Organisation was of such that its continuing viability depended on its dynamism and he provided that.

The Commonwealth's increasing involvement in international economic affairs led to the setting up of a large number of Commonwealth Expert Groups on pressing international economic issues. Nearly every CHOGM set up an expert group on an issue that was topical and disputatious. The idea was to provide expert analysis and to help to provide consensus and convergence, not only among Commonwealth members but also in the international community. The Commonwealth mantra was it could not negotiate for the world but it could help the world to negotiate. Most of Expert Groups were on economic issues so EAD did the servicing. Because of the capacity developed for this work, EAD was sometimes asked to service groups

outside of its area of direct operation such technology management and forestry conservation. The issues covered include NIEO, trade, debt, finance, the Bretton Woods institutions, commodities, food, industry, the environment and climate change. Some of this work, beyond being internationally oriented, influenced the wider Secretariat's own on-going programmes. Thus, a food Ministerial meeting led to the setting up of a Food and Rural Division and an Industry ministers meeting led to the establishment of an Industrial Development Unit. The Expert group on Guyana rainforest offer led to the setting up of the Iwokrama International Rain Forest programme, which is now a significant international rainforest conservation project. The Climate Change Group had a special impact as it came out before the UN Committee's own work in this area and was the first major report to alert the worlds to the urgency of this issue.

Our involvement in international work was enhanced also by the SG's appointment to a number of high level international commissions on major global issues. Examples on the economic side were the Brandt, the South and the Brundtland Commissions. In these the EAD provided technical support to the SG. I myself was in the first two and my colleague, Vince, in the last.

One major fallout from our own expert groups and the SG's involvement in international commissions was the enhancement of the international profile of the Secretariat. It led to our close involvement with eminent international personalities. Many eminent international experts became close acquaintances of the Secretariat. It is scarcely known for instance that significant drafting of the final two reports of the Brandt Commissions were undertaken in the offices of EAD. In fact, the reports of all these Commissions on which the SG sat, had drafting and often significant ideas contributions from the ComSec.

Organisation of ComSec

There were periodical major external reviews of the Secretariat's organisation and work mostly at the behest of the developed countries, especially the UK. The aim was, of course, streamlining in order to keep the budget under strong control. Changes took place but not much staff reduction as there was much satisfaction with the Secretariat's work and the SG enjoyed extensive support from the membership and was able to resist arguments about the need for major cuts.

One area in which there was scope for improvement was coherence and integration of the Secretariat's activities and Divisions. Inter-divisional rivalries and short-term appointments were probably causes. One illustration was the run-up to the Nassau CHOGM. There was much public discussion of the need for the adoption of sanctions against Apartheid SA but the UK Government was resistant. CHOGMs were mainly serviced by the International Affairs Division with its Director being the Secretary for the Conference. EAD's Director was officially co-Secretary, but in reality although economic issues were usually a substantial part of the Agenda, there was inadequate pre-conference consultation. Thus in the lead up to Nassau, there was no consultation on the sanctions issue and if the Commonwealth were to go that way what guidance could be provided by technical work on options. Thus on our own initiative in EAD, we prepared a paper on options. Its main author was Dr SK Rao. When I arrived in Nassau jet lagged from a journey from South Korea through Japan and LA to the Bahamas, I was hurriedly called by the SG, who queried what guidance can we provide on sanction options? I provided Dr Rao and his paper. In consequence Dr Rao was taken to the Retreat and his work was helpful in the start of a sanctions regime. Our work gave the Secretariat a lead role in the SA sanctions issue and we had frequent visits from the UN and other international organisations on the issue.

I mention this in detail because it indicated how the scope for greater inter-divisional cooperation in related functions could have improved operations.

I believe also that since much of the Secretariat's work was concerned with development at the policy and practical levels, a large economics division with able economists should have been relied on more to help develop policy priorities beyond the Division's own activities. It is true that CFTC relied on requests from governments to determine its country-level activities, but the quality and shaping of its response could have been refined by a better mobilisation of the Secretariat's full resources. EAD and CFTC experts had little opportunity for mutual influence in development thinking and priorities.

Evolution of EAD and the Small States agenda

Following the US military intervention in Grenada in late 1983, heightened concern about the security vulnerability of small states led to the setting up of a Commonwealth Expert Group on the vulnerability of small states. The Report of this Group is sometimes seen as the pivot for the substantial small states activities of the

Secretariat. But while this report had substantial influence, there was a prior build-up of economic work by EAD from concerns about how these states fared in their development prospects, about their economic vulnerability arising from small size and about how trade negotiations in the GATT and the policies of the IMF and World Bank affected them. A particular concern was the inappropriateness of the World Bank's graduation criteria as they were applied to these states.

I myself came from a small state and as an academic at UWI, before joining the Secretariat, my research concerns were largely about small economies. Moreover, I had sat on an international Commission on Anguilla, when it attempted to break away from St Kitts-Nevis and beyond the issue of viability of small states I became concerned also with issues of decolonisation when the small states in the Caribbean began to emerge into independence.

Even before the Expert Group Report, EAD in the early 1980s published a book on the economic problems and policies issues of small states, edited by Dr Jalan, and prepared during his time as Director of EAD. I and other staff, together with experts from outside, contributed chapters.

The early results of this work was a regular statistical publication on small states to meet a gap as the World Bank excluded data on small states in its statistical publications. EAD established a trade adviser's office in Geneva, in the late 1970s particularly to assist participation in the work of the GATT of Commonwealth countries which did not have permanent representation there, which were mostly the smaller and poorer states.

There was influence on the World Bank from the work on economic vulnerability in getting some flexibility in its criteria on graduation. A significant and notable contribution was the emergence of a Secretariat definition of small states after much discussion which has become fairly generally accepted internationally. With time the priority given to small states has increased and it is good to see today more elaborate statistical provision and more intensive work on trade policy and intensified collaboration between the World Bank and the Secretariat on small state concerns.

The Expert Group on Vulnerability, set up in the context of Grenada, had a political and security focus and this was reflected in its membership. But quite early in its work it, recognised the need to examine the related issue of economic vulnerability.

Thus although the Group was serviced by the International Affairs Division, quite early in its work I was brought in from EAD to assist and contributed to the drafting of the economic sections.

Other Notable EAD initiatives

In the 1980s, country equity funds were being established to assist investment flows to developing countries but small and poorer states were missing out on this as they did not have as individual countries, the size to encourage a variety and spread of risks. The idea developed in EAD that if we were to treat the smaller and poorer Commonwealth countries as a group and encourage them to make their legislation more amenable, then one or more equity funds could be set up to invest in all of these countries or regionally. We had some success in this and before I left the Secretariat we facilitated the establishment of a Commonwealth Equity fund as a private venture with capital of about \$44m. I was appointed a member of the Board of Directors, in recognition of our work in facilitating establishment. After my departure this work in the Division got a boost from interest by the CDC in cooperating with EAD in establishing new regional funds and this resulted in the setting up of a few funds in the Pacific, Caribbean and Africa.

Another area of very significant contribution was in helping to initiate and support international work on debt relief for highly indebted poor countries. This started in the 1980s when the UK though its then Chancellor of the Exchequer, Nigel Lawson, proposed at Commonwealth discussions at the Foreign Ministers Meeting (FMM) a major initiative on international debt relief for highly indebted poor countries. This initiative led to the acceptance of an international programme of official debt relief, involving the World Bank and the IMF. This programme has had very tangible results by helping to move several countries from crippling debt distress.

A further significant contribution was taking forward a proposal by the then President of Guyana to make available 1million acres of its pristine forest for an international forestry conservation and research venture at the KL CHOGM in 1989. This proposal was accepted. EAD was identified to take matters forward because of capacity considerations and because we were in the forefront in environmental work. An expert group had to be assembled to visit Guyana to survey the scene, to help the Government of Guyana to delineate a suitable site and to prescribe modalities. We brought together an excellent Group under the very competent leadership of that distinguished Indian Scientist, Prof Swaminathan.

An excellent Report was produced and used by the Secretariat, in collaboration with the Government of Guyana with EAD in the lead and CFTC providing financial support to get the project moving. About 10 years later, after further Secretariat guidance and support and wider international support, a preliminary Board of Trustees, legislative drafting etc a well establishment and well known international organisation came into existence--the Iwokrama International Rainforest Programme--with offices located in Georgetown under a DG and staff and managed by a Board of Trustees.

But this success in getting Iwokrama established as a permanent international organisation was not as smooth as it seems. There were conflicting positions within the Secretariat, which illustrate a tension between those who were more concerned with creative expansion of Secretariat's development functions and those who were more concerned with downsizing, streamlining and cost-cutting. Iwokrama's evolution illustrates this very well.

When the Swaminathan Report was completed, some of us saw the further development of this project as offering great potential for the Commonwealth's continuing involvement in what could be a significant international environmental project. In any case, we believed the project had not reached a take-off stage and required further Commonwealth promotion and preparation before it could become established. However, the then deputy SG took the view that the production of the Expert Group's Report, was the end of our KL mandate and that further Secretariat work would be too demanding on Secretariat resources. This dispute came to a head when I drafted a foreword for the SG's signature, which did not rule out further Secretariat involvement to get the project established. We needed quick action to print the Report as we wanted to release the Report on World Environment Day about two days later. I sent my draft to the DSG and to the Director of Information. The SG was abroad and the idea was that Information would send a final draft, after incorporating any revisions.

The DSG was strongly opposed to the draft including any possibility of further Secretariat involvement and demanded changes accordingly. I knew that the SG saw the attractiveness of further involvement and did not concur with this request preferring to wait on the SG's ruling. When information sent it on to him, he agreed

the draft and I had to convey this information to the DSG, who was very unhappy that I did not follow his demand. It resulted in a note by him in my file.

The work on Climate change and Iwokrama and Dr Cable's assistance to the SG in the influential Brundtland Commission's work, represent significant EAD contributions in the environment field.

Some general observations

EAD has undergone many changes over time. From direct concerns with Commonwealth interests in commodities, trade and finance, it broadened its scope to cover the international development dialogue and negotiations. Later when those international discussions receded in significance and became concentrated again at the World Bank, IMF and the WTO rather than directly at the UN, the focus of the Secretariat's work returned to more direct Commonwealth interests in the WTO, IMF, World Bank and regional development banks.

It seems to me that in trade policy, after the failure of the Doha Round of International Trade Negotiations, the world is getting more involved in regional trade agreements and free trade areas. And this may become a new priority for EAD's work even though with a new DG at the WTO, there would be renewed pressure for a resumption of the Doha Round. So in future, demand for trade work at regional and international levels would increase.

In finance, the increase in indebtedness and fiscal deficits in recent times are causing more countries to seek IMF assistance. Thus IMF policies will be of continuing concern.

The rise of many Commonwealth developing countries in Africa and Asia makes for a more dynamic economic Commonwealth with increasing possibilities for interactions and cooperation at the Commonwealth and regional levels.

Over time the involvement of EAD in the international dialogue and negotiations, in setting up Expert groups on major issues, and SSR's own involvement in major international commissions have helped to give EAD an important international profile. Many very important international personalities have come into contact with the Division or became engaged with its activities. People like Manmohan Singh, Amartya Sen, Swaminathan, IG Patel, Willy Brandt, Lord Cairncross, Prof Gerry

Helleiner, Sylvia Ostry, Lord Campbell, Lord Lever, Douglas Was, Ted Heath, Alister McIntyre, William Demas and many others have all had involvement. One recognition of this profile was invitations for the Secretariat to make presentations to legislative committees in Canada, the UK and the US.

A final EAD contribution must be noted. The reputation of the Division enabled it to attract some very able economists, who had influence beyond EAD. Thus Dr Jalan, Dr Cable, Dr S.K Rao, Mr Ian Thomas, Mr Krishnan, Mr Dodhai, Dr Coomarswamy and others developed large Secretariat-wide reputations and indeed some of them such as Dr Rao and Dr Coomarswamy, went on, on promotion, to other very substantial positions in the Secretariat and others such as Dr Jalan, Dr Cable and Mr Krishnan to very senior positions outside the Secretariat.