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— I think this interview could concentrate on three broad topics, of which Professor Muns has considerable experience and a lot to say. One of these topics, the first, is the university and the teaching of economics in the university. The second covers his experiences in the World Bank and the International Monetary Fund, and the last has to do with more specific aspects of the economy that affects us most: that of Spain.

Let's start with the first: I believe there's something that interests us as academics and students of economics, and which comes from the heated discussions that took place in the world of economic analysis, especially in the seventies and early eighties, as to the feasibility or otherwise of certain approaches. In the Anglo-Saxon world, opinions emerged that opposed strictly neo-classical considerations. I'm referring particularly to the Cambridge School. At the same time, especially in the American universities, new considerations arose that tied in fairly well with the liberal ideas. All this has led today to a synthesis and a revision of the neo-classical approach, based on principles that are slightly different to those of the seventies. In this respect, I wanted to ask your opinion about the present situation of economics, not so much as an abstract science, but more than anything as a solution to some of the serious problems to be found in western economy.

— That's not an easy question to answer. It's very subtle but very interesting. I'll answer it as fully and as accurately as I can. I feel that economic science, like all the social sciences, is inextricably linked to its surroundings. Now, at present there's a radical change taking place in the social structure surrounding economic science and all the other social sciences, and there's a fundamental revision taking place of the great pillars of economic thinking which we've more or less inherited from our recent past: Keynesianism, the neo-classical approach, etc. I think they're all being reconsidered, because none of them offers a real solution to the serious problems of today. Can we at present construct a scientific model which allows a clear understanding of the situation, or at least, one clear enough to be able to make predictions with a reasonable level of accuracy? I think not, it's very difficult, because society is evolving so fast that there's no time to consolidate thinking or to relate it to reflections on economic science. So I think we'll have



to go through a period when our thinking isn't sufficiently cohesive or solid to be able to understand what's happening, but at the same time, I think we can say that economic thinking is extremely flexible. What I mean, for example, is that the whole outlook theory, the supply theory, all these elements that attempt to find solutions to what's happening, have all been developed very quickly. There is an answer, and the answer hasn't yet offered a sufficiently valid doctrine by which to interpret events. So I think that in fact what we need is an instrument for interpreting what's happening, but I'm relatively optimistic, because economic science is showing a certain maturity at the moment, and the ability to develop quickly. It's developed out of step with reality, but it's tried. It hasn't stood still.

— Perhaps the problem is also that the figures we base our work on are issued too late, and are not in line with the analytic systems we use.

— Right. I think that's true. And I also think it's true that we're living with concepts, ideas and cause and effect relations that are somewhat out of date. For example, very often, when I read the newspaper, I get the impression that we're living on commonplaces. I think we need a better understanding or a fuller incorporation of what we could call phenomena of

psychology of the masses in economics. Economic analysis is too rational. It belongs to an age when the state controlled a number of important economic instruments and it was assumed that the response of the citizen was one of rationality as regards the distribution of funds. We've been taught the theory of rational choice within a scarcity of means. Now it's all much more complicated, and very often the markets, which are terribly unpredictable, respond to expectations, extremely subtle interpretations, which are subject to misinformation, misinterpretation, exaggeration, fear.... that is to say, by non-rational phenomena. All this has yet to be built in to a social economy. This is the great task facing us at present; how can we relate the economy, with all the intellectual baggage accumulated through this technical dimension, to the arrival of a series of phenomena belonging to the field of mass psychology and sociology? How do we go about it? I think the next great economist, the next great Keynes, will be whoever manages to link the two things: traditional economy and the psychology of masses.

— And perhaps things get more complicated when you move from a national to an international context. It must be almost impossible to control what happens beyond one's own national borders.

— Exactly. Everything I've mentioned becomes bigger, more important, more erratic and more decisive.

— There's something which I think can be seen at the present moment in our universities: there's a certain exodus on the part of teaching staff who've been doing an important job for a long time. The economic and political situation has become more complex, and people who've been passing on important insights through the lecture halls have reached a decision: they've chosen other platforms from which to express and apply their ideas. Why has this happened? Perhaps because a moment comes when you want to broaden your horizons, through disenchantment, or is it because our universities still have excessively limited objectives?

— There are several reasons. First of all, because certain subjects need to be seen in a new light from time to time. I'm professor of International Economic Organization. International Economic Organization isn't something abstract; it's a real-

ity that evolves day by day. Now, I've always been very concerned with this reality. I've looked at the country's history. I've tried to look at economics from different points of view and now I feel it would be interesting to have a new outlook on the subject. At the same time, it would be intellectually interesting to enrich it through educational aspects with new intellectual investments. That would be the positive side, but there's also a negative side, which is the failure of the universities to respond to the intellectual demands, ways of looking at economics and the teaching of economics. I think our university has serious shortcomings, not as some people say, because of overcrowding, but because of the lack of optimism and of a healthy intellectual climate. I'm quite happy with a university without funds; there are very good universities that are poor in resources. Resources aren't everything in a university; a university is its atmosphere, and an atmosphere is life, warmth. So what I want to stress is that our university is a re-organized university, where the emphasis is on doing your job, without any considerations as to quality and without a proper relationship with the outside world; it's one of the most isolated sectors in the country. I therefore think that a time comes for some people when they begin to feel shut in. When all these things come together, and on top of that you have a series of important administrative changes like the ones we've had over the last few years for no very clear reason, a time comes when you decide to change your intellectual surroundings.

— Do you think all these European programmes which are under way in some Spanish universities, particularly the University of Barcelona, to which you're devoting a lot of work, can help to make this intellectual suffocation you speak of more bearable?

— Yes, I think so. Of course, it means an opening. It's going to be difficult, and very often it'll be done mechanically, but at any rate, the trend is in the right direction; all these programmes that involve the exchange of studies and resources are positive. The university here is very shut in at the moment, asphyxiated; there are a great many paths that are going to be very difficult to open up.

— The opinion is a very valid one. If there was ever an economist and university professor with enormous experi-



ence in the international field it is, precisely, Professor Muns; a vast experience in just those fields in which there are very few Spaniards and very few Catalans, such as in the work of the World Bank and the International Monetary Fund. I'd like to ask you two questions. First of all, what was the actual work, the actual responsibilities you undertook in the World Bank? Secondly, why are there so few Spaniards and Catalans present in these institutions, which are so important in the context of international aid?

— I'll start with the second: We're poorly represented because, generally speaking, Spain joined all these organizations too late. I think it's the first time anyone's made a real, conscious effort to achieve even a minimum international presence.

As for my responsibilities at the World Bank and the International Monetary Fund, I can say that I was Executive Director of both institutions. The Executive Directors are representatives from the countries on the Board of Directors. There are twenty-two, representing 140 or 150 countries; each director represents six or seven. At that time I represented Mexico, Venezuela, Spain, Central America, Panama...; about eight all told. My job was to represent these countries, in the sense that I was the contact between them and the institution, and to defend their interests. It's fairly technical work, with a

fairly practical set of rules. I did the work of representing these countries and, as member of the Board of Directors, I watched over the running of the organization: the administrative side of the business, the political side, legal side, etc. It was very interesting and very important work.

— Some people feel that these organizations show an increasing tendency to act according to market criteria, which might make it more difficult for underdeveloped countries to receive certain loans. The reports and recommendations intended to help countries receiving aid to overcome their critical situation don't always bear in mind these countries' basic problems, and what's more, they tend to be very standard measures. They could be summed up as a freeze on wages, closer attention to the balance of payments, control of the national deficit, etc. Very often, in the medium term, say five or six years, these measures can lead to important social conflicts. To what extent do you think this is the case?

— This is partly true and partly irrelevant. Obviously, the International Monetary Fund's approach is basically a short or medium term one, and like any short or medium term approach, it's aimed at the immediate situation and not at the structure. Now, if you say, "this country's problems are structural ones", you're speaking the truth, but at the same time, something has to be done before any structural changes can be made. I mean, if someone's ill, because he's very nervous, because he doesn't look after himself, or because his living conditions aren't what they should be, and he goes to the doctor, he's not going to be told, "go back home, modernize it, and get the builders in." What the doctor will probably say is, "First you've got to get better, and then you can make improvements in the home." This is rather like the problem the IMF has. It doesn't deny that there are structural problems, but it's not its job to solve these problems, no-one's asked it to. The International Monetary Fund's statutes recommend technical assessment above all else, and foresee the provision of money to pay off the debt. Then, as we know, and this I think we do have to recognize, it gets more and more difficult to pay off this debt and cure this patient who goes to the doctor's without starting improvements at the same time. Because, of

course, the problem we can come up against is that we look after the patient, but when he goes back home he gets ill again. So what happens is that the immediate problem and the structural problem become more and more closely linked: the structural problem gets worse and worse; the ups and downs of the world economy cause more and more problems that have more and more short and medium term repercussions. As a result, these repercussions affect the immediate situation more and more strongly. What I'm trying to say is that the Fund is quite right when it says that one thing is the immediate situation, another is an emergency, and another is a short or medium term solution. But it's also true that we have evidence that it's easier to act from a single point of view. In the end we'll arrive at a synthesis, in which, for example, the Fund and the World Bank could work together and back each other up in more comprehensive interventions. And not just the Fund and the World Bank, but also governments, commercial banks, etc. The situation will probably be so complex, so flexible, so enormously difficult, that even these organizations won't be enough and we'll probably need help from more directly involved organizations, but at the same time, there'll be more debate. The IMF, then, finds it more and more difficult to solve problems by itself.

— Whatever happens, there are very underdeveloped countries which will have difficulty starting to grow. I'm thinking, for example, of Ethiopia.

— It's becoming increasingly clear that the Fund is still necessary but that it isn't enough. It's necessary in the sense that it introduces economic rationality; the Fund is a great machine of economic rationality. Now, it's like someone who goes into a house and says, "I'm going to fix this house up and the first thing that needs doing is to organize the distribution so that people can move about, to see what's needed, etc." And then it turns out that there's nothing to organize because the house is empty. But obviously it has to be organized, it has to be rationalized. I think there's always a place for rationalization, but it's not enough by itself, and this means we have to find something to complement it. But what we can't do is make modifications to the structure unless we first introduce rationalizations. If funds are available but are being thrown



away, if they're not being administered properly, if there isn't a rational system of prices, if the credit system doesn't take into consideration the basic structure of the economy, if there isn't a proper financial system, you can do what you like — everything's going to go to pot. On the other hand, other countries have started very low down, but with great economic rationality, with proper economic planning. So both elements are important, but sometimes when people speak of changing the structure, that isn't enough by itself. It allows economic development to take off, it makes it possible to have resources, but the basic element of the economy is the administration of these resources, the rational utilization of these resources, and this is what the Fund does.

— Let's talk about the Spanish economy. In the last few years, an effort has been made to break with some of the irrationalities of the past. All the indications seem to be that we've taken on relatively complex problems, such as industrial reconversion. Be that as it may, there are still important questions to be answered. For example, there's the fact that we've got the highest unemployment figures in Europe; recently, there's been a certain amount of discontent on the part of the trade unions, etc. On the one hand, we seem to have found the way to grow and the rate of growth seems to be quite

spectacular. This was almost unthinkable five years ago. But this growth has shown up some of the weaknesses of the economic growth process itself, such as those arising from changes in the distribution of wealth. What do you think about the situation of the Spanish economy and which could be the way out in the immediate future?

— I agree with your analysis that the Spanish economy is going through a clean-up operation. I think it's gone a long way and has been positively analysed by important foreign observers. The thing is that, like in anything else, you have to conquer and convince, and maybe the convincing has been a bit weak. It's a pity, because it could spoil a number of things that have been achieved through hard work. And what does it mean to convince? It means knowing how to sell the product successfully, involving people in the process physically, spiritually and psychologically; knowing how to be hard and persuasive at the same time; knowing how to buy and sell; knowing how to combine strength and modesty; knowing how to preach and set an example; a whole series of combinations which have probably never been achieved. I think the battle's been won, and the proof is in the way this economy has been accepted all over the world, but the man in the street isn't convinced, nor are the unions, etc. But in spite of this, I think the situation can still be saved. The government is right to want to present an image of efficiency, but this wouldn't be incompatible with a few concessions, a series of adjustments. Any budget has a margin for manoeuvre and I think these adjustments could be made. I think the Spanish economy is going through a good moment and that adjustments can be made without losing this image of efficiency, of clear objectives, confidence. There's a halfway point that has to be found, and it can be found. Now, if people, different social groups, the government, whoever, are stubborn enough to take up maximalist positions, then maybe it could lead to a process of total war.

The interview could go on for hours. The conversation with Professor Muns is fluid and liberally sprinkled with examples and with his own personal convictions. His knowledge of economics and international affairs is extraordinary. This is why the conversation includes elements that correspond to a university discussion: seriousness, analysis, a grasp of the subject, personal experience, study and reflection. ■