

## IN HONOR OF FELIPE PAZOS

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It is a real pleasure, and an honor, for me to have this opportunity to say a few words about Felipe Pazos. Rather than being an introduction—which is not needed in the case of Felipe—they are aimed at highlighting some aspects of Felipe’s personal history—as an economist, as a Cuban patriot, and as an exceptional human being—which make this recognition of his achievements particularly well deserved.

Felipe’s work as an **economist** and in **managing economic policy** has had a profound impact, in Cuba and internationally. Within Cuba, or abroad as a Cuban Government official, he:

- Was a member of the Cuban delegation to the Bretton Woods Conference, which founded the World Bank and the International Monetary Fund.
- Founded, and was the first President of, Cuba’s Central Bank (the *Banco Nacional de Cuba*), in 1950-52.
- Was a pioneer in the teaching of modern economics in Cuba, as Professor of Economic Development in the *Universidad de Santo Tomás de Villanueva* in 1954-55, and as Director of the Department of Economics of the *Universidad de Oriente* in 1955-57.
- Became again President of the Central Bank, from January to October of 1959.
- Held several diplomatic positions, including Commercial Attaché in the Cuban Embassy in Washington D.C. (1942-1946), and Ambassa-

dor-at-Large for Economic Affairs in Europe (1959).

At the Latin American and broader international levels, Dr. Pazos has been:

- A founding staff member of the IMF, holding the positions of Assistant Chief, and subsequently Chief, of the Fund’s Western Hemisphere Department (1946-1948), and Assistant Director of its Research Department (1948-1949).
- Senior Economist in the World Bank (1952-1953).
- Research Director of the Center for Latin American Monetary Studies-CEMLA (1954-1957).
- Member of the top coordinating body of the Alliance for Progress, the Committee of Nine (“*the Nine Wise Men*”) of the Organization of American States (1961-1966).
- Senior Economist in the Inter-American Development Bank (1966-1975).
- A participant in numerous seminars and international meetings on economic development, inflation and other economic policy issues.

Since 1975, when he moved his residence to Caracas, Dr. Pazos has been Economic Advisor to the President of the Central Bank of Venezuela, while also serving during several years as member of the Bank’s Board of Directors, and continuing his intensive participation in Latin America’s intellectual activities

I would like to note also the impact of Felipe’s articles and books over the last 50 years. His writings on

economic development were an important part of the emerging Latin American economics from the 1940s to the 1960s. His works on inflation—including his *Notas para un Estudio de la Espiral Inflacionaria* (1963), and *Chronic Inflation in Latin America* (Praeger Books, 1972)—are recognized today—in Latin America and in U.S. and European academic circles—as very important contributions to the understanding of the mechanics of inflation and to the design of stabilization policies. The list of his writings on diverse aspects of the economies of Cuba and Venezuela, and of the history of Latin American economic thought, would be too long to be mentioned here in detail.

There is, however, one contribution of Felipe that I believe should be pointed out with particular emphasis before this forum: his outline of the main economic problems likely to be encountered by the Cuban economy during the period of transition, which he included in his remarks for the first ASCE “Carlos Díaz-Alejandro Lecture,” in 1991. Such problems were:

1. How to handle the reconversion of the economy from a centrally planned to a market determined system? In this context, one of the main issues will be how to bring about the privatization of the existing publicly-owned enterprises?
2. How to manage the country’s international trade policy during the period of transition?
3. How to prevent economic activity from declining sharply in the initial stages of the transition and how to mobilize external economic and financial assistance?
4. How to implement a realignment of domestic prices, to bring them in line with costs of production, without depressing further the low levels of income of the population or giving rise to inflationary pressures?
5. How to keep the fiscal deficit under control and prevent the development of hyperinflation?
6. How to reestablish the work ethic of the population?
7. How to create the necessary institutions (financial and other) required for the proper functioning of a market economy?
8. How to encourage external private capital inflows without selling off existing assets at bargain prices?
9. How to reincorporate into the Cuban economy those entrepreneurs, administrators, technical personnel, and professionals now living in exile without creating undue friction and resentment in the population?

Dr. Pazos explored the implications of these issues in his Lecture, and suggested that they be studied in depth, in anticipation of the transition. As the records of the five subsequent ASCE annual meetings, and the agenda of the present one, clearly show, the issues raised by Felipe five years ago have been at the center of ASCE’s analysis of the situation and prospects of the Cuban economy.

I would not like to finish these remarks without mentioning other facets of Felipe’s life which are, to my mind, not less important than his professional achievements. His fidelity to democratic ideals took him to adopt difficult and risky positions more than once. As a young student, in the early 1930s, he was already active in the opposition to the dictatorship of Gerardo Machado. Years later, when Fulgencio Batista’s coup interrupted Cuba’s democratic process on March 10, 1952, Felipe Pazos resigned as President of the *Banco Nacional*. When Batista closed all doors to the possible peaceful resolution of the Cuban crisis, Pazos went to the Sierra Maestra in 1958, and signed a Document of Revolutionary Unity with Raúl Chibás and Fidel Castro. And when Castro jailed Hubert Matos in October 1959 because of his denunciation of communism, Felipe left, once more, the Presidency of the *Banco Nacional*. Shortly afterwards, he was involved anew in another revolutionary movement against the then-new and now very old dictatorship.

Throughout his whole life, Felipe Pazos has maintained moral and ethical standards which, I believe, should serve as an example for the Governments of the future Cuba. In 1950-52, for example, the *Banco*

*Nacional* was created and operated by Felipe in a clean and transparent way, in the midst of the corruption affecting much of Cuban political life at that time. And in 1959, Felipe again managed the same *Banco Nacional* in a fully independent and transparent manner, until it became clear that such independence and transparency were not virtues to be respected under Castro.

Last, but not least, I am sure that I am far from being the only one in this room who has an eternal debt of gratitude to Felipe because of the way he and his

family helped us when we left Cuba. I believe that you would not be able to count how many of us you helped to find professional jobs, and how many of our families were assisted in many ways by you and your family.

Because of your many professional achievements... because of your contributions to Cuba and to Latin America...because of your moral and ethical standards...and because of your enduring friendship to so many....all of us wish to say to you: **Thank you, Felipe Pazos!**