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Transcript of interview with

SVEN BURMESTER, LEIF CHRISTOFFERSEN, CAIO KOCH-WESER,
OLIVIER LAFOURCADE

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FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank's fiftieth anniversary history: John P. Lewis, Richard Webb and Devesh Kapur, *The World Bank: Its First Half Century*, Washington, DC: Brookings Institution Press, 1997. It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.

*Caio Koch-Weser, Leif Christoffersen, Sven Burmester, Olivier Lafourcade
September 29, 1992 - Verbatim*

*[Begin Tape 1, Side A]*¹

CHRISTOFFERSEN: . . . when people asked him about Vietnam. I remember, for example, in Taiwan when we were there seeing Chiang Kai-Shek and those guys. There were some others. And then we were in Malaysia and, I think, in one or two African countries when Julius Nyerere was *[inaudible]* Vietnam came up several times. And they asked him—you know, he never brought it up himself, obviously--they said, you know, "What is this?"

And I think that the wording that I—you know, that Mrs. *[Deborah]* Shapley wanted me to reflect on was--I recall him clearly say that it was a great mistake. He said that to several *[inaudible]* and then he said, "Was it the greatest mistake or was it that I made a great mistake?" He said, "I cannot at this point in time *[inaudible]*." He said that it *[inaudible]* associated directly with his own decision.

KAPUR: Wasn't he sort of under pressure in Copenhagen, I mean those crowd protests and so on, because of the Vietnam War?

CHRISTOFFERSEN: Right. It didn't really come out very much there. It was more McNamara in an individual capacity. I was with him in Copenhagen. But it was such a violent beginning that, you know, people really turned around and became sort of very sympathetic because I recall that there were some newspaper articles in Danish--and I read Scandinavian, obviously, since I'm Norwegian--where some of these extremists were chastened by the citizens of Denmark because they felt that they'd gone too far in terms of this.

So I would call sort of the first day of the annual meeting as very, very troublesome, you know. Then after a day it just sort of collapsed. And the last half of the annual meeting was a piece of cake. And I think that because there had been so much built up before--now they did use the anti-Vietnam slogans, obviously, in their march, but I don't recall if it ever came up in any discussions over the weekend *[inaudible]* at the Bank that part of it wasn't *[inaudible]* It was more when we were out in the Third World, in Africa, Asia, Latin America, then people asked him.

KOCH-WESER: I remember in the late '70s when we were in East Asia, Thailand, Singapore, et cetera, and there was a lot of turmoil and fighting going on at the time—on these borders, the Cambodia and Laos issue--that it was actually some of the leaders in the region who deplored the absence of the U.S. in the region at that time and basically almost insinuated, "Look, I mean you were right—you asked us to be strong in that region. It cannot be *[inaudible]*." But he refused to comment on that. But it was played back to him by some of these leaders *[inaudible]* who were very concerned about what China and North Vietnam, Vietnam were up to.

¹ Original transcript by Brookings Institution World Bank history project; original insertions are in []. Insertions added by World Bank Group Archives are in *italics* in [].

The other such case was when he first went to China and he had his meetings with Deng Xiaoping. Basically over dinner they talked history and geopolitics much more than development aid to China but not in the sense of was Vietnam right or wrong. But it was fascinating to see the two key actors, you know, sitting there face-to-face. 1980, it was.

LEWIS: 1980.

KOCH-WESER: Well, basically, of course, what they focused on, what Deng focused on, was the Soviet Union and what the Chinese considered to be then a very major threat, that the Soviet Union had not given up on dominating. China was very worried about it, and others in East Asia, and again, “Where is the U.S.?”

KAPUR: He seems to have gone out of his way to go along with the Chinese demands on Taiwan, which even the ADB [*Asian Development Bank*] did not go along with. Could you comment?

KOCH-WESER: It was a very contentious issue, of course, with Congress and everybody else. What do you mean by “went along”? I mean, there was the gold issue, there was . . .

KAPUR: Even in any Bank--you know, the *WDR* [*World Development Report*], *World Development Indicators*, there is no mention of Taiwan at all. You know, it sort of . .

KOCH-WESER: But there we followed pretty much the UN practice, if I recall correctly.

KAPUR: No, the ADB did not . .

KOCH-WESER: No, I’m not talking ADB; I’m talking UN now.

KAPUR: Right, but I’m just curious why the ADB . .

KOCH-WESER: But the ADB came in later. Oh, okay, I should explain.

The ADB came in. They started talking to the Chinese, that must have been two or three years later than 1980. And by then, I sensed, both the Chinese had become more relaxed, somewhat more relaxed, on the Taiwan issue and I think the general environment had changed. But in 1980 this was a make-or-break situation. Either we followed the UN on Taiwan or the Chinese would not let [*inaudible*]

You know what the problem was when we first produced our economic reports on China? The main thing they focused on was how we treated Taiwan. I mean, I remember when we produced the first major report on China. Exciting stuff, we felt, I mean looking back 25 years, comparing with India, looking ahead, et cetera. I remember I went out--I was then already the division chief on China, with our chief economist and others, and we expected a lot of comments on the big issues, et cetera. One issue they discussed

immediately was, “You treated history wrong. I mean, we were not invaded by Mongolians or whatever; we absorbed them.” And, two, the map and the annexes on Taiwan were not right: “You have it the wrong color. It suggests this is a different country. We want the same color as China.” And the third one was the border with India.

KAPUR: India, right.

KOCH-WESER: It was a big issue; I mean, it went all the way up. And I remember a conversation in China where this was first raised there with me, and they pointed also to the Soviet border. And I remember I was half-jokingly saying, “You can have as much of Soviet Union as you wish because they’re not members. Tell us what the border is. But with India we have a big issue and we need to discuss that.” You know, these were very much in the Chinese mind in the 1980s, just as little illustrations of what they focused on and they could not have compromised.

KAPUR: [both speaking at once] correspondence in the legal counsel’s files, how they treated the Indian ED [*Executive Director*] and the French then decided . .

KOCH-WESER: This was their first exposure, really, to multilaterals organizations beyond the U.N. It was at a very critical time for them politically. And when the ADB came in later they were more relaxed.

LEWIS: These maps are very sensitive things. How you map Kashmir has been a very, very sticky issue between India and Pakistan for a couple of generations. I think I understand the ADB thing. I spent a little time around there in '81-'82. Taiwan had been a very specially good and strong member of the Asian Development Bank. It had an absolutely A+ record. It had very strong people on the staff. It had the agricultural division or department, and it had graduated of its own volition and now were putting money back. So they were very, very pro sort of Taiwan at the outset. They just could not bring themselves to dump on Taiwan to the extent that the Fund [*International Monetary Fund*], well, the Bank and the U.N. had to do.

KAPUR: I'm not clear if the Bank’s [*inaudible*] Taiwan was legal. [*inaudible*] there seems to have indicated that, I mean, as we see in the files, the internal files, also . .

KOCH-WESER: Well, I don't remember now the specifics, but there was some difference, that China had been a founding member of the World Bank and a member between '45 or whatever and '49, and in the ADB it was Taiwan that joined. The ADB was created later in '65.

KAPUR: That's right.

KOCH-WESER: That was legally the difference here, which explains why there would be a difference in treatment.

LEWIS: Well, maybe we should just pick up things seriatim as we can. We thought that, of a whole list of things that we cooked up we'd like to ask you people. One is a sort of set of things really about people, about the, your--I think this subject for today, Robert S. McNamara is obviously a central personality within the Bank and in some respects the biggest puzzle to us as historians because there are a lot of facets to this person. He has great skills in some respects in dealing with people, maybe large numbers of people, and also one-on-one allegedly, but he in another respects is quite distant from most people. In the Bank we get the sense that he was in one way isolated. He didn't mill around with the troops too much in the cafeteria or whatnot, but he certainly had his sensing devices, including yourselves. And we're very curious about—and he also allegedly worked very much with favorites, and he chose them, it looks like, pretty shrewdly, people like Mahbub ul-Haq, Ernie [*Ernest Stern*] and so on. So we would really like to get you to reflect on who were the kind of, what was the key network of personalities that he was interacting with, in the first place inside the institution, and then we're going to ask you about the same kind of his key relationships and encounters outside.

WEBB: Can I just add in one little?

LEWIS: Yes, please.

WEBB: One of the specialty players, I think one of the specially interesting questions is Burke [*Knapp*] . .

LEWIS: Yeah.

WEBB: . . because Burke had been here so long, was so much a part of the Bank that McNamara wanted to change.

LEWIS: He was the establishment.

WEBB: And yet it seemed to work. It certainly worked for him--I don't know how well, but . . .

CHRISTOFFERSEN: Well, I was going to say that in my first meeting, he spent a lot of time with two, an insider and an outsider. The insider was Burke and the outsider was William Clark. Those were the two that he spent a lot of time with, and Burke was clearly, you know, the establishment insider, the person who knew the Bank, who had been there before. And there was some question, I think, initially as to how well they would get together, but I, my recollection of that is that it was a very harmonious relationship. And the same with William. William was the outside guy, the guy that he could talk about in a completely open and--in some ways he was sort of the court jester.

[Inaudible]: When did William join?

CHRISTOFFERSEN: Same day as McNamara, April 1, 1968.

[Inaudible]: He became an insider.

CHRISTOFFERSEN: He became an insider; that's true. The two of us, we were the outsiders. We just came here together.

LEWIS: So he didn't recruit William Clark.

KAPUR: *[George D.]* Woods.

CHRISTOFFERSEN: No, no. Woods did. But he came in, and it was sort of a coincidence that they came in together. And they hit it off very well because William could talk to him a lot about Europe and British-American relationships, and he had a very good contact network in Britain.

He was, I think, generally speaking quite pro-British. He had many contacts with the British establishment, both in the Conservative and the Labour parties.

WEBB: When did you start with McNamara?

CHRISTOFFERSEN: 1969, June 1969. So Rainer *[Steckhan]* was here with *[George D.]* Woods and carried on his duties up till almost--over a year, April of '68 till June 1969, a year and three months.

LEWIS: You had just about two years. Was there a convention of that sort?

CHRISTOFFERSEN: No. I was—I had two and a half.

KOCH-WESER: I think the longest was three. I think I did three years. Of course, the last half year was half in China already and half *[inaudible]* in transition.

CHRISTOFFERSEN: But it was our sense that it was not—you know, before that Woods had had a personal assistant for many, many years, and I think all of us felt that we didn't want to be sort of permanent personal assistant to McNamara. Certainly I felt that when I left that I had contributed, and I had no strong feeling at all. In fact, I was looking forward to coming back into operations.

LEWIS: How about people that as he came in that he did not get along with so well? I guess one was Gerry *[Gerald M.]* Alter?

CHRISTOFFERSEN: Right. Gerry was—you know, there was a lot of discussion, and he--they did not see eye to eye on Latin America. McNamara wanted to deal with poverty issues. He wanted to deal with northeast Brazil. Gerry Alter did not want to deal with northeast Brazil and he was more or less forced to, had to deal with it. He said, "I'm not going to give you approval for a lending program unless you put one-third of it in northeast Brazil," and Gerry Alter did not like to be told he had to do that. He was very

adamant and there was a great clash between them. And McNamara wouldn't budge, and Gerry had to open up a northeast Brazil program.

WEBB: Was that right at the beginning when you were first working with him?

CHRISTOFFERSEN: Yes.

KAPUR: That was the first CEPP started [*Current Economic Position and Prospects of Brazil*], September '69.

How about Dick [*Richard H.*] Demuth?

CHRISTOFFERSEN: Dick Demuth, I can't recall any sort of major thing coming up.

KAPUR: He seems to have been sort of slightly sidelined.

CHRISTOFFERSEN: Yeah. He wasn't a major actor, as I recall.

He had some clashes with the development bank side of the house, you know, Raymond [*Sydney R.*] Cope and particularly Bill [*William*] Diamond. I recall that he and I discussed on several occasions that the way the Bank deals with development banks is very narrow, that we talk about private development banks, privatize them, and yet the public sector obviously is an important contributor to these banks. They need to relate to the industrial policies in these countries and so on and so forth, and yet we finance development banks in Turkey. I remember him saying Turkey was a case where he thought that our stand on development bank was ludicrous because it had high import duties and they have export barriers that, you know, sort of protect the domestic industries so high that they make good money internally but they would be totally unable to compete if these industrial tariffs go down. And they are just totally nonviable economically if they were not shielded. And yet we merrily go ahead financing these development banks as if we—and without thinking through the consequences about what would happen to them if a more normal market-oriented trading system would occur. And he could not get a policy paper through on that one. He could not get Bill Diamond and Raymond Cope and others to really adjust the policies on that.

I remember once he came in to me--and it's the only time actually I was involved in writing a policy paper myself—and he said, "I don't really like this."

And I said, "What do you want me to do?"

And he said, "You have some ideas about that." And I had dealt with agricultural credit institutions before. I was down in your country, and I did appraisals. I did appraisals in Pakistan and various other countries, and so I was very much interested in the agricultural development banks.

I wrote then sort of a ten page paper, and said, "When do you need it?"

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He said, "Well, two days from now."

I said, "I can't do that without putting aside all other duties. You have a lot of things coming up here. I'll do it, you know, over the next few days and the weekend I can do it."

So I did write him the paper, which then he turned to the president's council and said, "What do you think about this? I'd like to have your comments."

And there was quite a little flurry then from Raymond Cope, particularly, and Bill Diamond. They said, "Who in hell has written this? Has McNamara written this?"

And the suspicion was put on me, and they asked him, and he wouldn't budge. He said, "Never mind. I want you to comment on it."

And that did change. That broke the back, I think, of that stand, that impasse between him and—so getting more involved in management of development banks irrespective of their ownership, exclusive ownership in the private sector. And I remember that was an important point for him.

LEWIS: That's very interesting. I don't want to divert you from talking about people, which I asked you to do, but that brings up a very interesting point, that he was back then when he arrived already, or soon after he arrived, thinking very much in terms on his own of sort of market efficiency kinds of issues, you might say kind of applied neo-classical kind of stuff which became so central to the thinking in the Bank--well, particularly at the time he left in the '80s.

He told us that his notions on the importance of policy and the kinds of policy and the importance of market-oriented policies had not changed at all, all the way through his time period. In fact, he told us that he, almost all of his positions on things were pretty well cooked, formed, in the first few months, or by the end of the first few months he had been here, that the need for planning, the issue of poverty, and the full policy thrust was all there in the sort of paradigm in which he arrived. Does that--some people whom we have sort of tossed that at have been very disbelieving, that he did change a great deal as he did, you know--but this is an interesting *[inaudible]*

KAPUR: The DFC [*Development Finance Corporation*], after all, did not in the '70s continue to lend with all *[inaudible]* public sector but not to countries as necessary *[inaudible]* or anything *[inaudible]* politics.

CHRISTOFFERSEN: I think--there was another pressure, of course, on the Bank at the time. There was, for example, the IDA [*International Development Association*] donors in Europe. You had labor governments in many European countries, and they were very scared that the American-dominated World Bank would be exclusively financing sort of private-sector, market-oriented, and that they felt that the test was not, you know, the

ownership, private/public, but it was efficiency, and that if you had efficiency criteria that would be much more important and the Bank must be flexible in that regard to look at those public and private institutions.

And I know that in some ways we went out of our way, in Africa at least, by not ignoring opportunities that later on turned out to go sour on us, clearly. But it was--I remember in many of the IDA negotiations that I participated in on the side--later on I was brought in because I worked on Africa and I had worked in rural development, and I was often there with the IDA teams going to Europe, that the fact that we had not come through with a very dogmatic--what today would be a [George H.W.] Bush-[Ronald] Reagan stand, ideological stand--that was very important to them in terms of IDA support.

LEWIS: He advised us the distinction between the private sector and the market very much. He did, I suppose--it didn't take the Europeans to persuade of that, did it?

CHRISTOFFERSEN: No, no. I mean, what he said, "I'm not going go in there with some high-fallutin', socialist-cooked-up planning scheme, but we have to work with markets, and we had to work with efficiency. Those [inaudible] areas would be [inaudible] after [inaudible] ownership.

WEBB: I think this point we're at now has . . .

[Pause for arrival of Burmester]

BURMESTER: You guys already started?

LEWIS: We've got sort of a staggered start for about an hour, I guess. Some thought 9 o'clock; some though 9:30. But at any rate, we've started to talk about people, sort of key people within the Bank as you people--key in their relations to McNamara. We've been talking about his [inaudible]

CHRISTOFFERSEN: And he was also . . .

BURMESTER: Who are we talking about?

CHRISTOFFERSEN: Talking about the period in the beginning, in the '70s, about people he got along with and people he did not get along with.

I just want to add one more person. I know that there was this enormous clash with Marty [Martin M.] Rosen in IFC [International Finance Corporation]. He was then the vice president of IFC, and he--Marty and Bob did not get along, and he was just waiting. And when Bill [William S.] Gaud came in, it was a great relief for him to have somebody who he thought was much more progressive and flexible in IFC.

WEBB: But he sent DFCs [development finance companies] over to the IFC?

KAPUR: No, he pulled them out of IFC. [several speaking at once] Was that because of the clash or . . .

CHRISTOFFERSEN: I can't recall whether that was related.

KOCH-WESER: During the '77-'80 period when I was with him, that, of course, it was the transition from Knapp to Stern and also [*I. Peter M.*] Cargill and then later [*Moeen*] Qureshi.

Basically three things he did internally, from an internal perspective. One, he relied on indeed a very small group of senior managers—Burke, obviously--although in my years McNamara (I think more than people realized) was a bit more withdrawn from day to day operations than his knowledge of the numbers and facts and his pre-Board meetings and other events might suggest. In fact, he left a lot of this to Burke. And the regional vice presidents often did not share important policy, CSP [*country strategy paper*] and then country CPP, country program paper, meetings [*inaudible*]

That was even more the case when Ernie had come in. He was in touch with Ernie on a daily basis. Ernie was next to his office, always the kind of ten-minute, fifteen-minutes in the evening where they went over things. But he delegated, began to delegate a lot in his later years, later years at the Bank, to Ernie.

With Cargill he was never that close. He really very much valued his advice, but I would never say that they were close. In fact, McNamara at times was very frustrated with Peter, the way he ran things, the way he focused on some and ignored other issues, a totally different management style, et cetera, falling asleep in some meetings and things like that.

CHRISTOFFERSEN: Bad, smoking cigarettes.

KOCH-WESER: But he valued very highly, I mean, Cargill's very incisive judgment on important matters.

Burke also became, as a result, before he left, I think, a bit more--the relationship was a little bit more close, but not that close in terms of daily interaction.

With Qureshi, who was then first in IFC and then came over, it was a very good relationship. In fact, I always got the feeling he balanced here Ernie and Moeen in terms of advice, and Ernie and Moeen never got along all that well. He also know from [*inaudible*] But McNamara very much valued the different approach and of course also the third world dimension that Moeen gave to things and the very different way that Moeen approached issues than Ernie did.

Beyond those immediate most senior aides it was William Clark still very much on the external side, almost--well, William tried to suggest he saw him daily, and that's not quite true. He spent slightly less time with William than William may believe, but he

saw him quite often, say three times a week, on the external agenda. I could see that also because William then often came to me sitting at my desk to know what's going on, so it was not quite that close. In fact, sometimes I got the feeling Bob did not want William to be in on certain things too early.

CHRISTOFFERSEN: Yes, that's right.

LEWIS: Mahhub?

KOCH-WESER: Yes, very much so, but again not all that close and all that frequent as maybe some people suggest. But on the important issues, third world development, committee, of course, very much so.

Regional vice presidents? Closest maybe then to *[Munir P.]* Benjenk.

LEWIS: Really?

KOCH-WESER: Well, close enough. I mean, Munir was in a sense a friend in some respects. He sometimes was very frustrated with Munir's conclusions of judgment, but I would still say they were quite, quite close.

He had great respect to Shahid Husain, his intellect, his incisiveness, but it was a bit an arm's-length relationship. And, of course, it was a very different situation then. On Vietnam they clashed. There was this famous incident of the letter and so on. We can come back to that later. And Shahid was the guy--and I always respected that very highly--who took McNamara on, which as a regional vice president was not that easy in those days, disagreeing with him and very forcefully in meetings, almost to the point of a shouting match.

[Willi W.A.] Wapenhans maybe least close. I think he was always a bit--there was a lack of the same wave-length, the way they talked, the way they approached things. And I must say, I have great respect for Willi and what he does but I--very often he simply didn't get it across [several speaking at once] He didn't get it across to--and I think sometimes unfairly. I remember traveling with both of them in East Africa. Willi simply couldn't convey what, say, the next morning with Nyerere would have to be talked about, although it was in the end very clear in Willi's mind, of course. But the two didn't mesh.

The second group I wanted to mention is because very often people don't realize how much time he spent--at least those three years--with the Board, not with the Board at large but cultivating individual members of the Board. And later successors would say McNamara always had this distant approach to the Board. It is absolutely untrue. He might have run the meetings very much as a chairman and very decisively and even telling people to shut up sometimes in a firm way, but he cultivated them over lunch, over separate meetings very much. Those years were the difficult IDA negotiations, which got increasingly . .

[Pause for arrival of Lafourcade]

KOCH-WESER: And people that stand out like Bill [*William S.*] Ryrie, who was then for part of the time in the board, Jacques Wahl, who was this very impressive Frenchman, French ED, [*Said B.*] El Naggar, who was very leading--there were lots of problems with Israel and embargo and so on. One annual meeting was dramatic on that point, and El Naggar was . .

CHRISTOFFERSEN: He was dean of the Board.

KOCH-WESER: And he was dean of the Board, and El Naggar was very important, Ryrie, Jacques Wahl, maybe some others come to mind. But a lot of time spent with those guys.

Now, you mentioned the point, thirdly, I wanted to mention that included the staff of the Bank at large, and indeed I think there was much less from my perspective than should have happened in terms of him seeing and interacting. I'm sure my colleagues will say the same thing. I certainly tried very hard to get him to department meetings, regional meetings, began to succeed a bit for a while. He came to, went along on the--he was invited to regional meetings or director meetings--but very, very reluctantly. I almost had to drag him to these meetings. I tried to play a role which I think he should--in trying to be very much his ear on the wall, of giving him almost routinely a bit of a feel for, even in written form, of what staff really think, how issues, the way he had decided was perceived by staff. And very frank! I mean, I decided I'd give him the whole thing, even if it reflected very negatively on him.

And he really began to like that. I got--he said, "Caio, you have to do more of that. This is very important for me to know." Of course, it was not threatening because it was strictly between us, actually to the point that he said, "You might want to meet with this group and that group because I'm worried about this and that. What do they really kind of think?" But he never did it himself directly.

What also devolved in those years, because he was more distant, a bit more distant from operations, as I said, and left a lot to Ernie, was he began to use his PA [*personal assistant*]-I don't know whether you, it is true of the same thing--is to inform others. I mean, one had almost a stream sometimes of regional vice presidents, others who before they saw the boss or instead of seeing the boss came to our offices and said, "Caio, can you tell me what's going on this issue? Who has seen him on this? Where does it stand? When will it be decided? What is his thinking?" And, of course, you have to be very careful in how much you share and what you don't share, but it became--and he knew that--another way of communicating a bit further down.

But this third group, I think, was always neglected. I attributed--you made this point on him being good in large meetings and one-on-one that, yes, large meetings--many people who are shy people are good with large crowds. And there are people who are very good on one-on-one with people they know well. McNamara was a very shy person. I think

he simply felt distinctly uncomfortable in a group like this or larger where he didn't know everybody.

CHRISTOFFERSEN: And that sort of thing came through very clearly once when I was—I'm trying to think, I think it was my tenth anniversary in the World Bank, 1974-- and I was going to go up and get my picture taken with the president. He called me up and said, "Leif, all these guys are coming up to my office now *[inaudible]* and we should say something, but I don't think they really want to hear me. They want to hear some of the exciting things you are doing in rural development. Why don't you speak to the group?" So here I was supposed to get my picture taken, and I had to speak to them about rural development.

LEWIS: You remind me of something that I hadn't thought about before. In other organizations I've seen very often a tension between the personal assistant, very strong and relied on personal assistant, and the line organization. They feel that the PA sort of is somehow superceding or cutting them off from the boss. I haven't heard anything around here at all about that.

LAFOURCADE: I think the way it was done is that we were all fairly junior people and so totally non-threatening to the powers that be. And the idea which was very well known when you're talking about a job like that, that eventually you go back to the middle of the troops, so there is no particular incentive or no reason to exercise that power. That's true that there's an enormous power in that, it goes with the job. I mean, there's no question about it. This business of scheduling, placing papers one before the other, et cetera.

But one thing that I think is interesting is--there are two missing in the group--but where I think that Bob was really very good was to let us decide what we thought was interesting for him and so in a sense giving us the whole opportunity of concentrating on things where we thought we had some comparative advantage. *[inaudible]* focused a lot on relationships with the Board, meeting with Board members, assistants, advisors, and political information, intelligence, et cetera.

You did some things slightly different. I came from--perhaps compared to all the others, I was the one who came with longer experience in operations before getting to the job. I was already eight years in the Bank. In fact, I concentrated very much on what Caio is saying, explaining to him the discrepancies that there were in his perception of what was going on in the institution and what actually was going on at some point. And he liked that. There was no question. *[inaudible]* comments with concrete specific evidence, not exactly what you think it is, but leaving us a tremendous knowledge of . . .

LEWIS: How did you guys get chosen? [all speaking at once]

CHRISTOFFERSEN: That's got to be interesting! That's how I chose him! [all speaking at once]

BURMESTER: Reg [*Reginald A.*] Clark was head of personnel, I think, and when the time came I asked, but I cannot remember whether McNamara said that's the way it should go. But I'm not sure. I think he probably said, "Give me three or four candidates," or something like that. What I did was to get 12 former YP [*young professional*] files from Reg Clark. Out of those I selected, I think it was three, and then I ranked them according to criteria that I had come up with. Again, there was not all that much discussion, you know, with him. And then I basically said, "Look, you should see those three people."

CHRISTOFFERSEN: We didn't know each other before.

BURMESTER: Which he then did and . . .

KOCH-WESER: I remember--following up on this one--that he spent a lot of time. I mean, I know the last three at least were interviewed by him. Leif suggested that. And I was amazed. One, I didn't have any advance warning. I think you called me the day before the event, and when I got up there I think he spent almost an hour and talked at length about what I had done in the Bank, what I thought on issue X. And rural development, of course, in those days was very much some countries . . .

BURMESTER: Maybe he did better, then, in terms of interview, Caio. I will never forget my interview with McNamara. I thought that was going to be the one and only time I would ever see the man. He was eating lunch at the desk, as he did, a sandwich, in his shirtsleeves [*inaudible*] And I said, basically, "Hello." And it took half an hour. He told me about the world and the World Bank and where it was going and then he said, "Goodbye." And then I left [*inaudible*] He probably liked my tie. My input [*inaudible*] so I was totally flabbergasted when I got the call from the Frenchman.

LAFOURCADE: [*Bernard*] Chadenet?

BURMESTER: Yes, Chadenet, to say that I was going to be the next PA.

KAPUR: Why do you think he started to withdraw from operations?

KOCH-WESER: I think generally speaking, of course, one would need to compare notes of this [*inaudible*] was before; but I got the feeling that he felt, particularly when Ernie arrived—and Ernie, of course, brought more than Burke Knapp, a very keen political understanding and savvy to the job as well.

LEWIS: Political understanding within the Bank or outside?

KOCH-WESER: Both. Both. That he felt very comfortable the way Ernie ran operations. And of course Ernie tends to—I mean, he likes to control and get his hands on things. I think it developed—almost, to my liking, later on a bit too much--to, "Ernie, you take care of it. I'm busy." The other reason, I think, was he saw this as his last few

years. I'm not quite aware of when he made the decision not to complete his term, but he made it . . .

CHRISTOFFERSEN: Oh, I remember that. When the two terms were over, I talked to him, and he said to me, "Leif, I really don't want there to be a third term."

KOCH-WESER: No, that is clear, but when precisely to retire--because this came really very much as a surprise. It was a secret; he shared it with me a very few days only before he announced it. I think it had been decided before you came, very much before you came on board.

CHRISTOFFERSEN: Oh, yes, because he was clear he didn't want to serve a fourth term.

KOCH-WESER: No, I mean that was the exact [all speaking at once]

LEWIS: Did [all speaking at once] his wife's illness have anything to do with that?

KOCH-WESER: I don't think so. But anyway, what I want to say is that he realized these were his last three or four years, and he set his mind then on a few big issues. One was obviously IDA, like always. The other one was the beginning of adjustment lending which, however, was very much Ernie's baby already, but very much supported by McNamara. The third was China, the arrival of China. And I guess then there were a few other . . .

LAFOURCADE: There was the energy affiliate, for another.

KOCH-WESER: Yes. That was very high on the agenda. But he felt things were running pretty well.

LAFOURCADE: I think if I remember the way he was putting it, and I think it was incredibly smart and with kind of profound insight into what was coming up, he was saying that in the '80s, the decade of the '80s, was going to be a decade where what was going to be needed is intellectual input much more than financial counsellors. And he said, "If I stay here two more years, it won't make any difference. What is needed is to get someone who is ten years economist and can really invest into something new and different." And so he was very much seeing himself again--again, one or two years wouldn't have made any difference.

KOCH-WESER: And then there was the Democratic-Republican shift and the selection of the candidates [several speaking at once]

LEWIS: Did you have a chance to follow his role in the selection of his successor?

LAFOURCADE: Well, we discussed a bit. He at the time was--I think that was the first time where he had been asked to prepare some lists. And he told me afterwards--I'm sure

he must have told you—that he had two lists, a list of Americans and a list of non-Americans.

KOCH-WESER: That's right.

LAFOURCADE: And that was interesting to me, it was totally unexpected, that everybody was assuming that it would be an American. There was no particular reason why it should continue forever, so just in case he had two lists. And he passed on those lists. He claims that Tom [A.W.] Clausen was of course on his list. I'm sure that even if it were not [inaudible] he couldn't say that it was not. But I think it makes sense for him [inaudible]

KOCH-WESER: [inaudible] Olaf Palme, Helmut Schmidt, Giscard d'Estaing.

LEWIS: Abdel Latif was my candidate.

BURMESTER: I don't recall why I know about this list. I remember I was there when the third term was going to come up because that was 1977, and I remember him saying that he did not want the third term. So there has been some persuasion in there. And one of the persuaders was Dennis Healy, who came to see him. And that I will never forget.

McNamara, as usual, had one of his standard phrases, and we must all have noticed that whenever he was in a situation--and that was maybe why he didn't like to sit in a free-talking group like this--he always wanted to know. And to this very day he will not say, "I kind of like Mexico." He will say, "The growth rate of Mexico is 3.6 percent, and the investment next year is meant to be this, and therefore I like Mexico" or whatever it is--not just a general statement. So here his general statement was something like, "People and institutions need change. And I have been here for ten years, so it's about time to go."

And then Dennis Healy said something like, "Come off it, Bob." Healy was one of those who was very much at ease with him. Healy took off his coat, for instance--nobody else did when he walked into McNamara's office. McNamara was without coat and just in shirt and tie. And Healy sat down in McNamara's chair. There was really, you know, not a chair that said, "Robert S. McNamara," but everybody knew where he sat! Healy walked in, took off his coat, took his suspenders out, and said, "Hi, Bob," you know, and then McNamara sat down. He was just waiting for him!

And then McNamara said—and that will always stay in my memory--he said, "Well, there was a time when I did not get out in time," clearly referring to Vietnam.

And Healy--there was silence in the room. We were four people present, Healy's assistant, myself, McNamara and Healy, because he was a Part I so there was not a senior vice president there. And Healy said, "Well, at that time you were building a coffin for yourself, Bob. Now you're building monuments."

*Caio Koch-Weser, Leif Christoffersen, Sven Burmester, Olivier Lafourcade
September 29, 1992 - Verbatim*

LEWIS: Great phrase.

KAPUR: How about his relation with Hollis [*Chenery*]?

KOCH-WESER: Oh, I should have mentioned that. Obviously, close on a personal basis. They spent weekends together and things like that. In those years McNamara got increasingly frustrated with Hollis's lack of focusing on Bank business. Hollis always had many other things externally. I think he was already beginning to think about a return to Boston, and you could have meetings on an important CPP, say India, and Hollis hadn't done his homework. I mean, he walked in, he had obviously some briefing notes. But when McNamara asked him, "Hollis," he didn't respond very convincingly. And McNamara saw evidence of that in the whole management of then DPS [*Development Policy Staff*], and he was quite frustrated by that. In fact, DPS then was for him a major headache in terms of--and then Ernie, of course, came in with very different views. Later there was this reorganization. So I would say very close on a personal basis, very much an advisor on the big issues, but some distance and some frustration with the way Hollis was performing in his job as managing DPS.

CHRISTOFFERSEN: Of course, early on when Hollis came in first time it was a great relief to Bob because he had had terrible problems with Irving Friedman and he felt that--you know, when Hollis came in. And also the Bank's image outward as an intellectual center, it became with, he felt, and many people with him--including me--that the Bank for the first time was recognized for its intellectual leadership in economics. Before that nobody--for example, economists in my own country, Norway, they couldn't care less about the World Bank in terms of economic analysis other than cost/benefit analysis and projects. But Hollis came in; they for the first time took note of Bank publications. And then that got into the *WDR* [*World Economic Report*] and all the rest of it. I can't recall when the first one came out, but this first period was clearly--Hollis was a great asset to the Bank. McNamara was very proud of him as an asset, and I think that that has transformed itself later into the less productive years that you mentioned.

LEWIS: The first *WDR* was another thing that Ernie had to do, got to do, and implicit in a lot of this conversation is a question I want to ask you about. How did he somehow home in on Ernie? Ernie came over from AID [*U.S. Agency for International Development*]. The general statement is that Hollis brought him over . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

LEWIS: . . held together, as compared to Hamilton, but that's another issue. Anyway, he was not a nonentity, but he's young, he's a recent import from AID, and—I happen to know him very well--but he started, somehow got on this escalator very quickly and sort of steadily, and obviously sometime early on the boss caught sight of him.

BURMESTER: Yeah, I remember. I had Ernie as a teacher up at your course at Princeton in '70-'71, and I think some of this transition to Ernie's power happened in my

time with McNamara. And one of them was because of Hollis, I would say. Before the *World Development Report* there was something called a *Prospective Paper*, was it?

KAPUR: *Prospects.*

KOCH-WESER: *Prospects Paper.*

BURMESTER: *Prospects Paper.* That was the forerunner to the *WDR*, and that was produced with Hollis's intellectual input but totally out of concern for what would be readable, which is one of the things McNamara often [inaudible]. So I remember when the first draft of the *Prospects Paper* came, it was like this and put on McNamara's desk by Hollis! And McNamara called me in and said, "Get this out of here! I'm not going to sit and read 2,000 pages of this!"

And then Ernie stepped in, and then, well, and I think--but that you'll have to ask him yourself whether he was ever asked by McNamara or not; I simply don't know--but very quickly at that stage Ernie, not only in the *Prospects Paper* but in other things, started producing two-page, three-page, ten-page "Notes to McNamara; copy Chenery"--not through Chenery. And I remember Chenery complaining to McNamara about this, that Ernie should follow normal procedures and go through him, and McNamara ignored that. So Ernie got that direct access around 1975, something like that. Anders Ljungh might be able to say more clearly just when this happened, but it was certainly developing very rapidly in my time. He then became vice president for Asia, South Asia, I guess it was called, in my time.

LAFOURCADE: But now I guess the question is more on Ernie rather than on McNamara. I have seen Ernie operate with McNamara, with Clausen, with [Barber B.] Conable, and now with [Lewis T.] Preston, and I've never, never seen such an ability, skill, to get through to someone on equal terms, being the purveyor of ideas, of substance, on a form and format that gets through to the person. So you will all remember the contact and communication line between Ernie and Bob McNamara was just unbelievable as a matter of substance. A typical example would be in a meeting like this where they would talk at cross purposes and shout and scream and what have you. Two hours later there would be a piece of paper on McNamara's desk: "Bob, maybe I didn't make myself too clear. Let me clarify my points" in paragraphs. Boom. That was it. And then it was with Clausen, I saw a few years later, it would not be on paper but it would be a call or just come to his office and give him a quick briefing, and it was very persuasive. And then a different style with Barber Conable. It's an incredible ability to communicate.

BURMESTER: That is very interesting that you say that. I remember Ernie asking to have lunch with me around the time, I think when he was asked to become vice president. Ernie's point at that lunch was to say, "What is he like?" He wanted to know more about how does he communicate. This is the way I come to remember that you say this with a piece of paper. I said, "The way to get to McNamara is to write it on a piece of paper, not

to talk to him. He reads faster than people can talk.” And so, there you are. Ernie takes these cues and does it very, very skillfully.

LAFOURCADE: The communication with Clausen which was--Clausen was a totally different breed, of course, and if you wanted to communicate with Clausen you'd better be pretty much on top of your sports vocabulary. *[Laughter]* He was faster than anyone to using the language of baseball, and he *[inaudible]* he just--but that explains how institutions function. You could imagine *[Heribert]* Golsong, our legal counsel, trying to understand Clausen. The jokes that Clausen could make, Golsong he didn't understand a word of that. So everyone went buying books on sports and . . . *[Laughter]*

KOCH-WESER: While I was there he made that big decision of making him senior vice president, and he hesitated a bit. He said, “Ernie is an enormously able man. He has done extremely well”--and, of course, there were all these direct contacts already--“but should we make him that young now Burke's successor?” And of course he then decided. But I remember also Ernie being a bit nervous those days, and a lot of preparation actually went into Ernie—almost--Ernie, unlike the way he sent papers to the front office on how he would approach this job and what his objectives would be and so on, Ernie really was clearly in those months leading to this job a bit nervous, even to the point that McNamara said, “Look, you can handle that. I don't need to know.”

Ernie, of course, in those interim months was heading the *WDR*, so that gave him a very good launching. He could prepare for both. *WDR*: Ernie spent, I guess, a third of his time, not more. He had D.C. Rao; he had others who wrote it for him.

But I also remember (if I might take this further) McNamara always being a bit concerned that Ernie with his tremendous abilities--intellect, political and personal--might grab for more of the power than he wanted to cede. There was always a little bit of this concern: how to balance Ernie, Moeen and some others.

I say that also because when we did the 1987 reorganization, I was involved in the steering committee, and McNamara was on the steering group which, of course, Conable started. That led to friction between Ernie and Bob because Ernie felt that Bob had supported the reorganization that Ernie disagreed with and that was in a sense the net results of the “anti-Ernie” political move, although of course these perspectives were not Bob's nor our committee's. But even there what came up again was, retrospectively, that--and commented *[inaudible]*--maybe too much power or too much had accumulated in one hand and had not been used as wisely politically as it should have.

So with all admiration for Ernie, there was always a little bit this concern about how do you balance this man with his extraordinary abilities.

LEWIS: Was any concern about Ernie's being harsh in his dealings down the line? That comes through pretty much in . . .

CHRISTOFFERSEN: I think he was aware that not only that Ernie did not have a good image outward towards the member countries and I think *[inaudible]* He was worried about that dimension. I can't recall any specific thing that happened, but I think that he had this enormous respect for Ernie, his intellectual ability, his productivity and his incisiveness. I mean, it was that he was enormously admiring of him there. But he certainly got feedback from the member countries that Ernie was no Burke Knapp, that Ernie was not the person who they felt comfortable with, that he was more a sort of a . . .

LEWIS: These are Part I or Part II countries?

CHRISTOFFERSEN: Part I, certainly--the Europeans. I remember the European reaction again, that--I mean, he was very much more an American, funnily enough, Ernie was, than McNamara. McNamara was seen to be better able to sort of relate to and understand other cultures. And I think at least when I saw him in those years Ernie was still sort of a little bit crass, arrogant, American, used a lot of American jargon, that didn't really go down well when he left, when he exposed himself outside the Bank.

BURMESTER: Ernie, of course, to this day has that feature. I know this from my previous job as deputy secretary that many Board members do not like him, and he makes no bones about his disgust for most of what the Board does. True, I mean there are *[inaudible]* there are those both loving, admiring, really, at least when one that has my kind of personality. I've seen him in the Board in the Conable years where he would be sitting next to Conable, and he would be sitting, writing upon his paper or something like that, while a discussion was going on on something totally different. And then he had--somehow the man can do two things at the same time. And he would then--everybody thought, "Now, what's he going to say?"--and he would then, you know, eloquently but also sarcastically answer whatever had come up and cutting it into, "I think what Mr. Smith meant to say was, and if that's the case, then here's the answer . . ." Mr. Smith was not amused, of course, at being reinterpreted that way.

LAFOURCADE: But on the management, I don't know if--you probably were aware; I don't know if you picked it up in your studies--that in the last year of McNamara, virtually the last four or five months, there was the creation of an executive committee--did you hear anything about that?--which came incredibly late in the game. And I'm not sure that I understood why McNamara wanted to create that thing at the time when he was leaving, virtually. I did a lot of work on that with Dave *[Davidson]* Sommers, who had been called by McNamara--and I think the rationale there is that at the time you had the two senior vice presidents, Qureshi and Stern. It was clear that the relationship was not of course the best; that's an understatement. McNamara could manage that very well. There was no mistake. He could bang the heads and they would remain in shape. But I think the idea was to enlarge that, precisely to diminish the risk of direct conflict, dilute a little more their power.

So there were four people that eventually were a part of this executive committee. There was Ernie, Moeen, Golsong, and *[Martijn J.W.M.]* Paijmans, who was legal counsel in personnel. Benjenk was livid, of course, because he was not part of that one. He was the

vice president of external affairs and considered that he had to be in the inner circle. But that executive committee never functioned as an institution as such. It was just informal meetings that took place over the last four months, I guess, before he left. It was very poorly received for obvious reasons by the President's Council which thought that this was something--before I think the President's Council recognized that the positions of senior vice presidents created two people that were a little above everybody else. The idea of getting four on the executive committee never went very far.

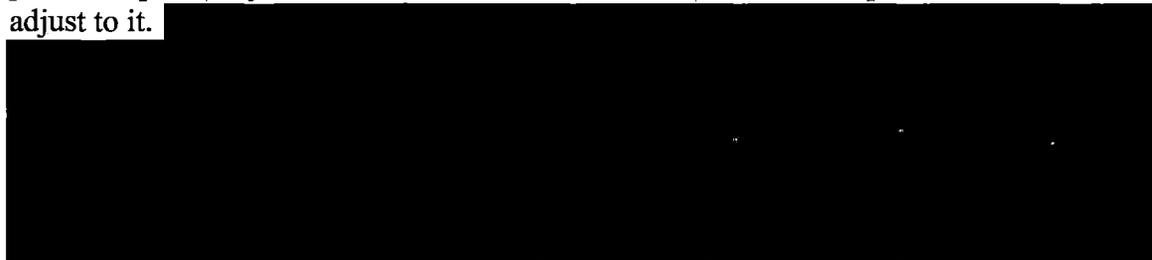
And it was indeed picked up when Clausen came on board, who very quickly decided to create a managing committee, but there instead of having the four he went all the way to eight or nine, which was just ludicrous, too many people.

LEWIS: That's what he'd done in the Bank of America, he said.

Let me just go back to almost footnote, but I think maybe, Sven, you know about this, and it had to do with the Board and McNamara's first reappointment. I was told by S.R. Sen, who was the India ED at that time, that he and Claude Isbister, Canada, had decided that McNamara ought to be reappointed and heard that there were doubts about whether the White House was going to come up with him again. And so they chatted up other members of the Board and sort of did a kind of legal coup of getting the Board to recommend--now, I haven't called Isbister about this, but do you remember anything about that?

BURMESTER: No, no. No, the answer is really no, and I wonder why I didn't know this.

If I may make a footnote back to the other thing, what Leif said, my role--and I saw that very much as being an intermediary with the Board because he did not have the close relationships with the Board in my time as what Caio and Leif and maybe Olivier as well--because Isbister had left, and that was the close contact. I guess Isbister must have left just after I started. And then he tried a bit to--and what they did, of course, was let [inaudible] the way McNamara would know what was the Board up to and then he could adjust to it.



Bruce Cheek, the Australian alternate, was my "Deep Throat," if you wish, and we met two or three times a week . .

KOCH-WESER: Better not tell!

BURMESTER: But Bruce is dead. And it was very, very useful. And McNamara never knew who it was. I remember--this was kind of, I think, maybe typical for my relationship with McNamara, that he--McNamara said always to me, "You talk like one of my kids," when I was saying, "I have a hunch," or "I think," or "I feel." Feeling--having a hunch or feeling something is not the way you deal with Robert S. McNamara; you know something or you analyze something! But I "felt" certain things, and he would kind of dismiss them.

Now when this started, I said--whatever I said, "felt" or "had a hunch"--that next Tuesday the Board was going to do so and so. And McNamara said, "Look, no, no, Sven. It's not going to happen that way. You know just as well as I do that A, B, C, D, E, F." I mean, he used two hands getting through that.

So on Tuesday the Board did what I had predicted. He came into my office after that, which he very rarely did. Usually he would walk in through his own when he came in; and in one of the rare moments of humor in him, I thought, he said, "Well, if you have any other hunches, let me know."

That's all that was exchanged on that level, but I then--this went on for at least two years with Bruce Cheek. Now, I can't recall whether Bruce might have left--and I didn't take up on a new person--so he may have left in fact before this happened.

LEWIS: Now, that would have been--he gave very convincing testimony to me that S.R.'s recollection must have been somehow exaggerated. He'd had a stroke--I must say I don't remember who told me that--but I have great respect for him. I think he's a great man, and I never questioned the validity of what he told me, but . . .

KAPUR: And he had some problems with [*Pieter*] Lieftinck in . . .

BURMESTER: Lieftinck?

KAPUR: Yeah, or was that exaggerated?

BURMESTER: I can't recall there was any major problem.

LEWIS: Well, he had right at the beginning. Remember he came in and--at least, we've got this story that in the first month or two--no, I guess it was in June of '68 that he laid out the decision to go for a five-year plan. Was that it?

KAPUR: Right. It was to double . . .

LEWIS: To double the rate of the IBRD [*International Bank for Reconstruction and Development*] lending, and he expected agreement from the Board. Lieftinck, as the dean of the Board, spoke up and said, "Well, we need to refer that to capitals group for comment." He said, "You go right ahead and do that, but if you don't vote this on Monday you've got to get yourself a new president." So we heard, right?

WEBB: That's the story.

LEWIS: I think he tells that himself.

BURMESTER: Well, I wasn't there in the very beginning, so I don't . . .

LEWIS: Yeah, I know you weren't.

KOCH-WESER: You know this point Olivier made on the executive committee that didn't lead very far, I got the feeling in his later years that he was spending quite some thought and some discussion on what would be the right management structure at the top in an institution that was growing fast and an institution that might not have persons with the experience and energy that he brought to the job at its helm. And I don't know what you've heard, but I--obviously an issue that in a sense is plaguing the institution to this day: what's the right top management structure? Chairman of the board running the operations on a day-to-day basis? Should it be a deputy president in a sense? Or should there be a committee? Now we have the managing directors. But he spent quite some thought. On trips he sometimes talked about it. But then, at least the way he put it to me--and that's why I was surprised he even started on that, Olivier--because the way he put it in my years was, "Look, I'll be gone before too long, but this is really nothing that I should put in place now. It has to be the new man. But I'm dissatisfied myself with the structure up there, just the two guys and then the distance to others, the chairman of the Board, the role--the fact that in a sense you need Mr. Internal and Mr. External. The [*International Monetary*] Fund, of course, has two guys that . . ."

He didn't have the solution, but he was playing with ideas that came close to what this executive committee must have implied and what actually then Conable did in 1987, these four senior VPs. But he was also then already concerned that it might introduce too much layering into the institution, which, of course, in modern management concepts you now all agree with this, that there have been too many people there.

LAFOURCADE: The argument was, I think, he was anticipating--and this he has told me on other occasions--that the assumption was that his successor would know very little about the job, which turned out to be very true. [several speaking at once]

KOCH-WESER: More true than he realized.

LAFOURCADE: Yes, a little more. [*Laughter*] So the idea of leaving at least some sort of a structure not too big, because that could be frightening or threatening, but only those four that he would have expected, I'm sure, that Clausen would have depended upon very quickly.

Of course, Clausen was distrustful of anything and everybody and the very structure, and he very quickly just dismissed that, including--what was interesting is that I think McNamara had very smartly left around a number of people that were, you know, the

wise men (Dave Summers was one of those, people like Burke Knapp and some others) and Clausen was extremely reluctant to make use of those people that were part of the old team which he dismissed all that very quickly. Whereas I'm sure that in the mind of McNamara there was the idea, "Let me leave with him something that he can draw upon and that should not feel threatening to him." After all, Dave Summers was not threatening to anyone.

LEWIS: His attempt to get a successor to Hollis in place before he left I think was quite significant. [several speaking at once] He wanted to get the economics straight.

KAPUR: But he did not.

LEWIS: No, no.

WEBB: Did his relationship with Knapp evolve?

CHRISTOFFERSEN: I mean, I remember it as being good in my day. It was not close. It was not one that, you know, he really liked to sit down with and talk about in the same sense he did with William Clark. But he certainly had a lot of respect for him, and he listened to him. And Burke had access any time he wanted it.

BURMESTER: That was one of the access questions which McNamara again so much controlled. And there were in a sense three people who did not have to make an appointment with him: that was the secretary, the personal assistant, and Knapp. But everybody else had to schedule something, call him up.

LAFOURCADE: I have a sense--I don't know if you share it; it was occurring to me once in a while--McNamara was not really, I mean he's not entirely a man of structures. He would rely much more on his personal relationships with people and then assume that they'd take care, and as long as things are being delivered it is not so much his problem. And so the idea of those committees and well-structured organizing were not particularly appealing. He was feeling much, much more comfortable on a one-on-one basis. Remember the green telephone.

The meetings of the president's council, for example, were pretty boring. It was really a monologue, and then he would ask one or the other to speak up on something. But there was no real substance going on there because--and of course no one wanted to argue in those council meetings because you always knew that you have your chance of getting back to the boss either through the telephone or stepping into his office, and they would use it. There were very few who would feel reluctant to use this, presumably the direct access to the boss, and they made use of that.

KOCH-WESER: I think you're absolutely right because in the 1987 reorganization--and I sometimes went over to his office (I was the chairman of the operations task force) to show him what alternative options we had developed for what became a very far-reaching reorganization. And I must say I was amazed, one, how little feel he had on

how the Bank had been and had been operating at the lower levels, what the program division really did, what the projects director really did, and what the issues were. In fact, I was a bit surprised that he had so little feedback. And second, that when you discussed these things, he was much more interested in discussing, "Is the Bank going to restore its intellectual leadership? Is the Bank going to be led in the right way?"--much more than what corporate culture and what institutional, corporate organizational change would take place. In fact, then he almost too lightly, I thought, went along with whatever one proposed. And I agree also during the time with him he never focused very much on organization as much as: "Have the right people delivered?"

LAFOURCADE: You see one example, which is in the matter of personnel. He knew and you all knew that towards the end in particular--of course he was very trustful of Martin Paijmans, but he had a particular liking for Roger Chaufournier, who was one among the vice presidents who could really help him on tricky, complicated issues of personnel management: you know, the wise man giving advice to the boss. Same thing with Dave Summers. So he would rely much more on those individuals rather than on the structure itself. After all, the way to simplify, perhaps a little too much, but: "By definition the Bank is a wonderful instrument, you know, so I have to concern myself with my immediate colleagues and friends, so to speak, and they take care of making sure the institution is running. But it's not my business to deal with the day-to-day kind of . . ."

KOCH-WESER: He once said to me when he commented on Clausen's failure, he said, years later, he said, "Caio, I mean one thing Clausen never understood: in an institution like the World Bank generally you have to manage by results." Clausen [inaudible] "You have to manage by results."

BURMESTER: As you say, there is something in what Olivier and Caio say, that--if I get it right--that I don't think is what I saw in McNamara. It sounds almost as if he were loose in his management. I felt there was tremendous control and maybe too much, almost. Sure there was the green telephone, but I saw that mostly as being a one-way street, McNamara calling somebody, not being called the other way, that there were very few people--it was not these 20 guys in the President's council. Out of those there were not more than two or three who would easily go back to him. Most of the other ones would never dare do that.

KOCH-WESER: That's right.

LEWIS: People were afraid of McNamara?

BURMESTER: Yes.

KOCH-WESER: Yes.

KAPUR: How did he handle dissent, just generally, intellectually?

BURMESTER: He didn't like it. He didn't like it. It's interesting; all four of us speculate on that. I saw it come back to who he had difficulty with. [Aron] Broches was one person he had difficulty with, and Broches was, of course, one who had to say what the Articles of Agreement had to say about this institution. McNamara saw him as an instrument, as somebody we, "Look, I want to do this, and you, Ronnie, find out how this can be done." And when Broches at times would say, "Look, we can't do that," there was--he did not like that.

KOCH-WESER: He hated to deal with the personal issues of dissent and to tell a person to shape up or fire a person or do things like that. He hated that, and he avoided it at all costs. He was very good, I thought, at handling dissent on the substance, the way he chaired meetings and the way he came to his decision and he came very quickly to the point.

LEWIS: He accommodated pluralism intellectually in the Bank quite well.

KOCH-WESER: Intellectually, yes, but when it came to the interpersonal dimensions, I call it, of dissent, how people who don't get along: very abhorrent. [several speaking at once]

LEWIS: Are you also saying that--I heard until this interjection--that on dissent he didn't take kindly to or didn't work very well if he was in a medium-size group (or, I suppose, a large group), but he took it better one-on-one.

SEVERAL: Yes, yes. Absolutely. By all means. [several speaking at once]

BURMESTER: No, there he encouraged it. I think he also felt--I seem to think he said that to me at one stage--that he felt at the time—I agree completely with what Caio said about the interpersonal, he was never very good at it. Now on the intellectual pluralism, if you wish, he encouraged that in the planning stage, but once the decision was made--for instance, there was on rural development critical voices afterwards, and he didn't want to hear that. I mean, "We have decided we will go this way, and if you have had any problems with this, why didn't you tell me before?" So a feeling that once you have set (in his very planned mind) the objective and you have agreed on the objective, then you kept to the objective and you don't listen too much to dissent on the way any more.

LEWIS: We've also got the impression that there are certain particular propositions--they're really kind of empirical propositions. I mean, the most obvious one is that growth and redistribution are totally consistent; you don't have to—and there is no trade-off at all involved. This was, as we understand it, sort of the assignment he gave Hollis to write *Redistribution with Growth* to prove that proposition.

SEVERAL: That's right. Yeah.

LEWIS: And once he got that in his head, it was almost impossible to get it out.

BURMESTER: Yes.

LEWIS: He gets locked into these certain few central key propositions [*inaudible*]

BURMESTER: And I remember the confrontations he had with Delfim Netto on Brazil in those years where Brazil was doing very well on growth but very poorly on distribution. There were these famous articles, for instance, in *The Economist* and others, and the Brazilians simply rejected them. They were strong in those years, those were the days of the military management of the economy [*inaudible*] And he had confrontations at the UN in New York. I remember one—Delfim Netto, of course, was no fool. I mean, he had the economics also. They got exactly into this point, to the point that they really clashed on this. He said, “You’re wrong. You can have both in Brazil,” and et cetera, and Delfim Netto saying, “You first have to grow, and then you divide the pie.”

KAPUR: He never saw trade-offs as a real fact of life?

KOCH-WESER: Trade-offs?

KAPUR: Right, whether its quantity/quality, whether its growth/equity, or [all speaking at once]

LEWIS: He designed budget systems that are nothing but trade-offs.

LAFOURCADE: But I've heard him so many times, as I'm sure you have, summarize his philosophies. He is absolutely convinced that we are in a plus-sum game and he constantly, constantly refers to that. And so I think perhaps it's his own way of not dealing with conflicts, in a sense. After all, everybody can gain in all this, and so not necessarily we have to work on trade-offs. Everybody can gain.

WEBB: Is that his term, “plus-sum” game?

LAFOURCADE: Oh, yes. Plus-sum, yes. [all speaking at once]

CHRISTOFFERSEN: I mean, the trade-off that he confronted--certainly when I was there--was the volume of lending versus the sanctity of the optimum projects, benefit. And he said, “Listen here. We behave like a country club here. We take our time to search for the perfect projects. We delay it by one or two or three years if there’s a . . . But in the meantime the world is going by, money is flowing, and flowing at a much lower return on this money than what we can do. Even if we reduced--assume for the moment that we can get 15 to 20 percent rate of return on it.”

BURMESTER: “Assume for a moment” is a direct quote. That's a very McNamara: “Assume for a moment”!

CHRISTOFFERSEN: Because that was [all speaking at once] that also was the image that the Bank had. And it's true that when I came in and did project analysis for the Bank, we had an enormous amount of patience with this rent thing.

I remember sitting in a project, a big port project, where the guy said, "Well, we should get hold--here is the problem. Who knows something about this?"

And a guy said such and such.

He called up this guy and said, "Well, I'm available in three months."

"Okay, let's put this project on the shelf for three months until this guy can come down and brief us."

It was a leisurely style, and McNamara really fought that. He said, "Listen here. To delay a good project just because we're really looking for the perfect solution to it is not a good trade-off because by expanding the volume of lending and reducing, if you will, the optimum quality, you're still getting out better results on that larger volume of lending than what that money would have gotten alternately."

KOCH-WESER: But I think, Leif, that brings us to two central weaknesses that I think I always found where he didn't focus enough. One was indeed in maybe the late '70s when we were really in full swing, lending huge amounts, and in some countries we had feedback that the quality of what we were doing and how these projects were going, including some of the rural development, already urban, et cetera, was not all that impressive. I always found him—and there were quality debates (like there are periodically in the Bank) in those years, too.

WEBB: Warren Baum was the one?

KOCH-WESER: Warren Baum was the one who always felt he didn't get enough of a listening here, that he was ignored.

And I must say from my own experience, because I tried to play this role also a little bit as his personal assistant, he did not focus on the quality issue the way he should have although he was aware of the dimensions because clearly the lending and these other ones were the overriding concern. And he was also very much concerned about what this will mean to IDA and other objectives of the Bank if these quality issues played out bad. I think that was one weakness.

And very much related to that, I always felt--and that's, of course, the old story from pre-Bank on--his fascination with numbers. I mean, he too readily accepted very often, even on his many missions to the field when we were together, the number, wherever it came from, that yields had gone from 3.5 to 5.5. Very often I had to say, "Bob, I mean, let's look. I mean, what survey was that? Is that the government numbers? And our numbers .

..” Yes, of course, he listened to that, but in a sense he didn't want to listen to that. It was a number that he could use.

These two weaknesses I always felt in those years of our relations were fundamentally *[inaudible]*

KAPUR: He did seem—when there's in an article in *The Wall Street* or *Barron's* or whatever on the Bank's projects, he would seem to tie up the PC for hours and . . .

KOCH-WESER: He was very sensitive to external criticism.

KAPUR: He was?

KOCH-WESER: Yes.

LEWIS: Let's, if we can, talk a little about outside personnel. You said William Clark was an outsider, but of course he became an insider. Were there other outsiders who had a particular kind of pipe in to him that he was particularly influenced by? He did relate to a number of chiefs and very senior official people, didn't he, like *[Julius]* Nyerere, I guess, but also some Brits?

CHRISTOFFERSEN: *[Roy H.]* Jenkins, Denis Healey, there were several others.

LEWIS: Helmut Schmidt, I guess?

CHRISTOFFERSEN: Heath, Bob *[Edward R.G.]* Heath.

BURMESTER: And on a daily basis, almost, Katherine Graham.

LEWIS: Katherine Graham, huh?

BURMESTER: That was the first phone call in the morning, usually.

CHRISTOFFERSEN: Barbara Ward. He talked a lot to Barbara Ward.

WEBB: Did she come here?

CHRISTOFFERSEN: Yes, she came here often. Well, several times a year.

BURMESTER: In the developing world, Abdulatif Al-Hamad, *[Rodrigo]* Botero in Colombia.

LAFOURCADE: In my days he was seeing *[Henry A.]* Kissinger fairly regularly.

BURMESTER: Yes.

LEWIS: That's an interesting one. How does that connection come up? Of course, that was late.

LAFOURCADE: I don't know where it can begin, but I find in the same way Henry Owen was there quite often.

LEWIS: Oh, really?

LAFOURCADE: Oh, yes, yes.

BURMESTER: Well, don't you think, though—one suspects it is true with the Kissinger thing—that isn't that mutual admiration in a sense, the kind of clear mind and analysis.

CHRISTOFFERSEN: Who was the greater. [all speaking at once]

BURMESTER: They could sit there and compete with each other. [*Laughter*]

LEWIS: The best and the brightest kind of thing. We were talking about that last night. We don't think that they met at Harvard. The dates don't fit right. But they certainly became aware of each other as very salient folks quite early on.

LAFOURCADE: They had secret lunches on the top floor quite often. He didn't want people to talk about it.

LEWIS: I see.

BURMESTER: Yes, they would have lunch at least once a month, I would say. And when Kissinger was in the State Department or the White House, McNamara would go there. And then when Kissinger was out of power, then Kissinger came here.

KOCH-WESER: Of course then there was [*Cyrus R.*] Vance.

BURMESTER: He admired--but there was not much influence there--Lord Mountbatten. [several speaking at once] Came here once in my time.

LEWIS: Did the thing with Abdulatif go way back? Was he seeing Abdulatif Al-Hamad back in your time?

BURMESTER: Yes, I was with him, and then he must have known him for some time. I miss Anders here, and I--this must have happened in Anders' time. Anders became a personal friend of Abdulatif Al-Hamad, also. But I was with McNamara in Kuwait in 1976, early 1976, and we had dinner at Abdulatif Al-Hamad's house, and it was clear, obvious that they had already known each other and appreciated each other for some time.

LEWIS: Well, he went to Harvard Business School, I think, Abdulatif.

BURMESTER: Well, he must have been there as a student, because he is much, much younger than McNamara, much, much younger.

CHRISTOFFERSEN: I think this happened when he was in a senior position in Kuwait, as far as I know.

LEWIS: But he founded that agency [*inaudible*]

KOCH-WESER: Yes, and he gave them a lot of assistance for the Kuwait Fund.

BURMESTER: And Al-Hamad was also chairman of the Board of Governors one year, and I think that may have again been before my time.

LAFOURCADE: Then became quite close, of course, during the [*Willy*] Brandt commission days, where he composed the Brandt commission really in the background.

LEWIS: He and Botero both are on our advisory committee. They haven't mentioned that so much.

BURMESTER: McNamara wanted Kissinger to head the Brandt Commission. This was--I don't know if you've come across this.

LEWIS: No, really?

BURMESTER: In one of our meetings that was closed, there was Knapp, William Clark, and myself and--I don't know if Ernie was at that meeting. But McNamara--he was frustrated with the north-south dialogue and something had to happen--called us in there and in his usual way said, "Look, this isn't going. We've got to do something like the Pearson Committee, and I have thought that Henry should head that."

And William was taken a bit aback, and then William was saying, "Well, you know, I'm not really sure with the American connection" and so forth and so on. So there was a bit of discussion there.

And then McNamara said, "Well, find me another Nobel Prize winner!" [drowned out by laughter]

And then I think William, either immediately or afterwards, came back and said, "What about Willy Brandt?" And then it was agreed, but there was a very cool air between Brandt and McNamara in the beginning there.

KOCH-WESER: There was always, Sven. I mean, even in the work of the Brandt Commission, there was a distance. And McNamara frankly never quite liked the way

Brandt managed. He thought he was not focused enough, he was a little bit too loose, and the two personalities simply didn't mesh.

Much more with Helmut Schmidt, but there, of course, there was competition. I was actually at a fascinating dinner which a friend of Schmidt's organized here after both had left office with Helmut Schmidt, McNamara, this other person, and myself. And this whole evening it was still a bit like almost distant conflict. The two were comparing who was intellectually stronger and had the better record--great admiration, but always a bit of the rivalry. I mean, who's greater. Of course, they had been secretaries of defense at the same time. It goes back a long time.

BURMESTER: Brandt had to be persuaded, you see. McNamara's style was that he appointed Brandt, but you don't appoint the former chancellor of the Federal Republic. So this took William's—it's a shame he's not alive for you to talk to--to get this straightened out.

Then Brandt came here, and I remember that first meeting in McNamara's office, Fritz Fischer and Brandt, McNamara and myself and William. And it didn't go well. And so McNamara kept William and myself afterwards and said, "What went wrong?"

And William said, "I don't think we got the pecking order straight."

And McNamara said, "Well, that's obvious!"

And William and I then walked out, and it was not obvious to us what he meant by that remark! Who is the ranking fellow here, you know? Was it—so, it was a little illustration. I'm not so sure that McNamara didn't feel that he should run Brandt and not the other way around. And that you don't do with Willy Brandt. That may have been part of this.

LEWIS: I was with him--I heard him get the summary of the products of the Brandt Commission at the Tidewater meeting we ran in Arusha. And there had been quite a lot of speculation beforehand that he was going to be quite hostile. They recommended the substitution of this World Development Fund or something. Well, Sonny [*Shridath*] Ramphal gave us a brilliant summary of this thing after dinner, and immediately Bob said, "Let's take this thing and run with it, give it the whole 200 percent support. We've got to sell this thing." It was completely unqualified--at the moment--support, and the whole World Development Fund thing was just, you know, pushed aside.

KOCH-WESER: Ramphal he never liked.

LEWIS: Well, I can understand that. But you can also understand he could give a very, very brilliant expose, but . . .

CHRISTOFFERSEN: But the guy he did like in the beginning years was Maurice Strong. Maurice came often and talked to him about . . .

LEWIS: He did?

CHRISTOFFERSEN: Yes, in the early years.

KOCH-WESER: How much time?

LEWIS: We've got lots of time. [several speaking at once about time] All right.

BURMESTER: Can I ask you a question? I mean, there must be a lot of--the others can all speak for themselves--but at least in my view McNamara stands alone as president of the World Bank in terms of being in a completely different league from anyone before or after him. I don't know about Eugene Black; that could be. Is that the way you come out?

LEWIS: Oh, I think we haven't--we don't have any corporate positions yet, but I would say that I would clearly have to vote that way myself. There was one time in one of our advisory committee meetings we were talking about how to chop up the story in terms of eras, we could have some big chronological pieces, and John Williamson said, "Well, there is only one way you can slice it: pre-McNamara, McNamara, and post-McNamara." And I don't think we disagree with that. I think we—I myself, I've known McNamara a little bit since '63, I guess, and I started off thinking he'd almost walked on water, and I don't think that anymore. I think there's a lot to criticize in what he did, but there's no question that his stature as a president, certainly.

We're also doing a little bit of revisionism probably on George Woods. We think he's gotten a bad press. He did more that was positive substantively than he's gotten credit for.

Black, we haven't been able to draw too much on the '50s anyway, and we're not trying to rewrite [Edward S.] Mason-[Robert E.] Asher, but he obviously built [all speaking at once] The institution was nothing in 1946, and how it got to be was partly attributed to the luck of the draw. But he had a lot to do with it, Black did.

And we are not overwhelmed—I'm not—with the leadership since, up until now. I mean, it was a terrible shift, shock, from McNamara to Clausen [several speaking at once]

CHRISTOFFERSEN: I want to say one thing that's a little different from Sven's point about McNamara. I remember an episode that really hit me right in the face. I had a sense that something was going wrong on a particular issue that I knew he was interested in. I did not know whether I should take several more days to do some research on this and come back with something that was more solid. I realized it was urgent, and I had just been with him for about two months--or maybe just one month--and I said, "Mr. McNamara, there is a problem. Here is a problem that I think I probably shouldn't take

your time now because I have nothing but my own judgments about what this is all about, and I have no numbers, and I think I should take more time.”

And he went over and said, “Leif, sit down. Sit here and talk to me about it. I want to hear your judgment. Never mind the numbers.”

And that was because I’d just read the book, *The Center of Washington* by Stuart Alsop, and there was an episode in there in the Pentagon where a guy was blasted for coming in and briefing him without any numbers. Do you remember that little episode if you’ve read Stewart alsop’s book about political life in Washington? And I had just read that. And I said, “Holy mackerel!” But he was so nice and so genuine in his wish to listen to me, and I would say that since then I never worried about whether I had the numbers or not. I just went in to him. If I thought there was a problem, I just told him--straight--and he always appreciated it.

KAPUR: How did he take the numbers from rural development when you were giving that?

CHRISTOFFERSEN: Which numbers? The lending . . .

KAPUR: The beneficiaries.

CHRISTOFFERSEN: How he took it in which sense?

BURMESTER: That things were not going as well as one had thought?

KAPUR: Right, right.

CHRISTOFFERSEN: Oh, the beneficiary thing was a different thing in the sense that that was sort of a projection as to numbers of people included, and . .

[End Tape 1, Side B]

[Begin Tape 2, Side A]

CHRISTOFFERSEN: . . . rural development had usually fewer, many fewer, and that's where sort of the *[Daniel]* Benor approach came off. You know, Benor was one of the ones who could show that through relatively simple introductions . .

KOCH-WESER: He loved Benor. He loved Benor. That was just McNamara's man.

CHRISTOFFERSEN: And in that sense you can say that Benor made his mark because of McNamara's strong belief that small farmers can be more productive than people had hitherto thought. And I remember going to FAO [*Food and Agriculture Organization*] in a meeting in the early 1970s where they said, “We don't believe any farmer in West Africa owning less than 200 hectares of land could be productive. They're just welfare cases.” But I think that, you know, his drive was to get people to focus on the small

farmers, and that's why he did not want to go in and do a plantation in Brazil or Peru or Malaysia. He wanted to make sure that the Bank focused on the small farmer as a target group, and that is—that stayed with him. And he was firmly convinced that he had made a difference there, and so do I.

LEWIS: He says, I think, that Monte Yudelman was the one who articulated that smallholder sort of to him . .

CHRISTOFFERSEN: Probably true. That's probably true.

LEWIS: . . and he did it when he was still attached to OECD [*Organisation for Economic Co-Operation and Development*] and McNamara hired him.

CHRISTOFFERSEN: That's right; that's probably true.

WEBB: Looking through this period, you see that he launches this more poverty, very taken with very immediate objectives in the sense of the enormous possibilities, and in a way you could almost say he brushes out the small farmer. He then quickly develops a sort of urban sector, I think. "Sites and Services" gets reformulated pretty quickly, and then that in turn gets reformulated in the urban areas through a series of instruments, upgrading general urban development, small enterprise. He sort of seems to be looking for a formula that would be more or less equivalent to the rural small farmers. But by the end of the decade the Bank seems to be having a lot of doubts about the politics put in terms of criticism that has come up about the small farmer and about—and the different urban equivalents. How he sort of saw this--it's hard to imagine, to see that he would not have been quite frustrated if you relate the results to the way he was talking and projecting things at the beginning of the decade. How did he manage that?

BURMESTER: The justification of the explanation which I think would be his is that insufficient attention paid in the early days in the '70s to macroeconomic environment and to the changing circumstances. So he would put the blame pretty much not so much on the design of some of those things but the fact that there were the energy crisis, the successive energy crises that triggered the need for adjustment, and we didn't get into that picture until rather late. And so nothing wrong, if I try to interpret. It's not so much that things were wrong, either the objectives, the focus, the instruments that were put in place. It's just that the framework within which those were supposed to operate was not the right one, which is precisely the reason why then he moved into the structural adjustment things, saying, "If we don't have the macroeconomic framework, all those things are [*inaudible*] anyway."

But I'm sure that today, even today, he would not agree with some of those who are just throwing out the baby with the bathwater. There are so many other things that were correct. Think about in northeast Brazil, about so many other, perhaps they were too complicated and there was this, that, and the other, but the focus was right. After all, what he did in the early '70s was to introduce in all aid systems internationally the

concept of development not so much for what but for who. And that one, I think, is absolutely pervasive throughout.

CHRISTOFFERSEN: I'd like just to say one point just on this because the complication thing is one that has intrigued me a lot. When I started the rural development division and I was told that, "You can experiment, and you can test things there, and you should take the high-risk projects. And then, since we haven't decided whether to regionalize this and spread it, once you learn those lessons, then you can spread." And I'm telling you that one of the greatest surprises I had is that within one or two years the whole Bank was replicating it, whether or not we had any learning experience whatsoever.

A guy that has his office around the corner here came to me and said, "Leif, I want the—I'm agricultural division chief for India. I'm going to prove that I can do as many of these integrated rural development projects as you can."

And I said, "Well, wait a minute. That's not your job. My job is to just to test them and to be the experiment center in the Bank."

He said, "No, I don't want you to get more credit for that than me," because he also wanted to have credit. He wanted to be part of this.

And that was the greatest surprise to me because McNamara never intended that to be replicated so quickly.

KOCH-WESER: But I think that is--and he would probably now say it--I had a few conversations with him, and he never goes so far as to say it was a mistake, but he would recognize there were some weaknesses in his approach, now as an older man. I think when you look at the tremendous leadership he has given, intellectual leadership, made this institution the intellectual leader in development besides the leadership on rural development, all that stands.

But I think there are two weaknesses that come through is, one, as Leif just said, as one example, that very often his targets--I mean, it's a very American approach: it's doable; you set the right policies and you have big targets--and that was quickly translated or misunderstood in the institution as meaning big numbers and testing things that were not fully--findings that were not fully tested yet. I think there he has a bit different view these days [conversation in background is drowning out much of this section] this quantity versus quality thing, the message got across wrong.

And I think the second one is what Olivier mentions. I think he would now say--and it's hard in the late '80s in cases like China--that there's much more to development than good projects and policies. There is the political, the cultural, the historical dimension--particularly the political, governance, et cetera. And he has much more insight in that today and supports the drive for governance and other issues--which led, of course, in his thinking to adjustment lending, as Olivier says. But I think on these two, this

quality/quantity trade-off, he would now recognize that some wrong messages were given the way the institution applied it. And the other one is the broader political and macro context of what we were doing. I see personally these also as the two fundamental weaknesses of what he did with the Bank, with all other admiration. And we're still suffering a bit from that today, certainly in the eyes and the identity of all staff.

LEWIS: This goes to something else. Olivier, do you remember whether he was aware of Uma Lele's criticism of project aid?

LAFOURCADE: Oh, very much so, very much so, very interested. I mean, after all he's the one who pushed for the creation of OED [*Operations Evaluation Department*] and all this. He was very interested to get the facts and figures as quickly as possible. Perhaps one of the drawbacks, one of the mistakes, the shortcomings was trying to get those numbers a little too quickly. It takes some time.

And the other thing which I want--and unfortunately I have to run--but one point where I wonder if my colleagues here would share my views on. Especially after spending four years in Europe—I'm just coming back from there--I find that during his period of tenure he deliberately, and probably rightly so, took the position himself as the champion of the developing country. I find that his management of the Part I countries has not been as good as one would expect. Clearly, he's very strong on the American side which would come back to his understanding--perhaps not enough understanding in fact of what goes on in rural America in some places, the perception of [*inaudible*] But my view is that he was certainly not sufficiently on top of what was happening in Europe. And so we are paying the price today of many years of neglect, and that's a strange neglect because indeed all of us know that he has and had many personal friends. And so we always thought--I always thought--that, my golly, he's so friendly with [*inaudible*], with [*Valery*] Giscard d'Estaing, but profound understanding of the history and institutional aspects and political aspects of how Europe operates, I'm not sure that he has that today.

He was an Anglophile. He loves Britain, but he did not understand Western Europe.

KOCH-WESER: That's right.

WEBB: And that's [*inaudible*]

LAFOURCADE: And it was very interesting because when Clausen came on board, Clausen bragging that he knew everything about everybody, was claiming that, of course

..

BURMESTER: Olivier is a great admirer of Clausen! You introduced him to the Bank, after all!

LEWIS: This is the real world.

LAFOURCADE: I couldn't believe that guy who saw the Japanese: "Of course I know the Japanese; I've dealt with the Japanese." Or the Arabs: "Of course I know the Arabs." He knew everybody.

CHRISTOFFERSEN: "I know the drill." [all speaking at once]

LAFOURCADE: Yes, "I know the drill. Just give me the code words, and I'll . . ."

LAFOURCADE: And it was pathetic! Absolutely pathetic because--now, of course, McNamara was on a very, very different level, but still.

And I had a very interesting conversation with Jacques de Larosiere when I got to Paris four years ago. In the first few days I went to see him, and I asked him for some advice on my job. And he said, "You have a problem. You have a problem because none of your presidents have had and probably will never have the real full understanding, political understanding of what's happening in Europe." And I think that was true in the case of McNamara.

Jacques de Larosiere and McNamara were very, very close, they're very good friends, communicating extremely well. But I took that advice and observations [*inaudible*]

KOCH-WESER: But, Olivier, couldn't you almost say that he remained in a sense the quintessential American in a sense. One could not expect him to grow much beyond that in terms of believing that bigger is better, that the quantity/quality one, that speech that I mentioned, that things are doable if you have the means and the right policies, and culture, politics, the broader framework sometimes is not brought into the equation. [several speaking at once] And thirdly, that he didn't understand Europe, I think, that falls into that same thing. I found him extremely reluctant, almost, to go to Europe and expose himself to public audiences in Europe. He liked to go to see Giscard over lunch, but don't ask him to talk on TV in France or in Germany or anything like that. He was not comfortable with Europe. So he was very much the quintessential American.

LEWIS: Remember the old novel, *The Ugly American*?

ALL: Yes.

LAFOURCADE: But that's unfortunate because I think we are again paying perhaps the price today from this lack of perception of the politics of Europe, intra-European politics, and the way Europe is being positioned with our part of the world. And to take our view--one typical example is Africa. We can be the champions of Africa, but if we don't understand how Europe relates to Africa and the internal politics of Europe with respect to Africa, I think that's something that he didn't necessarily master very well. And certainly none of his successors have mastered.

KAPUR: How about Japan? I [several speaking at once]

LAFOURCADE: Sorry. I'm afraid I have to run, too.

[Pause for departures of Christoffersen and Lafourcade]

KOCH-WESER: Well, Japan? I was with him in Japan.

KAPUR: In '78 when Japan was very upset with China. [all speaking at once]

KOCH-WESER: Oh, yes. Well, what happened there was that there was a big argument over the IDA contribution and whether what the Japanese had said in terms of doubling ODA or whatever it was over a certain period of years with all the surpluses was in yen or in dollars. And the Japanese always played it to their advantage. At that point I think yen was better than dollars or whatever it was. And McNamara in his speech before the Press Club in Tokyo had a passage in there saying that, "I'm very grateful" or whatever "that Japan has committed itself to" and mentioned in dollars or whatever he wanted to say "made a big difference for IDA" and so on.

The Japanese who were given, shown that speech--I guess the day before that meeting in Tokyo took place--objected very, very strongly, and to the extent of being very rude, of basically underlings in the second or third level in the Ministry of Finance, coming to McNamara the morning before the meeting and saying, "We don't want you to say that. You are a guest here. We don't want you to say that." In fact, it was just before lunch.

And McNamara, first, didn't agree, and, second, actual copies of his speech had already been distributed in front of people at the Press Club luncheon. He said, "What do you want me to do? Do you want to make it worse, this disagreement, because obviously people would notice the difference between what I say and what's in the written text."

It really got very ugly because they were so frightened by the instructions they had from the top that they virtually cornered him again on his way into the room--I was there--and they said, "We don't want you to say that."

And in a sense McNamara pushed his way into the room and said, "To hell with it. I'll give the speech I want."

The ironic thing was that after that he had a meeting the same afternoon with the prime minister. I was also allowed in. I was there, and McNamara repeated some of these statements. Of course, the prime minister then—either not well briefed or because there was disagreement within the government—who repeated exactly what McNamara had said as being the objective. So obviously there was probably the typical fight, finance and foreign affairs. But that was really an ugly note on that.

KAPUR: It started off also on an ugly note because Shahid was--I mean, I just saw that he was going to go on the trip and the Japanese were very upset with him.

KOCH-WESER: With Shahid?

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KAPUR: Right.

KOCH-WESER: Oh, that Shahid was not allowed to come along? Yeah, that's true. That was another one where basically they said he was not welcome.

KAPUR: Telex on this point.

KOCH-WESER: Yeah, there had been some. I don't know whether it was Indonesia or Vietnam. There had been some differences, and they basically made the point that they wanted to receive McNamara without the regional vice president. That was another one.

Then we were drawn into this major fight between foreign affairs and finance on this issue, on the IDA issue, the ODA issue, but also on others. And foreign affairs was basically trying to deal with him on the separate channel. I remember receiving the visit of an embassy guy. A senior person came to see me, did not want to ask for an appointment with McNamara because it would have to go through the ED, but basically gave me all the messages that he wanted passed on and then gave me a nice gift, gave me a fairly precious gift, and basically wanted to make the point that foreign affairs wanted its own independent access to McNamara. That was a difficult, difficult visit.

But he focused quite a bit on Japan in this context, and there were people like Okita, whom he saw quite frequently, who would come by. In fact, I would mention him as one of his East Asian advisors, Saburo Okita.

BURMESTER: Do you think there was, as China came up higher, because in my time there was not much contact with Japan. I remember staying over in the airport in Tokyo for two hours but just flying on there and not, at least--and, by the way, twice--coming by that way. [all speaking at once]

KOCH-WESER: Yeah, because Japan in the later '70s became even more identified as a shareholder, with the shareholder issues, shares and all that. He focused quite a bit on Japan.

LEWIS: It's a long way from the airport to town, though.

KOCH-WESER: Yes. [all speaking at once] We landed at the old one.

LEWIS: Oh, that's right. [all discussing the airports] Flights sort of stopped there. I can see. Okita he must have known from way back.

KOCH-WESER: Oh, yes. He came by quite often.

Two thoughts I want to share with you. One was very often the remark how this institution has become truly global and how much he welcomed--he said that to the Chinese leaders during his visit that China's joining, a quarter of mankind, really made

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this institution almost truly global and how that was the dream, in a sense, all the time. I mean, this China one had been on his mind for quite some time already, although between '73 and that contact in the early '80s there was virtually no official contact. Moeen had seen some Chinese on a boat in Hong Kong, a junk in Hong Kong, but nothing official. And he was very delighted from that--not just that China joined, but what this gave to the World Bank.

And the other one was that he sometimes talked about the World Bank, his dream being the World Bank being a small model, an important model, for what would have to become on a shrinking planet, models of functions of world government and how disappointed he was that when the Reagan team that came in and dismantled a lot of that, saw the threat to (in a sense) important shareholders from the World Bank becoming too powerful or too much of a different level of global institutions in some areas, that this was to dismantle and distrust again what he had been trying to do.

I was never sure how much--I mean, let's put it as a dream, but there was clearly in McNamara's thinking that the World Bank could serve as one example of *[inaudible]* mankind would have to organize in the future efficient forms of international government.

KAPUR: Was that the reason for at least what seems to be an incredible tolerance for leaders like *[Nicolai]* Ceausescu or Mobutu *[Sese Seku]*? I mean, it's always very puzzling sort of looking why on the one hand this *[inaudible]* to development, on the other hand considerable tolerance for . . .

KOCH-WESER: For terrible regimes?

KAPUR: Right. Or . . .

KOCH-WESER: He felt, from what I can understand, it would be extremely divisive and extremely dangerous for the World Bank to come across in saying this is good governance, this is bad governance, good politics, bad politics, whether it was Chile or Ceausescu or Mobutu.

At the same time he gave these guys hell. I was with him when he saw Ceausescu in a Black Sea resort, and he was very tough with him. McNamara: "Enough is enough," political system and what's wrong with the economy. He didn't shy away from some very, very tough messages.

KAPUR: But he didn't shut the door on the lending?

KOCH-WESER: No.

KAPUR: That seems to have--that he does have a tough message but if you look at the numbers, they don't change.

KOCH-WESER: But that's what I meant earlier. And this may be one example of that, this fascination with “bigger is better” and to do more even—I mean, Leif put it well—in a sense sub-optimal, but you know, can't quite--prefer that and say he didn't realize that it was not just sub-optimal that you really got into trouble, sacrificed quality too much. There was a bit of that: “We want to be everywhere. We want to be bigger. We want to do more,” and that . .

LEWIS: He came across to me as a very conservative person in terms of the economics/politics boundary of the Bank; that is, that he adheres tightly to the “economists only” and that's why he's divides the human rights issue as being . . .

KOCH-WESER: But that's what I mean when I said that in my mind his second central weakness was this not taking into account—and sometimes not even perceiving--the broader political and cultural, historical dimensions of under-development, which I call as, being non-American, sometimes an American weakness more than, say, a European or Japanese or Chinese weakness. And he had that. And partly it was tactical because he wanted to stay out of hot water; partly, I think, he didn't think as much about this as he thought about other things.

I find that personally, coming from political student movements in Europe and so on, actually sometimes found it frustrating when we traveled to countries with military dictatorships or whatever, some--not lack of interest but lack of sensitivity, I would say, to these political dimensions which had, of course, a major bearing on what we were able to do or not to do in places like Indonesia or Brazil, not even to mention the extremes like Marshall Ceausescu.

KAPUR: McNamara says that he's never been influenced by the U.S., you know, that that was never—there are others who sort of give examples of whether it was later PLO [*Palestine Liberation Organization*] '81 and sort of Vietnam earlier.

KOCH-WESER: I think that's not an entirely correct statement. I mean, he obviously had always this independent view and did not follow, but obviously he very often--I mean, whether you call that influence or just *realpolitik*, he made his concessions to the U.S. on Vietnam and on many things.

KAPUR: There was the other--I did see, like, for example, on commodities he picked up this thing from Mark Senner [*phonetic*] at the Bank [*inaudible*] time of strategic commodities, especially metals and so on.

WEBB: He turned around on Chile, also. Mahbub argued over the memo that was going to take this up very strongly to McNamara.

In Brazil . . .

KOCH-WESER: Did Mahbub ul-Haq say that we should not go on lending to Chile? Was that the point?

WEBB: I think he was saying maybe we should tone it down, I guess because by then it was already well on its way. And he was saying, “Look at the contrast between the way we”--the lack of tolerance that was shown to [*Salvador*] Allende and the total opening for [*Augusto*] Pinochet. That was his main point. Even a sort of a lack of decorum by the Bank, certainly a sensitivity to public, world opinion.

In Brazil there is another little, interesting note in the files. McNamara—it must have been right at the beginning.

KAPUR: '74.

WEBB: To whom?

KAPUR: It was from Burke Knapp's chron file.

WEBB: To whom?

KAPUR: To Burke.

WEBB: Saying, “Brazil doesn't seem to be doing anything. Should we continue lending to these guys?” Something like that.

When we showed it to Burke, Burke said, “Well, of course it doesn't mean anything. Look at the lending figures.” And when you look at the lending figures, they are always [*inaudible*] This seems to bear out Burke's reaction. Just what was really behind the memo? I mean, he was pressing and he was talking to people in strategy meetings about poverty issues. He was always trying, sincerely pushing that, but when it came to the real decisions, then, did he ever hold back?

KOCH-WESER: But at the same time he pushed us--Leif, I think, said—Gerry Alter into northeast Brazil. I mean, a lot of things have changed in what we did in Brazil, not in the numbers.

BURMESTER: Did you talk about Gerry Alter earlier? Because that was one of the persons he didn't have [all speaking at once]

KOCH-WESER: Yes, before you came Leif talked about it.

WEBB: Yeah, Leif did.

LEWIS: I think you're really, what you're saying is that most people are fairly complicated, and McNamara is quite a complex person. He's driven by a number of different depths and drives, and so you couldn't find a completely consistent pattern of behavior.

KOCH-WESER: But isn't it interesting when you look now at the Bank--I mean, I don't know where you will come out at the end in 1992--I would argue that it's still, its good and its bad aspects, McNamara's Bank, and whether it's some of the people that he brought in, the policies he set, essentially the way the institution tries to see itself, they are the strengths, but they are also the same weaknesses still.

I would mention that one weakness, the [Willi W.A.] Wapenhans report now and other things, is indeed a very fundamental one beyond, I mean, whether our projects get a certain rating, is this quality/quantity one. And it will plague us more in the '90s than in the '80s.

And the other one is I think the way staff perceive—the way staff, the distance between staff and their perceptions to the top, which was a weakness under McNamara. Staff morale, we called it usually. You have a very intelligent staff, people from many countries and cultures, and I think there is still a certain dilemma on the way staff perceive the institution themselves as opposed to the top, a certain distance which we haven't overcome.

And finally, I think equally as well is this weakness that persists that we are still—and I am speaking personally here--in a good and a bad sense an American institution, that it doesn't have and is not accepted--I just gave some speeches in Germany again--is not seen and understood, even by very thoughtful people, as also a European institution, which we should be if things had gone very well [*inaudible*] That again it's still very much a McNamara legacy because only in his time did it become big enough and relevant for the Europeans that it could also have been handled differently, including senior management appointments and all kinds of things. So I think in a very real sense we are still, have the strengths and the weaknesses that McNamara created.

BURMESTER: I would agree with that.

KAPUR: Is it true that, as some people say, that toward the end of the '70s for the first time began to see a little bit of cynicism among staff, you know, the numbers and so forth, and that really became perhaps one of the more debilitating . . .

BURMESTER: Well, one of the first people who certainly had cynicism about the numbers and didn't make any bones about it was Cargill. So that came earlier than that. That was already mid-'70s.

Peter said about the urban development paper, the urban strategy paper, that it was a bunch of horse shit when he was asked. He was sitting there half asleep around the table when McNamara and everybody else had given their urgent and intelligent comments on the urban strategy paper, and Peter was sitting there with his cigarette and half asleep, and McNamara: "What do you think, Peter?"

And Peter said, "About what, Bob?"

“About the paper, of course,” McNamara said.

And Peter said, “I think it's a bunch of horse shit!” So there was clearly cynicism early on.

KAPUR: That was also, people say, careerism, you know, the sort of incidents which Mr. Christoffersen said, where someone else says, “Oh, I'm going to do as many projects as you,” seeing that as a signal [*inaudible*] getting brownie points and that became part of the culture of the Bank.

KOCH-WESER: May I ask you one question? When are you coming out with this magnum opus? I'll tell you why I ask because I for one really believe that this could be an important contribution, not in just an historical sense but in terms of thoughtfully focusing on strengths and weaknesses, some of which we discussed, in the institution in the '90s because I believe there is so much historical dimension just now, particularly this McNamara dimension, but for those who will have to make some of these decisions or changes in the '90s there could be one very important . . .

LEWIS: Well, we won't get much earlier than the mid-'90s. The deadline theoretically is to get something out in print in 1994, the fiftieth anniversary.

BURMESTER: The fiftieth anniversary, yes.

LEWIS: And we'll have a desperate time trying to do that. We have a second volume that will be ready before the first volume. It's contributed articles, chapters, people looking at the Bank from outside. That will be ready, but our own is just a monster, and we're going to try to meet that [*inaudible*]. Mason-Asher took two years beyond their deadline. We don't have funding, you see, for [*inaudible*]

BURMESTER: For the fifty-fifth birthday!

KAPUR: I guess we'd like to have the manuscript ready by the end of '93, '94.

WEBB: Well, I agree with John.

BURMESTER: It's therefore--part of your concern there is for Preston's successor to, in a sense, use it, not Preston.

KOCH-WESER: Preston and Preston's successors.

LEWIS: We've interviewed everybody . .

[End Tape 2, Side A]

[End of Interview]