

WORLD BANK HISTORY PROJECT

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Transcript of interview with

DAVID CHAMBERLIN COLE

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**Harvard Institute of International Development
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Interview by: John Lewis, Richard Webb, Devesh Kapur

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.

[Begin Tape 1, Side A]

COLE: . . . and came back again a year later, but at the time that I was here in late October of '66, Eugene Black paid his visit to Indonesia to assess the situation and give his blessing, I think, on the Bank resuming relations [both speaking at once].¹

LEWIS: Woods asked him to come out then?

COLE: Huh?

LEWIS: You think George Woods asked him to come out?

COLE: I think so. He had been the one who had been the head of the Bank when relations were severed.

LEWIS: Broken. Yes, I see. That's interesting.

COLE: And so he came and they had a big reception for him at the American Embassy, and all of Indonesian--Marshall Green was the ambassador.

LEWIS: Yes, he was the ambassador.

COLE: And George Woods came out, and Marshall Green gave a party for George Woods.

LEWIS: For George Woods or Gene Black?

COLE: I'm sorry. Gene Black. Excuse me, Gene Black; I said George Woods. Gene Black came out, and he went around and talked to people and, I guess, decided that they were serious and that therefore the Bank should resume activities here. The Fund [*International Monetary Fund*] was already involved in working with the stabilization program. But the Bank, the Bank didn't really come into the picture much 'til . . .

LEWIS: '68.

COLE: . . . '68.

LEWIS: [*Robert S.*] McNamara doesn't give any credit to Woods and Black for this. He takes it all for himself; he discovered Indonesia all by himself.

COLE: Uh-huh.

KAPUR: He said he came in; he looked at the globe. He had a big globe; he points—he still has that globe. He said, “Well, I looked at the bottom line and saw no money has been lent to this large country.. Where is this country?” [*Laughter*]

LEWIS: It went from there.

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 [].

COLE: Okay, well, Gene Black came back in '66, right after the stabilization. In truth I think the Bank was wanting to get back on track, and the other person who was heavily involved in that stage, not with the Bank but through AID [*U.S. Agency for International Development*], was Stokes Tolbert.

LEWIS: Yes.

COLE: Have you gotten his name?

LEWIS: Yes, we have. I used to know Stokes way back when we were both in AID. I haven't seen him for years. I've seen his book he did with Warren Baum, but I think he's retired now in Washington.

COLE: Yes. But he was the AID director and then worked very closely with the Bank and the Fund, and we worked with him. And I don't know when Bernie [*Bernard Bell*] first came back, but we were trying to get Bernie to be the head of our team. We were--I came back twice. I came, I came in the fall of '66 and the fall of '67, and then Widjojo [*Nitiasastro*] and others came to the U.S. and were arranging PL 480 and things like that and meeting with the Fund and so forth and then were discussing with us resuming our involvement, you know, because we had had a previous project with Leknas [*Lembaga Ekonomi Nasional*], the economic and social council where Widjojo had been the director and Ali Wardhana the deputy director.

LEWIS: Was that official?

COLE: It was an official agency under LIPI [*Indonesian Academy of Sciences*], which was the science council. This was a Ford Foundation "refuge" almost for Widjojo and Ali and [*Mohammed*] Sadli and the others. They were getting very little income and not having much to do at the university. They were still heading up the economics faculty at the university, but they--this gave them a research center that gave them some additional income. And then that was cleaned out when Ford had to leave. But Leknas stayed on. I mean, our project had to leave in '65, but Leknas continued on, and so when I came out here in the fall of '66 and again in '67, I was kind of visiting Leknas. That was the ostensible reason. And I guess Ford paid my way to come. But—and then we were getting ready to start up a project in the summer of '68, and then we, during the spring we were trying to get Bernie to be the head of our team, and he kept putting us off and putting us off without telling us at the time that he was negotiating with McNamara and working out with the Bank, and the Bank kind of had a team [*inaudible*] which he did in, I guess, in the summer of '68.

LEWIS: Yes, they came out right after Robert Kennedy's assassination. He came with Bernie--I mean with McNamara, according to—see, this is what Kemal Siber told us. Apparently, as you say, they had already--McNamara had already decided that Bernie was going to be his man. It was just a question of when they were going to start up here.

COLE: But Bernie had had a long history here under the Ex-Im Bank [*U.S. Export-Import Bank*] and various U.S. programs going back in time.

LEWIS: We heard about a paper that—we haven't heard about it all--but the Bank presented in '61 and then again the guy, who was it? Was it--no, it wasn't Siber. Oh, it was the old, Frans . .

COLE: Frans Seda.

LEWIS: He said, "My god, yes, Bernie Bell wrote that paper."

COLE: From the Bank or Ex-Im Bank?

LEWIS: Well, he thought it was from the Bank.

COLE: I'll bet it was Ex-Im.

LEWIS: Maybe. Maybe Ex-Im. Bernie was with the Ex-Im Bank in those days.

COLE: Probably Ex-Im. The--AID got started up, I think, faster than the Bank did. They must have come in in '67.

LEWIS: Well, Green was quite an active ambassador.

COLE: Yes, yes, yes, he was, he sure was. *[Laughter]* And he'd been here through that difficulty and so--all the turbulence of '65, '66, so *[inaudible]* but the . . .

LEWIS: You were here how long, then?

COLE: Well, I then came back in the summer of '68, just at the same time Bernie did, and I was here for three years, '68 to '71. Then I went back to Harvard, and Malcolm Gillis came out and took my place. And then it was in the fall of '71 when I came down to see you at Princeton, and we were—when the Korea Development Institute project was just getting started.

LEWIS: Yes.

COLE: I almost went to work for John at that time.

LEWIS: That's right.

WEBB: That's when I arrived *[inaudible]* March of '72.

COLE: Well, it was--you had a good group at that time.

LEWIS: Yeah, it was a good group.

COLE: That's one of those turning points in one's life when you sort of look back and say, "Well, what difference would it have made if I had gone to Princeton instead of staying at Harvard?" *[Laughter]*

LEWIS: Those things really bug you! I just had—you know, I just went through this retirement sort of event and had to think back along those lines. Sometimes it's things that seem quite small scale at the time can be, turn the whole life story . . .

COLE: Well, and I guess I felt that if the KDI project had gotten started at Princeton it would have been a . . .

LEWIS: It would have been a great event.

COLE: . . . it would have been a solidifying kind of thing that would have kept Larry Westphal and some of the other people there who wandered off in other directions.

LEWIS: Yeah, exactly. Larry wandered because he didn't want to do just one--at that time he thought he wanted to teach nothing but development finance. Isn't that amazing? *[Laughter]* We would have been very happy to keep him, but that was--he was insisting on just sort of sticking *[both speaking at once]*

COLE: He gets—he gets awfully focused.

LEWIS: And Chuck *[Charles R., Jr.]* Frank was still there at that time, of course, 

COLE: He went to Washington?

LEWIS: He went to Washington and never came back.

WEBB: And then to New York. But yeah, a decision like *[inaudible]* made would have made quite a dent in the World Bank. Larry went to the World Bank, Sherman Robinson and Kemal Dervis, several younger people like Larry. Many of them would have stayed on.

COLE: Well, I'm not sure that it did that much good for Harvard. *[Laughter]* It was a fairly small project. It was not very much money, but it was a very key one. And that, you know, led to our--these studies that we did there and then the work at KDI, and so it—we've kind of kept . . .

WEBB: Did that *[inaudible]*

COLE: Oh, we were involved from--we finished up these studies in about '80, so we worked from '71 to '80, working on that.

KAPUR: So the books which came out on Korea *[inaudible]* *[all speaking at once]*

COLE: Yes. Those were all *[all speaking at once]* The first phase of the project was to help build up KDI, and once that, it had gotten established, then there was the second phase which was to do these joint studies. And initially U.S. AID wanted to have a study that would demonstrate how much aid had contributed to Korean development, and the Koreans wanted to have the study of how much they had managed to develop without very much dependence on aid.

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LEWIS: Were you there at Princeton when Mike [*Michael*] Adler and Kim Mahn-Je came to see me?

COLE: No, I guess [both speaking at once] that came later, but they were looking around, and you proposed at that time to do the study, too. I know you had a proposal in, and we did, and there was a kind of a second in '75, I think.

LEWIS: That's right.

COLE: But Harvard at that point was very nervous about the politics of Korea and Park Chung Hee, and so we had the kind of injunction that we would only get involved if it wasn't dealing with current policy, was just dealing with past history and if Ed [*Edward S.*] Mason was there to lend his integrity to the undertaking so that they could know that we weren't being bought by either U.S. AID or the Korean government to whitewash something or to make a glamour story out of it. So I remember when we got the final volume and we were editing it, we were meeting with Kim Mahn-Je and Kim Kwang Suk and going over it, and finally Kim Mahn-Je said, "You know, we don't mind your saying 'authoritarian government,' but do you have to say it on every page?" [*Laughter*]

LEWIS: He, by the way, is a member of our advisory committee on this project.

COLE: Is he?

LEWIS: Also, he's been signed on to--we're going to have, besides our own volume, which Richard and I, with much help from Devesh and his friends will write, a volume of contributed chapters, about a dozen of them, looking at the Bank from outside perspectives. And on these we wanted to have one looking at it from the point of view of a successful large borrowing country, and our first choice was this country. But we honestly couldn't, after consulting all kinds of people by phone, figure there was anybody here we could get--we wanted it written by a local--and nobody we could figure or anybody we could think of who (A) knew enough about the close relationship and (B) was independent enough of affairs to write such a chapter. And so then we backed up to Korea, and Kim Mahn-Je quite cheerfully agreed to write this. I hope that . . .

WEBB: With a co-author.

LEWIS: With a co-author, that's right. He hasn't been to any of our meetings yet. We've only had two, but I guess he's planning to come to the next one.

COLE: Good, good. Who's--do you know who his co-author is? Is it a Korean?

LEWIS: It's a Korean, yes.

COLE: It's probably Kim Kwang Suk.

WEBB: Well, it's possible.

KAPUR: No, that didn't work out [all speaking at once]

WEBB: Also, he's writing his own book.

LEWIS: Yes, yes, he was doing it for Fred Bergsten. I forget who--it's a younger person, I think. I suspect that he's got a staff kind of, Kim Mahn-Je . . .

COLE: Well, he's the chairman of the board at one of the Samsungs, the Samsung Insurance Company, so that [all speaking at once]

LEWIS: So we're not sure.

COLE: Or maybe it could be somebody from KDI.

KAPUR: He's part of the Samsung Group?

COLE: Part of the Samsung Group. But he's good, in a good position to do it because he was involved right from the beginning with AID, with the World Bank in '65, '66 [*inaudible*]

WEBB: Do you think he's [*inaudible*]

COLE: I think so. Yes, I think so. He's—you know, I think he's pretty straight on things, and he doesn't have any--and it's all about periods of the past where he, in a way, he wasn't--he may find it most difficult to write about the period when he was minister and deputy prime minister, but I don't think those are so crucial. The more crucial period is the '70s, I would think.

KAPUR: The story might well--might be that they got to where they did because of or despite the World Bank.

COLE: Are you speculating on that or is that as a result of discussions?

KAPUR: No, I mean, that's only a hypothesis from reading and talking to quite a few other people who were speculating that in the '70s the Koreans did quite a few things that the World Bank [*inaudible*] industrialization, the evidence is fairly strong . . .

COLE: Yeah.

KAPUR: . . . and which I've seen, what they said on shipbuilding, you know, the Pohang island steel, the Bank turned all of those things down and they were [*inaudible*] their most successful.

COLE: Well, I was in the meeting when--I'll end up telling you more about Korea than Indonesia, but . . .

LEWIS: That's all right. [*Laughter*]

COLE: What's the trade economist from Johns Hopkins who's been . . .

LEWIS: Bela Balassa?

COLE: Yeah, Bela Balassa came out in 1971, I believe, when the Bank had been resisting the steel mill. And Bela came in to meet Kim Hak-Yul, who was then deputy prime minister, and we were brought out to do some preliminary thinking on the next five-year plan, I guess it was, or review the next five-year plan. And Bela said, "Well, I bring you word that the Bank will not oppose the steel mill." And Kim Hak-Yul was just delighted because it meant that they could go ahead with this. So the Bank had resisted it, and, you know, my feeling is that many of those big investments were matters of timing, and the Koreans were eager to go ahead, the president was eager to go ahead, and the economists were questioning and not anticipating the growth that occurred, and so they didn't see the real demand for those coming until a few years down the road. And the second five-year plan that I worked on, which the Bank thought was much too ambitious initially, we managed in the planning process to delay or to sort of postpone the steel mill and the petrochemical complex which were two big investments. We could pretty well demonstrate that they would have adverse effects on employment and growth. They accepted the postponement, but they were always still in the back of people's minds and so they came later on.

KAPUR: But I thought that--I guess the fact that they said that they would not oppose the project as distinct from the fact that they refused to finance the project, still, *[inaudible]* would not *[inaudible]* the World Bank's loan.

COLE: No, no, they didn't need, they didn't need the Bank's loan. They had plenty of funds.

KAPUR: In the beginning also.

COLE: Ah . . .

KAPUR: That's my impression. There's a recent OED [*Operations Evaluation Department*] study of the Bank's lending for industrialization. You know, there's one on Indonesia; I don't know if you've seen it.

COLE: I haven't seen it.

KAPUR: It covers the whole history, India, Indonesia and Korea. And they basically turned it down.

COLE: I think they turned it down for financing, but they were opposing--and I, you know, having the annual aid donors' meetings and the Bank having to do a favorable report and so forth, why, if they had come out opposing, still opposing the plant, why that would have been *[inaudible]* And so . . .

But one of the interesting things--I don't know whether you're focusing on this--in both Korea and Indonesia the aid donors' meetings and the Bank's role in preparing for those annual meetings. There was a sharp contrast between Korea and Indonesia. In '65 the Korean government was beginning to work on a five-year plan. I was there with AID, but I functioned almost like an internal advisor to the Ministry of Planning and the Ministry of Finance, and they saw me and all this group of AID economists

and staff people as really working for them. We were able to separate ourselves from the AID connection and the U.S. government image so that we were accepted as much as insiders as you ever can be.

But Ravi Gulhati, who led the team out and did a big Bank study, concluded that the growth target shouldn't be more than five percent and that the potential for domestic savings was not more than ten percent or something like this and that to be more ambitious was a real mistake. And they also--we were trying to build a multi-sector planning model, and the Bank said, "If you go ahead with this crazy input/output inter-industry planning model, why, we will not--we don't think you can do it, and it will mess up your presentation for the aid donors meeting, and we will not go ahead with the preparations for that meeting." And there was a letter from [I. Peter M.] Cargill to the deputy prime minister, very strongly recommending against the model and against the over-ambitious plan and all the rest and saying, "If you want the Bank to organize an aid donors meeting in 1966, why you better follow our report and our recommendations and our approach to the plan."

LEWIS: Was Ravi Gulhati in the . . .

COLE: Well, Ravi got Cargill to send the letter, I think. And when it came out, the deputy prime minister got the message and his vice minister at EPB (Economic Planning Board) and they asked me what I thought, and I said, "Well, I think you ought to be more ambitious in all respects." And so they bought that, and they said, "Okay, we'll set higher targets, and we'll go ahead with this crazy planning model that you think is so important." But we were looking at basic structural change in that economy, and to try to do it within a sort of simple national income accounts framework just didn't make much sense.

And so we did—we got the planning model going, and Irma Adelman helped us on some of that, and Larry wasn't yet there. But we got the model working, we got the plan done, and they sent it off to Washington and hand-carried it to the Bank so it got there five days ahead of the deadline. And it had a seven, seven-and-a-half percent growth target, I believe [inaudible] Cargill went ahead, and then sent Ravi back out later in the year or early the next year to do a reassessment. You see, we were there continuously and could see the economy starting to take off in '65 and '66, and he'd just been there in the summer of '65 and they had all of their stuff based on '64 data, and '64 was just a disastrous year. So we were living the change and responding to it, and they were not. And so that—they came back and then said, "Oh, well, yeah, the ambitious growth targets seem to make sense, and this model was kind of interesting" and all that. But that was a kind of parallel here when Bernie first came out in the summer of '68 and then the preparations for the first IGGI [*Inter-Governmental Group for Indonesia*] meeting in '69 [inaudible].

KAPUR: I think it was the second.

COLE: Was it the second? Okay. But Wouter Tims came out from Washington heading a Bank team, and Bernie was away, I think, when they came. And so Wouter sort of led this team through and . . .

LEWIS: [inaudible] on the debt issue, wasn't he?

COLE: Well, no, he was here, he thought, to prepare the report for the IGGI meeting, too. And so he wrote a first draft of the report that was very critical: this wasn't right, and that wasn't right, and all the rest. And Bernie came back and saw this draft report. And it had also been given to the Indonesians, and they had read it and were extremely upset. And Bernie sort of turned that whole thing around and said, you know, "The purpose of this report is to review problems and see what"--the process of the report—"Let's identify the issues. Let's talk about them. Let's see what needs to be done, and then let's put together a report which indicates what the government has done and what it's going to do. And so it's an opportunity for you to lay out your plans and not be in a situation where the Bank is telling you, 'You're bad boys for this, that, and the other thing, and we're going to take you to the meeting and criticize you' and all the rest, but it's going to be a positive report." And he and Widjojo just worked over that. And I think that that report set the pattern from then on for this becoming a creative process.

And the one thing that--I'm sure Kemal Siber told you this story of the comparison between Indonesia and the Philippines, that in Indonesia the government always makes its own decisions, takes responsibility for the decisions, and gets very upset when it's suggested that they are taking these decisions due to outside pressure, whereas in the Philippines they resist taking the decisions. When they finally take them, they always blame it on the IMF and the World Bank for everything they do. And I think the Koreans, you know, would go ahead and would sort of do things in spite of the Bank and Fund and sort of say to the Bank and Fund, "Well, you guys can come along with us if you want to." They were never really dependent on--most years they weren't dependent on the Bank and Fund coming with a good report card to the aid donors meeting.

LEWIS: But they got their critical input of outside economic expertise from you guys and the AID mission a little bit earlier.

COLE: Earlier, yes.

LEWIS: And then they became self-reliant.

COLE: Well, there was still--all through the '60s there was a fair amount, but their attitude all along was, you know, "We're going to go ahead and do it." Like this--I mean, I encouraged them, but they made the decision, "Screw Cargill! We're not going to--we're not going to just bow down and just do all the things to appease him."

KAPUR: In that sense do you see sort of Korea at one end and the Philippines at the other and Indonesia in the middle?

COLE: Well, I don't know whether it's in the middle, but it's a different model. Maybe there's a triangle. *[Laughter]* But Indonesia, no. There was the one time when the Bank did come out and do this report on trade policy.

WEBB: '81.

COLE: It was in '81. And it got leaked out, and it was very critical, and the Indonesians were very upset because it was indicated that they were being pressured by the Bank to do something that they didn't want to do. Their feeling is, "You know, if it's right to do, we want to do it. If the Bank makes a suggestion or the Fund or the IMF or Harvard or whoever, it's our--we get a lot of advice. We will pick and choose." They don't always choose right, to my mind, but they do most of the time. But I think that relation--in the paper that Bernie wrote--I tried to, I asked my office to look for it and they didn't find it, but Bernie may have a copy.

LEWIS: We'll try to catch up with it.

COLE: It's sort of what the World Bank learned from Indonesia, and he wrote it in the summer of 1984. And he--I'm trying to think of who he would have possibly given copies to at that time. If I think of anybody . . . But it was just nicely laid out that the Bank really did change its pattern of operations here from the conventional model.

LEWIS: Oh, yes. They certainly did in terms of the modalities.

COLE: That's right.

LEWIS: They didn't get into the Fund-type of preconditioning or the SAL [*structural adjustment loan*] kind of report card studies on operations or . . .

COLE: And the Fund didn't do that as rigidly here as they did . . .

LEWIS: In the older days.

COLE: Yeah. But Bernie tried to make that exercise a creative process so that when the Indonesians came to the IGGI meeting they could say, "Well, this is what we've done, and this is what we're going to do, and we certainly do welcome your support for these programs."

LEWIS: Maybe you can clarify something for me. We've heard--this is a much more vivid account of that particular episode than we've heard before, but we also did hear about the way these papers are prepared, and evidently it's a case of a draft is done and it's sort of passed back and forth. There's a lot of discussion of the draft paper before anybody gets to Paris or wherever it is meeting--I guess The Hague. Now, the usual consortium pattern, you know, is that the Bank prepares a paper, they cover things, and then the country writes a memorandum of response. That's the way it's done in South Asia, and they are not very often terribly conflictive, but there's a presentation by the Bank and then an answer--this also happens in the meeting itself, an oral response by the secretary of economic affairs or whoever. So there are two papers. Is that true in that . . .

COLE: I don't think that's true.

LEWIS: I think it's not. I think the [all speaking at once] a single, one paper. That's a rather nice sort of pattern, I think.

KAPUR: It's almost inevitably should be less conflictual than the other [all speaking at once]

LEWIS: Yes, yes.

COLE: But they often start out, you know, with a fairly critical or "here are the issues" and then the process. Now, also the draft--well, usually the team, when it's here, goes around and is talking to people, and the Bank people come and meet with different people in the government. They come and see us and so forth. We usually get a copy of the draft and help prepare comments from the ministers back to the Bank. I don't know. I guess the Bank probably assumes that, but . . .

LEWIS: Oh, I think they do. *[Laughter]* There's not much doubt.

COLE: But they clearly have their own ideas, and then they ask us for any comments, and if we have something that's useful--and we sometimes see it as an opportunity to encourage them to go ahead: "Yes, this would be a good thing. Why don't you go ahead and move on this and say you've done it." So it provides a basis for an annual review of economic policy. These guys know how to make use of that.

WEBB: It seems to be really the only moment when the modality, protocol, forces things onto paper in a public way because all the rest of the time, except for an occasional report like the industrialization paper, the Bank seems to have succeeded in really minimizing, eliminating official reports that would have some public reach, where there could be some comments to, going into the . . . And we hear that there is continuous conversation or outside notes, but the IGGI imposes an evaluation, a report card, as it were. It must be a very delicate moment.

COLE: Yes, well, I guess it is a report card, but it's a sort of recent events and activities and the prospects for the future and what we plan to do about them, policies and then resources. But I think that there is a clear understanding that the role of the Bank here is not to go out in public and criticize the Indonesian authorities.

WEBB: Is this such a happy marriage as everyone has been telling us?

COLE: No, well, I don't—I just think that there is a recognition that that would be very counterproductive, and the government does not want to be seen as being pressured into doing something by an outside agency.

WEBB: I once mentioned that word, and I had someone tell me *[inaudible]* "pressure." I used the word "pressure."

COLE: They don't, they don't like that.

WEBB: They don't.

COLE: They don't.

KAPUR: I mean, the sensitivities of that "pressure" seems, appears to me to be rather marked and not very different than the sensitivities to that word in other parts of the world.

COLE: I don't think anybody likes it, but here, you know, they--this last year they were critical of one of the ministers for putting off some policy actions until early June because they said, "It's going to look like we took these actions just to get them done before the IGGI meeting."

WEBB: Who was critical, the colleagues?

COLE: His colleagues were critical. They were saying, "Do these things so that there can't be a causal link in the public's mind." And so there's a real feeling that national honor is at stake, and I think there's also a feeling that if something really makes sense, they'll do it. And if it doesn't make sense, why, they won't.

LEWIS: Is this sort of the manners of a benign quota system, I think [*inaudible*]

WEBB: Yeah.

LEWIS: I gather the Bank--it would be very unlikely for Nick [*Nicholas C.*] Hope to go out and give a speech that sort of, a Rotary club talk or something, that would then . . .

COLE: Did a report card.

LEWIS: Yeah, yeah.

KAPUR: Do you think the process could have . . .

COLE: He'd be gone. [REDACTED]

LEWIS: [REDACTED]

KAPUR: [REDACTED]

COLE: [REDACTED]

LEWIS: Russ [*Russell J.*] Cheetham was . . .

COLE: . . . was very popular.

LEWIS: And D.C. Rao was very much appreciated here, like this fellow.

COLE: Yes, well, Nick and . . .

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KAPUR: But do you feel that if the—if the sort of, well, technocrats in the whole process here were fairly close, you know, to *[inaudible]* There isn't that much of a jumping press there but not perhaps as in Latin America or in South Asia, do you think this approach could have been as successful? If you had those institutions *[inaudible]* alternative institutions as active as those of . . .

COLE: No, I don't think so, I don't think so. You've had pressure groups, but, you know, in a way that has made the president and the technocrats take up the cause of the masses. And the president is very clearly committed to dealing, to benefiting the rural population, and the initial targets for rice production and so forth were, we judged, totally unrealistic. The fact that they achieved them at the end of the first five-year plan was somewhat of an embarrassment to our analytical talents. *[Laughter]* But even at the time, when we questioned them, Widjojo said, "Well, it's an indication of the government's commitment to agriculture. We want it in there." They said they were going to increase rice production by 50 percent in five years, and that doesn't happen in most parts of the world. Now, the state of disarray in the economy here contributed to it, and the reactivation of irrigation facilities by the Bank was very important and very helpful in there, too. But it was the commitment to agriculture that then drew the lending and the projects into the rural areas. That word came from the president and from Widjojo and others.

LEWIS: One of the things we've learned today that really has impressed us a lot is INPRES *[instruksi presiden]*, the scale of it *[inaudible]* That is the sign of a very big commitment.

COLE: Yes, well, and they've taken up one thing after another. I mean, it started out just as a village cash grant program, and now they've got it as a way of cutting through the red tape and making things happen.

WEBB: Is there some parallelism between Indonesia and Korea in the rural emphasis here, INPRES, and Park's approach to *[inaudible]*

COLE: The Saemaul movement? There's not a parallel; I think there's a contrast. It seems to me that in the Indonesian case it was much more of a real commitment, a realization that the country was still essentially agricultural and that most of the people lived there and that you were going to have to build up the country from the rural areas. And I think in the Korean case it was--the industrialization had already gotten going, and there was kind of a feeling that the countryside was being left behind and they needed to do something. There had been some demonstrations and unrest, and President Park didn't do very well in the elections in the rural areas in '71. So they set up this program, and the superficiality of it was that it started with the roofs of people's houses. You had to change all, get rid of all the thatch-roofed houses and put on tile roofs and paint them bright colors so that the whole village would look modern. They started with the villages nearest the main highways and then worked out from there. So I think--eventually it got a little more substance to it.

KAPUR: *[inaudible]* tiles and painting of it.

COLE: No, that didn't--except for the people who had gotten control of that particular activity, but it was, that was, I think, just trying to sort of appease the rural

population until they could be absorbed into urban industrialization. And here I think it was a much more fundamental commitment to agriculture as a . . .

WEBB: Do you think there was an important political ingredient in the program?

COLE: Well, I think there has been, but I don't think that was the primary motivation. I think it goes back to the kind of rural roots of the president and his identification with them. And anybody who—anybody who grows up in Indonesia and lives in Java has an acute awareness of the importance of agriculture. You are surrounded by it, and these guys grew up spending a fair amount of time out in the countryside and had those kinds of connections.

[End of Tape 1, Side A]

[End of interview]

