

106430

WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

ANTHONY CHURCHILL

**October 8, 1992
Washington, D.C.**

Interview by: 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.

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*[Begin Tape 1, Side A]*¹

[The quality of much of this recording is VERY poor. jgb]

CHURCHILL: . . . I think he got it almost right but not quite, in the sense that it's a little too black and white, the way he's put it. Going back to the early '70s and some of *[Robert S.] McNamara's* ideas or concepts were there where essentially we're saying trickle-down did not work, that poverty had to be tackled directly. And McNamara saw this very much in terms of jobs, jobs in rural, small-scale agriculture in rural areas, that kind of thing. It was almost moving aside from growth. It was, "Yeah, growth was happening any way, and it wasn't enough just to have growth, but you really had to tackle the poverty as something, redistribution as something independent of almost actual growth." This is something of a caricature.

But then in the '80s, when in fact growth stopped for many countries and poverty increased, it was kind of turned around and became very obvious that no matter how you kept redistributing the same damned pie that was shrinking, you were not--first, it was more difficult, and, secondly, you weren't going to get the kind of--dealing with the issues of poverty. I see this almost--in the '70s growth was taken for granted and so it became redistribution. In the '80s you could no longer take growth for granted. It became very obvious that without growth, talking about dealing with poverty issues was nonsense, and so it kind of put growth back on the agenda.

That's a very grand view of it, but I see that not only in the Bank but also outside the Bank, whether it was with Mexico or . . .

WEBB: You mean at the level of the borrowers or at the level of other donors?

CHURCHILL: At the level of both. The borrowers and the donors were saying this is the—in this country anyway, the *[Ronald W.] Reagan* "revolution," getting markets right, prices right, all of those things.

WEBB: Well, everybody puts the poverty question aside.

CHURCHILL: Yes, because of the urgency of dealing with growth issues.

Now, my own impression of it all the way along was that these were never two sort of bipolar approaches. It was pretty obvious even in the '70s that unless you had growth, redistributing—I mean, there was an Indian plan at that time where they--100 dollars per capita income, and there was this grand plan where they were going to redistribute income from the top 30 to the bottom 20 percent. And when you looked at the numbers, they were talking about five dollars, turning around the economy to take sort of five dollars from the top and distribute it to the bottom.

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

WEBB: This was in the '70s?

CHURCHILL: Yeah. This was one of the plans which had a big redistribution focus. And if you looked at it, you were dealing with a per capita income at that point in those dollars, whatever it was, something over 100 dollars. And so, you know, talking--what you're redistributing is five dollars. That never struck me as being very promising. I always thought the Indians in particular were overly concerned with the redistribution and poverty, not enough about growth.

But it was a strain running through the Bank. Take a look at the basic needs approach that was popular in the '70s. It is: "Can you sort of short-circuit the growth? Growth is too slow; it takes too long. Are there were certain things you could do that would move income to the bottom end and increase the *[inaudible]* of the bottom end?" That was the framework in which the whole urban, the initial urban focus came up.

WEBB: You wrote a paper on shelter . .

CHURCHILL: Yes.

WEBB: . . . discussed at a Board *[of Executive Directors]* seminar at which, a basic needs paper that *[inaudible]* wrote as well.

CHURCHILL: Right. I felt rather uncomfortable about writing it. Let's put it this way: my heart wasn't in it. I was supposed to write a basic needs paper, and the approach that I took in that paper was to show that--and one of that, which we sort of followed on later--was that if you got the designs right, basic shelter was affordable. It was just a big numbers exercise that essentially showed that within the per capita limitations--I mean, in other words, what people could spend on shelter--you could in fact do a much better job. I think that's true of a number of these--the water supply sector, many of these deliveries of public services--that you could do a better job within these organizations without getting into the redistributing side. I always thought that was the contribution that I made in this exercise. It was not a redistribution problem; it was an efficiency issue.

WEBB: I was looking at the notes of the meeting. You kept talking about replicability.

CHURCHILL: Well, that was term that I coined. You could not solve the problem through transfers if those transfers were not replicable on a stage sufficient to solve the problem. That was a word that I coined. It never fitted in with a number of--I remember going to one conference. The Spanish translation was always *replicabilidad*, which is just not a good Spanish word, but it struck in a number of languages. I thought that was a good concept.

WEBB: I'm wondering—I'm always surprised how little that word is used in Spanish.

CHURCHILL: The word "sustainability" tends to creep in meaning somewhat the same thing, but I think it's a somewhat more perverted concept than replicability. I sort of

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always tried to use “replicability” as a concept, because when I was faced with somebody saying, “Here's the solution to the problem,” I would look at him and say, “Is it--can you then scale this up to the point where you address all the problems? If you cannot, then it is not.”

WEBB: Both financially and administratively and . . .

CHURCHILL: Administratively, whatever was--you see, what I would argue is that some of our early solutions on the housing sites-and-services were not really replicable. You could not scale up that effort because of the heavy involvement of public administration. And that was just not replicable on the stage at the time. We could do a nice sites-and-services project, you could get the public officials, you could get a group of people who would support that, you could do it. You could provide, in fact, fairly large numbers of housing. But compared to the demand, it was a small fraction. And the idea of a government housing department big enough to resolve the whole problem was a frightening nightmare. The only way we could justify this was, yes, it was not replicable, but it was moving towards replicability. In other words, in those early projects the first thing we had to do was convince government officials, policymakers, that in fact you could indeed lower the standards.

KAPUR: If you look at the, if you take a look at the literature in the '70s, the only sort of field where it was being done was the theories of public administration at Syracuse, like Jaun Minelli [*phonetic*] at the Maxwell School [both speaking at once]

CHURCHILL: Yeah.

KAPUR: And that, of course, that sort of, if you want to say, genre of development literature, there were very few people at the Bank--you were either a technical specialist or economist--very few public administration types. I was wondering if that was—in any case, I mean, implementation has always been a different part of [*inaudible*]

CHURCHILL: I remember talking with Juan Minelli [*phonetic*] and some of those guys at the time, and I thought they were always a bit vague.

KAPUR: Right.

CHURCHILL: I was trying to pin it down, the concept of replicability, to saying that if the need was for 500,000 units and we were providing 20, could we conceive of this approach providing 500,000 units, and usually the answer was “no” because you had the constraints of public administration. And what I concluded from that was that you--the real effort was to get market support and to overcome the constraints of the market, accepting that in the beginning you could not just move to a market approach. The first thing you had to do was to convince government there was a different way of doing it, that you could lower standards, those standards were acceptable.

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See, one early project we did, the Dandora project in Nairobi, where it was seen as a home-ownership project, and the government and some people in the Bank were upset when it turned out to be a room rental project. Now, I thought that was neat because here was an example of the market at work. We were making poor people rentiers. Now they may get rich as they collect rents, right? And there is almost a prohibition against the idea that the poor folks could speculate in real estate. I thought this was neat. That was a market solution because the majority of the poor folks in Nairobi rented rooms. To the extent we were increasing the supply of rented rooms, we were lowering the *[inaudible]*

WEBB: Who thought up that?

CHURCHILL: That was the arguments we had at the time. The government wanted this as a home-ownership project.

WEBB: But who thought up the idea of the room rental?

CHURCHILL: I don't remember. I know I was involved very much in the sort of intellectual push at that time and I was arguing it, that, "So what? So what if these poor folks rented out rooms; in fact, were building rooms and then renting them out. That's where the shortage is."

KAPUR: But wasn't the counter-argument of the *[John R.] Harris-[Michael] Todaro* model *[inaudible]*, moderation, you know, the actual price doesn't care.

CHURCHILL: But I think that's a lot of bullshit. What we found in all cases is people do not come into cities because they're going to get subsidized housing. In fact, the majority don't. People come into cities because of jobs and income deprivation. The Harris-Todaro argument is simply one of income deprivation. It says that people are attracted into the city because of jobs.

KAPUR: Well, except that they modified it, the expected costs and benefits of *[inaudible]*

CHURCHILL: Again, I don't think that was correct. A number of studies--there was one we did in Colombia *[inaudible]* It was particularly impressive because it showed that what we were looking at--and Harris-Todaro looks at the net figures, what's the net migration--when the few studies that were done looked at both what you might call "gross migration," the number of times people came in and went back and then some eventually stayed, that the gross migration figures were something like five times the net numbers of migration. And when you think about it, if you've ever lived in one of these cities, you know that's the case.

There are very few rural areas anymore that are more than a day's bus ride from a major city. People just don't pack up and come to the city. They come and they stay with relatives for a week, two weeks. If they get a job, they stay. If they don't get a job, they

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go back. Or they may come as students and spend a few, you know, a few years there as a student, go back to the village, come again, depending on the job opportunities.

What I think the Harris-Todaro literature misses is the dramatic lowering of transport and transportation costs that has incurred. And you can see this if you look at some of the village studies, not just domestic rural-urban migration, but even in international migration. So in this community here where you've got, what, a couple of hundred thousand El Salvadorans, they come from about three villages. I think all--it's communications back and forth. Somebody comes, and if there's a job opportunity or there's some work, they send back for the nephew. There's tremendous rural-urban communications going on. In the case of the domestic rural to urban, the transport costs are not all that high.

So if you go anywhere in Africa—you know, even in the remotest part of Africa there are very few places that aren't a day's--hop on the back of a truck or a bus to get into the city.

WEBB: In any case providing public services or goods, housing, if you do believe in Harris-Todaro, it affects all those areas, anything you provide, not just--it doesn't come into the question of how you design this housing project.

CHURCHILL: But, you see, I would argue that--people argue about urban bias. I would argue there is a substantial rural bias in the sense that many of the legislatures of developing countries are dominated by rural interests. They may be urban people but they represent districts, rural areas. What happens is you get a very perverse kind of thing, that this rural bias in the legislature, which is sort of, "We don't want to do anything to encourage people to come into the city. We're going to spend money in rural areas." And at the same time the concept of standards of what is appropriate--because these are educated elites--is all screwed up.

Every study I've seen shows that migration is associated with investments in rural infrastructure. The more money you put into rural infrastructure the greater the migration out of that region. When you think about it, it's logical. Improving farm incomes, rural incomes, is about having more and more food being grown on the same land with less and less people. Development's about less people being required in agriculture. That's behind it all, if you think about it. And what we're talking about here is in this whole period, the '70s and '80s, massive rural to urban migration taking place in response to growth. In the '80s it slowed up a bit. The growth slowed up so did the rural-urban migration. But in Latin America you've reached the point where most people live in the cities now, and urban growth is the result of natural increases in cities.

But we were struggling with these concepts at the time, recognizing and feeling uncomfortable about many of the projects that we are doing were not replicable in the sense that [*inaudible*] but we saw it as a way of moving towards market solutions.

WEBB: When you--do you remember the history of sites-and-services? Where did the idea come from to begin with?

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CHURCHILL: I think one of your countrymen was involved.

WEBB: Is that right?

CHURCHILL: Yeah. One of the early sites-and-services projects came out of Peru or Chile; there were some experiments in this, I believe, in India.

WEBB: There was an Englishman called [*John F. C.*] Turner, who has written a lot about this.

CHURCHILL: Yes, Turner was very instrumental, but he was in Peru, I think. That's where he got this . .

WEBB: He was there in the '60s.

CHURCHILL: Yes, and it comes out of that kind of a Turner philosophy. I was at the Habitat Conference in '76.

WEBB: Bill [*William*] Mangin—does that name ring a bell? He was also there.

CHURCHILL: Yes. These were anthropologists, architects who were sort of saying you could design adequate shelter within the economic constraints.

WEBB: Yes. And that--those ideas percolated through the Bank?

CHURCHILL: That was very much part of it. We had Turner here.

WEBB: In the '60s or the '70s?

CHURCHILL: In the '70s.

WEBB: Mid-'70s?

CHURCHILL: It goes back, I would say, to about '72.

WEBB: Really? Turner would have been here in the mid-'60s.

CHURCHILL: But they were very influential. We had a number of young people who came out of MIT [*Massachusetts Institute of Technology*].

KAPUR: In Urban?

CHURCHILL: Yes, where—what was his name; professor from Venezuela-- [inaudible] but he had a group of students there. Praful Patel here in the Bank was one of his students. Roberto Chavez. There were several others that we had who were very much

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in that experience, coming out of Peru, John Turner and some of those others who were working on it.

WEBB: And who—with whom would they have been interacting, interfacing in the Bank at that time?

CHURCHILL: It was Kim [*Edward V.K. “Kim”*] Jaycox, myself, and Harold Dunkerley.

WEBB: Because the urban projects come . .

CHURCHILL: In ‘73.

WEBB: Oh, in ‘73. Because you said ’72 before.

CHURCHILL: ‘72 was special projects, and in ‘72 I think was the mission to Indonesia where they got the guys out in Jakarta to try and wrestle with urban development. The problem was that--this was under Bob [*Robert*] Sadove--that they were far too complicated. When Kim and I came into this, we saw our job as just to simplify these concepts. These guys had grand strategies of urban development and housing and everything was related to everything else and we were just simply unable to get off dead center. The projects were too complicated, [*inaudible*] and so on. And one thing that came out of this was the Kampong Improvement projects in Indonesia.

WEBB: The idea was [*inaudible*]

CHURCHILL: Yeah, where people saw that this looked like something that was working.

WEBB: It wasn't called sites-and-services?

CHURCHILL: No, this was Kampong Improvement which we then later called slum upgrading.

KAPUR: Like the one in Calcutta.

CHURCHILL: Yeah, the Calcutta project and [*inaudible*]

WEBB: So really you were doing slum upgrading maybe before sites.

CHURCHILL: It was more or less simultaneously. These were not different concepts. We saw this as two different approaches. Slum upgrading focused very much on infrastructure whereas the sites-and-services on new shelter.

KAPUR: I’m sorry, I--when you first spoke on the shelter paper, you said that when you wrote it you were somewhat uncomfortable writing it. Why was that?

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CHURCHILL: Because I saw this as part of Mahbub's [*ul-Haq*] more general redistribution. Basic needs had a strong redistribution focus, and at the time I felt that redistribution was a real loser in most of these countries, that it was not the way to go. With a hundred dollars per capita income, no matter how you redistribute it, it's still a hundred dollars. The issue is one of growth.

But what I saw it as--or what I tried to do in that paper and some others--was to show that you could dramatically improve the services people were getting for the same amount of money if you did it differently. You can see this in the water supply sector. Again, in water supply you had people who were paying three dollars a gallon for water when you could show that the right kind of pipes and distribution system you could get that down to thirty cents. But it was a question of how did you organize it. It wasn't the poor didn't have the price for that. In fact, they were paying large amounts for inferior shelter and inferior services.

WEBB: The picture that I get from the airs is that the Bank, going into sites-and-services and slum upgrading and other these general areas, particularly those two, and getting into kind of swampy ground that, running into new kinds of problems for the Bank, dealing with local organizations rather than government agencies, the land value appreciation problem and how you manage that.

CHURCHILL: That's true. [both speaking at once] land registration.

WEBB: And beginning to deal with NGOs [*non-governmental organizations*]. And it seems as though it was a sort of learning experience for the Bank for much of what it is now talking about. Is that the way . . .

CHURCHILL: That's a good way of putting it. We did that deliberately. We had long discussions about what we were getting into, and we looked on many of our interventions here as part of a series.

It was clear that first Dandora project was over-designed and so on.

WEBB: Dandora?

CHURCHILL: Dandora in Nairobi. It was clear from the beginning that this was an over-designed project. But we said, "It puts us in with the right officials." We were going to lean on them on the right kind of issues, and it gets the Bank into something that we knew was going to be messy.

The--partly it was salesmanship. Kim was very good at that. You know, we made everybody believe we were solving this problem when we really knew we'd put our foot in a very messy business, but we felt that's where the Bank should be, that this was not a simple solution. We--the first sites-and-service project just simply revealed another set of problems that had to be dealt with.

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You see, in most of the sites-and-services projects we found that you immediately came up against land tenure, the whole land tenure system when it came to replicability. To do this on any scale, you could not spend two years negotiating with the government over a parcel of land on which to build sites-and-services. This had to happen spontaneously, as it was happening in some cities.

It was interesting. I remember looking at one contrast, Bogota and Cali. Now in Bogota almost all of the new settlements were in what would be called illegal settlements--which is very typical of most of Latin America--illegal subdivisions, where somebody with a dubious title or who knows what subdivided the land, provided some minimum services, provided a chit of paper which was of dubious legal value but at some point in the political process, maybe ten years from now, it would acquire--you know, that's the typical Latin America. But Cali is an interesting city. Cali was one in which almost all of it was by invasions, and some of them are what you see around Lima. The difference was that the public sector owned the land. In Cali almost all of the land around the city was owned by the municipality or by public bodies and the only way that could be alienated was through invasions. On the other hand, almost all the land around Bogota was in private hands, so if you had a big piece of land out there on the outskirts of the city, you could see them coming towards you, and your choice was, you know, "Do I get in the game, or do I get run over?" And most people chose wisely to get into the illegal subdivision business, as you have in San Paulo and many other cities. It was when the government owned the land that you had invasions.

WEBB: Right. Which was more the case in Lima.

CHURCHILL: Yes. If the land was owned by private people, private people said, "Hey, you know, let's subdivide and make some money on this. They're coming anyway." Sao Paulo is another example.

WEBB: It's interesting what you say about the gradual legalization because I just was talking to a fellow of mine [*inaudible*], who owns this private sector subdivision, talking about loopholes and what it costs to compete. And I was trying to explain to him that as far as I understand, the reality was not black and white but gray and . . .

CHURCHILL: Gray. A Wall Street concept.

WEBB: . . . most businesses were started--even foreign businesses--without all the papers signed and then. So that sort of shook him up. [all speaking at once]

KAPUR: [*inaudible*] Rockefeller Foundation and it's great [all speaking at once]

CHURCHILL: I remember visiting in San Paulo, and Hollis Chenery's daughter showed me around the slums. She was working as a nun in the slums.

WEBB: I had forgotten that.

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CHURCHILL: Yeah. Holly took us, Hollis and I together, and we spent about three days looking at the slums of Sao Paulo. On Sunday morning throughout the various sort of crossroads or significant points, and there would be Volkswagen busses filled with guys standing outside with bits of paper and diagrams and saying, you know, “Come out and visit Happy Acres out here on the edge of town. A free ride out. Come and look at the real estate.” So we went on that. We looked at some of those. And what they were, these were on the fringes of the urbanizing area, and they were square, you know, four stakes in the ground, and you went and you bought. You put so much down and paid on the never-never term, and you got the area between those four stakes. Some of them had put in some—sort of a bulldozer had run through and put a road in. A couple of them had water towers where there were some sort of community water services. There were a variety of, you know, model A, B, or C types of things. Tremendous vibrancy about the whole business.

And when you inquired did they have the title, “Yeah,” they had a title.

Did they have a subdivision license?

“What’s that?”

And, you know, what sort of a title was it?

Well, it was a pretty vague title, but these people were getting a piece of paper from these developers.

And, of course, ten years later these places were booming suburban fringe communities, and any politician who wanted to get elected, you have to go in there and say, “Look, you elect me, and I will legalize your tenure.”

What was noticeable about these communities was the lack of public services and the inability of public services to keep up and the schools. The water supply, very primitive. The roads were essentially not there. The transport wasn’t so bad in that you had a lot of informal taxis and busses and trucks. But impressive in sort of the dynamism of these growing communities.

KAPUR: How did you feel sort of operationally as one looked at the urban areas, massive and vocal politics, and yet organizationally, of course, the state of the Bank was very much defined by the mission approach and so on and so forth, as to whether you felt the need that one has to be more at the site or more hands on, be there all the time to make sure things move because of the messiness?

CHURCHILL: Yes, we were young and missionaries. Most of the people who were in this were young. Most of them the rest of the Bank looked on as being slightly weird. We probably had a higher proportion of beards than the typical World Bank group. Most of them were young, and most of them very enthusiastic. The rest of the Bank didn’t know

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quite what to make of this, but they were the hands-on type. You know, that created later problems because these were people who identified with the projects very strongly. They identified with the people involved in these projects and didn't always get the government's blessing; you know, "It wasn't necessarily the government's project; it was the people's project." So you sort of had scenes of World Bank staffs meeting after midnight in strange places with the local community to discuss their problems and needs.

WEBB: Especially where? In Latin America?

CHURCHILL: More the Philippines, Calcutta. Meeting with the basti brothers in places to get a real sense of what it was they needed. We had guys who were out there who were, sort of went native on us, identified very strongly with the people they were trying to help. Sometimes that got in the way of—they were strong advocates, a lot of enthusiasm.

WEBB: Was it something like that in the early rural development projects?

CHURCHILL: No, I don't think so. I don't think they had that same—because, first off, in the rural areas, at least in those days, they tended to get a lot of what I would call professional colonialists out there. Agriculture was dominated by guys who had been thirty years in the colonial service working in agriculture, agricultural areas, whereas in the urban the average age of these guys was nearly ten years younger than the typical Bank staff, and that brought up a whole--we rubbed against the culture of the Bank, created some frictions.

KAPUR: So would that mean that the Bank effectively . . .

CHURCHILL: I think we affected the Bank. I really do. I remember when McNamara retired, I got a copy of his speeches--usually when presidents retire they put together a volume of his speeches--and he wrote on it to me, "Thanks for turning dreams into reality" or words to that effect. "You guys took some ideas and dreams and made them work."

WEBB: Yeah. Mm-hmm.

CHURCHILL: You know, I think we did do. We didn't succeed; the problems are still with us—there's no question about it--but I think we did take some concepts and ideas and turn them into Bank-able projects.

WEBB: You were really charging on two fronts, getting things [*inaudible*] country, but it seems you also had the Bank itself at the time, procedures, regulations . . .

CHURCHILL: Yes, but we were a centralized department. The Bank had moved to a more regional structure, so the region: "Who are these funny guys [*inaudible*] doing these projects?" We did get very good support from McNamara, right from the top--not necessarily from the rest of the Bank but McNamara. And leadership counts. We were

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getting twelve or thirteen new staff members every year, the kind of budgets and support to push ahead on this.

WEBB: In urban projects, you start analyzing—because presumably they began to be generated within the regions.

CHURCHILL: Most of them, yes.

WEBB: So you had a flow of projects coming out of your own center and then this other flow which developed. How did that work? Were they rather similar? Did they borrow from you?

CHURCHILL: We had interchanges of staff. People started to move into the center and then moved out to a regular Bank stream. The fact that we had a lot of bright young people who got promoted—if you look around the Bank today, I did a count at the time of the last anniversary celebration where I think there were forty people in the front of the telephone book who were with us in the original urban projects, and now they're either directors or division chiefs. That's impressive. We had a lot of bright people who moved on, but did well within the organization.

KAPUR: When you look at these public sector, or mainly local *[inaudible]* counting this sites-and-services concepts *[inaudible]* and the Bank's own procedures had these things on cost sharing and local cost financing . . .

CHURCHILL: It never got in the way. [both speaking at once] Never got in the way.

KAPUR: How was that *[inaudible]*

CHURCHILL: The Bank lends for local expenditures. We have done for . .

KAPUR: [all speaking at once] must have limits, right?

CHURCHILL: Yeah, but they never got in the way. In fact it was recognized that limits would be fairly high on this type of projects.

WEBB: Were there an explicit decision at some point that would make it a little more flexible for these projects or it just . . .

CHURCHILL: It sort of happened.

WEBB: Sort of happened?

CHURCHILL: Yeah. I don't think there was an explicit decision, but it sort of happened. And we had—at the time, you know, I remember some conversations that Kim and I had on this was that we recognized that if this was to be successful within the Bank, it would have to be regionalized. And we set out right at the beginning: we were going to

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make this thing grow, and we were going to regionalize it. And everybody knew that. So I said, a sign of success is—and I told the division, “The sign of success is when that region out there wants you back.” And that started to happen a lot sooner than we expected. And we went from 120 higher-level staff at the center to a completely regionalized group by the end of three years. That was a deliberate decision.

WEBB: Did it fold? What was it . .

CHURCHILL: Well, we set up divisions.

WEBB: You set up divisions.

CHURCHILL: We had the LAC [*Latin America and Caribbean*] division. We said, “They're ready to go to the region,” and transferred them to the region.

KAPUR: To LAC projects, the Asia projects.

CHURCHILL: Yes, that's right. They were all regionalized in a three year period.

WEBB: Oh, I see. Very little transfer. But you still had your core staff.

CHURCHILL: We had a small core staff. It wound up I guess about '82, the core.

WEBB: You were still there then?

CHURCHILL: Yeah, I was the director of that. I became director in '73, and I essentially saw the regionalization process through. But that was a decision we'd made back in about '74, that we were going to move towards a divisional structure that would then allow these divisions to be spun off into the regions.

WEBB: And how did the—I mean, you have this--here's a question of replicability, but within the Bank. How did that work, because you've started out with a small group of highly motivated people, you say, and you've got a lot more control, and you've got things working, but once they're spread all over the Bank, how did that work?

CHURCHILL: It didn't hold together as well as we had thought it would.

KAPUR: Through the next decades?

CHURCHILL: Yeah. In fact, the next decade was something of a lost decade. Many of the people who were the leaders, the motivators of this, moved on to other things and we had something of a hiatus.

KAPUR: One thing which struck one in the twentieth anniversary [*inaudible*] you mentioned, if you look at cost of the Bank's share, cost of projects, in the first decade, in the second decade actually declined. It struck us as a bit paradoxical that, given, of

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course, that fiscal problems in countries were more acute in the second phase of sites-and-services.

CHURCHILL: Well, I know in the case of urban, we were looking at this as, “How do you make these projects the country’s own projects?” The Bank could only be a catalyst in that sense, so the extent to which you could get local money coming into it was a sign of success. The more the local guys were ready to play the game the more you were obviously selling something they wanted.

We saw those first projects, as I said, as something of demonstration projects, recognizing that they were not perfect. There were a lot of weaknesses there, but I recall many a visit where, taking public officials and others around to these new communities, where these same public officials were impressed to see what was happening. The same internal *[inaudible]* as that trip to Sao Paulo with Hollis.

The fact that his daughter was involved in this of course made it very important for him. The trip was something of a reconciliation between father and daughter because he was pretty pissed when she went off and became a nun. He was not happy with that. But when he saw what she was doing, the satisfaction she was getting out of it, he changed his mind. And it also got him interested in the urban issues because he, as well as many other people, saw these urban slums as blights on the face of the earth and on the cities. And when he actually got out there in these communities and he met some of the people, talked with them, what they were doing and why they were there--this example I gave you earlier about going out on Sunday morning and looking at the real estate salesmen out there--this really impressed him. There are real economic forces working.

WEBB: What year was this?

CHURCHILL: ’73, or was it ’74. That helped us get the steam up for the speech in ’75 at the annual meeting.

WEBB: This was the launch of the urban policy.

CHURCHILL: Yes, that’s right. And we got Hollis behind this. It would be--before that, ’74, that’s right, or in early ’75, when we were working on the speech. And we got Hollis's enthusiastic support for this effort.

WEBB: But at the beginning you talked about the ‘80s, the interruptions in all of this because of the crisis and the collapse of the economies *[inaudible]* put aside the work on poverty and redistribution *[inaudible]* really have to do with the design of things that were being done anyway. Couldn’t a lot of that have continued in the ‘80s as well?

CHURCHILL: It did continue but without the enthusiasm. What you had was in many--of course, structural adjustment was the big thing.

WEBB: But it almost seems there was even more rationale for, in a sense, a lot of what you were proposing in the '80s.

CHURCHILL: Yes, we thought that too. What you were getting into was the structural adjustment business which required changing in the way in which the public spent its money in important ways, the lessons that had come out of this upgrading and sites-and-services experience ought to be applicable. And I must admit I was disappointed at what did happen to the urban, that we were unable to sustain that.

KAPUR: Did the reorganization affect that implementation because, between '82 and '87, and '87 and '92, in those two periods, is it your sense that the . . .

CHURCHILL: Well, what I see happening now is many of those ideas are now in the mainstream of the Bank. Perhaps I was a bit impatient, hoping that it would be sooner, that now the kind of things we were doing in urban areas made perfectly good sense, we're focusing a lot more on market intensive options, and that's right. And it should be. There's no way the Bank can provide the funding for the expansion of a city. It's too big. The best we can be is a catalyst, trying to push certain crucial ideas, crucial institutions.

KAPUR: In the urban sector as it's constituted today *[inaudible]*

CHURCHILL: Yes.

KAPUR: That you don't see much in site-and-services?

CHURCHILL: No, because the focus is much more on urban management, how do you manage the urban area. And that's something I was involved in, all that. You look at the early Calcutta projects, Calcutta I and II, those were essentially urban management projects, and we ran into a lot of flack on those from Bob *[Robert]* Picciotto's unit saying these are Christmas trees, in terms of lots of lights and balls and ornaments.

WEBB: The sites-and-services?

CHURCHILL: Well, you know the Calcutta project where we *[inaudible]* everything from municipal tax collection to garbage collection, services. It was a municipal management project.

WEBB: And that was the term applied to that . . .

CHURCHILL: Yes, lots of advice on Christmas trees.

WEBB: Was it an exaggerated case or *[inaudible]*

CHURCHILL: There were a number of projects where I thought that . .

[End Tape 1, Side A]

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[Begin Tape 1, Side B]

CHURCHILL: . . . got into Calcutta and, man, that turned out to be just as messy as could be. There isn't a more messy sort of city than Calcutta to try it on, but the learning--we were in a very steep part of the learning curve at that point.

WEBB: And this was now when?

KAPUR: *[inaudible]*

CHURCHILL: You're from Calcutta, I take it, anyway. '74.

WEBB: We ran into, coming into the elevator we passed the fellow who ran this.

CHURCHILL: Ram Ramakrishna.

WEBB: Right.

KAPUR: Actually, my friend is now in *[inaudible]* and he has a different perspective on the Bank.

CHURCHILL: Yeah. Oh, I'm sure. We were caught up in all sorts of crosscurrents, political crosscurrents.

KAPUR: One of the things which he . . .

WEBB: What were his criticisms?

KAPUR: Well, one, of course, was the usual thing: *[inaudible]* each time the Bank imposes *[inaudible]* to have a different accounting system, which *[inaudible]* public sector know about it. Each time there's Bank mission, there's a new financial analyst, and he has to explain to another one, explain why that system doesn't work. And so he's--but those, of course, are personal points.

But the one which he sees vastly underestimated is the amount of time that land acquisition takes place and the whole fact that urban cannot be separated from the whole legal *[inaudible]* processes, stay orders, *[inaudible]* petitions, the works.

CHURCHILL: Oh, I think I agree with him that we seriously underestimate the costs. In the project we did in Guayaquil, the same thing. We tried very hard, but part of that I would attribute--at least in the Guayaquil case—is not to just the legal problems but the lack of leadership, the unwillingness of the politicians and political leadership to tackle those. In almost every city you deal with, the land tenure issues are number one. All I could see us doing, whether in Guayaquil or Calcutta, is we pushed them, we pushed them a little bit. You know, we moved the frontier a bit, trying to give a message. It

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turned out to be a lot more intractable than we had anticipated, and we underestimated the degree of the vested interests in land.

But in retrospect I don't think that's a bad thing. If we had known and really understood all the obstacles, we would have gotten discouraged. The fact that we charged in there and just being clumsy and offending all kinds of people got things off dead center. I think that's true in any number of projects we were in.

I remember once talking with a Colombian. I asked him, "What is it you guys like about the World Bank? What do you think about the World Bank?"

And he sort of looked at me for awhile, and he said, "What we appreciate about you is you're clumsy and technical." *[Laughter]* That captured it nicely--clumsy and technical. We were usually right but didn't go about it very well. We upset a lot of people. But still—but I must say in my own experiences, and I spent two years with the Bank mission in Indonesia, in Jakarta . .

WEBB: When?

CHURCHILL: '68 to '70. I was impressed there that after two years how I was convinced nothing could be done. And we would have these groups come out from Washington and try and do all sorts of things, and I knew that that was not going to work because the president's brother-in-law owned that particular piece of property or whatever it was. But damn it, then some of them did work! I suspect that after two years in a place like that you become too aware of the obstacles, constraints. Sometimes it does take a missionary to come out here and just upset the apple cart. And I've always seen that the Bank has to be an agent of change.

KAPUR: *[inaudible]* ignorance.

CHURCHILL: Some ignorance, perhaps, about the place, but not too much. But the Bank has to be an agent of change. You've got to be that bit of sand in the oyster that produces the pearl.

WEBB: Is this an argument against further regionalization?

CHURCHILL: I think it's an argument of making, on the central decision making.

WEBB: An argument for? Or against?

CHURCHILL: Against, yeah. I think there's a balance there that's required. The comparative advantage of the Bank is not its knowledge; the Bank's comparative advantage is its global perspective. You have a resident mission; they bring the comparative knowledge of the country they are in. And what we were doing in sites-and-services in a number of these projects was we were bringing people from one project to the other, and that had a more profound impact than almost anything else we did.

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KAPUR: One could argue that, mostly in the '70s, among country *[inaudible]* structure, that inevitably a huge global . .

CHURCHILL: I think there's a real danger in that. I see this thing as a danger *[inaudible]* swung too much to a country focus. The country focus is important, you've got to have it, you've got to have good relations with your customers, but the product you're selling comes not from the country focus but from the overall knowledge base.

WEBB: So it was '87 that really went beyond the . .

CHURCHILL: Yeah, I think the pendulum swung. Now we've got country directors who are responsible for country relations, not necessarily for what I call the agent of change. There's a conflict. I suspect it's starting to *[inaudible]*

WEBB: Are some of the principal formulas, like some of the *[inaudible]* still very important as to how the Bank's recommending *[inaudible]* What people are doing in the last five years or so, has it been quite different? Did it change at all?

CHURCHILL: Yeah, I think it's focused on what I would call the market enhancing parts of it, addressing the land tenure issue, addressing the service *[inaudible]* issue. You see, my own feeling is . .

WEBB: These are policy matters, aren't they?

CHURCHILL: A lot of them are policy issues, yes: pricing, distribution, who gets what, how.

WEBB: Is the Bank lending for it?

CHURCHILL: We're lending for infrastructure.

WEBB: Yeah, going back to . .

CHURCHILL: More and more basic, yeah, but trying to do it in a different way. See . .

WEBB: But with more sector? Is this the re-emergence of the sector Bank?

CHURCHILL: Yeah, but trying to do it through the municipality or the city structure rather than through the national structure, somewhat different way of approaching it.

WEBB: Yes, but it has some of the larger sectoral *[inaudible]*

CHURCHILL: If you look at some of the more recent projects that focused on housing development *[inaudible]* You don't have to teach those folks how to build houses. They've been building them for centuries.

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KAPUR: How big a financial impact might middle class housing *[inaudible]* in India?

CHURCHILL: I would argue that you cannot reach the poor if the middle class doesn't have housing. Again, it's a start. You've got to develop, bring those markets down, down, down, and down. And to the extent that you don't take care of the middle class, well, whatever you try to do for the poor folks, they'll take it away from them.

WEBB: When you just say that, it just reminded me, I thought there is a kind of parallel historical trickle-down process in social delivery with the way things are working here.

CHURCHILL: I think there is a lot of merit and truth to trickle-down. It's been maligned.

WEBB: I remember when I went to Peru—I left the Bank in 1980 and went back to Peru, to the central bank. And soon after the government started the *[inaudible]* to reach the private market. The President *[inaudible]*. He wanted my ideas on how to finance his sector *[inaudible]* There would be nothing from the central bank.

But I said, "There's a lot of money in Washington, but you have to design a program that more or less works." *[inaudible]* that makes sense anyway. *[inaudible]* housing project.

[inaudible] was really upset *[inaudible]* And he said, "What have you got against the middle class?"

And I said, "The poor need more."

And he said, "Yes, but it's our turn now." I've never heard it so explicit.

CHURCHILL: Well, I would put it--he's right in many ways. If there's any rationing, the poor are always last in line. What we're trying to do is move to systems where there wasn't rationing.

WEBB: You haven't really *[inaudible]* jump down the queue as it were, except *[inaudible]*

CHURCHILL: Housing programs are just enormously expensive.

WEBB: China?

CHURCHILL: Chinese housing programs in cities *[inaudible]* Shanghai is a good example. Seven million people in Shanghai are essentially living in the same housing stock as they lived pre-war. And you go in there and you can see that. There are families, huge families living in one bare room, sharing facilities and . . .

KAPUR: There was a talk on that yesterday. *[inaudible]* Cuba.

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CHURCHILL: Cuba at the time was the wealthiest country in Latin America, at the time of the revolution. The rich can afford to screw around.

WEBB: They also have a very low birth rate.

CHURCHILL: Oh, yes. No, they didn't have the population pressures the others did. But you can see on this trickle-down in the United States, people around Washington, for example, complain about all the new housing is unaffordable for the poor. But that's right, and the poor don't buy new cars either. The poor buy second-hand housing. The additions the housing stock tend to be at the upper end of the market because of this trickle-down. The trouble is with the big cities that we're dealing with is that the number down below is too big relative to what's up there at the top.

WEBB: But you were trying to reach down.

CHURCHILL: Oh, yes, yes, we were trying to set up systems that would provide land, basically land and services, to a large number of people. You look at the Kampong Improvement programs in Jakarta. This was the poor went out and they took the land and they squatted on it, and they came along later and improved things. That's one way of doing it. It's rather expensive at times, but it works. In some cases we tried to get out ahead of the market, but how can you build the future slums in a way that would be more efficient. It turns out things like market *[inaudible]* putting in the basic infrastructure is really the way to go, very much along sort of making the real estate salesmen in Sao Paulo a little more efficient.

KAPUR: *[inaudible]* urban poverty issue also have this thing of *[inaudible]* industry.

CHURCHILL: That was a distraction. That had to do with the argument of Mr. McNamara.

KAPUR: That was the same issue.

CHURCHILL: Yeah. He said, "You've got to have jobs for these people; they're all unemployed." And there's a big push that every project should have some sort of fund. I personally felt that was a great weakness. The people were coming into the cities for the jobs, and almost all the people we were dealing with were employed in some form or another.

WEBB: What it boils down to mostly *[inaudible]* the DFCs *[development finance companies]*.

CHURCHILL: Yeah, there were some. There were these *[inaudible]* factory approach, industrial estates. None of them had a clue. It turned out to be rather expensive *[inaudible]* The governments were big on this and McNamara was pushing it at the time. I was always impressed that when you went in a place like the Congo, everybody was

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employed. They may not be great jobs, but you didn't--if you were on the margin of subsistence, you didn't live if you didn't have some *[inaudible]*

And I was impressed by such things as the cost of transport. There were people coming from Salvador, the southern part of Lima via Salvador, [all speaking at once] were spending two hours a day going back and forth. Transport—those were real costs, but they were getting to their jobs.

And I thought—you know, we tried. It was more or less mandated that we should have employment components in all of these projects. The Board wanted it and McNamara, and people were seeing these people coming into the cities being leaches on society, unemployed.

KAPUR: Was that the perspective of urban unemployment *[inaudible]*

CHURCHILL: We had a number of studies done. Simon Fass did one on Port-au-Prince, Haiti, looking at some of these big unemployment numbers. He actually looked behind those, where were those numbers coming from. He found that most of the surveys were meaningless because they were asking people, “Were you employed?” Most people, their idea of employment was a nine-to five job with a salary or a civil service job. I mean, if you asked them were they employed, you were essentially asking them, “Are you employed at a regular job for a regular salary and so on?” And they’d say, “No.” And then when you went out and actually interviewed them, what they were doing and how they were living, how they sustained themselves, these people were very busy. They may have been peddling bananas on the corner or running a boarding house. There were a couple of interviews I was impressed with where he’d gone in and this lady said, “No, I’m not employed.” It turned out she was running a boarding house with thirty boarders, and she was unemployed!

WEBB: What was his name? Fass?

CHURCHILL: Fass, F-A-S-S.

WEBB: Was he here in the Bank?

CHURCHILL: Yes, he was a consultant with us for a while.

WEBB: Not here now?

CHURCHILL: No. He was an anthropologist. He lived there for a while. He went around. He really got to know them. He was an anthropologist.

WEBB: This was in the early ‘70s still?

CHURCHILL: No, it would be in the mid-‘70s. I don't remember when his book was published, but Simon was demolishing what looked like the—because it didn't make

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sense. You went and you looked at the employment figures or unemployment figures in Mexico City and you can find 30 or 40 percent.

WEBB: But he would [*inaudible*]. Algeria [*inaudible*] because if you think a little bit. If you have no income, no one gives money away, so after six months if you're not in debt, obviously there's something else going on there.

CHURCHILL: Yes. It doesn't make sense. This is where a lot of the literature on the informal sector comes. These were not formal jobs. People were doing--maybe it was taking in each other's laundry, but they were providing services.

KAPUR: Given that the mandate was on [*inaudible*] and small scale industry was one instrument. Were there any other instruments used?

CHURCHILL: Training.

KAPUR: Training was the other. In the informal sector?

CHURCHILL: Informal sector we tried to get at [all speaking at once]

KAPUR: In projects?

CHURCHILL: Yeah, there were a number of different ways. One was--what you want to do is improve the assets of the poor. Most of their assets were human capital so that led to a kind of training and education approach.

Another one was on real estate. Most small enterprises, small businesses, were financed on the basis of some kind of collateral. To the extent that you could provide the poor with collateral in the form of real estate, this would be a major factor. I still think that's probably one of the most important things.

WEBB: Do you remember a project . . .

CHURCHILL: Madras I and II. Madras had some platted [*phonetic*] factories in it but also some loans. We did one in Mali with the loans on the basis of value, where you could borrow on the value of your real estate.

WEBB: Uh-huh. [*inaudible*]

CHURCHILL: I think that's critical. You look at the development of small enterprises anywhere, it's based on real estate, the fact that you've got a piece of property that you can mortgage and somebody will lend you money.

WEBB: Yeah. Manufacturing, well, services . . .

CHURCHILL: Enterprises. You know, the guy's assembling bicycles or he's selling water, but the fact that he's able to go to someone, a moneylender or a bank, and say, "Hey, I own that piece of property; how much will you give me on it as security?" It's true here in the United States. Go to any small business that's starting up in the United States and you will find somebody has mortgaged his house. Probably true in Peru as well.

WEBB: Oh, yeah.

What do you remember of Turner's role in all this, because he wrote a paper on the *[inaudible]* institution? Who brought him in?

CHURCHILL: Yes, yeah. Harold Dunkerley.

WEBB: It was your own group that brought him?

CHURCHILL: Yeah. Harold knew him, had been working with him. *[Richard]* Llewelyn-Davies, who had written that book on, gathered statistical information on urbanization for the U.N. Tony.

WEBB: He was brought to *[inaudible]*

CHURCHILL: He wrote a book, or a statistical compendium, that showed the explosive growth of the cities *[inaudible]*

WEBB: I see.

CHURCHILL: That helped get a lot of people's attention.

WEBB: Yeah.

CHURCHILL: He was telling me about *[inaudible]* behavior of X number of cities over *[inaudible]*

WEBB: And how do you see Mark's *[Leiserson]* role in all this? Did he—when I joined in '75 and I didn't really know him at the time but I had the sense that he was always fighting, but then he fights everyone all the time so *[inaudible]* So I never was sure how much this was, how deep this was, *[inaudible]* how the relationship really worked.

CHURCHILL: We had a big tent and a lot of wild and crazy ideas floating around. I remember that the early--when I was with Kim in the transport department we finally were given management of special projects that were in the urban department because it was perceived of that these guys didn't know what they were doing and were running around in circles. So Kim and I came in as the management for this program. And we saw that—we had some long, many, many hours of discussions on what we were doing and how we were doing, where we were going, how we were going to organize this. And

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we saw that we had a lot of bright, undirected minds out there. We could see the problem. We identified a lot of what the problems and the issues there, but we didn't have a response, we didn't have--and we certainly—we sort of made a deliberate decision that these guys were ruining their reputation with the rest of the Bank because every time they would present a project, it got destroyed [*inaudible*] you got an appraisal report.

So we said, "I think [*inaudible*] good projects. Maybe they're not quite the right projects. Maybe they don't address all the issues." We looked at all these things, those early—what we call the white cover review. Some of them went on for two days. So Kim and I and a couple of other guys spent the whole time going right through them. "How do we get this into a report that will acceptable to the rest of the Bank?" And there was a bit of a clash between those who want to do everything, who want to, quote, "solve the problem." I'd say, "No, no, we got to--eating an elephant begins with the first mouthful. Let's take that first mouthful and see if you can make it work."

WEBB: Was there a first project?

CHURCHILL: Yes, the first project was in Senegal.

WEBB: That was a sites-and-services there.

CHURCHILL: Yeah. It turned out in some ways to be a real disaster, a peculiar sort of friction. They kept threatening to shut it down. The regional vice president would weigh in and say, "No, no. You've got to keep it going."

WEBB: [*Roger A.*] Chauffournier?

CHURCHILL: Chauffournier and his colleagues: "You've got to understand the Senegalese."

The minister of housing was a real sleazebag. This guy came in with his dripping gold rings. He was so corrupt! He had his finger in every pocket, and he really was part of the problem. Kim a couple of times threatened to throw this guy out of his office, he so upset at him.

We tried on a number of occasions to shut that project down, but said absolutely no. But it turns out in the end--it was grossly over-designed. The French being in there and French standards being applied, well, we couldn't do anything less than that. We had to have water-borne sewerage. Well, we put the pipes in, but they never got around to building either end of the pipes. There were a lot of pipes but people weren't putting up privies.

But in the end, if you go out there today, that place is a thriving city, half a million people. It did turn out to be something. At the time it was grossly over-designed, with a lot of people in there, but like I said, enough people in there that renting rooms becomes an attractive opportunity. It eventually worked, but it was a very frustrating.

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Again, we learned a lot in that process. It took a long time to finish. If you read the PCR [*project completion report*] on that one it seems to have turned out to be a pretty good project, not because of anything we did. We just got it started and then it took off by itself in spite of the minister trying to hold up standards, restrict the entry, and so on. He lost control of it so [inaudible]

KAPUR: [*inaudible*]

CHURCHILL: We did. We pushed; we moved. What we did try in those early years, in those first couple years [*inaudible*] guys, most of the new to the Bank, in projects, how to do projects [*inaudible*] appraisal, supervision.

WEBB: These were pretty new people in the Bank?

CHURCHILL: Yes, they were new people in the Bank. So the few of us that were old Bank hands spent a lot of time saying, “Yes, we sympathize with your objectives, but you’ve got to write an appraisal report. Here’s what an appraisal report contains. Here’s what a supervision and implementation plan looks like.”

WEBB: At the same time that you—the big money was still going to infrastructure . .

CHURCHILL: Water supply.

WEBB: . . and that was all part of your . . .

CHURCHILL: No, there’s still--water supply was independent.

WEBB: Water supply . .

CHURCHILL: They were doing the water-borne sewerage. The water supply people were doing the piped water and so on.

WEBB: They were doing water and sanitation.

CHURCHILL: Yeah. Mostly water. But we were very much into the on-site solutions, lowering the cost, getting the costs down, even where we had water-borne sewerage. For example, in the Madras project we came up with this concept that if you put the toilets in the four corners of four lots, there is just one pipe coming out instead of one at the back of each house [*inaudible*] There were a number of design concepts that we pushed in terms of lowering the costs. You see, we were always saying, “What is it they can afford? If they can afford 30 dollars a month, we’ve got to design for 30 dollars a month.” We kept pushing those cost benefits, and I think we got a lot of innovative and interest in it.

I remember one project I visited in Korea where the Koreans—a lot of fusses with Koreans about standards. At one project near Kwangju we gave in on it, said, “Okay, go

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ahead and build it, but we want you to have a study and monitor this month by month of what do people do with these particular plots so that when you are in the next phase of the project you can incorporate this into the design.” Because in the original design they had insisted on putting the water closets into the houses, water closets in housing. And we knew from looking around at what people actually did with the first water supply in the area was a bit *[inaudible]* and the last thing you want is a water closet next to your bedroom that *[inaudible]* So the normal place was down at the end of the garden. And then on top of that, most of these people rented rooms. That was the typical way; particularly the second-story would be rented. So you didn't want the roomers coming through your living quarters in order to get to the water closet. And so I went and visited the site shortly after people started to move in. Every one of them was digging up the water closet in the middle of the block and bringing it down to the end.

WEBB: But who had insisted on that?

CHURCHILL: The Koreans.

WEBB: You mean the officials?

CHURCHILL: Yeah, the ministry people. They wanted to put in the middle. I remember going out there. I didn't say a word. I just noted that they were all carefully sort of going plot by plot and drawing up what people were actually doing. I didn't *[inaudible]* it wasn't even an issue in '75, '78, but all the toilets had to be in the middle of the block. That is an example of learning by doing versus *[inaudible]* public side.

WEBB: It's certainly another *[inaudible]*

CHURCHILL: I look back on it as one of the more exciting times at the Bank; intellectually it was one the most stimulating periods for me.

WEBB: It was a relatively brief period of time when you think of all the . . .

CHURCHILL: '73 to '83 was *[inaudible]*

WEBB: It was gone by '83, huh. *[inaudible]*

CHURCHILL: '83 was when we completed regionalization.

WEBB: Oh, I see.

CHURCHILL: And even up to about '85 there was some--we still had a sense of coherence. But once I moved off as director of the central department, Ping Loh came, who had no connection with this sort of thing. I had a small group there that had come from this experience; once that disbanded . . .

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WEBB: When you started, you just said that you came Kim--who had doing that before Kim?

CHURCHILL: Bob Sadove, who was the director of the special projects and later urban projects. Harold Dunkerley was his sidekick.

WEBB: But then Kim was the first director of the CPS [*central projects staff*] urban projects?

CHURCHILL: No, no. It was--when the CPS was formed Kim was director of transport. Bob Sadove was then director of urban.

WEBB: So he--I see.

CHURCHILL: And these guys in urban, they were really screwing it up. I remember attending some regional meetings with them and they didn't have a clue at the time about the project [*inaudible*] Harold Dunkerley was . . .

WEBB: Dunkerley continued with you.

CHURCHILL: Yes.

WEBB: All the ten years?

CHURCHILL: Yes.

WEBB: So he adapted.

CHURCHILL: It was a struggle. He and I in some sense were rivals at that period of time. He saw himself as being the next director after Kim. Harold had a bright mind, but kind of hopeless in dealing with people.

WEBB: Is the group—these types of projects that have been, I guess [*inaudible*]

CHURCHILL: Yeah. No, no, I really don't see [*inaudible*] then as assistant director and then as director, we did a large number of these projects. I was impressed with the way my own staff knew the people in the neighborhoods, could get together and talk them.

I remember sitting one time in Calcutta, in a basti, drinking tea, shoemakers' basti, and wondering whether my stomach would survive. The next day we were with our staff; we had a very open discussion with these basti dwellers on what their needs were and what they wanted, what their complaints were with the officials and the projects, and so on. I was impressed at the degree of openness.

Same thing in the El Salvador project, which was one of our more successful. [*inaudible*] private group visiting the communities out there. I was impressed again with

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the extent which our own staff and the staff of the agency we were dealing with really knew some of them on a first name basis, the people living there. I remember being very impressed. Not many Bank projects can do that. *[inaudible]* But it was a very labor-intensive—a high profile, high coefficients were tolerated.

WEBB: You mean staff time?

CHURCHILL: Yeah. If you looked at the average *[inaudible]* by staff member, they were huge. But we had *[inaudible]* support from *[inaudible]* to do that.

WEBB: I asked you about the internal politics. You really don't seem to remember much of a struggle on that front, simply because so much support from McNamara?

CHURCHILL: From the top. We had struggles with some of the regions and some of the *[inaudible]*

KAPUR: Is it true, in retrospect, *[inaudible]* the first draft, which is *[inaudible]* mentions, seems to have been mentioned departmental struggles with *[inaudible]*

CHURCHILL: Yeah, I think that *[inaudible]* because people tend to remember those combats, the struggle with each *[inaudible]* But in retrospect, most of the time we got our way. If I remember that decision with respect to *[inaudible]* Yes, there were some problems. I don't—something of a clash of cultures.

WEBB: How did Burke Knapp adapt?

CHURCHILL: He actually didn't have that much to do with it. It was much more . . .

WEBB: But he still involved.

CHURCHILL: Yes, but it was McNamara's enthusiasm. I remember McNamara as being the important leader. And Kim was also a very articulate spokesman.

KAPUR: Warren Baum?

CHURCHILL: Warren Baum. Warren always would--I remember one meeting with him where we discussed these questions. And he said, "What is it that you all do? You just make my life miserable with your complicated urban projects that were just *[inaudible]*." But he bore with us! He was a tough questioner, we always had a hard time getting projects through him. You had to be articulate in what you were doing and be persuasive. Kim was always very persuasive. I think personally Kim had a very good relationship with McNamara, Burke Knapp, Warren Baum. *[inaudible]* played tennis with *[inaudible]*

I think what was neat--and I don't see happening now--was that they essentially trusted us. That trust was the thing. We sort of said, "This is going to be messy. It's going to be difficult. You've going to get complaints. It's going to be expensive."

And they said, "Go ahead and do it anyway. We trust you to do a good job." And they showed that trust by, year after year, giving budget numbers and . . .

WEBB: Even thought your first project was . .

CHURCHILL: Yeah, even though we had a lot of trouble.

KAPUR: Now are you saying it's less by senior management and line staff?

CHURCHILL: Yeah, I don't think there's that same confidence.

KAPUR: A lot more reviews?

CHURCHILL: Yeah, it's more—but at the time there was a sense of excitement, maybe it was because I was younger then, but there was a certain sense of excitement. We were missionaries; we were accomplishing something. You were there, Richard. It was kind of infectious, wasn't it?

WEBB: Well, yes. I was not in operations. I had some sense of—but not really—I didn't get involved.

CHURCHILL: But it was--there was an excitement about it, the fact that someone trusted you. And the fact that someone over there in the regions objected, it was just another challenge. We eventually brought in some of the skeptics, some of the good technical staff from projects at some point.

WEBB: People who had been doing water and such things?

CHURCHILL: Yeah. Financial analysts, others in *[inaudible]* routine power projects *[inaudible]* how does the financial sector deal with housing, how do you put a sites-and-services, how do you get that financial constraint *[inaudible]* Some people in *[inaudible]*

WEBB: When, in '83, *[inaudible]* retrospective?

CHURCHILL: The '82 retrospective.

WEBB: The '82. There was nothing in addition to that?

CHURCHILL: No, in '83 we had—the water supply department joined, and then *[inaudible]* water supply *[inaudible]* I was director then.

WEBB: I see, and I guess you weren't joined by the water supply *[inaudible]*

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CHURCHILL: No, as I remember it was the other way around.

WEBB: Was it?

CHURCHILL: Yeah. The water supply joined--this was what they were worrying about.

WEBB: So you were still doing [both speaking at once]

CHURCHILL: At the center, at the center, not necessarily the regions but at the center. Then many of the regions moved to push the water supply and urban together.

WEBB: Were you still originating projects?

CHURCHILL: No.

WEBB: When did that end?

CHURCHILL: In '83, when the last [inaudible] last division [inaudible] central research policy [inaudible]

WEBB: And that was part of projects?

CHURCHILL: [inaudible] and then Shahid Husain. And for about three years there we did manage to kind of hold the mafia together, even after the reorganization, for about three years. We had, for example, in January we organized the [inaudible] three or four days where we got everybody from the regions, got our whole group back together, we met in January [inaudible] We had a series of seminars and maintained some of the momentum. That went through '86 or '87. But what we did was we went pushing hard [inaudible] brought all the staff from the regions [inaudible] as well as their supervisors. We had a series of seminars and we ran it on the basis of--not a continuous one--but there were like different modules being talked about at different times. If you missed it once, you could catch it the next day. Those seminars were organized—we had staff. For example, we would have one on medium-sized city projects where we'd get three guys from different regions who were doing what were called medium-sized city projects on a panel [inaudible] We brought in people from outside. We brought in some of our customers. Those were an intellectually very stimulating three or four days that we had, locked up together, talking [inaudible]

WEBB: Was there more of that in the Bank?

CHURCHILL: Yeah, the regions have kind of grown to [inaudible]

KAPUR: One of the things [*inaudible*] in agriculture as much as you would, we see that there's hardly anything on market towns. One doesn't see much of that in urban either. And one of the things that we were wondering if [*inaudible*]

CHURCHILL: No, I don't think so. I mean there's a difference. The agricultural boys were focused on agriculture and rural development.

KAPUR: Right.

CHURCHILL: We had a number of small town projects. In fact, we were arguing that it was the small towns that were growing faster than almost everything else. There was an attempt—Tanzania, Kenya, Brazil—to do for small towns what--we called them the medium-sized cities projects [*inaudible*]market towns [*inaudible*] But we could see that the small towns were growing usually twice the rate of the big cities.

WEBB: In the small cities or big towns?

CHURCHILL: Well, what happened was that you look at these over a period of decades. You started off with a village of 10,000, and over, by the end of the decade there is a town of 100,000. We started to focus more and more on the projects [*inaudible*]

WEBB: But it didn't become a very large part of the . . .

CHURCHILL: No.

KAPUR: It wasn't part of the rural [*inaudible*]

CHURCHILL: Well, we tried for a time to get the agricultural people more interested, but they were focused on these big area development schemes. We tried to get in some of the energy people in terms of the [*inaudible*] No, it wasn't—it wasn't terribly successful. It turned out to be expensive to point where the institutional structures within the Bank were [*inaudible*]

WEBB: Was the main ideas that you were working out, carrying forward, there's a flavor that most of these were mouthpieces, even though you've said that . . .

CHURCHILL: Articulated, perhaps.

WEBB: [*inaudible*] I mean.

CHURCHILL: Yeah, I think we articulated a lot of what was going on. It came from observations about what was happening in projects.

WEBB: But there wasn't much slum upgrading—there wasn't slum upgrading in any country.

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CHURCHILL: Kampong Improvement program started in 1972.

WEBB: That was an Indonesian national program?

CHURCHILL: It was their own initiative. We picked that up.

WEBB: Who started it?

CHURCHILL: The mayor, the mayor of Jakarta. The mayor of Jakarta started it.

WEBB: Did you see much—did you borrow a lot of ideas?

CHURCHILL: Yeah.

KAPUR: *[inaudible]* for example, the Philippines project . .

[End Tape 1, Side B]

[End of interview]