

WORLD BANK HISTORY PROJECT

Brookings Institution

Notes of interview with

ROBERT GOODLAND

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NOTE

The following are notes 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. The World Bank Group Archives has neither a full transcript nor a tape of the interview, only these notes that were prepared by the authors after the interview. Nevertheless, the World Bank Group Archives believes that these notes may be of interest to researchers and makes them available for public use.

The Environment is one area where the Bank was actually the leader. In 1972 [Robert S.]¹ McNamara gave a keynote address (which was framed by Morris [Maurice F.] Strong, then at the Bank who left to lead the newly formed UNEP [United Nations Environment Programme]) at Stockholm I. "Stockholm II" will be held in Brasilia in 1992 [20 years later]. Why did it then become reactive rather than proactive?

Part of the answer might lie with the Bank's recruitment policies. In those days a lot of mid-career people were recruited by the Bank and brought a wealth of experience with them. The YPs [Young Professionals] are good team players but are basically safe company men. The learning of the Bank is consequently much less. [On the YP issue ask McNamara about its effects].

The Bank's environmental policies have 13 guidelines. Why there 13 and not others? What is the significance of their timing? And how are they being implemented? The [Gro Harlem] Brundtland report had raised the idea of sustainability but soft-pedaled the nitty-gritty issues of implementation. It has been adopted by the Bank in its public posturing but it has not figured out what it really means. One of the most influential critics of the Bank has been Bruce Roch [Rich] of EDF [Environmental Defense Fund]. [According to Goodland he is brash, rude and a zealot]. He is very powerful and helped organize 24 hearings in Congress on the WB [World Bank] and its environmental policies. He is now a consultant to the Bank and the Bank makes it a point to try to listen to him. Internal voices in the Bank like himself have been sidelined. [He, himself, has written several books on the subject, was a consultant to the Bank for 10 years before becoming a staff member]. He also hired Herman Daly, a maverick in the economics community--who now serves as an "ideas man."

The new system of national accounting (SNA) which introduces the idea of Environmental Accounting--see book by Goodland and Yusuf Ahmad. [*Environmental Accounting for Sustainable Development, 1989*]

Debt for Nature swaps--work done by Stein Hansen but the Bank never followed it up.

Look at Executive Director's library--the Project Documents Appraisal Reports. Perhaps the biggest environmental disaster has been the Polonoeste (N.W. Pole). OED [Operations Evaluation Department] (John Redwood) is doing a retrospective on it. In 2 months time [or mid-April?] the Rondonia project will be up before the Board for approval. This project basically tries to repair the havoc of Polonoeste. But the U.S. ED [Executive Director] is likely to vote against it arguing that it does not go far enough. Previous compliance of the Brazilian government was very weak. In what might be a unique example in 1985 the Bank turned off the tap completely because of non-compliance by the Brazilian government; the results were good but the damage was already done (it was already year 5).

Feedback mechanisms might be in place; but the higher levels of Bank management have built up strong immune systems[!]. If a project fails and the client has adhered to all the conditions

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

laid down, who picks up the tab? The country's debt increases but the Bank insists on being repaid. If the Bank feels that in some ways its advice is of more fundamental importance than the money per se, then why does it not pick up the tabs on failed projects? [especially Africa].

Last year net lending by the Bank to Brazil was negative. On the one hand it questions the role of the Bank--taking out, rather than lending more money from the largest debtor. On the other hand it shows that given the limited absorptive capacity it is better to impose short-term pains rather than pile up more future debt because of "project/loan pushing." [What is absorptive capacity? How does the Bank try to change it? Is there any work on it?]

Poverty in Brazil: David Beckmann [SPR [*Strategic Planning and Review Department*]]

There are practically no internal discussions (e.g. Brazil) on the harsh inequalities and what the Bank's role should be. Indirectly the Bank tries in its country economic memoranda to point this out. This is equivalent to trying to embarrass the rich, but not unsurprisingly, has no effect. The other approach is through poverty targeting programs.

Note: *Washington Post*. 15th March. Stan [*Stanley*] Fischer is quoted as saying that the World Bank's focus will change from SAL [*structural adjustment loan*] and it will return to its '70s focus on project based lending.