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Transcript of interview with

EINAR MAGNUSSEN

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Interview by: Richard Webb and 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.

Einer Magnussen
October 14, 1992 - Verbatim

WEBB: . . . so that's the obvious main question.

MAGNUSSEN: Yes, but then I would think that for me it would—the field that I find could be the best field to concentrate on would be human resource development because I think that might be the field that is of most relevance to what the Nordic countries have been interested in for a very long time. I mean, you have--certainly new fields that have been taken up over some years; you have environment, you have women in development, but they have come in later years. To follow them over any length of time I think is difficult. But I don't exclude that I could include one of those issues also, but I'm very anxious to limit my task to something that is manageable. It has to be manageable, and it also has to be researchable.

KAPUR: And sort of interesting.

MAGNUSSEN: Yeah, that is also, and highly relevant to the Nordic countries' interests because my purpose is—to make that clear--I don't just do it to research. I have a purpose in mind, and that is to influence the way the Nordic countries go about trying to influence the World Bank in this field because I think we have played an important role in standing for certain values and preaching our gospel over the years. I think that has had an influence, and I think that influence has been important. But I do think now we could be more influential, more constructive if we were more specific about it. And I do think that we have too often just preached the gospel without being really relevant to the things that have been up for discussion.

KAPUR: You seem to have interest on influence on what, on issues like poverty and [inaudible] and human rights, but if one--but also it seems that you're also interested on how it has an influence or, while it might have brought up certain of issues, but it might not have been able to influence, so then--because I thought that that would be as much sort of interesting to you for the reason that—because unless one knows how to influence, it doesn't matter the objectives, even if they are good and something you want, but there are clear limitations on the objectives if you cannot influence them. I mean, the deliverers, so to speak.

MAGNUSSEN: Oh, yeah, yeah, I think I understood you, but let me--one thing is to have an influence on the rhetoric, and I think we clearly have had a lot of influence on the rhetoric. But—and I think many people are happy with that, that we do influence the rhetoric, and this institution is very good with regard to rhetoric.

But then comes how do you influence—how it is the rhetoric is put into action; that is the next step. And we have probably had some influence there, too, and at least we feel that we've had some influence there, too.

But then comes the third thing, I think, that is the import thing: the results. I mean when you read now the [Willi W.A.] Wapenhans report, which points out so (to my extent) so clearly—as I see it very clearly—that so many things that the Bank has been aiming at, they haven't really reached the real results that we were aiming at. I mean, the projects have not been successful in reaching some of the more, let me say, complicated goals, and worse, as it comes out there, it has been less and less successful in that respect. And I think we should put the emphasis on that.

I mean, to what extent can we really be constructive in the sense that we behave in a way that we increase the possibilities for reaching the real aims? Because I think—this is only a belief; I have no basis for this—but I think very often we behave in such a way that we are just adding, adding conditionality, often without the very clear purpose of why it is added. And one of the things that comes out of the Wapenhans report is that the adding of conditionality has been so—has had such an influence on project design that it has reduced the possibility for good implementation and successful implementation and what is called there the “approval culture” where so much of the emphasis on . .

KAPUR: [Inaudible]

MAGNUSSEN: Yes, on adding things to it so the Board [of Executive Directors] will be happy. And then that in itself could have been detrimental to achieving results. So—and I’m afraid we often have been the big sinners here, among others, but we have asked for conditionalities that may have not been very relevant for the project in question. I mean . . .

WEBB: Could I ask you a question? These questions that you’re asking now, and the more general view of the Bank that’s behind those questions, how different is that view of you now than when you were here?

MAGNUSSEN: Well, I was here just now.

WEBB: Oh, you just now?

MAGNUSSEN: Yeah, I have been here twice.

WEBB: I was thinking . . .

MAGNUSSEN: I was here in ’76-’79.

WEBB: That’s the date when I remember you.

MAGNUSSEN: Yes, yes, yes, but I came back and I was here for—I spent one year here now, from August last year ‘til end of July this year. But the idea—why I came back for one year now was I wanted to get into the institution again, that was more or less preparation for going to this project. But the question how much different my views are now from the time I was here?

KAPUR: Were you more optimistic then?

MAGNUSSEN: I think I was, yes. Yeah. No, I was more optimistic then. I think I was more enthusiastic about what the Bank could do and I had more belief that the Bank really could achieve what it aimed at achieving. Yes, absolutely.

I was colored by the leader of the Bank at the time. I think he had very much influence on how I looked upon things. [Robert S.] McNamara was a strong personality and he had vision and he had visions that I shared, which, you know . . .

KAPUR: At that time when you were here, I guess the Nordic countries were pressing on human rights issues.

MAGNUSSEN: No, not at all. No, no. No, we didn't press on the human rights issue to any large extent at that time. We did—we were involved in it in some way, you can say, because we opposed lending to Chile at the time. And that was one of my first duties, to oppose—I think it had never been done before—I mean to oppose a note of intention to negotiate, that came to the Board for two loans to Chile. But the reason why we opposed this at the time was because we felt that the Bank had not been lending to [Salvador] Allende, and the general Nordic view at the time was the Bank had not been lending to Allende because the Americans didn't want the Bank to lend. And then when [Augusto] Pinochet took over, then the Bank stood ready to lend, and we thought that was wrong, we shouldn't be ready to lend as soon as Pinochet took over. So it was political consideration.

I happened to disagree with my countries at the time. I argued strongly against voting against, and that was on the basis that I thought that we should not vote with that kind of political reasoning. We should not do that.

And I tried—I did my best to change the positions. I had at that time friends both in the cabinet in Norway as well as in Sweden, and I called the Norwegian minister of defense, who was at that time minister of defense, (he was a very good friend of mine; actually was my under-secretary when I was minister) and I called the Swedish minister of foreign affairs, and I told them this was wrong, we shall not do this. And I argued for it, and they both said they agreed with me, and they both promised to take it up in their cabinets. And they did so, but they came back, and they said, “Well, I think most people understand your arguments, but the thing is that for political considerations at home we cannot. We have to do what we do.” As he bluntly put it, the Swedish minister, he said, “Well, you see if I do what you tell me to do, I'll have four thousand people out in the street tomorrow, and I don't want that.”

KAPUR: You know, I was only curious to see that, looking at all the loans that people like Mobutu [Sese Sekou] and [Nicolae] Ceausescu, whose record is arguably not too much better, how few countries—in fact, no one ever voted no.

MAGNUSSEN: Yeah. We didn't. We didn't. This was the exception, Chile, and that was for domestic political reasons because Allende was very popular in Norway and all of the Nordic countries. And what happened there was something of great political significance in the Nordic countries.

WEBB: Public opinion just didn't notice Romania or Mobutu.

MAGNUSSEN: No. I mean--and human rights issue was not—it was not on the agenda for the Nordic countries in relation to this institution at that time. It is now, but it wasn't at that time.

WEBB: To help think with you, something that I really have no sense of: what are the mechanics behind the Nordic vote here?

MAGNUSSEN: You mean the process?

WEBB: Yeah, what is the political process, as it were, in your constituency?

MAGNUSSEN: Of course that is now very elaborate, is a very elaborate process. It wasn't at the time when I was here last time, and very much to my frustration because there were strong views but very little process. Now there is a very elaborate process and a lot of people are involved in the process in all—not in all five countries because Iceland doesn't have the capacity--but in four of the five Nordic countries there are staff in all countries involved, and not only in one ministry but maybe in two ministries, central bank may be involved too, but mainly in a couple of ministries, ministry of finance as well as ministry of development affairs or foreign affairs. And usually one of the countries have the task—well, that is all the time, but usually it is the country that has got the Executive Director here has responsibility for coordinating views. And all the documents go to all countries and people there have the responsibility of reading and getting into the issues and knowing well the issues.

And we, from the Nordic office here, will send our views to all of them, tell them that this is how we think we should operate here and this is the views we think we should have or we tell them that we don't think we shall have any views on this, we don't think it is important, we don't think we should bring up anything here.

Then they work on the basis of that in all the countries, look at the views, discuss it within the ministries and between ministries. And there is usually every week a conference phone thing where they sit together and they discuss on the phone and they come to conclusions with regard to what the views shall be. And then they will on that basis send us a paper—often it comes only the day before, two days before the Board meeting, but then they will tell us what the consensus view is. And they will tell us that—and usually we work very well together. We do know the political views quite well with the people here in the office, so most of the time we will hit very well what the views will be. So they will say, “Well, we agree with you. You can go along and say what you want to say.” But also quite often they add things to what is there: “Fine response, points are fine. We would like to press this a little more, and we'll add this and this to it.”

But we have this process mainly on political issues, I mean when we discuss paper that deals with general policy issues, country strategy paper and so on. We don't go into individual projects to any large extent. We only do that when the projects are in areas where we are particularly interested or they have aspects to them that we are very interested in or that they are in countries that are regarded as major cooperation partners in development for the Nordic countries. And then when such projects are up then we also will take in—that is usually delegated within the Nordic countries. So, for example, say if something comes up on Tanzania or Kenya or whatever, then Denmark has that responsibility to look into this. They will utilize their office down in Nairobi and the embassy and the people who work with development affairs down there, and they will be involved. Often they have already been involved with the World Bank and the people who prepare the project also in the country and often they know a lot about the project in question. So this is taken in and moderated in the capitol where they have the coordination responsibility, because often those views coming from the staff on the ground that may very well often be influenced by special interests, special interests

and so on. So they look upon that before even they let us have it. We usually get also the original material, but it is worked on in the capitol. So it is quite an elaborate system behind this, so . . .

And I think this is cumbersome, no doubt; it is a cumbersome system. And sometimes it is so cumbersome that it is difficult to be absolutely relevant up to the point where things are developing. So the heaviness of it is inhibiting, to some extent. But the other hand, everybody knows that when we have a view it is not something that we have just discovered the day we read the paper. There is work behind it, and there are principles behind it and so on and so forth.

KAPUR: I was just wondering—I mean, in terms of influence, especially the larger shareholders, there is, of course, influence through the Board processes, interactions between E.D.s [Executive Directors] and Management, but of course, especially over the past, increasingly perhaps over the past two decades, it's the points around every capital increase and IDA [International Development Association] replenishment that certain broad (for lack of a better word) conditions up [inaudible] on the Bank: lend so much to Africa or you have to take a governance [inaudible] expenditure, the private sector, so much go to Francophone Africa, you know, whatever, major shareholders. Will you be looking at how effectively have the Nordic countries used these, every three years or five years, these salient points that they have tried to influence?

MAGNUSSEN: I would look into to what extent we have influenced the institution of lending, yes, but I don't know how wide I'm going to let this be because if I, let us say that if I now would narrow my task to even two or three items, as I mentioned, human resource development, maybe women in development and environment—I don't think I'm going to take all three, but a couple of them—then I will not go into any kind of thing that we have tried to influence because I think that is going to be too much for me. But on the other hand, it is quite clear that the process of influence itself is so crucial and therefore it might be that when I'm working on this I find that such a narrow approach just, when it comes to the process of influence, that may be not fruitful. So it could be that I have to, in that particular field, enlarge it because—and also it can be necessary in order to have enough observations, but that I don't know yet.

WEBB: The opportunities for influence are the IDA replenishment, which seems like a major . .

MAGNUSSEN: Yes, it is, clearly.

WEBB: And also, at the other extreme, dealing with people in the professions.

MAGNUSSEN: Oh, yes.

WEBB: Are there others? Big entries? The capital increase?

MAGNUSSEN: Yeah. But other possibilities for influence? Of course there are, but I think part of the daily work of the institution because—as I say, the Executive Director's office has a lot of contacts around the Bank and with Management. And I think that that part is very important, both the personal influence you can have through seniority or special contacts with Management and also to the extent that you try to specialize in certain fields.

For example, I think the Nordic office has been very influential in the environmental field because we have placed very much emphasis on having expertise within the office and letting one of our senior people there concentrate on environmental questions, so . . . And then, for example, now when the development report, last development report was made, we received a copy of the first draft in our office. No other Executive Director's office received that, but they sent it to us because they knew that we both had quite some knowledge within the field and strong interest. And so we got the chance to comment upon it at the very early draft. And I think that kind of influence is quite important.

And always then you have the co-financing activities when you choose fields to co-finance with the Bank. And you have some influence there, and we do participate in co-financing to quite some extent. We don't have the resources of the Japanese, but . . . I still think that—but there we don't work together as a group of countries. I think that may be a weakness, but there we work together as individual countries on co-financing.

WEBB: Is that including the trust funds?

MAGNUSSEN: Yes.

KAPUR: One issue which is perhaps much more recent and I don't know if you felt it when you were last here relative to the late '70s, and we've heard that the Nordic countries have played a more important role in that, and I want to run it by you—is that there is a sense of perhaps a greater split in the Board, a sort of more North/South than it used to be, and particularly of a sort of G-5 or the G-7 talking to each other and so on and of the Nordics sort of playing perhaps a sort of mediating role between them. Do you think there's anything to that?

MAGNUSSEN: I cannot say that there is a wider split in the Board or more two opposing groups. I don't feel that this is more pronounced than it was in the '70s.

KAPUR: When you were . . .

MAGNUSSEN: No, I don't feel it that way, I mean that we are playing this in-between role. I mean I know that this is very much talked about, and there is no doubt that we want to play that role. There's no doubt about that. And a lot of our positions are, I would say, colored by that we want to play that role. So this is very much in mind in the Nordic capitals when our positions are formed, that we want to play a role where we are not regarded as belonging to one particular group. But in other fields our views, our principle views are so strong so we are not able to play that role, for example in human rights issues and so on. I mean, clearly we belong then to the group of countries that are pressing that more than others, and we are very far from the Part II countries in that respect.

And, for example, when I pressed, at that time when I pressed the issue of Chile, I mean I—Said El Naggar, who had, who was then . .

KAPUR: From Egypt?

MAGNUSSEN: Yes, he was from Egypt, he was the senior, looked upon as the . .

KAPUR: Dean?

MAGNUSSEN: No, not dean, I don't think, but he was looked upon as a leader in the group of developing countries, and he asked me to come to a meeting because they were very much against that the Nordic countries should vote against the loan. So he asked me to come to a meeting, and there he had all the Executive Directors from developing countries. And I remember so well Said El Naggar was sitting with a finger pointing to me and saying, "How, how can you do this? I mean how can the Nordic countries? What is the basis for opposing a loan to Chile? How can you defend that? We, we the Arabs, we have never opposed a loan to Israel, and we have much stronger reasons for opposing a loan to Israel than you have to oppose a loan to Chile. But we don't want to destroy this organization. How can you?" That was one of the arguments I brought back home.

But so there, I mean, you have an example; that is one example that we were really at the other end, I mean, going very far in pursuing certain interests or goals or whatever that didn't bring us in any sort of between position, mediator position. And I think that you'll find that when it comes to certain types of international conditionality we are rather hawkish about it and we are not playing the mediator. And now, for example, you'll see it tomorrow . .

KAPUR: Narmada?

MAGNUSSEN: Yeah, you'll see it there. We are probably going to be disappointing, together with the United States on this. So this . . .

WEBB: Do you have a preliminary choice, points of emphasis? You keep mentioning human resources.

MAGNUSSEN: Yeah. To define poverty. I mean, poverty I feel is too wide a concept, but human resources I think is something that—I mean, I don't think human resources is something—I mean, that is certainly going to be the major feeling. That I feel pretty sure about. So it is a question of do I want to add much more or will I stay on with that as the major theme.

And then I would like to look upon that from, of course, from the point of view of how we have formulated our own policies in Norway and the Nordic countries on these issues. How have we tried to pursue these goals through our bilateral approach? And then to see, I mean, what are the measures or the instruments we have been pushing or we are trying to use when we want to achieve those results bilaterally and how successful has that been? And then I will look at how has the Bank struggled with this field, what have been the shortcomings for the Bank and what are the reasons for the shortcomings and how have we worked in our various capacities in order to facilitate or participate in a constructive way of achieving results here. Or how has this process worked and also what, some of the conclusions that may come out of that is that we are not facilitating it, we have obstructed it in the way we have been operating. But that I don't know; but of course this is interesting to look into. And then I refer to the Wapenhans report and the complexities of projects, adding all kind of conditionalities as we have been doing.

KAPUR: But this—sorry--I was wondering if your, you mean by human resources, the core focus is on the Bank's social sector lending, conditionalities, education, not only the projects but also the policy?

MAGNUSSEN: Yes.

KAPUR: Sector loans, project loans and the SALs [sector adjustment loans], because I guess our sense is that to the extent that SALS began to create public expenditure issues, so . . .

MAGNUSSEN: Yes, of course SALs in a way have been a hindrance to some extent, but of course they have been important for the total macro-economic situation, I mean. So SALs are difficult to avoid, probably, to . .

KAPUR: Especially if you look at the public expenditure.

MAGNUSSEN: Yes, yeah, yeah.

WEBB: And the social emergency programs.

MAGNUSSEN: Yes, included in the SALs, yes. So I think that that is unavoidable that I have to go into that.

KAPUR: And particularly as they start to go to East Europe, these loans, economic loans.

MAGNUSSEN: Yeah, but I'm not going into—I will not touch, no, I will not. I will try to concentrate—maybe I will also concentrate very much geographically, on Africa, for example, which is the primary, and maybe also Southeast Asia, to look upon those areas that we have had special interest in because I feel--I may be mistaken there—but I feel that there is a danger that I take upon myself too much and . . .

KAPUR: We agree.

WEBB: It sounds to me from your notes that you do want to get a sense, not just of how the Nordics influence the World Bank but also of what the final effects of what the World Bank does are in a country.

MAGNUSSEN: Yes. Oh, yes, absolutely. [both talking at once] I mean, I feel that if I only look at what kind of influence we had in the, I would say, the traditional sense, that would be not very interesting. It would be rather superficial. I think a lot of people would be interested in that, too, but I think it is not so—I don't think it is the important thing to have influence on rhetoric. I think the important thing is to have influence on the results achieved, and I don't think anybody will disagree with that.

KAPUR: The outcomes on the ground.

MAGNUSSEN: Yes, yes, I don't think anybody will disagree on that. But nevertheless, the main emphasis has most of the time been on the rhetoric because that is easy to see.

WEBB: It seems to me this really poses a [inaudible] test on you . .

MAGNUSSEN: It does, it does, absolutely.

WEBB: . . each country so individually. For us it's the same problem because the way that we see this history—it's really not so interesting to write a history of what happens inside these walls. The history really is what happened in the world and--but we're finding that really difficult. I guess, I mean one can always think of case studies, a small sample of countries. To get a more general view then you have to become more systematic about certain kinds of questions. To me one of the really big questions that's always there—the Bank hardly ever addresses it directly but it's always there, really staring the Bank in the face but the Bank does not look at it--it's the question of fungibility of the Bank. The Bank puts money here, then what is the net of change?

MAGNUSSEN: Yes, yes, and of course, yeah, in fact I remember the first time I was really confronted with that from one of the top people here in the Bank was the time when I was an Executive Director here in the '70s and I had a Finnish delegation visiting. It was under the leadership of [Harri] Holkeri, who later became prime minister in Finland. They were so happy with what was happening in the Bank, the interest for extension services in agriculture and the social dimensions to what the lending and so on. They had the figures, and they been provided with the figures. And they saw the change in lending.

And it was Burke Knapp who received them, and I was there with them and had this meeting. And after Burke Knapp had been listening to them for a while he said, "Well, I think I have to pour a little cold water in your pot. I don't think there is reason for all this enthusiasm if you do really think about what is really happening in the world because we may change the composition of our lending, but might be that nothing is changed in the countries," he said, "because they learned what kind of projects that they can come to the World Bank with. After all, we only finance a small part of what is going on in the countries."

KAPUR: I think it is precisely because of that issue that we might find a worthwhile—give a little more emphasis in the '80s on public expenditures. That became perhaps a much more—and this is a "perhaps"—of the Bank influencing social sector lending because if one believes that it's the governments that really ultimately use their money, which is in their culture [inaudible] what matters. It's what they spend ultimately, which is not the Bank, what it spends. And that, of course, was an instrument through SALs, to look at public expenditures, whether it's education is going, whether it's first [inaudible] isn't education but health, but then primary education versus higher education, where the money goes.

MAGNUSSEN: I had a very interesting conversation this morning with Larry [Lawrence H.] Summers on this. He was very supportive of the human resources thing. And he said that he believed that the Bank had too little influence in the field because it had been too much project and investment oriented and that it was necessary, in his view, to be much more active in financing actual expenditure, going into financing actual expenditure.

And I said, “But this is absolutely contrary to what are the conclusions of the Wapenhans report.”

“Yeah, I realize that,” he said. “I know it is controversial, but if you look at wanting to achieve results, I nevertheless think that that’s important.”

“But,” I said, “the Wapenhans report says that . . .”

“Well, true, but what you shall do is to go into institution building.”

KAPUR: That’s his style.

MAGNUSSEN: Yes, yes, of course. But then [Enzo] Grilli was there, and I turned to him and said, “Well, I also learned from the Wapenhans report, as far as I remember,” I said, “that two decades of institution building hasn’t changed much.”

KAPUR: Well, but then of course one might wonder how seriously the Bank actually got into institution building as opposed to rhetoric.

MAGNUSSEN: Yes, yes.

KAPUR: I mean it’s always difficult, I mean, when the outcome was poor was the intention real or—because just this morning I was telling Richard when looking through some of the old files on Indonesia which was one of the first, after ’68, the Bank’s most successful effort at policy reform.

MAGNUSSEN: When was this?

KAPUR: From ’68 to ’73. You know, because the resident mission was exceptionally close to the government and so on. And the person in charge was a gentleman called Bernie [Bernard R.] Bell, who was later a vice president (might have been a vice president just when you arrived) in East Asia. And there’s a telegram from him to McNamara, strongly saying, arguing against program lending, saying the only way to affect policy is through projects. And I don’t, you know, even, you know, that is because through projects you come to know the micro problems and it’s the micro problems which matter in institution building and you do it slowly and with patience over time. So he made a very powerful case by quick dispersing program loans. At that time Indonesia was in very poor shape; you know, it has just come out of the Sukarno years.

MAGNUSSEN: But, of course, the argument for project lending and for having impact through project lending, I think that relates to one issue that has been taken up by two or three of the people I have spoken to, and that is the change in the structure of staff here because, as they said, the strength of the Bank in the older days, going back—not very old days—but the strength of the Bank was the expertise in certain fields and very experienced people who worked across regions. And they had some experience that was very useful, and therefore a country can draw on that experience when they got these experts in to give them advice on the project. And Mervyn Weiner also emphasized that very much, and I also--Tim [Timothy T.] Thahane the same thing (I talked to him the other

day). And that this expertise is not there anymore, I mean, or it's not there to the same extent as it was.

KAPUR: I have the numbers, just the numbers of technical specialists as a fraction of staff.

MAGNUSSEN: So that would have been very relevant at that time, but then of course the change in the staff—but I talked with Larry Summers about that, and he said, “Well, this might well be the case.” But he also said that, “Well, what has been much more important—you shouldn't waste your time on that,” Larry said. “Don't waste your time on that. You have no chance of influencing it anyway because,” he said, “it is the agenda decides. The agenda of the Bank decides what kind of staff and organization it will have, and it is with the agenda you can influence matters.” And then he said, “If you only change the agenda, this organization will change in order to deal with it.”

KAPUR: It is the other way around, sometimes depending on the staff you have the agenda. If you don't have a forester in the staff you are less likely to think of the environment. It's quite clear.

MAGNUSSEN: Yes, of course, really you can't—I don't think there is a one sided thing here. I mean, it works both ways, and certainly you can't take on certain things without having the right kind of staff. I do accept that when the basic needs philosophy and activities of the '70s didn't succeed, I do accept that they've had a lot to do with the macroeconomic environment and so on. But I also think that the Bank didn't have the expertise to really go into those fields. The expertise hadn't been built up so they could be very successful in those fields. So I think both things counted.

KAPUR: Right, because the other side now says the Bank, having the macroeconomic expertise, is good at push button reform.

MAGNUSSEN: Yes.

KAPUR: But, you know, the exchange rate. But that I think might be the case. It will be interesting how you see it, especially in Africa.

MAGNUSSEN: No, I took this up, but Larry said, “Don't waste your time on that!”

WEBB: I agree with you, you know. I think I would lean in the other direction from Summers, towards, obviously, everything since I [inaudible] role model.

I am very impressed by—I think one thing that really strikes me is the lesson of the poverty agenda, [inaudible] security, because rarely has the Bank had such a strong agenda as under McNamara, who raised the flag on poverty. And basically I think it was just a miniature of the Bank, as an organization, procedures and how it funds itself at some point that just made it very difficult for the Bank to succeed. Maybe it was an impossible task. You say now in those words it didn't succeed, and I think it's a very common perception. But the agenda was there.

MAGNUSSEN: Oh, yes. Very strong.

WEBB: And I think if it didn't, the reason had to do with the people and what was in their minds, the kinds of things the Bank can do well. One of the obvious parts of this that is very much discussed now is that if you really want to get to the fault, your big problem is ground level implementation. And the Bank there doesn't have expertise. Now it's trying to deal with its loans. It's struggling with that problem. When the Bank went into sites-and-services, urban slum upgrading, it began to run into those problems. How do you deal with slum organizations instead of dealing with the ministries or the [inaudible] ministry? And who represents the slums really? How do you relate to them? All these things are part of the resources the Bank doesn't have, maybe can't have.

KAPUR: Also I think, to go back to [inaudible] point is, you would want to see if the poverty, the ground level, the need for that, for an institution which is so Washington-centered. So I mean the organizational structure itself is an interesting question and what this [inaudible] and that whenever the exchange rate and so on . .

[End Tape 1, Side A]

[End of interview]