Munir P. Benjenk added the following information on July 2, 2009, to compensate for the missing section of tape:

Late in 1973 the OPEC [Organization of the Petroleum Exporting Countries] countries decided to raise very substantially the price of oil. It was generally believed that this was a political move designed to put pressure on the West for ideological and economic reasons. However, it seemed obvious to us in the World Bank that many of the OPEC countries who had made this decision had not focused on the economic damage this OPEC decision would do to the developing countries of the world.

Mr. [Robert S.] McNamara, then President of the Bank, directed the Economics Department of the Bank to carry out a study presenting facts and figures of the consequences of the OPEC decision to increase oil prices on the poorer countries of the world. The study, when completed, showed that the OPEC decision would have disastrous consequences on the economic situation of a large number of developing countries.

I was at the time Regional Vice President for Europe, the Middle East and North Africa. When the above mentioned study was complete, Mr. McNamara...

[BEGIN TAPE 1, SIDE B]

BENJENK: ... McNamara called me in and said, “You go out there. Go to the OPEC center in Vienna first, then go to Kuwait and Saudi Arabia and Iran and talk to them about this.” And so on.

I went to Iran first, had an appointment with the finance minister. When I arrived, they said, “Well, he’s gone to St. Moritz to see the Shah [Mohammad Reza Shah Pahlavi] so he isn’t here for the appointment.”

Fortunately, the governor of the central bank was a friend, so I went to see him. And I said, “Look, I had this appointment with finance minister. I was asked to discuss with you the implication of OPEC’s actions for the developing countries.”

So he said, “What are they? What we want to do is to get more money from the rich.”

“Well,” I said, “you may get more money from the rich; you probably will. But you’re going to get a lot of money from the poor and have you realized that?”

He said, “No, we haven’t.”

“Well, you know the calculations, 40 billion.”

“Impossible.”
Well, anyway, I had sort of briefed myself thoroughly on how this was calculated, and I
convinced him that this was a big problem they should look into.

And he said, “Well, why don’t I take you to see the prime minister?”

And I said, “Fine.”

So we went to see the prime minister, Mr. [Amir-Abbas] Hoveyda, who was later shot by the
present regime. And I said to him, “Look, we know why OPEC has decided to increase the
prices. It’s something we have no general opinion on but we do have an opinion on what it will
do to the Third World. And here are the figures, and it will be a disaster. And we would ask you
to consider this and do something about it.” And I explained it to him.

And he was a very clever man, but he liked things in simple language. And so he said, “You go
back to your hotel, write all this on one page, and I’m going to St. Moritz tomorrow to see the
Shah and I’ll speak to him.” So I did as I was told.

And then the next day I went to Kuwait. And the Kuwaitis did not have the figures but they
knew that there was such a situation. They had a meeting of the Cabinet. They told me, “We are
going to do something, and we are going to increase considerably our bilateral aid and we will
probably also invest in the World Bank’s bonds to help you increase program.” So.

And I did the same thing in Saudi Arabia. And they knew nothing about this. I mean, they knew
what they had done but the implications of their action for the Third World was—in fact, I think
the finance minister—the acting finance minister—was shocked at that [inaudible] “You can be
sure that we will do something.” Fine!

I went back to Washington. McNamara was leaving that night for Australia, but we’d arranged
that I would come from the airport to his house and tell him how this had gone. And so I
reported to him, and then he went off to Australia.

A couple of days later, the Iranian ambassador asked to see me. And I said, “Yes.”

He said, “Well, you’ve been to Tehran and you’ve met with the prime minister. And the Shah
has seen this paper, and he would like to meet with Mr. McNamara and the head of the IMF
[International Monetary Fund]”—it was Mr. [H. Johannes] Witteveen—“and to do it very soon
because he’s impressed by the gravity of the figures that you’ve given.”

I said, “Mr. McNamara is in Australia. I’ll telephone him and see what can be arranged.”

And so McNamara said, “Well, I can stop in Tehran on my way back from Australia.”

And Mr. Witteveen said, “I’ll go, too, at the same time, so we’ll go together.”

And so I packed my bags again, and John Gunter, who was then the head of the IMF’s European
Department, went, too, and so the four of us arrived in Tehran and had an audience with the

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Shah. The first three quarters of an hour of this audience was a harangue by the Shah about the decadence of the West. And it was the month of January, there were strikers in England—the coal miners—that had brought England to a standstill, and [Edward R.] Heath was about to resign. And he said, “In Iran,” he said, “we’d settle this in one hour.” There was no doubt how it would have been settled in his mind. Anyway, having listened to the decadence of the West, he then came to the point. He said, “Look. Something needs to be done. You’re quite right in drawing our attention to it. I propose the following: why don’t we have a fund set up, half of which would be supplied by OPEC, the other half would be supplied by the industrialized countries. And let’s talk about six or seven billion dollars to start with. And it should be administered by the Bank and the Fund but with a different kind of board. The board should be one-third OPEC, one-third LDCs [less developed countries] and one-third industrialized countries. But it would be the management of the Fund and the Bank that would handle this. And if you think this is a good idea, the prime minister will have a press conference this evening about this.”

And so they said, of course, “It’s a wonderful idea. Of course, we have to talk to our Boards and so on to see how it would—of course, this will help a great deal to solve the problem.”

And so the prime minister had this press conference. All the Iranian papers had it.

We left the next day. I went to Ankara, where I had some business. And something made me go to the Saudi Arabian embassy, and I knew the ambassador Husain [phonetic] I said, “Look, we’ve just come from Tehran, a very exciting proposal from the Shah [inaudible] OPEC.” I said, “Is there any way I could talk to the finance minister in Saudi Arabia? Do you have a contact?”

He said, “Well, we could establish a line.”

And so we came up . . .

[Tape ends abruptly; interview incomplete]

*Munir P. Benjenk added the following information on July 2, 2009, to compensate for the missing section of tape:*

And so we came up with a telephone communication with the Saudi finance minister. I told him about the conversation with the Shah, and I assumed he was familiar with what I assumed was an OPEC proposal. There was a silence at the end of the line, but after a while the minister said coolly, “The Shah has made a proposal to you; now let him find the money.”

In the end the Shah’s proposal did not end in the way that the meeting in Teheran had envisaged. The principal countries and shareholders in the Bank and Fund did not wish to go forward with a proposal which would drastically change the voting structure of the Bretton Woods organizations. Neither was there agreement within OPEC.

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March 2, 1995 –Final edited*
A few months later an organization, more modest in scale, was set up in Rome with a voting structure similar to what had been suggested in Teheran and intended to deal with agricultural development (I.F.A.D, International Fund for Agricultural Development).