

**WORLD BANK HISTORY PROJECT**

**Brookings Institution**

**Transcript of interview with**

**MAHAR MANGAHAS**

**Date: November 28, 1991  
Manila, Philippines**

**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.

*Mahar Mangahas*  
*November 28, 1991 - Final*

**[Tape 1, Side A]**

**MANGAHAS:** . . . while the project money's flowing, you have good cooperation from government agencies, and usually, you see, those projects had a means for topping up people's pay. That's how it is, pure and simple. They welcome projects, they welcome experiments, because projects always have, you know, certain additional emoluments for them. The trouble is they—I mean, activities are supposed to continue even after projects, but when the emoluments end then, you know, people don't see why they should be doing extra work. Monitoring activities tumble down. They start—they say, "Why should we keep on monitoring something when the records get to this, you know, records get lost, no longer filed all the times, you can't go back anymore and find out because—no more project therefore no more funds for following up, you know, finding out what's happened to the people.

It's almost as though the government entities—they're always cooperating institutions—welcome experiments because they benefit during the experimental phase, but if it's going to—and they'd like it to be an experiment forever, let's put it that way, because there's no setup, you might say, for upgrading, upgrading the people for their new, wider responsibilities later on. So to say, "This is something new, now you'll do more," you have to work that into—you have to do two post things, I'd say: you're upgrading people, you're giving them more work to do, and it has to be a permanent thing, you have to find a way to upgrade them in the long run.

**WEBB:** Partly it must be salary topping up.

**MANGAHAS:** Yes, essentially.

**WEBB:** But to some extent also, to some just sheer excitement.

**MANGAHAS:** No, it's very, very much money-oriented. And it think this is very important for any organization, any development organization that's going to come in and, you know, be doing something in coordination with government, something government's supposed, you know, should be keeping up. In this particular country we have very poorly paid civil servants. We don't have any escalator clauses. Every once in a while things move up and then the government forgets and so you have erosion, erosion of salaries until the next time. And so the issue there is really how do you get the civil service to—how do you integrate, you see, the civil service needs into a particular idea. Mustn't take the civil service for granted.

Now here's a gripe. What happens when you have some institutions—here the IMF [International Monetary Fund] is more to blame—what happens when you have institutions that sort of come in and say, "And, by the way, don't upgrade government salaries because, you know, it's inflationary, it's deficit creating and all that kind of stuff." That's extremely resented. That's extremely resented.

Now I think the question of budget balancing, you know, that's not resented. You don't have the budget; you don't have the budget. But any statements about salary freeze on government you might say without saying anything else, you know, just as though it's good for its own sake, is very bad form on the part of any, you know, foreign advice. You keep on seeing it, you know. You keep on seeing suggestions that wages are a cause of inflation. It's not true here. Absolutely not true. Absolutely not true. It's always wages trying to catch up, trying to catch up.

**WEBB:** I agree, I mean, I agree. I don't think it's true almost anywhere. It's always . .

**MANGAHAS:** I wish, I wish that development institutions like the World Bank would, for example, put businessmen in their place, but they sort of sound as though they are pro-big business in the way they, in their posturing and so forth. I wish we would have development institutions actually say that, you know, rising real wages are a sign of success.

**KAPUR:** What fraction of the labor force in the Philippines is a sort of organized sector?

**MANGAHAS:** Small. Less than ten percent. Less than ten percent. This is not to say, you know, that you can increase wages just by fiat, go against the market, but you don't want to have additional forces saying it's good to have wages low. That kind of a climate is very bad. That kind of a climate is very bad, the kind of climate that says, "The Philippines is lucky because wages are still low."

**WEBB:** I know it's--I understand what you're saying.

**MANGAHAS:** Oh, any institution who starts doing things like that, you see, I would say you wonder where, you know, where's development if you don't have wages going up some, you know, and when, when is it all going to be, when is it all going to be.

How long have you been here now?

**WEBB:** Two days.

**MANGAHAS:** You see people, you see the arguments World Bank—IMF, not World Bank—IMF, central banks, as to whether there'll be a one-half percent rate of growth or one and a half percent rate of growth. What's the difference? What difference does it make? They don't say anything about real wages, nothing at all. It's so doggone GNP-oriented to this late date. And I wish that institutions that knew better, like the World Bank and the IMF, would themselves quit it, would themselves say that, "We don't rate you this way." And stop rating, you know, that your growth doesn't even matter, because I'm convinced it doesn't matter. It doesn't matter as far as quality of life is concerned. Inflation does. Inflation hurts people's quality of life.

Now on another personal level—so here we are and we are using our alternative indicators, our self-rated poverty and so forth, because it's the only way we see as practical to monitor poverty on an annual basis. In fact, we're doing it quarterly already in the capitol and we're doing it semestrally for the whole country. It's the whole idea.

**WEBB:** You're monitoring . .

**MANGAHAS:** We're monitoring poverty nationally on a semestral basis because we are using a self-rated poverty scheme.

**WEBB:** You do this through survey?

**MANGAHAS:** Yes.

**WEBB:** Semester? Six months?

**MANGAHAS:** Every six months. Every six months.

This is a little personal gripe I have about, towards guys that say they are poverty-oriented--and that's been a long time already, huh--"We are all in favor of poverty alleviation."

"Oh, you are, are you? Okay. In that case shouldn't you have poverty measurement annually?"

That's my argument: if you don't measure something annually you don't mean it. That's my point of view: you don't really mean it. All right? If you think that the way to do it is by having an income or a consumption survey, then, you know, see to it that the money is in place. Lend us the money to do it or make sure that our statistics include it. But if you're going to be satisfied with once every three years income expenditure surveys, then my attitude is, "You're not sincere. You're not sincere."

**WEBB:** Another aspect of that is whether they just rely on the government figures.

**MANGAHAS:** But precisely, you see, precisely. The government will do it, you see, but then you're going to have once every three year results—if you're lucky.

**WEBB:** And in many countries you're not going to be sure if they're buying or not.

**MANGAHAS:** No, well, that is accurate. That's another matter.

**WEBB:** It's not a problem here?

**MANGAHAS:** What? Ah! Problem of fudging the data?

**WEBB:** Fudging the data.

**MANGAHAS:** No, that's another thing. That's another matter altogether, fudging the data. I had—so I can get stuff like this, for example, that they're working on; I can get stuff like that. [showing documents]

**WEBB:** If this goes up it means more poor?

**MANGAHAS:** Yes, more poor. I have to show you the annual stats.

**WEBB:** What--is this self-rated?

**MANGAHAS:** Well, it's—in effect, it's asking people if they feel that they are poor, but it's asking them where they are on a card that has two words on it, and the card says “Poor” and “Not poor.” And there's a line in between, and people either point to the word “Poor” or to the word “Not poor” and some of them point to the line in between, and so we wind up with three classifications: poor, not poor, and on-the-line.

**WEBB:** How interesting! It's very simple.

**MANGAHAS:** It's very simple.

**WEBB:** So you can afford it.

**MANGAHAS:** No, we don't want to add any ad libs, no more expressions. In other words, the whole idea is, “What does a single word evoke in you?” That's all. That single word, what does it mean to you? Are you there or not? That's all.

**WEBB:** Who developed this methodology?

**MANGAHAS:** Well, we experimented for a long time.

**WEBB:** Did you borrow the idea or did you think it up?

**MANGAHAS:** Well, we thought it up, but intellectually speaking there are self-ratings in many countries, too, in the Europeans . .

**WEBB:** Not on poverty.

**MANGAHAS:** Well, there are ratings of whether your income is sufficient, excellent, not enough. This is essentially the same thing. The work of [Bernard M.S.] van Praag in Holland, for example. In other words, it's only subjective indicators area.

**WEBB:** This is so interesting.

**MANGAHAS:** Here's the national thing.

**WEBB:** I've never seen this.

**MANGAHAS:** Here's our national stuff. That was the . .

**KAPUR:** Metro Manila?

**MANGAHAS:** Metro Manila. This is the national rating. This is what we get. Here is high inflation, by the way, here is cutting down on inflation, here is deflation. Deflation is beautiful, and here is the resurgence of inflation—it's becoming double-digit again—and here it's coming to be twenty percent again, over here. So we said, "Poverty is volatile. Poverty can collapse; it can grow again."

Now what does the government have? The government has in 1985, it has 1988, that's all, and it's now preparing for 1991, which we'll know next year. So all it knows is two points in time, like so, and it would say that things improved from '85 to '88. And we say, "Well, '85 is not as bad as '88, but things have already even been better, and '88 was on the way out." That's what we would say. The whole idea is to raise consciousness. Let me give you some bulletins on this stuff.

Now, as a personal gripe on IMF technicians who come around—I don't remember all their names—the IMF desk men come around once in a while and who always, you know, they come on a poverty mission. And they always say, "What have you got on poverty measurement?"

I say, "Well, you know, here it is," but it gets shunted off to some annex. And they never want to—you know, they don't use it for time series purposes. The whole idea here, to my mind, is to have time series analysis. It's the whole idea.

And you know what I—the conclusion I'm coming to is that the World Bank as a whole is so orthodox, it doesn't want to be ahead of things. This poverty is—do I still have it here?—*World Development Report 1990* is all about poverty. It's about time, I'd say, it's about time they did something on that. Then they have special boxes, analyses on different countries—Philippines, for example—"We're going to model. We're going to model there." Look inside. I say, "Oh, it's based on research by so-and-so and so-and-so, World Bank people come in."

Call up World Bank Manila. "Got a copy of the paper?"

"No."

"Gee! You come out with your parachute analysts; don't even leave a copy of the paper here? Published in the *World Development Report*? Explanations, you know, to be found in a forthcoming issue of *Review of Economics and Statistics*?"

But has it gone around, taken around the circles here of the local academics? No, no. You know what that is? That's simply career building on the part of this . .

**WEBB:** [Inaudible]

**MANGAHAS:** Yeah, you know, they're trying to get a paper out there, publish it in a parochial journal like *RE and S*, but no attempt to bring it out and, you know, have a seminar or something with the University of the Philippines or something like that. Not even . .

**WEBB:** Did that come through . .

**MANGAHAS:** Not even the desire to leave a copy here so that, you know, it could be seen and reviewed.

**WEBB:** You know, I had a similar experience in Peru. The Bank did a living standards measurement survey in Peru.

**MANGAHAS:** L-S-M-S.

**WEBB:** Yes. When I was in the central bank, they approached me and I helped finance that survey.

**MANGAHAS:** They did an L-S-M-S in Peru?

**WEBB:** So it was done in '85-'86. Did they do one here?

**MANGAHAS:** They wanted to, at one time. I don't know, remember, but I said it's too complicated when they asked me about it one time, not that I have much influence, but . .

**WEBB:** It's a very complicated . .

**MANGAHAS:** Christian Grootaert was here—you know that name? One of those L-S-M-S guys. And they just wanted, in effect, some people to implement what they had already designed. Well, get some other people to do it if that's what you want. But it's too complicated. We'll waste our time. You pay for it; we'll somehow get it . . .

**WEBB:** That's exactly what they did in Peru. It worked through the government statistical office. It was done. I forgot about it because I was--it was just one meeting in my work for the bank. Many years later I was working privately, and I heard about it again because the people in Washington asked me for some—they wanted me to consult on some aspect of it. So there I discovered—I went to Washington and discovered they had all these survey results . .

**MANGAHAS:** And they were in Washington, not in Peru.

**WEBB:** . . and there was a team of at least a dozen people analyzing these Peruvian results . .



**MANGAHAS:** Without any Peruvians knowing about it.

**WEBB:** Absolutely. No Peruvians had ever heard of this.

**MANGAHAS:** That sounds like the same situation here.

**WEBB:** Well, of course the government office had a copy of the tape, but they had absolutely no capacity to analyze anything, and no one else—people didn't know the existence of the thing.

**MANGAHAS:** Well, sometimes governments don't, but there are always academics who do.

**WEBB:** But the problem is that they don't have mainframe computers; they don't have permissions.

**MANGAHAS:** Ah, permissions. Yes, permissions, that's one of the . .

**WEBB:** They don't know, often.

**MANGAHAS:** That's one of the complaints of the academic sector here is when you have the government, you know, that gets its arm twisted by World Bank people to give them some tapes, some census data or stuff like that, and the academicians can't get those things. And the World Bank always has, you know, its own special tabulation and stuff like that. So it's an issue of professional cooperation.

**WEBB:** It's not enough to get a tape. You need to be able to spend days and days with the programmers who make little decisions about how variables are added up or what things are excluded.

**MANGAHAS:** Well, that's how it works. Anybody has to do that.

**WEBB:** Otherwise you don't understand the development. Well, this was a good point about the Bank.

**MANGAHAS:** I'd say I wish the Bank would be more sincere when it comes to—let's just take the poverty thrust—more sincere in the sense of specifying their targets and getting the monitoring system in place to see whether it happened or not, whatever is the system. This is a simple system because that's what we can afford. This takes three questions and my survey has many other things to do besides measure income and we never measure income. I refuse to measure income, because if I were to do that I wouldn't have time to do anything else. And I couldn't get sponsors to do that, to—this is on a subscriber basis, you see, government, business and so forth and so on. I can't do it academic, purely—I can't do a family income expenditure survey for the government because I have to have space in here for many other things, many other economic

indicators as well. I wish there was somebody would do it here. We're doing this, for example.

**WEBB:** [inaudible]

**MANGAHAS:** [inaudible] write it up. But this is similar to these things, for example, right? And I wonder why doesn't the World Bank want to do these things. The World Bank never knows about those things. It's behind times.

**WEBB:** The Bank's behind times?

**MANGAHAS:** Just in today's paper, something—I don't remember which paper--just in today's paper, the inside pages are the reports about the consumer board's latest stuff, the Michigan latest stuff, saying there's a recession in the U.S., okay?

**KAPUR:** I think it was in yesterday's or maybe two days ago *International Herald Tribune*.

**MANGAHAS:** I don't recall. I just saw it like that. But why does the World Bank, which says it's a social-indicators-oriented institution, why does it just keep on saying, "But that means we will decorate our stuff with infant mortality" and such things? I mean, the time is gone for infant mortality as an indicator. That was in the mid-'70s when we started to work on this stuff, you know. We said, "Well, you've got infant mortality, you've got these other kinds of indicators [inaudible]." We've got other ways now.

**WEBB:** The people who work in operations don't do anything that extends beyond the next month. They're living for last week. And people in research, they don't have any sense of appropriate technology; they're not interested in it.

**MANGAHAS:** Well, I don't know how the culture works.

**WEBB:** It's—they're interested in—it's really sort of the highest possible technology that they have, that they want to use, all of them.

**MANGAHAS:** I think that it has to do with the career system, see. It's always looking towards, I guess, their career prospects in the Bank or outside of the Bank, which probably means Western academia, publish in a Western journal, something like that.

**WEBB:** Does the Bank subscribe to this [Mahar's publication]?

**MANGAHAS:** I wish it would, but I'm too proud, you know, to . . .

I can't even say that, "And you guys won't even come and pay the hundred dollars subscription fee," you know. You could tell that to whoever is the World Bank representative around here. Charge a hundred dollars to come and sit in and listen. If

there's anything different from their, from the GNP stuff, this is it. And we're very proud of it, by the way.

**WEBB:** Does the ADB [Asian Development Bank] subscribe?

**MANGAHAS:** No, it doesn't either. It doesn't either. It doesn't either. But I have some government agencies. I have a little following in the NEDA [National Economic Development Authority], and I have agriculture and agrarian reform and labor, the Department of Labor Policies, the Civil Service Foundation . .

**WEBB:** NGOs?

**MANGAHAS:** NGOs not too much because of funding.

**WEBB:** They're poor.

**MANGAHAS:** Yeah, they're very poor. And I have big corporations, San Miguel Brewery.

**WEBB:** Embassies?

**MANGAHAS:** American Embassy, yes. And some diplomats. The American Embassy on an institutional basis just because we follow the basis matters. Some diplomats. Clemente Capital in New York, they advise on the First Philippine Fund. We got a dozen institutions, and at least half of their interest is political, of course, so . . .

This is only a little of our stuff. Right now everybody's asking, you know, who are the strongest candidates and so forth. On that score I'd say our biggest, heavy influence is in firming up the notion that Mr. [Fidel v.] Ramos is a much stronger candidate than [Ramon, Jr.] Mitra.

How long are you going to be here?

**WEBB:** We're leaving on Sunday. I'm going to return in January for a longer visit. Just getting a first sense—we weren't helped very much by the people organizing this here.

**MANGAHAS:** There is going to be either a convention or a primary—not exactly sure what the status will be--on Saturday.

**WEBB:** Oh, really?

**MANGAHAS:** Yes.

**KAPUR:** To choose between . .

**MANGAHAS:** To choose between Ramos and Mitra, so this is--these next three days are very exciting days.

**WEBB:** Very intense.

**MANGAHAS:** Yeah, very intense days. And the Mitra camp constantly says, "Surveys do not prove anything"—that's because they're behind and the Ramos camp is ahead.

**KAPUR:** Who would be better for the economy.

**MANGAHAS:** Well, I will not comment on that on who would be better. That's saying, preferring a candidate, and I can't do that.

**KAPUR:** Or who would be less worse?

**MANGAHAS:** In India you can't do that, either. We can't do that, either, because we're involved in polling people's preferences.

**KAPUR:** Oh, yeah. But is there--whoever wins between these two, is it likely that they will emerge, relative to the other parties?

**MANGAHAS:** Not yet. No, no, no.

**KAPUR:** Well, still a straw in the wind.

**MANGAHAS:** It would be a straw, of course. But, for example, I have said that if Mitra emerges, since he is the weaker candidate in voters' preferences, then [Jovito R.] Salonga has a better chance. But if Ramos comes out, who is the stronger candidate, then Ramos is favored, see. So it all depends who—and that is the whole issue, you see, that you see in the paper about why the President is said to be throwing her support to Ramos because Mitra is not, quote, "winnable," unquote, and that's where the surveys come in and that's where the polls come in. And the polls are playing a stronger role now than ever.

**WEBB:** Well, you don't sound like a Chicago economist. [Laughter]

**MANGAHAS:** Let me call myself a Chicago economist of the NORC variety, how's that?

**WEBB:** Of the--what word?

**MANGAHAS:** National Opinion Research Center.

**WEBB:** Ah, NORC variety.

**MANGAHAS:** Yeah, because . . .

**KAPUR:** I see. NORC of Chicago.

**MANGAHAS:** There are Chicago economists who are making use of NORC surveys. I'm having great fun with all the other stuff, not just economics and stuff.

**WEBB:** We won't take any more of your time.

**MANGAHAS:** Let me give you some of our things, what we are and all that. And you send me yours.

**KAPUR:** Do you have a recollection of the '87—the Bank got a little bit involved in the land reform. Do you have any recollection of that?

**MANGAHAS:** Recollection? Well, I have papers and notes, you know, but . . .

**[End of Tape 1, Side A]**

**[End of interview]**