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**Brookings Institution**

**Transcript of interview with**

**AMNON GOLAN**

**March 9, 1994  
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**Interview by: John Lewis, 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.

*Amnon Golan*  
*March 9, 1994 - Verbatim*

*[Begin Tape 1, Side A]*<sup>1</sup>

**GOLAN:** . . . but it's been exciting. I find of all the things I've done it's one of the most enjoyable and most challenging,

**LEWIS:** Really?

**GOLAN:** Yeah. I moved there with the idea that I wanted to work on Eastern Europe and that would give me an opportunity. I didn't dream that it would be the Soviet Union where I would spend most of my time. We have--really, in three years, moved EDI [*Economic Development Institute*] from zero in Eastern Europe and the former Soviet Union. It's now 37 percent of our total activities.

**LEWIS:** My goodness.

**GOLAN:** And that's without any increase in staff.

**LEWIS:** Wow. People have been retreaded. Or you've had a change of staff?

**GOLAN:** Well, we have change, but the increase is zero. We had no additional position.

**KAPUR:** So it is basically from other regions?

**GOLAN:** No, no. What we have done is basically a couple of things. (A), we have reduced an awful lot of administrative positions and converted them into training and a lot of people in administrative positions that we did away with, if that seems strange, so we figured we got about a dozen positions that way [*inaudible*], number one. Number two, we just--efficiency gain. And number three, we are relying very heavily, in the former Soviet Union, on local personnel. We have an office in Moscow with eighteen higher-level staff, all local. And they really deliver a lot of the program.

**LEWIS:** When you move people in laterally from other parts of the Bank into EDI, is there any problem of their converting into teachers?

**GOLAN:** Some. Clearly. Quite often the people that come have done some training. [*inaudible*] but it is. I have somebody, for example, a very senior guy, and he still has a very old-fashioned traditional, you know, consultant [*inaudible*] There's an awful lot in EDI, what we do really is rely on them, not us teaching them so much as sharing information with them and letting them learn. It's a very difficult process.

**KAPUR:** Why did the Bank, you think--you know EDI started, you sort of saw it happen, best of Bank people, senior management gave its complete attention, and especially in [*Robert S.*] McNamara's time, and even more probably [*inaudible*] ethos

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

and despite the change in the early 90's, the fact that you could influence, not only through conditionality and not only through loans, but that you might be able to influence even more in sustainability by teaching. Because at least in Korea and China, we seem to think, that has been EDI's role which really influenced the countries most.

**GOLAN:** That's one of the questions we've been asking in the reform. Is it part of the Bank culture? Operations is--the only thing that counts in operations is making loans; everything else is secondary. So it is very difficult for people to accept that ideals of *[inaudible]* getting the *[inaudible]* on board and getting some kind of commitment. We don't really want *[inaudible]* right now in Kirghizstan, we are *[whispering]* there is a draft agreement *[inaudible]* draft agreement for a task manager *[inaudible]* a workshop for the government *[inaudible]* to explain conditionality before *[inaudible]* training, the Bank staff, conditionality. The payback is enormous. But, you know, people just don't want to take the time to be bothered, you know, it's just not *[inaudible]*

I really feel that the culture of the Bank, as we discussed in '87, went very wrong. A lot of us would say the structure is not the problem, it's the culture. If you just change the structure you are not going to do much, you have to change the culture. *[inaudible]*

**LEWIS:** Let me add, to follow-up directly on this, when did you join the Bank?

**GOLAN:** '65.

**LEWIS:** '65. Okay, far enough back so you have a right to answer this question. I had written in some of our drafting that in thinking about why the Bank didn't get into agriculture in a heavy way sooner than it did, had written that the Bank didn't really think of itself as a technical assistance operation, unlike, say, some of the bilaterals, the foundations. It was a capital transfer organization. Would you say that's right?

**GOLAN:** I don't think so. You see, when I came, agriculture was already in '65 beginning, before McNamara, even earlier, because I joined the agriculture department.

**LEWIS:** I know, it was growing up rapidly at that point.

**GOLAN:** That's when it was starting. No, I think the problem was that the Bank really focused on hardware. Agriculture is, a large part of it, is software. And they didn't feel very comfortable in that area. So, irrigation was all right, but extension, research, you know, these were new things. You didn't have, in '65 lending for things like extension, research, you know, dry farming, because there wasn't enough to fund that. So until we changed and said we can do local currency financing--and a lot of debates in the '60's was over this question of local currency financing.

**KAPUR:** In fact it was *[George D.] Woods'* paper to the Board *[of Executive Directors]* on finance policy which lays out the role of the Bank including for agriculture because that's where you have the crucial issue of local cost financing.

**GOLAN:** Because once we have agreed, because always before you had large infrastructure [*inaudible*] funding equipment or contractors. [*inaudible*] There was no heavy balance of payment.

**KAPUR:** Now, would you think that if you looked back in this subject of agricultural irrigation, and if you looked at choices within irrigation between canal irrigation and tube wells, shallow tube wells, that, I mean, as you go from canals to deep to shallow, a sort of local cost thing to the fact that you don't need large contractors with public funds, it's more possible, do you think that might have affected the choices within irrigation?

**GOLAN:** No, I seriously doubt it. [*inaudible*] irrigation. That was not the issue. What was in the early days when I first came here was--first of all, we did not go to the field for projects. We sat here and we waited for projects to come to us. At most, we had the FAO [*Food and Agriculture Organization*] team, just started a couple of years earlier, they went and did it. But we in the Bank were not involved in project preparation. So you sat back and you waited. Then the loan came to you, and there is was deep well, shallow well, surface irrigation [*inaudible*]

**KAPUR:** [*inaudible*]

**GOLAN:** No, no. If anything, you see, tube wells had probably a higher form of change component than gravity irrigation rehabilitation, which had very, very little. You couldn't go to contract on that; you had to rely on local contract.

This was the whole question in India in the late '60's. India refused to go to ICB [*international competitive bidding*] and we couldn't lend for irrigation. We had, between '62 and '69, no lending to India for irrigation before the [*Eugene R.*] Black [*inaudible*] And when he went out, the way we had to get around it was to say we're lending for rehabilitation.

**LEWIS:** Let me ask you just to go back a step about your--you said about the Bank didn't so much go in for lending for research, extension, soft things like that. The fact that you didn't have grants, was that much of a--that was not a factor?

**GOLAN:** No. It was just simply—if you looked at the people we had on board, you looked at the kinds of things that we were loaning, we were infrastructure mentality. And then gradually we started this credit, and then it's [*inaudible*] Latin America [*inaudible*] lending program. We had some real cowboys and [*inaudible*] No, we were not, in today's parlance, we were not a development institution. We were a lending institution.

**LEWIS:** Does it make sense to say you also were a wholesaler? You didn't do small projects as much or as easily as you did big ones?

**GOLAN:** Sure, because in those days, money, how much you lent was not an issue, how much it cost was not an issue. We didn't keep records of how many staff [*inaudible*] [*whispering*]. We simply said, you know, "You send us a project, and we'll look at it."

We reviewed it here, and if it looked good, you know, that was it. And we got relatively few projects.

**KAPUR:** So actually it was more able to finance small projects at that time.

**GOLAN:** It was just not in the mentality of looking at small things. It's sort of, you know, what pays, you know, sort of--I remember the discussion, "Where is the cut-off?" Well, anything under five million dollars wouldn't cover our expenses so we won't look at it. Perhaps more of the banker outlook at, "How much does it cost me to do something, and if I can't cover expenses, I'm not going to do it." So we had very, very few small projects in those days.

**KAPUR:** There's a very interesting paper in '67, by--there was a sort of Projects Evaluation Division at the time, which I think was a precursor . .

**GOLAN:** [*Christopher R.*] Willoughby was in charge of that.

**KAPUR:** No, this was the one which had—which was a precursor of, I think, P and B [*Planning and Budgeting Department*] Was it Humphries or Evans? I forget.

**GOLAN:** Bill [*William S.*] Humphry?

**KAPUR:** Right. No, not Bill Humphry.

**GOLAN:** In '67 there was already a forerunner of OED [*Operations Evaluation Division*]. It was Willoughby . .

**KAPUR:** Right. I thought that started with McNamara, the operations at that time was called OEU?

**GOLAN:** Yeah. But what I'm saying is, so maybe it was in '68, but soon after McNamara came, that's when we started doing what we call OED, looking back, and it may very well . . .

**KAPUR:** Well, this paper which is a very interesting paper which looks at the whole sweep of the Bank until then. There he actually says that yes, you know, we should be financing small things, we should be financing things which are far more important for development like education, like social sectors, but we must make the distinction that of what is important for development and what is the comparative advantage of the Bank, of this institution. So there--and this actually comes through a number of times in the '50's and '60's in senior management sort of thinking, at least I was surprised, that they are not in the least believe that this was not important in their then conception of development or what was important for development, as opposed to saying, "But this is not in our comparative advantage. This can be done by others, either by the country or specialized agencies and so on and so forth." How do you see that--because now you see one of the

criticisms of the World Bank saying, you know, it is doing everything for everyone, where is its comparative advantage?

**GOLAN:** I really think that that kind of “where is our comparative advantage” did not exist in those days. It was the “can do” mentality much more. You know, McNamara told us to go, and we rushed and did it, you know.

**KAPUR:** But this is pre-McNamara, ‘67.

**GOLAN:** Yeah, but even then, there was not as much, there wasn't as much of a *[inaudible]* there wasn't as much of a feel that numbers counted in what you did. But all along, I think, the Bank had very much the aura, the minute you became a staff member, you could loan. I mean, I very well remember joining agriculture, talking to people in agriculture, and saying, “Look, guys, I have no a background in agriculture. I'm not a trained agronomist; I didn't study agriculture economics.”

And they said, “Yeah, but you are a good economist. The problems are for an economist. It's easy to teach agriculture; it's difficult to teach economics.”

So, within six months, that was it. I was the expert, the agricultural economist. *[inaudible]* No economics organization in the world would take a person with no qualifications whatsoever in a field, put him in charge and say, “Now you go ahead and do it.”

**LEWIS:** This indicates the dominance of economics back in the ‘60's. There is that—in agricultural economics there is quite a division between those who are primarily economists well trained, you know, sort of say a Ted *[Theodore W.]* Schultz product, and those who are primarily an agriculture economists with a lot of sort of sectoral technical knowledge. And clearly the first--you were the first so much that you hadn't had any agriculture.

**GOLAN:** It wasn't all. I'm looking at other people. Kim *[Edward V. K.]* Jaycox went into transport; he had no background in transport. In other words, all of us who came in were generalists. We came into the Bank and all of the sudden we became specialists.

**LEWIS:** Did you come as a YP *[young professional]*?

**GOLAN:** Yes.

**LEWIS:** I see.

**KAPUR:** What was the, I mean, if you try to trace, as you saw in agriculture, the time you were involved, a sort of general thinking of ideas, and then you can talk about the implications, before the sort of ‘73 McNamara speech on smallholders and so on, it's quite clear that the IDB, the Inter-American Development Bank, had actually in the late ‘60's was lending for smallholder agriculture in Latin America. There was already, you

know--I mean, the larger intellectual climate, it was out there. Were there debates within the Bank?

**GOLAN:** Well, you see, you have to remember, in irrigation we were lending indirectly for smallholdings. Most of our projects really affected smallholders. And fairly smallholdings at that. It was--and there was no theology either for or against smallholders. It was really--coming back, the question of have, you begin to accept that it didn't have to be lending for ICB foreign exchange that we then fairly quickly shifted. So I would say the change was not so much one of theology in favor of smallholders as having removed this ban on local currency financing. Once that changed, it was easy to find additional projects. Because, you have to remember, definitely in the '60's and in the '70's, we were struggling to find projects. Even then. Very interesting.

Now you did get the big mammoth ones, but there were always shortage of good projects and that's after all why, in '63 they set up the *FAO/CP [Food and Agriculture Organization / World Bank Cooperative Programme (FAO/CP)]*, in recognition. Now, it is true that the FAO/CP pushed much, much harder for the kind of things like poverty. They had much more of the mentality, because, now again, was it their mentality or, you see, there was no comparative advantage to use FAO/CP to prepare irrigation projects which were long-term and you need a lot of engineering. They had a comparative advantage in preparing land settlement, smallholder type of activities which consultants were not very good at. And so it was really the FAO/CP who pushed us into this type of activity.

**LEWIS:** Henry Ergas is an old friend of mine.

**GOLAN:** Oh, really? Well, I had a lot of admiration for Henry. Is he still with the Rothschild bank or is he retired now?

**LEWIS:** I think so--god, he must have retired by now. He's been living in Rome all these years, going back and forth to London.

**KAPUR:** So, that's an interesting thing that at least in the Bank's own consciousness, the stimulus, in a sense, came through this FAO/CP, at least on the smallholder.

**GOLAN:** On the smallholder, yeah, most of it. And then it started coming also from the credit, ag credit, ag credit who started, and a little bit in the livestock. Then when you went to rain-fed agriculture—see, when you set up the dry farming, rain-fed . .

**KAPUR:** When was that?

**GOLAN:** That was also sort of in the--I can't remember the exact year, in the '60's.

**KAPUR:** I see. Mid or late?



**GOLAN:** No, late, after I came, because, you know, that's when they created the dry farming agriculture. Well, for them there was nothing but smallholders.

**LEWIS:** Let me ask you about that period. How much of an input to the Bank did you feel that Sir John Crawford had and his team in the *[Bernard R.]* Bell mission? Did that play back here in an important way?

**GOLAN:** I can't, you know, I worked afterwards a lot with Sir John in Asia *[whispering]*.

**LEWIS:** Not during . . .

**GOLAN:** No.

**KAPUR:** Now this was a time--I mean, we're getting into the latter half of the '60's—between, in the first half of the '60's you had the most dramatic expansion of the Bank sort of ever, which is the influx of African members, where it is sort of dominated by agriculture and so on. And I would have thought that, willy-nilly, given that it's--the nature of its borrowers had really changed from the--you know, 'til the mid-'50's still it was a lot more words of what I now call “develop the countries.” By '65 that is completely out and you had a group, large group, which was dominated by agriculture. And then you had this, the *[John C.]* de Wilde study on African agriculture which I think is the first large comprehensive study on African agriculture, although the Bank had been doing on Tanzania *[inaudible]* this large country study. I was wondering, did the sort of problems or issues concerning African agriculture, when did that sort of begin to look like this might be different or is it a different?

**GOLAN:** I'm not sure.

**KAPUR:** In your own . . .

**GOLAN:** Well, you see, having worked primarily on irrigation, we had very little in Africa. We started in the early '70's a few projects, but most of our work was in the Middle East, Asia, Latin America were the irrigation projects. There were very few--we had one in Cameroon, tried one in Mauritania, but there was very little in Africa. Africa was really much more livestock, dry farming, credit. And they were the ones who struggled much more than we did although the *[inaudible]*

**LEWIS:** How long did you stick with irrigation?

**GOLAN:** Well, gee whiz, ten years. I became a division chief in irrigation, so until I became assistant director, when I got out of irrigation, so ten years.

**LEWIS:** So you were working through that period, then, in part with South Asian cases. I've sort of had the impression, in trying to see what was going on in Pakistan and India, that the Bank was certainly very knowledgeable. It--there are an awful lot of pieces to

this story that I haven't figured out yet. Of course there's the Indus Basin things to start with and then there's the great [Pieter] Lieftinck episode. And there you're climbing out of the deep tube wells sort of AID [U.S. Agency for International Development]--what do you call it, SCARP [Salinity Control and Reclamation Project].

**GOLAN:** SCARP, yeah, program in Pakistan.

**LEWIS:** In India it's quite different; there's a lot of surface irrigation. One has the impression that you were actually fairly receptive or permissive almost, that you were kind of—there was a lot of expertise, allegedly, in these two countries, and I would have thought that you were trying to get along what you found in the respective countries and that the model was not a Bank institutional model that was being imposed across the water too much.

**GOLAN:** Well, as I said, we did not lend to India between I think it was about '62, '63, and '68. We went in January '69, after a long time, to India to do a major irrigation reconnaissance mission, where seven or eight of us spent seven weeks looking at some twenty major projects and . .

**LEWIS:** Surface or ground water or both?

**GOLAN:** All surface, all surface. Not a single ground water. All surface. Including such things as Narmada.

**LEWIS:** Oh yes, I know.

**GOLAN:** Because I went in 1969 the first time to look at the Narmada project.

**LEWIS:** I know. [Chidambaram] Subramaniam was pushing it.

**GOLAN:** Oh yeah. Well, in those days, it was tied up in the High Court, the dispute . .

**KAPUR:** The states.

**GOLAN:** The states, yeah. They had not settled so they couldn't go ahead. The Tribunal was--then it was before the Tribunal, but that's when we start looking. In those days we looked only at surface irrigation. Later on people accused us that we were neglecting ground water in the interest of surface irrigation. But that's when we did a lot of the big irrigation projects in India.

**KAPUR:** Now, does the ICB thing, did the GOI [Government of India] change or did the Bank change?

**GOLAN:** The Bank changed. The Bank finally found a way. Not in '69 so much; it came really in '73 when we decided to go into large-scale rehabilitation. Rehabilitation was unsuitable for ICB. That's when we took the Rajasthan Canal. But that is also the

first time where we said we will go into large scale rehabilitation, small works rather than big irrigation.

**LEWIS:** I suspect that had something to do with macro policy issues because AID had gone out and disappeared as the residual donor. And the Bank had a lot of money to sort of --and you were also getting squeezed on program lending by other—and so you had to find ways to do big project stuff.

**GOLAN:** Well, not so much--well, if I'm making a confession, since I was in charge., we really went out there with the idea we're gonna have to find a way to get around the ICB ban. So we very much went and saying, "Well, there is tremendous need. We can't do it now. What can we still fund that would be acceptable to the government, to the Bank, and still would give up?" And that's when we--partly because I remember when we went to Rajasthan Canal, when we began to realize that the way the Indians were designing their system was that in doing the bare minimum in building a main canal, some secondaries, and then very little below it.

**KAPUR:** Tertiary works.

**GOLAN:** Tertiary works, drainage, but even in the main canals tremendous shortage for structures so that you couldn't really get the kind of water control that you needed, so you ended up with tremendous waste. And that if you wanted to improve irrigation efficiency, you had to come back.

And we had a lot of argument with the Indians over it. They said, "But we already built it."

And we said, "But look: you can't operate it."

They said, "Yeah, but the people feel they have irrigation. We have to now give it to the next lot which have nothing." So we had a lot of dispute with the Indians to convince them that additional investment in the existing system, to upgrade them, made a lot of economic sense.

But when we got back, then it was easy in the Bank to argue, "Look, you are now going to do work concurrently with actual operating system. So you cannot bring a big foreign contractor and tell them, 'You sit here because we work for three months and then you have to interrupt and then you wait six months and you come to work'." And therefore we felt--and we were convinced there was no sense in bringing foreign contractors into this type of venture. And that's how we got around the ICB issue.

**KAPUR:** The issue which was also, I think, irrigation in the sectors where you had a fair number--not a fair number but at least some--these so-called sector investment projects, you know, this time slice?

**GOLAN:** That came much later.

**KAPUR:** That came much later. But that also would potentially go around this problem?

**GOLAN:** No, I don't think so. The sector lending really was something that started in the mid-'70's, not just in irrigation. I mean there were a variety . .

**KAPUR:** Roads, transport.

**GOLAN:** That's right. Roads, transport, power. And this was the argument I remember that came at the time that we've got to somehow have maturing borrowers. That when you go project by project it means that the borrower is not mature enough and he hasn't progressed. And what--the argument, I remember, in Indonesia: "Look, we've been lending to Indonesia for ten years now. How can you tell us that they are not ready to do some of the preparation, appraisal on their own and we just look at broad issues?"

That's when you moved into sector lending, which was much more institution-building, which was the other thing that came in vogue in those days, you know. And so again this became the culture, this was the order of the day, which meant everybody rushed out to do it.

**LEWIS:** That also to move money, that's always the charge?

**GOLAN:** No, I think really, you know—I mean, you go—and I've read all the OED and I've had the debate. As somebody who had worked through it, I never felt that I would get recognition or reward if I made a loan for a hundred million dollars versus a loan for twenty million dollars. Perhaps not even that if I did two projects instead of one. Perhaps. But even that not, because what I have always felt, from my experience at least, if you said you were going to do five projects and you did seven, yes. But if you said from the beginning you do seven and you did the seven, nobody cared. Only when you were able to step in and provide them because there was always, fell short of the target--those of us who could always come up and provide them with additional, and basically what it amounted to again—not--because you see a lot of people accused us of having dreamed up the project. And I said, "You guys don't understand. A well-organized division has enough of its projects to go to the Board in July or August, and then if somebody needs it you bring it forward to May or June. It doesn't mean that we dream up new projects. It means that, (a), we are well advanced and, (b), we always prepare more projects than we know we can process to the Board.

**KAPUR:** Sort of a mature pipeline.

**GOLAN:** Exactly. Exactly. I remember I've been accused of having been a sort of salami machine, you know, churning out projects. I said, "No. It is not that we just rush these things. It's simply a question of forward planning." I mean, you go to a country like India or Indonesia or Thailand, the Philippines, there is no shortage of projects.

**KAPUR:** Now what about the issues of--which really seemed like a war in the Bank in the '80s on irrigation--one being cost recovery. I mean, what were your sort of dialogues with governments and your battles?

**GOLAN:** Cost recovery started much earlier in the Bank. I remember [*inaudible*] one of his first sort of major studies of cost recovery in the department. He was still an economist.

The cost recovery issue was a major problem for the management of the Bank. We've always been struggling. Governments--we couldn't get anywhere governments to [*inaudible*] and the argument, you know, in typical Bank fashion, because the Board [*of Executive Directors*] started putting pressure on us, we found the elegant solution of studies. Where we would have to study this thing. So we started introducing in every loan there was gonna be a study on cost recovery.

What is true is that it's easier to [*inaudible*] cost recovery and it's very much more on an ideological level than a practical level. In other words, what are you going to accomplish? You are not going to improve efficiency because there is no way in these big surface irrigation that you can go to volumetric. It's fine in the tube well, it's easy to measure. But in a big irrigation project to go to, you know, volumetric was very, very difficult because you just didn't have the control mechanism in the structure. So you were not going to bring efficiency.

B, the cost of collecting from the large number of smallholders when you never knew, also, who was the owner, when a lot of these people were just renting the land and would end up having to pay. And in the few places where we looked, it would turn out that the cost of collection, you know--to begin with you could never achieve 100 percent and if you got 50 or 60 percent and then the cost of collection was so high that what you ended up with was very, very marginal. So it was a real problem that we went around and around and around. And to this day we have still never resolved the issue of cost recovery.

**LEWIS:** To what extent did you think about corruption, as you were mentioning there?

**GOLAN:** That came later when we did realize that in some cases--when we started, I remember in the Philippines, was the question of both what did they collect and what did the government get, which was . .

**LEWIS:** But if you don't have cost recovery, it's a scarce resource, somebody's probably going to try to price it, huh?

**GOLAN:** No, you see, the problem with our system was, first of all as we used to say below the secondary was the law of the jungle. The big landowner, the strong guy would get all the water or most of the water, and the guy at the end of the canal got very little. There was no way of ensuring that the guy at the tail end of the canal got the same amount of water as the guy at the head. It was just—it was a very, very complicated

social issue. Cost recovery was just a small element. It was the whole question of equity, whole question of efficiency, you know, and in these types, especially in rice where it's flowing water, it's almost impossible.

**KAPUR:** I mean, I don't know this answer at all, but more as a question: is it ever possible that ground water might be technically sub-optimal to surface sort of irrigation but if you take into account all these social issues and cost recovery issues, et cetera, that ground water becomes sort of the second best solution in a way? I mean, it actually becomes more optimal?

**GOLAN:** Ground water can't very much *[inaudible]* You can't grow rice. You can't even grow sugar cane with ground water unless you go to *[inaudible]* irrigation. So the question is really not whether or not *[inaudible]* It's also the crops that you have, the kind of terrain that you have, you know, and the kind of land ownership because when you have smallholders and you want to go into ground water, then you immediately run into tube well type of thing which the government has to own, which is not very efficient. On the other hand when we had places like Greece where we did a ground water project with some of the larger holdings, then we could do it in the private sector without the government.

**KAPUR:** Do you remember some sort of battles you fought in trying to change, you know, like the Rajasthan Canal project, where you used the project to change the government's then priorities. And there must have been a host of these, obviously, all across the world. Some you won, some you lost, some you don't know. I was wondering, I mean it would be nice for the history to have some examples to sort of bring out . . .

**GOLAN:** I can give you several of them. One was drainage.

**LEWIS:** Okay, please.

**GOLAN:** In most countries, drainage was just not recognized as a prerequisite for sound irrigation. And you had *[inaudible]* in those days Paul *[inaudible]* Bureau of Reclamation, and those people were really the best professionals you could find. I always remember going with a guy who was called Don *[Donald O.]* Mitchell, who was *[inaudible]* the division chief *[inaudible]* And out in India he was preaching the need for drainage, you know, just--drainage to them was a waste of money. And I don't know *[inaudible]* here in America how irrigation *[inaudible]* would work [missed the punch line] *[Laughter]* I'll never forget. So clearly, drainage in many, many countries was an issue.

The other battle that we fought in many, many countries--and this was again wasn't very good—but the question of extensive versus intensive irrigation. Time and again governments wanted extensive irrigation.

**LEWIS:** That even was an historical policy in India, drought protection.

**GOLAN:** Well, in India drought protection, but even in other countries. In other words .

**KAPUR:** Well, you can have a little bit of goodies for everybody.

**GOLAN:** You see, we would say, “You’re better off irrigating a smaller area 200 percent in crop intensity versus a large area at 110. The costs were way up. The waste went up. We were never able, however—and that’s the one sort of—we were never able to do a real scientific evaluation of which one was the right application.

**KAPUR:** But on the other hand this would entail that at least in the short run you have a strong equity/growth trade-off because if you are doing it in a small area that area surely would have grown faster, et cetera, while obviously incomes [*inaudible*] as opposed to . .

**GOLAN:** To this day I'm not sure how to take out social equity issues purely on “economic efficiency.” Which is the better approach? Intensive irrigation? We weren't able to ever come to a closure on this issue. And it's something we have struggled quite a number of times.

**KAPUR:** One issue which we heard from several people—almost as an anecdote, I don't know how seriously--is this canal lining.

**GOLAN:** Oh, yes. No, that is not an anecdote. As somebody who has been in the trenches I can tell you.

**KAPUR:** Especially this person, Gaby [*Gabriel*] Tibor.

**GOLAN:** Oh, Gaby Tibor. He was one of the--but I don't know if you got hold of, there was even one before Gaby Tibor because Gaby came a little later--called Ben [*Cecil M.*] Bolt, Ben Bolt. English Engineer. (Sir Alexander Gibbs joined the Bank.) He worked on India. And he was absolutely in favor of canal lining. And the Indians refused throughout, either because they said, “If you do lining, you do brick and mortar the way we did it in Rajasthan” [*inaudible*] Because if you were going to do it you need machinery, that meant you had to import the machinery and they refused to do it.

B, they always said you will come later, in phase two. And the argument we in the Bank always said is, “There’s no way you can build an earth canal, start irrigation and come ten years down the road and say, ‘Now we shut the canal to line it, and you guys wait for [*inaudible*]’” Plus the fact that from an engineering point of view, an earth canal has a larger dimension than a lined canal.

**KAPUR:** Water flow is much more. . .

**GOLAN:** You don't need as big a canal.

**LEWIS:** Subramaniam used to also argue in the Narmada that you'll get seepage and you therefore recharge the aquifers and get ground water irrigation.

**GOLAN:** Why would you want to get a seepage? Once you have it on the surface why do you want to put it in the ground?

**LEWIS:** I know. It's an option.

**GOLAN:** But very much, but you see, more interesting in that respect was the argument that we had in Indonesia. You see, in Indonesia, when we started working there, the argument was that massive irrigation was expensive in Java. *[inaudible]* And they were all in this together. Completely. Do you come in and look at the entire stock of irrigation and say, "What are the minimum things that are required to get this system running again?" And do it simple, quick, you get the thing going. Or do you take system by system and say, "What does it take to bring it back to be 100 percent right and go?" And we had enormous fights within the Bank over it.

*[End Tape 1, Side A]*

*[Begin Tape 1, Side B]*

**GOLAN:** When we did Sirikit dam in Thailand, tremendous debates—one of the *[inaudible]* I've ever seen between technical people and the non-technical people. On the non-technical side was Siem Aldewereld, who was the project director, director of the Projects Department at the time, and Peter Cargill, who was country director. These guys said, "Go ahead." All the technical people had a million and one arguments why not. I ended up being the poor economist who had--I was told what I had to prove. Someone said, "You prove this," and I had to go and churn out the number to prove, you know. In the end they were right, for the wrong reasons.

**KAPUR:** I'm sorry, what was the debate here?

**GOLAN:** The debate was: the technical people were saying the country doesn't have the capability and there is no justification for building these huge things, to build a dam which would irrigate 400,000 hectares before you have done rehabilitation of the system, et cetera. You will build the big dam and you will never get the irrigation going.

**KAPUR:** So again a question of sequencing?

**GOLAN:** Yeah, yeah. In the end, we built the dam, and the dam paid for itself in one year because that was the year where rice prices went from 100 dollars to 800 dollars a ton. You know, it was just a coincidence because the fluctuation of the price of rice on the world market was very high in the '60s. No other crop where you have, when you think about it, is a percent of total production--the amount that entered the world market was insignificant.

**KAPUR:** Even now it's about 2 to 3 percent.



**GOLAN:** And yet the price fluctuation--all we need is for a place like China or Thailand or Indonesia to have a bad year [*inaudible*] because when we worked in Indonesia, Indonesia was importing 3 million tons a year of rice. And coming back to Indonesia, we said, "Look, do the extensive, get the wretched thing going as quickly as you can, then come back and do it a second time, and then you can come even a third time."

And this sort of conflict for the purists in the Bank--but even OED was arguing against it. You look at some of the early OED evaluation of the irrigation projects in Indonesia, that's what they were complaining about, that we did not totally rebuild the system but went and did minimal repair and then came back a second time and did some additional work and did it in stages instead of . . .

And this was not for social reasons. The government wanted everything covered, you know, although that was in part also playing, but also the recognition that you get such high returns from very simple amount of work. You don't require a lot of engineering and a lot of planning because you could literally drive down and see, "Here is the structure broken. Okay, so whenever there is broken structure we need to repair it. You know, here is a canal that's totally silted up. Okay, we need to desilt it." It is the simple thing that you could see right away would get tremendous benefits. And that's why we had projects with 80 percent rate of return.

**LEWIS:** I'd like to ask you a couple of questions that I think kind of follow on this. They're both kind of large trade-off questions. You've just been taking about the trade-off between, as you might say, technical perfectionism and operational sort of maybe second-best strategy, but it's a sequencing choice, as you said. There's also allegedly, at this time that you were in charge of the irrigation, on-going tension in the Bank between the sort of McNamara (who's identified with it) pro-equity push, the redistribution, anti-poverty concern, and a production concern that came out of the [*George D.*] Woods period and that you've really been talking about production this whole time. Now, how much were you aware of that kind of issue? It also, I guess, it played between a kind of institutional face-off between Monte [*Montague*] Yudelman's group and people like yourself in regions, or not?

**GOLAN:** Monte really only came . .

**LEWIS:** In '72.

**GOLAN:** Well, yeah, but became the director really almost in '73 when the reorganization . .

**LEWIS:** But the reorganization made rural development central.

**GOLAN:** That's when rural development came in.

**LEWIS:** Yeah, and so was that sort of, this equity growth tension sort of was . . .

**GOLAN:** If I were to be completely cynical, I'll say we did the same things we used to do, we just explained it slightly differently. In other words, really I don't think that we really changed dramatically what we did as how we explained it that was changed. In other words, much more emphasis on the smallholder. We all the sudden started counting. It used to be we'd say, "Well, we're going to irrigate 1,000 hectares, and we're going to get increased production of so much." All the sudden we had to say, "Well, hectares don't count. How many smallholders are we going to benefit? How many days of labor are we going to create?" So we did the same thing; it was just how we justified it that has changed.

**KAPUR:** I mean, almost the analogue of all, a lot of the land projects and water and sanitation, the World Bank called "infrastructure." Now they call them "environmental projects."

**GOLAN:** We were very, very good at this, all my years in the Bank, continuing doing, but changing the rationale and the justification to fit whatever we needed. And we had to look at many more things.

If there is one classical thing that really changed, it was resettlement. In the old days, the resettlement we would say that's the government responsibility, you know. As long as the government looks into it, we weren't worried about it. Indigenous people: that was not something that was in the culture of the Bank. Totally alien. It was really pressure from the outside that has gradually brought us around to start looking at these kind of issues. Even in the major and fairly famous debate over the transmigration program in Indonesia, it was not, "What does it do to the local people?"

**KAPUR:** Right, it's what results in the transfers, people who get. . .

**GOLAN:** No, it was what does it do to the environment.

**KAPUR:** Oh, I see.

**GOLAN:** The debate in Indonesia was food crops versus tree crops. That was it. And in the tidal areas was really the soil, what happens when you drain it out to *[inaudible]* soil crops. But we never really looked at what does the transmigration do to the indigenous people by bringing all these Javanese and then basically taking over. You know, some discussions a little bit on the environment, you know, what happens when you cut down the jungle? *[inaudible]* Minimal, minimal discussion.

And what I find so interesting some of our people, who are coming back, saying to the Bank, one of our best environmental division chiefs today was in charge at the time of transmigration and the word environment never entered her mind. Now, you know . . .

**LEWIS:** I've forgotten. Where did that idea come from originally, from the Indonesians?

**GOLAN:** Totally. Totally.

**KAPUR:** It was almost a part of, well, I mean . .

**LEWIS:** Java, Javanese.

**KAPUR:** I mean, some claim it was part of a sort of political strategy of the government, but it had a number of motives.

**GOLAN:** I have heard a very, very interesting expose about an Indonesian minister [whispering] realpolitik [*inaudible*] But again was the question of tree crops versus food crops, was, “What is more important: to move the people or to ensure adequate development?” You start by explaining what the realpolitik was: “Look, there's China, a huge number of people; there is Vietnam, a country that is crowded, they have a lot of population. Here are massive blocks of land where there's hardly any population.”

**KAPUR:** So if we don't populate them . . .

**GOLAN:** “If we don't make sure that we have a presence, it's an invitation for somebody to come in and take over. Therefore our strategy is--in addition, we have all this population pressure on Java--get them out there to establish a presence, to consolidate our hold on these to prevent anybody from ever being tempted to come in.”

**KAPUR:** In fact, this has happened to Sabah in Malaysia, empty and all these Indonesians and Philippines, they are now more than the local population.

**GOLAN:** And then came this whole debate that was raging, food crops versus tree crops. Again, the question is: “What is the objective? Do you bring as many people out as quickly as you can, or do you bring much, much fewer and invest much more money?” There was also the technical debate, “Were these soils suitable for food crops?” There was no question about tree crops. The question was food crops. “Could you produce sustainable food crop production?” There was enormous debate over that.

**KAPUR:** In fact, late '70s, after the *Wall Street Journal* which ran some negative pieces . .

**GOLAN:** The *Asian Wall Street Journal*.

**KAPUR:** The *Asian Wall Street Journal*, I see. And McNamara was furious.

**GOLAN:** Well, you see--as a matter of fact I was just looking at it, [*inaudible*] at home I found a copy of that--what happened was, we had a division at the time responsible for transmigration. The division chief, Shig [*Shigeharu*] Takahashi, was there, and then in '75 when I became assistant director, I felt that the whole transmigration program was really more transmigration of Bank staff to Indonesia than the Javanese to the Outer

Islands. We would go on missions after mission, we're not getting it, we'll never get it. And I pushed through some drastic changes. They felt this was anti-transmigration.

**KAPUR:** Who? The Indonesians?

**GOLAN:** No, no. The Bank staff in the division. Then somebody leaked several of the internal memos over this debate, how to structure it, to the *Asian Wall Street Journal* which then published all of these internal [inaudible] There were a lot of, you know, issues in the debate. As I said, there was food crops versus tree crops, how much, what is the objective, you know, how sustainable are these things, because, you know, in some places government just brought them over, dumped them, and these guys could never go back because they didn't have the money to go back and left them in total misery, you know.

So the debate was also over the numbers. The government would set up targets, a million people, whatever it was, you know. Should we be party? Should we put a condition that we will only do it if you agree to reduce the number to half a million or something like that? A lot of the debate, that's where the *Asian Wall Street Journal* articles came about.

**KAPUR:** So you were at that time basically focused on Southeast Asia?

**GOLAN:** You see, what happened was, we had the reorganization in '72. Then two years later, or maybe almost two years later, in '74, they took away--the Asia region was split again. In '72 East and South Asia were combined into the same region. In '74 it was were split up . . .

**KAPUR:** When Cargill left.

**GOLAN:** When Cargill left, yeah. [inaudible] And so we had a single irrigation project division covering East and South Asia, and I moved to East Asia. And from that, I later on became assistant director in charge of Indonesia, Malaysia and Thailand agricultural sectors.

**KAPUR:** And you also were looking after the Philippines?

**GOLAN:** Yeah.

**KAPUR:** What was the record now that you look back [inaudible] although that was, of course, part of the broader--because one of the—the curious thing at that time was that the Bank did say, both in '73 and I think more in '86, a bit more forcefully than it's ever said on the issue of land reform, and if there was any country in Southeast Asia that the issue loomed [inaudible]

**LEWIS:** Let me just broaden that. I was going to ask you: in your line of business during those years, what was your perception of what the sort of party line was on land., Was there one on land policy?

**GOLAN:** Well, with the exception of Wolf Ladejinsky . .

**LEWIS:** I know him, yeah.

**GOLAN:** . . who, you know, was calling us numerologists [whispering] telling us. Land reform was a problem, but we always realized it [*inaudible*] consolidation, that we would get [whispering] political issue [*inaudible*] And so we shied away from it.

It was also not really clear the way we were structured, which division was responsible for land. You see, the curious thing is that if we were structured the way we are structured today, we have one agriculture division totally responsible for every single country; well, then clearly land reform is part of their mandate. But when you have an irrigation division and you have a credit division and you have a livestock division, who is responsible for land reform? Where does land reform come? It affects every single one. So I think to some extent land reform fell a little bit between the stools and the only time it was raised was when we had a sector mission. They would raise, because they were the only ones who looked at the totality of the sector. If there was a drawback to the way we were structured, it was the difficulty in getting an overall perspective of the country. As a result we were weak on that but we were much, much better on the technical aspects.

**KAPUR:** Do you think that's flipped?

**GOLAN:** Oh, completely. Completely. We now have a much better view of the country, but I think we have given up an awful lot in the technical area. It's impossible, you see. You can't have a land division; let's say you have a division of fifteen people, looking after everything in the agriculture sector--you are bound to have generalists. If you don't know from your team--when you had a division of twenty people looking only into irrigation, we had ten engineers there. We were specialists.

**KAPUR:** It's never been clear why the technical departments--I mean after '87--could not have retained that, at least the country departments.

**GOLAN:** There were two problems, you see. (A), that the sector divisions in a country were far too small.

**KAPUR:** Right, so you could not have them there.

**GOLAN:** You cannot have, in a single country.

**LEWIS:** Right.

**GOLAN:** And (b), what the technical experts that were in the technical department were guest workers, but all of a sudden you had your more senior, quite often your most experienced people in the technical department: "You can't be a mission leader. You

know, you just come as a consultant when I want you. You talk too much, you raise too many issues. Hey, chum, you're not going to be asked back.”

So again, and this is what I'm talking about the culture--the idea was excellent, the metrics management, you know, par excellence, teams to be created for project by projects were formed, but the culture of this kind of system just didn't exist. Everybody felt, you know, well, you know, if you're not on the inside. So what happened was you had a guy at Level 25 in the projects department with twenty years experience but the SOD [*sector operations division chief*] says, “But I have this YP, and if I don't give him mission leadership he's going to leave me, and I need to bring him along, and I have to develop him,” et cetera. So you get the guy with has no experience leading the mission and the senior guy sitting in the back. This was the drawback. And even now, the divisions are just too small. But you get a better country focus.

**LEWIS:** Too damn many countries, I guess.

**GOLAN:** Well, you have twenty-four country departments to think about.

**LEWIS:** It's an insoluble problem, really, this question of scale and . . .

**KAPUR:** Unless you look at more of the institutional linked center which . . .

**LEWIS:** No, but then you still have, I remember I had an incredibly energetic program officer in Delhi and we got into the famine of '66-7 in Bihar. He was down there; I sent him down to Bihar to do good. And he got so engaged he wanted to move a sub-mission to Patna, you know. And we had an all day long meeting about it, debating the thing. It simply was just a question of scale, that you couldn't replicate the expertise that you had in a large country mission in this mini-mission. And there's just no way to solve it.

**KAPUR:** Trade-offs, there's always trade-offs. One thing that you took over later on which was the industrial department. And one sort of subset which the Bank was involved in in industry was fertilizers. Although the--my sense was that the main focus on fertilizer was more in the '70s and much less in the '80s, but I was wondering how you see the fertilizer involvement. I mean, it's one of those things also which is--fertilizer is an industry, although of course its principal value and applications were in agriculture.

**GOLAN:** In the industry department, fertilizer was industry, first and foremost, dirt.

**KAPUR:** Right.

**GOLAN:** Very, very [*inaudible*] question of agriculture. They just didn't come in. Right or wrong you can argue, you know. So we always looked at fertilizer purely, you know--the goal may be on us, people in the agricultural sector, what is the demand, what type of fertilizer do you need, but that's the extent of it. You know, simply to look at the marketing of it, even the distribution was not part of--the most successful fertilizer lending the Bank had was in Indonesia, of course, without doubt. Of course, we,

however, did not, was not in charge of the distribution. So that the real *[inaudible]* and that was the end of it. It was completely divorced. There was absolutely no tie-in between fertilizer and agriculture.

**KAPUR:** Although there were--now you know the ag department had some marketing projects, I seem to remember, which were separate.

**GOLAN:** That's right, which were separate, that's what I was saying. They took it, fertilizer produced it, sold it, then somebody else distributed it.

**KAOUR:** Quite like the parastatals.

**GOLAN:** Both were parastatals. What happens then, just about the time I went to the industry department, and that is when the privatization issue started coming into the Bank.

**KAPUR:** Could I just interrupt you there, do you remember this one major thing that happened in 1980 with these large fertilizer projects the Bank was going to finance in India and there was a choice of technology issue between Haldor Topsoe and, I think, C.L. Braun on the other hand. And the Topsoe thing had snagged *[inaudible]* Mrs. *[Indira]* Gandhi and she overturned and so on. Do you remember that?

**GOLAN:** Yeah, very well because Mr. Topsoe used to be here every Monday and Tuesday. And he was a good friend of David Hopper, and David was very much involved. So yeah, I remember it very, very well.

And you see the thing that was complicated was that IFC *[International Finance Corporation]* got involved. And we had a lot of review with IFC because IFC was funding also fertilizer projects. And the question was--and we did some studies--whose projects are cheaper, IFC's or the World Bank's, you know? And IFC was claiming that, "You guys are forcing high prices on us because you have locked into the technology."

**LEWIS:** Locked into the . . .

**GOLAN:** The technology. You see, there was this question of which technology you use. Topsoe had . . .

**LEWIS:** I see, which engineering contractor, in effect . . .

**GOLAN:** Yeah, but it was not just the engineering contract, it was what kind of technology you used to produce.

**LEWIS:** But it surely must have been ammonia, urea . . .

**GOLAN:** Right, but how you produce it, the engineering, what kind of equipment, et cetera. That's where we had . . .

**KAPUR:** So they actually claimed that Topsoe was not the ideal.

**GOLAN:** There was a lot of dispute. It wasn't so much whether Topsoe was the ideal, but why do you have to stick only with Topsoe. And then the government said, "Well, to have standards we can't have three factories this and four factories that."

**KAPUR:** That was the GOI's position?

**GOLAN:** The GOI's position.

**LEWIS:** That's nonsense.

**KAPUR:** But the GOI in the end didn't go with Topsoe, right? That's what happened: they overturned it.

**GOLAN:** Well, you see, finally we managed to get a change but not right away. There were quite a, several projects that went ahead with the Topsoe technology. And as I say, I remember David Hopper putting a lot of pressure on us, and created problems with the government and so on. But it was rather difficult to prove, also.

**LEWIS:** Where is Topsoe headquartered?

**GOLAN:** Danish.

**LEWIS:** Danish. Kellogg was . . .

**GOLAN:** U.S.

**LEWIS:** I know that, but they were with Brown?

**KAPUR:** Yes, see I think it was Kelloggs here, Brown and Haldor Topsoe and *[inaudible]* was my—so I guess, in looking at this I had this impression that it was, that there were kickbacks involved and that's why they changed from Brown to Topsoe and the Bank didn't like the corruption part and that's why . . .

**GOLAN:** No, no, I don't know that we knew anything about the corruption.

**KAPUR:** I see. So it was a technical issue per se.

**GOLAN:** It was a technical issue. The best people to talk about this, who would really know, Harinder Kohli, who was the division chief, first, and then Eddie *[Edilberto L.]* Segura, who took over from him. These were the two guys who ran the fertilizer division.



**LEWIS:** Let me ask you about, a little differently, about fertilizer. I've been very much impressed by a paper that was done in the industry division, I guess, a retrospective on the—their role in the fertilizer industries per se, not thinking about the consumption of fertilizer but about the production of it and talking about the role of the Bank, together with UNDP [*United Nations Development Program*] and FAO [*U.N. Food and Agriculture Organization*], played in really running kind of an indicative planning system in fertilizer production that has smoothed the production of fertilizer over the years in what's potentially a very, very volatile milieu. Is that an excessive claim?

**GOLAN:** A little bit excessive but clearly we were a major depository for planning. See, fertilizer plants are fairly large, bulky.

**LEWIS:** Absolutely.

**GOLAN:** They take a long time. We published--I forget the guy's name, he was a British guy.

**LEWIS:** Oh yeah, we've got his name. In fact, we just wrote him a letter.

**GOLAN:** Bill something. He was the secretary of ODC [*Overseas Development Council*] for a long, long time, and even after he retired he continued.

Anyway, you see, we--to the extent that industry did come and ask for this information, we clearly could tell them here it was. Total capacity, here it was. Although we were never very sure what was happening in the Soviet Union.

**KAPUR:** Right. East Europe was a large . .

**GOLAN:** Oh, they were a major [*inaudible*] big exporters in those days. We always had to put the caveat, "In this black hole, we are not sure what's happening."

**LEWIS:** Sometimes, though, they came to your meetings?

**GOLAN:** Well, they came but they didn't give us very much information. They came to hear rather than to provide, you know. So I think, you know, how much industry did make use of it--industry was very interested in that kind of information. Did they always really rely on it is a different question, but . . .

**KAPUR:** Especially, I mean for governments, you know, even if there is excessive, you know--if you say that plants are being built in the U.S., Europe, or elsewhere, for Indonesia or India, well, you know, "So what, we need it for our own thing."

**GOLAN:** Yeah, but you see this is the argument we would say, "Look guys. If the price of urea is going to go down to 70 dollars a ton, don't be stupid and try to produce it domestically. Do something else with your money. You always can come back later."

And they would say, “No, no, no, no.”

So, it was probably more in Part I countries where they would pay--take this into consideration, but that's where the big investments were, of course.

**LEWIS:** I think that the, the time series look as if the curve has been smoothed quite a lot by the—you know, you can't be sure what the counterfactual is—but . . .

**GOLAN:** It was; it was invaluable at a very low cost. At a very low cost we did provide a very valuable service.

**KAPUR:** It was an informational clearinghouse.

**GOLAN:** Yeah, it was just an information clearinghouse; that's all we did. And as I said it was really one person who was very much employed.

**LEWIS:** That wasn't given from on high by McNamara or anything?

**GOLAN:** No, no, no. In those days we'd run the thing [*inaudible*] McNamara.

**KAPUR:** How did you see him?

**GOLAN:** I tell you, I rarely saw him, and I've never met a more intelligent, decisive guy and a more cold and aloof and impersonal person. You could admire his intellect but you hated him as a person. I remember times we were on a plane with him. He would recognize you, not [*inaudible*] almost afraid, don't talk to him. You know, he was a very, very strange person. When I think of some of the others by comparison, you know, they weren't half as bright and capable, but so much more personable. You can never imagine [*Barber B.*] Conable or [*Alden W.*] Clausen who didn't walk around and meet staff, come in and talk to you and come to your office [*inaudible*] I can't imagine McNamara doing the same thing.

**LEWIS:** Did you ever feel, you were just a new boy, did Woods--he had a sort of prickly . . .

**GOLAN:** Very. He was very, I mean [*inaudible*] I remember the one meeting with the first class; it was funny because even as far back as then it was a question of first class. That's when it started. The first time, I remember, and then we were called to a . . .

**KAPUR:** I have all of the PC minutes, you know, all the President's Council minutes from 1960 to 1991, and it is amazing that senior management discussed one agenda, more than China, more than India, that senior management had discussed its first class travel.

**GOLAN:** First class travel and then, I don't know if you looked back, the chauffeured vehicles that they had, the vice presidents, and the parking space for the vice presidents. These were the perks. [*Laughter*]

Gentlemen.

**LEWIS:** This has been great, I tell you.