

WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

INDERJIT SINGH

**Date: October 15, 1991
Washington, D.C.**

By: John Lewis, 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.

Inderjit Singh
October 15, 1991 - Verbatim

*[Begin Tape 1, Side A]*¹

LEWIS: Well, one of the chunks into which this thing is going to be broken up will deal with agriculture and rural issues. We will have up front a fairly long chronological story of what happened in the institution, presumably covering the whole thing in general terms, but then we chop it up into some neat pieces, and agriculture and rural is one of them, and that's where you've been working mainly.

SINGH: Well, half—out of my seventeen years in the Bank, I'd say half in agriculture and over the last seven or eight years in industry and finance.

LEWIS: Oh, have you?

WEBB: I didn't know that.

SINGH: Well, in 1983 I guess I left agriculture, and since '83 I've been working in industry, first as principal economist for South Asia, then principal economist for China and now principal economist here in socialist economies.

LEWIS: I see. There's a lot we can talk to you about.

SINGH: But eight/eight years--half/half.

LEWIS: Well, I guess then at least to start with, we're interested particularly in the kinds of things you were working on in the '70s, and I'm curious about the interplay, really, between work and agricultural production and the whole equity distributional side of things, whether Monte [*Montague*] Yudelman and his focus on smallholder agriculture was sort of representative of what was going on and how you see that sector being treated in that decade.

SINGH: Yeah, I think I came to the Bank at about the time when things were just turning the corner on recognizing the relationship between productivity and growth. This was also the time when there's a lot of international hullabaloo about the fact that the Bank had been neglecting poverty issues, and poverty was growing, and there was immiserizing growth, and people at ILO [*International Labor Organization*] had been publishing these scurrilous attacks—A. R. Khan and [*Keith*] Griffin and others--that growth was bad for the poor. I guess I was just coming into the Bank at about that time.

It is true to say that about that time--here I'm talking of the mid-'70s--the Bank had not explicitly taken up poverty issues. I mean, it had become part of the general debate; it had not become part of a concentrated effort in Bank projects. But it was clear that a lot of what the Bank was doing was poverty-relieving. I mean, there were a number of us who

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

were working at the time in research as well as in the projects department were arguing that anything that was going to be done to increase the benefits for the poor would as a precondition require increasing productivity because in the '70s all the predictions were that if you projected China's and India's outcomes on the basis of past trends, by 1990 they'd be importing, what, 18 to 20 million tons of grain each and that they'd occupy 90 percent of all the food grain demand in international markets. I mean, this is the projection. So along come a group of us who are saying that—I mean, this didn't make sense because a lot of the projects we were doing--the irrigation, the extension, the smallholder projects, the cash projects, you know, or the dairy projects, that all these were likely to help the poor.

And so I think there was a concerted effort on two counts to bring this about, at least two counts on which I was involved. The one was we--I was part of the first *WDR [World Development Report]* team, the 1978 team, and I wrote the chapters on Asia and Sub-Saharan Africa with Shankar Acharya in which we argued that both in the Asian context and in the Sub-Saharan context much of what was being done to raise productivity was also going to be helping small farmers and hence the rural poor, number one, and number two that increased production was an essential prerequisite for reducing the pressure on grain markets and hence on the sort of trade-off between the wage rate and the price for grains and the sort of A. K. Sen equation on, you know, what labor gets and what price it has to pay for its subsistence, and thirdly that for any country that wanted to set up—any country that was agrarian by and large, especially in South Asia and Africa, which depended upon its sources of, government programs on increased productivity, would not be able to support special programs for the poor unless it had growth, and that meant agricultural growth. So this was sort of a line of trend, and this was in defense of what the Bank and many of the governments were doing and against people that had been arguing that growth was nothing but immiserizing.

After that effort in 1978 I myself got personally irritated by a lot of the stuff that was coming out, very, very shoddy stuff, based on rising incidence of poverty in the late '60s, which as now we know were exceptional years, and the constant bandwagon of statements that growth only caused problems: it displaced tenants, made people poorer, the landless are going to just die and so on and so forth. And I undertook a major review of the South Asian literature and others did of looking at the African work. Unfortunately, it took eight years for the book to come out; it was actually out in '86--my foot isn't working--look it up. It's called *The Great Ascent*.

KAPUR: Yes, we have it.

SINGH: And that was an attempt to review the evidence from hundreds of articles on this whole poverty issue. I focused on two things: I would say it was correct by the end of the '70s that most people had accepted that if you were a farmer and you were a landholder, you would get benefits from the green revolution type technologies. Almost all the things we were doing--irrigation extension, increased fertilizer use, increased commercialization of agriculture and so on--all these were going to benefit--increased marketing efforts. What was at question were tenants and landless laborers. And this

book was an attempt to show that indeed they, too, you know. I took the counterfactual where the tenants were being affected by a green revolution, and the finding was that except, you know, for a few cases, especially where large-scale mechanization had occurred—for example, in West Pakistan leading to some land displacement--the tenants had actually benefited. And secondly, I showed in great length and extent that the poverty incidence had gone—not only had gone down but that the landless had also benefited. That was a sort of first piece of work on which I had become involved on the intellectual side. Fair enough to say that by the time this was published last year, this battle had been won. I don't think there's anyone out there arguing that growth leads to misery.

As a matter of fact, the argument which I've been making, that is lack of growth which can be identified with misery, especially in Bangladesh and so on, and indeed at the time I was writing this in 1983-'84, I also worked in Bangladesh. Everyone was pessimistic about Bangladesh except those who worked in Bank projects, and some of us were saying, "No, the productivity potential is enormous in that country. And at least the production problem would be solved. The distribution problem may not be solved, but the production problem would be solved." And we also argued that the distribution problem would not be solved if you didn't have prior production, both in terms of increased growth as well as in terms of the ability of governments to have revenues. We had to support special programs.

So I think between the middle of the '70s and the middle of the '80s the three issues were: (a) Would the landless benefit? (b) Would the tenants benefit? and (three) Do you need special programs on top of growth? And I think the consensus which sort of came out at the end of the book is yeah, you need growth, preconditioned, but then you also needed special programs to target special groups (women, children, landless laborers and so on), and that indeed the governments had willy-nilly—once they could afford it--had set up such a program and they were working reasonably well under the circumstances.

That's to the extent of the intellectual debate, and I don't think the intellectual debate is totally resolved because you know you get the ups and downs, but I think if you look at the general trends--and that's why I gave a very optimistic title to the book because every book on the subject is misery, poverty, death, despair, you know, death trap, triage. I mean, all these books, I probably threw away about four boxes of the stuff after reading them. The fact is that if you ask yourself, starting into the '70s, if you were projecting what was going to happen and now looking back in the '90s on those periods, we made tremendous progress on this issue, just enormous progress in alleviating poverty and getting productive capacity going and so on.

LEWIS: I haven't read the book, but Devesh just gave us Xeroxes of the table of contents. What you say all sounds is very sensible to me, and up to the point of certainly saying that smallholders have done better, and I can believe that the case for tenants was quite strong. The landless case, you're saying they are doing better on balance in agriculture or . . .

SINGH: No, you have to take the counterfactual firstly. The counterfactual is: supposing you hadn't had growth, what would have happened? First of all, the demand for labor would not be as high as it was. Certainly without the green revolution it would be miserable there. Secondly, the price of food grain would have been higher, right? Thirdly the balance between these two markets would have been to the detriment, right? Leave aside the fact that you would have had famines, right, and dependency on foreign governments. So essentially you really have an accordion effect in which the accordion is lifting up, right? The bottom rungs are lifting slower than the top rung, they're lifting the accordion up, so there's no doubt that that in fact occurred. But there's ample evidence from everywhere, and, you know, there are tons of stuff. I've got 400 tables in there to show, you know, that all strata of society had been benefiting.

That was one of my first bete noires. The other one was what I call "land fixedness," the sort of total concentration of the Indian policy debate on land--land reform, land this, land that, land that--and on food grains when the real opportunities, as we saw developing, were first on nonfood grain crops. As a matter of fact, I argued in this section of the book that the smaller you were in terms of holding, the higher the percentage of cropping you should have to cash in high-value crops because you want to maximize incomes and not what all these guys are recommending. They're recommending you should grow 100 percent to food and you have to fill your belly first, and I argued there is nothing that said that, well, you had these guys growing chiles, but then they couldn't have food for their children. I said there's nothing that required diamond miners to have their wives wearing diamond necklaces [*inaudible*] maximize income. The same thing on dairy. It's not necessary to feed milk to your children. You know, milk is a high-protein product; you should be exchanging for lentils. So I argued that first of all land provided enough; then you had to have multiple cropping, high-cash cropping, but then I argued very strenuously in the second half of the book for the opportunities in non-farm income in rural areas is fantastic and is being totally neglected.

LEWIS: Okay.

SINGH: Dairying, fisheries, forestry, livestock, small stock, a whole host of things I mention in there. And that the ratio of high incomes that were coming--there is an inverse relationship between the proportion of income coming from these activities and the level of income itself so that these opportunities had totally been neglected. So that was the intellectual debate.

On the practical side, two things happened. First of all we became conscious in our projects on poverty as an issue. I almost have the projects started looking at poverty as an issue. Secondly, there is a substantive shift away—not away--towards what I would call non-farm sorts of projects. I mean, the Anand dairy scheme and the Bank's support for that is a classical example of this, but is not the only one: support for small fisheries, support for social forestry, support for poultry, support for small stock development, right, became an integral part of the sort of project work that was being done.

LEWIS: Is the Bank sort of pushing this non-crop stuff or . . .

SINGH: Not as much as I would like. You know, I'm having the same problem in arguing now in industry because I've argued that the problem, for example, of social transformation is not to privatize industry. I mean, the big state sector should be just left to die. It's the private sector should be developed like in China, which is small scale and export arranging. That's another argument, but similarly I don't think the Bank has really gone in.

But it's not the Bank. The governments were very reluctant. I worked as a project officer. I tried to sell the Indian government on agri-industry projects which were based on getting food crops and cash crops to the markets and to higher value added for exports. One Coca-Cola project got stuck in India for ten years in my state and never got--I was promoted three times in the Bank before that project was actually approved. We started a 700 million dollar loan, three tranches of a loan, which the government of India never moved on until actually last year. There the first tranche is going, so it's not just the Bank people who have been land-fixated, but government policy-makers have been just—I mean, they're just egregiously mad about all this stuff, especially in food processing which is an enormous capacity. Our governments have been fixated on this idea of not having foreign participation, and that's crazy because all the modern technologies are not there. I mean, food packaging is not there; food processing is just primitive in India. China, on the other hand, in five years has transformed itself from a primitive Maoist sort of agriculture to one that's, you know, growing at 20 percent per annum in exports and a lot of this is in food processing.

I think more recently the shrimp development projects in Bangladesh and so on have gone in this direction.

KAPUR: But the non-farm lending of the Bank in agriculture has in fact declined in real terms and even as a relative share of total agriculture . . .

SINGH: It's a sad thing to note. Yeah, but you should not really look at non-farm stuff.

KAPUR: It means forestry, fisheries, livestock.

SINGH: Yeah, yeah, I understand. First of all, you have to take one chunk out, and that's irrigation, and then do the arithmetic again, okay? I'd suggest you do that because irrigation is an essential for all the other things too, all right? There is a dynamic that releases all the stuff, and it's a very large lump sum. I mean, you may have five or six non-farm projects of 20, 40, 50, 100 million dollars each and one 500 million dollar or a billion dollar irrigation project. So I think irrigation skews the arithmetic a bit.

LEWIS: Irrigation is . . .

SINGH: It's an essential. It's the growth nexus.

LEWIS: Oh, I understand, but you're saying that that has gone down?

Inderjit Singh
October 15, 1991 - Verbatim

SINGH: No, I think that has remained stable, though I never look at project figures anymore. It's one of those things upon which you may want to look at . . .

KAPUR: You say that if one removes the irrigation [*inaudible*] and then sees . . .

SINGH: Well, let me say that out of the two messages in the book, one that growth is not bad, that it needs to be supplemented by other programs, right, and the other one that non-farm growth ought to be concentrated on, right. The first message has been received. The second message has not yet been received. I know this because--certainly in the government of India where I know every--I mean, all the principal secretaries are my classmates now, and Manmohan [*Singh*] is a close friend--at the intellectual level they all talk about but at the institution level (because agriculture is a state subject, right) this message has not been received in India, and still not been in Bangladesh. Sri Lanka is a problem in itself; Africa is a problem itself and so on. But the massive potential for nonfood grain and non-crop productive growth in the agriculture sector just . . .

LEWIS: If you're saying that's really the salvation (or much of it) for the poor, isn't this stuff, the sort of niche kinds of things, don't they require more sophistication, literacy, more education or . . .

SINGH: No doubt. No doubt.

LEWIS: No?

SINGH: No doubt.

LEWIS: Yeah, they do.

SINGH: Absolutely. I've argued that without an educated farmer, you can't have good agriculture, period.

LEWIS: So everything goes together with education policy.

SINGH: Education, population control. Production, a back-up safety net so these special programs because it's going to take time, attitude, education, population control, these are the four banks in which, you know, poverty redressing has to go. I did not touch either education or population control because the Bank had done extensive work on this, and I cited it. This was more on productive things.

LEWIS: What about employment programs, that is, rural works and so on?

SINGH: There is a very extensive review on rural works program and the success, how old debt program did not work, how new tax programs are coming on, but all these ameliorative programs--and that's all they really are--have enormous leakages, right? But that doesn't mean you shouldn't do them. They can be done, and they can be useful, but

they're never large enough to solve the problem. The problem has to be solved through productive employment in the private sector, and that can't come without growth. And I finally argued in the last chapter that it can't come without rural industrialization of the type China has undertaken and it can't come without industrialization of the proper type, which India has not yet undertaken. So I mean--so I see this sort of continuum. I thought after I had done the work on agriculture I'd see why industry was not moving ahead. And that's why I went to industry.

WEBB: I remember an article by Oshima on growth . .

SINGH: Harry Oshima, yeah, I remember.

WEBB: Oshima. Growth, [*inaudible*] intense interaction with agricultural development, rural small-scale enterprise. Is what you see as possible in Asia almost [*inaudible*] or does it have a different character?

SINGH: Well, these are no longer models. It's no longer, you know, the Taiwan, Singapore stuff. Korea's gone. Japan is gone. China—I mean, if 500 million people on China's coast can be taking advantage of these strategies, I mean there's no longer a theoretical model. It's a practical reality. So . . .

LEWIS: That's very much what John Mellor's been arguing.

SINGH: Yes, and I quote Mellor and Uma Lele's work quite extensively. There's a section which talks about rural industrialization and rural links on getting the synergy going.

WEBB: Well, I mean, what I was trying to get at is—for instance, the education as a prerequisite is brought up, and I don't know whether there are other—whether that was an important difference . .

SINGH: Absolutely.

WEBB: . . or whether there are some other differences in the situations.

SINGH: No, absolutely. I mean . .

WEBB: Land tenure, for instance.

SINGH: There are three books at least in the Bank itself alone on education and agricultural productivity, and I've cited them, if you want, but I mean they are widely available. Prior to even starting this work it was clear that education played a positive role in productivity. What we are finding is that, of course, that plays a positive role in industrial productivity, too, all right, you know. I mean, it's correlated positively throughout the spectrum of skills in the process of industrialization, both the agricultural revolution and the industrial revolution.

LEWIS: This was kind of the Irma Edelman [*inaudible*] some time back when she was looking at the Korean expansion. You have to have--invest in education for a generation or two when no good benefit/cost analysis would lead to it.

SINGH: The entire education department--I suppose you will quote it somewhere--ought to be thrown out. These guys are doing stuff, they're saying, "What is the cost and benefit of this and that?"

And I said, "Hey, stop a minute and ask yourself: how are you where you are? Number one. Number two, if you've ever been to any country in the world and asked any poor man what he wants, the demand for education extends through the entire spectrum of society. So all this is bull, to say that he should or should not have education."

It is the worst bull as ever--we should have done that without a department. We should have insisted that education is something that is done well. And where did they do them well? The countries that did them well; the socialist countries have done very well. One of the few things they succeeded in is providing education, a solid base for the next stage of transformation, right? And China has done this, you know. I mean, you just cannot without education--the failure of governments in South Asia, for example, is mass literacy and education. I mean, this is nonsense. If it's good for you, it's good for the rest of the country. What the hell have you been holding out for?

And all these models of rates of return on education, I mean they're for the birds as far as I'm concerned. If development is anything, it's education, and I don't care who provides it. The demand for it is infinite. You can argue, well, you know, whether it should be 70 percent in primary and 90 percent in secondary, but to me this is--the guys in education economics are, you know, the guys who—I mean, they're sheer rent-collectors. [*Laughter*] As far as intellectual contribution, I mean I didn't require them to write any of this stuff. It's self-evident.

KAPUR: Do you see education as an example where the institution has bogged down in issues of, you know, cost-recovery, should it be done more by the private sector rather than really stress on it's need and pushing . . .

SINGH: Yeah, I think there are too many neo-classical economists involved in the education department. I think they get tied up on maximizing lifetime returns, stream of earnings for intra-households. I mean this stuff has just gone over the edge. It's an issue any politician understands, any man in the street understands, any guys working on anything understands, as far as development goes, so . . .

KAPUR: I was curious: you started your book, one of the initial chapters is on agrarian structure, and you end up on a--toward the end you have on land reform. How do you see the issues on the Bank's . . .

SINGH: Well, the Bank has talked a lot about land reform and done nothing about it. There's nothing to do about it. The Bank is not an institution that is in a position to do anything about it. The Bank is an institution on which you can dump on whenever you like, okay, because I mean it has no constituency, as you say. How can the people who argue that the Bank interferes too much in national sovereignty talk about the Bank being involved in land reform which is probably the most core sovereignty issue of any domestic political scene? The only way an outsider can institute land reform is through conquest. That's the only way it's happened. The Japanese in Taiwan and the Americans in Japan, right? Otherwise it's a revolution; that's what it is. In Hawaii it's a revolution that can only be brought from the inside. South Asia didn't have it; it's late now. I argued chapter and verse, it is too late; nothing was done. It's just too damned late. Now, the best you can do is give some garden and homestead plots, and I've argued that you should give those because the [both speaking at once]

LEWIS: You can get tenurial rights sorted out like in West Bengal.

SINGH: Yeah, if you give security of tenure to the tenant, but you know the Bengalis have a way of reinventing the wheels. I mean, they make it so complex, so complex it requires tons and tons of books, and there's something like 400 articles written on the Bengali experiment, you know. My argument is always--well, you're going to quote me again--but you know I have this old saw when I used to get mad at my colleagues, "If you want a book on rice go to the Bengal. If you want rice come to the Punjab." [Laughter] That's a problem between action and intellectualization which I still think exists. I think the Bengalis in some sense have got it right, that if you cannot change the dynamics of the land/man ratio, now, if you may want to give, you know, secure some tenancy rights. But the bargadar movement has not been as successful as they say it is.

And I've argued tenancy is not the issue. Just forget it. Just move on. It's one of those intellectual things which, because of the fact that our British overlords were rulers and we became quote unquote "tenants," the damned thing has sunk into our bones as if it was part of our marrow. It really is irrelevant. The more fundamental issues are getting knowledge, getting inputs, getting the stuff out and the people out of our rural areas.

I mean, this is crazy: sixty-five percent of our people still flogging their backs on land. And that's the result of failed industrial revolution, you know. There are two wing anchors. One is the zamindari history in agriculture, and the other is our Fabian socialism in industry. Put the two together and India may never rise. So taking the zamindari mentality, anti-lender, anti-landlord, anti-green revolution, anti-anything that works, I've taken on here.

And now I'm taking on the industrial sides where you've got the same thing--anti-multinational, anti-technology, anti-progressive, anti-foreigner, anti-export. I mean, the guys, they're talking today all about their new export markets. You know, when trade has grown 40-fold since when they first said there were no export markets. They said no export markets when I was a graduate student in St. Stephen's! At the age of 18 they said there were no export markets, right. I'm 50 years today, and there are no export markets.

Inderjit Singh
October 15, 1991 - Verbatim

It's the same bunch of guys who sank us forever, right? So there's another total dialogue on industry on which now I've been involved the past eight years on which you also really ought to talk about because there's been a revolution in thinking on the industrial side, too, in the Bank on which I . . .

Let me say that was--the other part of the intellectual effort was much more on the theoretical side because, you see, in order to argue how these gains were benefiting and who they were benefiting and in what ratio, for each individual who is a farmer but also a laborer is both a farm and a household. So we did this work on agricultural household models, which you may have seen, which integrated the theory of the farm and the household and for the first time allowed us to actually estimate to what proportion the benefits would go, you know, because to the extent that you were a laborer, you were on the negative side of the equation; to the extent that you were a tenant or a holder you were on the positive side of the equation. And, of course, what effect the project had depended upon the complex mix of the two.

And in this regard two major contributions from the Bank was--one was a review of the cost/benefit analysis of the Mudo [*phonetic*] project, which the Bank did.

WEBB: I'd forgotten about that.

SINGH: This is, you remember, you know, and that's a major effort.

LEWIS: Where is that? The project?

SINGH: The project Mudo [*phonetic*] was in the Philippines. No, no, Malaysia. [everyone speaking at once] The idea was to be able to develop the methodology for looking at the effects across the board including inter-industry effects in the rural regions, but the methodologies became so complex that the practical project implications were just not available, and that's what we learned from that extensive work.

This other agricultural household work we found that--we developed a theory, but then to apply it and make it practical, we'd have to develop a much more sophisticated framework for doing things rather fast. And there we did make progress because by that time desktop computers had become part of the Bank's culture, and there are models available now, modules, which project economists can use for looking at, you know, price effects, production effects on agricultural projects for various classes of cultivators: cultivators, tenants' households, landless and so on. So that's been much more successful, both in terms of intellectual contribution, so linking the theory of the firm to the household, but also practical application.

So these are two separate approaches which were taken, one was measuring in-field effects through sample surveys, off impacts, and the others doing it in a more computerized framework which have also contributed to, I should say, highlighting the poverty interest which the Bank has shown.

WEBB: How do you see the Bank's efforts on agriculture in the '70s? Were they on the right track?

SINGH: I think it's very mixed. I'll tell you why. I know Monte's not going to like me for this. What happened is that we went into the '70s into a direction which I think seemed intuitive from the point of view of what theory was telling us, that, god, if you had to have productivity increases, you had to have education, and you had to have health, and you had to have women's welfare, and you had to have water delivery, and you had to have tax, and you had to have, you know, this multi-faceted effort for rural development.

LEWIS: Used to be called community development.

SINGH: Community or integrated rural development, I-R-D. Theory was telling us that everything was interconnected, right, so the logical extension of that in the '70s was to develop IRD. And I say we must have wasted fifteen years of our time and I don't know how many millions of dollars in doing the IRD.

We started off at the end of the '60s or the beginning of the '70s--and I got involved as a consultant of the Bank then--saying we knew how to get a project going to grow maize or wheat, right? Then we got into a project that has to have maize or wheat with irrigation, right? Then you know we start doing the market links, right? I was to consider the production nexus, but then when we start going to the social nexus on the distributive side, we started stretching our capabilities, right? And my impression is that integrated rural development, where we tried to do everything, was a failure and that we have rightly now come back to what I would call doing a few things but doing them well. Of course, we're doing them through different project windows now.

LEWIS: Where did that—you know, that, in a sense, that was going around the track twice, that in India you had this all-around approach in the '50s [*inaudible*] and in the pilot project context it worked quite well, but as soon as you generalized it, the end of--it began to not be very effective. You had a switch away to agriculture-focused efforts, the green revolution. Now you come back again to this doing it in the round.

SINGH: No, no. You never came back to community development.

LEWIS: No, no, not in India, but I mean in the Bank, the outside interveners, having had some experience with that community development was not a very . .

SINGH: How did we come to IRD in the Bank?

LEWIS: . . which is very much the same thing.

SINGH: Very good question. And the answer is very simple: the Bank doesn't pay any attention to what's going on outside. I know that's a harsh statement, and it's not a negative statement in the sense that--who are the people to pay attention? Project guys?

I've now served in all parts of the Bank as a project officer and as a principal economist of projects. I am so busy trying to get things done, right? I'm not available for the debate.

At the time we were expanding; we were expanding into so many different fields so fast, right? Nor had we the history on community development. Remember, it took some years to absorb those lessons, right? What is happening right now is that rather than doing it through one agriculture department, right, we have specialized. After all, our social sector divisions are really part of the old community development, isn't it? Before the agriculture division was doing agriculture, irrigation, credit, marketing and so on, right, and health and water and all that stuff. Now you've got a social sector division that does population control with a specialized--so project side has become more specialized.

And, by the way, the same thing has happened in the governments that we are serving, Indonesia and India and so on. Their own government departments have become more specialized. So in some sense it is community development with much more specialized agencies and more specialized tools with each one doing what they do rather well, rather than trying to do it under one umbrella.

LEWIS: You mean it's the situation now.

SINGH: Today.

LEWIS: Integrated rural development was trying to do it all at once.

SINGH: Yes, was trying to do it all at once, you know, through one project, through one project. Today we would never do that.

LEWIS: The push for that within the Bank, was it? Was it [*Robert S.*] McNamara? Was it Monte Yudelman? Was it . . .

SINGH: I don't want to give names, but I think it was the central project staff under Monte Yudelman.

WEBB: How did it come out? The atmosphere here somehow suddenly gave birth . . .

SINGH: Well, you know, it was—it came out of the recognition that the production problem was only the first generation problem, right, that the distribution problems and the problems of rural welfare were second, third-generation problems and required a multi-faceted approach. I mean, it was literally if you wanted a field, you had to have the seed, you had to have the water, and you've got to have the credit and have the markets, but here, then, you know, in some cases, you know, you started saying, well, education relates so you had to have the education. So I think it came through a slow, slow recognition of the fact that development is a multi-faceted thing. It's not just production.

LEWIS: I've got a hypothesis which is that it's very connected with Africa, that you could go to a single track almost pro-agricultural production function project in India or

Pakistan because you did have a kind of institutional infrastructure there already and some well-educated people. They go on a freshman-like push and hope to kind of pull other things along. But in Africa you start doing agriculture [both speaking at once] . .

SINGH: A tabula rasa.

LEWIS: . .and there's nothing else in place. You've got to sort of bring up your whole infrastructure in order to get on with this particular farm project, and that then got to be the style of doing everything . . .

SINGH: I would say IRD failed everywhere, but it failed miserably in Africa.

And, by the way, special production projects failed in Africa. I remember I was advisor to Willi Wapenhans on rural development in Africa, and we reviewed livestock projects which were the star performers, you know, in our project portfolio. And eight years later, god, they've all become these watering holes with all the grass weeded out and the water holes sunk out and all the cattle dependent on that, and our livestock projects had failed because we had failed to take into account that cattle were part of a larger socio-economic system and weren't a feed-lot exercise, which is what these projects merged into, right? And the feed-lot livestock operation, you know, is the end of livestock development, not the beginning. So what we had really done was transfer Texas feed-lot livestock into Africa in a situation where cattle were a part of a larger socio-economic system.

So Africa has--I worked for four years in Africa, and I would say it was very hard work. It was work for which nobody got paid extra, for which you got diseases, and for which there was absolutely no reward whatsoever from either the bureaucracy or intellectually.

LEWIS: Were you a resident in Africa?

SINGH: I was an advisor on agricultural and rural development. I traveled constantly in East Africa, seventeen countries there, you know, so being in--and all the people were depressed because you couldn't get the best guys to come to work on Africa, and a lot of us argued you should be giving them an incentive, maybe a 25 percent higher salary for work in those hard areas. You got dengue fever, you got malaria, you had no one to work with. You had to collect the agricultural statistics, right? You had to collect all the government statistics. I mean, there was no fun! It was no fun working in Africa! I mean, working in India was intellectually challenging, hundreds of people to attract with community bureaucracies all over collecting statistics. You could hobnob in Delhi with, you know, with the best minds in the world. Africa was hard work.

WEBB: You're talking about late '70s or '80s?

SINGH: Late '70s and '80s into the '90s, Africa was hard work.

WEBB: But when you were there?

Inderjit Singh
October 15, 1991 - Verbatim

SINGH: When I was there it was—I was in the early '80s, '79 to '83, but I—it was really hard work.

WEBB: I thought you had continued in agriculture because I had looked at the date on that book—'90--so I assumed . . .

SINGH: Well, there have been two or three other books in between which I've been involved in, but, no, this just got held up for a whole variety of reasons including our publications department broke up at one time. We had to have a new publications director, a new philosophy. This was a reviewed three times.

On Africa I think you should talk to more knowledgeable people, but my feeling is in Africa the Bank did all the wrong things at the wrong time.

LEWIS: You think Uma Lele's critique is pretty . . .

SINGH: I'd go along with Uma on a lot of things. And I think we talked institutional development, we talked education, we talked about the prerequisites for development, right, but we never put our money where our mouth was. And I have now been out of touch with Africa for a decade--eight years now since I last worked there--but I would still argue that we have not put our money where our mouth is. And what we've done is ameliorative measures because after the '78—after the oil crisis we let six years almost ride by without knowing that the macro difficulties were mounting, right? And by '78 the debt crisis was so large in relative terms, right--'78 to '88 has been nothing but back-peddling on Africa because the macro stone weighs so heavily on everything else, unless you remove this dark cloud, no sunshine can come on Africa.

And I remember I led a mission to Sudan in 1982, and we left here, Washington, with the best information we had of outstanding debt at one billion. By the time our mission finished in Khartoum it was four billion. I mean, that's how bad our information was on what was happening. Of course, the governments didn't have this information either, okay? So since then, of course, now loan debt is eight billion, nine billion for Sudan.

These countries can't get out from under their debt, and all this [*James A. III*] Baker Plan and stuff was--I have a very harsh critique for the Bank because the Bank served as a prostitute for the American Treasury policy of transferring private debt into public debt. IMF [*International Monetary Fund*] and Bank for the past twelve years have done nothing on the macro debt issue except transfer the debt which was due to private banks, right, slowly but surely--yes, with some write-offs, right--slowly to a public debt of individual governments and of the international agencies. And that in turn the net outflows—I mean, if you look at the macro situation and not the project-related advice and development in sum which, by the way, people neglect. I mean, I may give you a million dollars which you pay back to me, but if that billion dollars is in a project which I'm really helping you set up, right, I mean that's a net on top of all the other welfare. But I mean the net flow of funds from our agencies have been nothing; I mean, we've just

been replacing. It's been negative outflow, and we've just replacing the debt of all the commercial American and European banks and some Japanese banks with our debt. That's all there is to it.

And the Africans--on debt we have done the wrong things. On institution development we haven't done anything. And thank--this is not our mistake because the governments have been the largest governments in the world. I mean, these have been butchering, looting elites. I mean, let's face it, okay? We shouldn't have been giving--if we used to this criteria which we're using for lending to Poland or what we're saying Russia ought to do, right, you think we'd have given money to Mobutu Sese Seko? I mean, come on. This guy is, you know, just way out on the line of what we now would consider, you know, rational reform and rational governance, which is another way of saying that the Bank is now talking political conditionality.

KAPUR: At that time do you remember any debates on this issue?

SINGH: No, this is a very subtle institution. Look here, we are giving 60 million dollars to Russia for technical assistance which isn't even a member. We haven't given a penny of technical assistance to Vietnam for the past twenty years which has been a standing member with good credit and needs the money badly. Why? They lost to the Americans. It's the only reason. Give me one reason why we are not giving money to Nicaragua in the years we did or to Cuba and so on. They were good standing members. There is a real concern that these issues were never brought out. Of course, when the China Tiananmen issue occurred, it came to the fore, but again there it was finessed.

I think we're entering a very new era in the Bank's history, actually, because we've gone from pure project lending to project plus policy because the projects were all going dead because the policy environment was lousy. So the conditionality had to come in, okay? But now we're finding the policies are lousy because governments are lousy, okay? And guess who pays the piper? It's the governments. And by the way, the lousiest of governments as far as economic policy goes, one of the lousiest economic policymakers in the world is the U.S. government, and where is it lecturing anyone, right? So I mean, we're in a real tenuous situation about how far we can go along the spectrum. I mean, here's a government that argues about all sorts of, you know, laissez-faire economics and this and that and yet kills with one hand what it wants to give with the other. So it's a really tender, difficult historical period we're ending and going into.

LEWIS: You say you think it's going to new phase, a new era now? Of what character?

SINGH: Maybe, in I have my personal opinion. I'm very pleased. I mean I would have been very pleased if we'd given no money to butchers long ago, but then it's not my institution. If you just figured it out, I'm a loud mouth, and I've been saying in this institution for a long time--but you know there are these grey areas on how you do this because, if you were to cease to bring governance into the issue, all our member governments would be in the docket sooner or later. And I think they ought to be in the docket because their projects won't work. Our projects won't work because the policies

won't work. Our policies won't work because governments are not working, okay? So I think it's . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

SINGH: . . there were money issues hiding away. There was a guy in the government of Bangladesh which needs the money. Sixty percent of that is just going to be wasted; forty percent will be used for some good, and our job is to keep transferring from this old lady's pocket, right, through these World Bank bonds, and someday these guys aren't going to be able to pay us back—which is already happening--but then somebody will pick up the tab. That's a cynical view, right?

The other view is no, no one knows the answers. We're laying the answers in real life on the game. We are making the rules in the middle of the 50-yard line, okay, and a lot of what we learn, we learn with a massive lag, and it's easier to be outside the institution and criticize than to be in the institution and find answers because I can--for everyone who has been given a project job here I can find ten critics. And I bring one of them in here, right, and they turn out totally useless because it's easier to criticize than to actually develop a project or a program of work, right? So I think it's an institution that's doing a yeoman job under very difficult conditions.

And the conditions are going to become more and more difficult because now we are into things we never imagined we would be into. We're into development projects; we're into structural adjustment; we're into global poverty; we're into women in development and the gender gap; we're into environment; we're into the debt problem; we're into social transformation. I mean, there isn't a leaf that stirs on any oak tree which has the word "development" written on it that we're not culpable or liable somehow. So we are truly a global agency with all its--and I think we are entering a very, very difficult era, I personally think. It's very challenging. You've been longer in development than I have. I grew up on your books, so you know that I think the Bank has now really chewed off an enormous amount.

LEWIS: More than it can digest?

SINGH: Digest and deliver, Professor Lewis. You know that, and we're going to be criticized all the time for whatever we do.

LEWIS: How would you cut back to a more feasible agenda for this institution?

SINGH: We can have a big debate, I think, on which would be the feasible, desirable cutbacks, but I think the political economy of it makes it impossible because what we have is the globalization of these issues, right? And by default, turning of these issues from bilateral aid and effort agencies into multilateral agencies, both on the default side of the debt as well as the responsibility for getting development going. I think this is happening in politics, too, with the United Nations getting involved. So you can ask me

that question, and I can try to give you an answer, but I think the reality is that tomorrow if another issue comes up—you know, CFCs or the ozone layer, you know—sooner or later they're going to dump it on the Bank. GATT [*General Agreement on Tariffs and Trade*] is in the Bank, trade is in the Bank, intellectual property's in the Bank. I mean . . .

LEWIS: Let's suppose that these things do get dumped on the Bank and posit that the Bank is the most competent, for all of its flaws, multilateral institution. It has the weightiest--do you see any--and we also, I think, can agree with you that the, particularly the largest donor, the intrusion of the U.S. has been pretty damned counterproductive for the past . . .

SINGH: I'd say for the past ten years.

LEWIS: . . . ten years or so, yeah. Now, do you see any glimmer of a possibility that this institution may kind of get, loosen its dependence to the U.S. and the other shareholders and begin to sort of sort out some of these issues almost like a multilateral, super governmental bureaucracy?

SINGH: No, I don't see it. You know, my problem with that is the following: egregious as the U.S. pressure has been on the institution, and especially egregious in the last ten years, I cannot believe that any other coalition of owners--as I would call them--would have been any less. As a matter of fact, they would have been far worse. If the Latins owned us, you know, this would be a pretty miserable place. If the Europeans owned us--and you can go see the EBRD [*European Bank for Reconstruction and Development*], right? The EBRD won't even get off the ground; that's my opinion. If the Arabs owned us, God forbid--and don't quote me. If the Indians owned us, you know, this place with Indians would just die. So what I'm really saying is whatever coalition of owners you may postulate, right, by and large American interference and guidance of these institutions has, I think, been on the whole a positive event, that given the control and power they had, they have not misused it more than they have, that any other coalition of owners would have misused it even worse.

What we need to go is to go back to the pre-*[Ronald W.]* Reagan era. And I think there is some recognition in the Treasury that this has been counterproductive, and here's an institution that it could destroy if it kept on going that way. And I think the Treasury has rightly pulled back. And it knows there's no substitute.

LEWIS: I think you're right.

KAPUR: How do you see the coalition of Germans and Japanese?

SINGH: There's no such coalition as the Germans and Japanese. You are very naive about international affairs.

KAPUR: Or at least the Japanese owners.

SINGH: Go to the Asian Development Bank. Don't talk to me.

LEWIS: They're going to go visit.

SINGH: The Japanese are--have not yet, for a variety of reasons, got their international act together. If you look at the total amount of expertise and quote unquote “universal idealism” among the Japanese, it's a very, very new thing. It certainly does not reside in MITI [*Ministry of International Trade and Industry*] or the foreign ministry or anything like that. Even today the bonanza we get in terms of Japanese grant facilities and so on is very highly selective and highly motivated with regard to Japanese interests. I mean, the Americans have done nothing compared to the Japanese self-interest in a lot of this stuff. I'm not saying this may not change; the Japanese themselves have been transforming their society. For the first time they're coming into an international role. But if you ask me how would it have been had the Japanese controlled, the answer is far worse.

As a matter of fact, the only thing that saves international institutions is that fact that these guys balance each other out. They know they can't get away with terribly egregious stuff, including the Americans. I mean, if you look at, you know, the Asian Development Bank vis-a-vis the World Bank and so on, by and large—or the IMF--by and large IMF and World Bank have been fairly professional, I mean, given the impossibility of the job, given the fact that anyone can dump on the thing, and it's harder to do than to critique, and given the fact that we haven't had very good leadership, actually, since Mr. McNamara. We've had political leadership, right? Given these constraints, I think as an institution we've come out reasonably strong and reasonably well behaved, but that may be just an insider's view.

LEWIS: [*inaudible*] view. I'm going to have to start . .

WEBB: You've given us a lot to digest.

LEWIS: Yes, and we have to . .

SINGH: Whoa!

LEWIS: . . come back for another shot here.

SINGH: Actually if we have time I'd really like to talk about my favorite subject right now, what's happening on our industrial policies because I think there--I had it in my system, right? I got it out, okay. I mean, I got a lot of stuff out on agriculture, you know. But it's true that the next stage really is, you know, China, India, Mexico, Brazil, and Nigeria as industrial powers, and you know how the Bank would be acting to make it possible to be so, and the conflict of interest is going to have with our stockholders on this becomes possible, and the new emerging coalitions that are going to come out of, you know, the new world order, economic world order, in which different people have very different perceptions of what works in terms of industrial development.

LEWIS: We'd like to come back and talk about that.

KAPUR: [*inaudible*] in the Bank as a major [*inaudible*] abolished the industry divisions within the countries.

SINGH: Yes, and [*inaudible*] are coming. Is the Bank suddenly saying that we ought not to be lending to Indian industry? Geez. I mean, the whole thing is mind-boggling. And we lend a billion dollars to China for industry? Is that because China's industry is more free than Indian industry? You know the whole logic of the thing just is mind-boggling sometimes.

KAPUR: They've stopped lending on fertilizers.

LEWIS: To India?

KAPUR: Yeah. That's the one thing which [*inaudible*]

SINGH: Well, there are other areas. For example, we stopped lending in steel some time ago. Why? Because they had excess steel capacity. And we said, "Where is this excess steel capacity?" I mean, China needs 20 million tons of steel. Can you imagine a major industrial power of a billion people not having its own steel capacity? I mean these guys are mind-bogglingly idiotic, right, on the policies of the Bank. Why can't we have palm seeds? It helps the U.S. palm oil interests. I mean what sort of nonsense is this?

KAPUR: But that's going to get worse.

SINGH: And you know what is the dynamic comparative advantage? The dynamic comparative advantage definitely tells me that India and China could be efficient steel producers if they get their act together. Don't tell me that you should have no steel in China and India. I mean, you can't have half the world—half the world!--not producing steel at the nascent stage of industrialization! And these aren't service computer economies, you know, that need, you know, silicon chips. The whole industrial philosophy of this institution is as bad in the '90s as the agricultural philosophy was in the '70s--total neglect of poverty, total neglect of the farm sector was. So I've been through that revolution, thank god, for better or worse. Here comes this next.

KAPUR: It could be the [both speaking at once]

SINGH: Bunch of guys here, and you got all laissez-faire stuff, you know. As if the U.S. is laissez-faire, right? And suddenly going from one wild swing to another and from one utopia, Marxism, you know, including the utopia we suffer from in India, right? One utopia leads almost immediately to the other utopia. You don't need regulation; you don't need anything. You need all tax down to zero. I mean, you know, in one week! Industry will adjust willy-nilly; everything will be fine. While they're saying it a 40 percent decline in production, 50 percent decline in--I mean, you hadn't anything like this in the

great depression. You have to go in the history books just to see when we last saw industrial production decline by, you know, 27 percent in one year.

LEWIS: Where is that?

SINGH: Poland. Thirty-seven percent in Russia; they're just coming out of it.

KAPUR: Jeff [*Jeffrey*] Sachs [*inaudible*]

SINGH: No, so all I'm saying is going from one utopia to another, you know. And this debate on what makes industrial development work, you know, I mean, this still has to be joined globally.

KAPUR: How did you see the [*inaudible*] study on the Bank's industrial lending to India, Korea, and Indonesia?

SINGH: Yeah, I have participated very closely. Sanjaya [*Lall*] is a very close friend of mine. We have been talking late on the telephone into nights over beer for the past three years or so. That's one of my—I was one of the guys who encouraged them to undertake that, and I wrote the first initiating brief on the paper I wrote on India when I first came to that division on industry on what I thought was wrong with Indian policies eight years ago in which this sort of review was one of the studies I suggested. So I know that very intimately.

KAPUR: I was wondering if at some time you could have a look if you have some of that material in your files.

SINGH: I've got a signed copy somewhere. I have seen all drafts of that since it first started.

KAPUR: We have that, but we are more interested in the sort of memos and some of the discussions.

SINGH: That I have not.

KAPUR: He sent me some of that.

SINGH: The reason is I have been interacting with Sanjaya as a friend. We're very close friends for a very, very long time. So—and I know [*inaudible*] also.

By the way, a lot of this stuff didn't come in a memo. You put in a memo only something that you don't want to raise waves about. If you want to change opinion in the Bank, in the institution, you never put, you never put in a memo--something that took me eight years to learn. You first find out who are the important guys who are on the other side of the issue, argue with them, you slowly argue with them, slip them with all the evidence, send them articles, you send them notes, you send them this, you call them, you say,

“Hey, I read this on such and such a project. Have you thought about what I said?” If you put it in the memo, then it’s you versus them, and it just isn’t worth it because you want to change things. You know, you don’t want to make this into, you know, a Clarence Thomas hearing. This is just no way to get at the truth. And you don’t know the truth. You’re working as an economist; this is not physics.

So that’s the memos. You want an intellectual history of the Bank, I know that’s the paper trail. That’s not where it is. I will tell you--you yourself know this by talking to all of us—that the real history of the Bank is only partly in the paper trail. You’d do much better to pick twenty top economists or twenty people who you think have a good memory or who you think are in the relevant subject areas and spend four or five hours talking to them, you know. You get a hell of a lot more of the history of the stuff. And of course, each one of us--it’s like the elephant, you know; I can only give you what I’ve seen, okay? But talking to a lot of them, you’d get a much more structured view of what happened than memos. Memos are just the wrong way.

LEWIS: *[inaudible]* the wrong word.

WEBB: We really appreciate this.

SINGH: You’re welcome!

[End Tape 1, Side B]

[End of interview]