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Transcript of interview with

WILLI WAPENHANS

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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.

Willi Wapenhans
September 6, 1991 - Final

[Begin Tape 1, Side A]

LEWIS: . . . talk to you about. I don't know how far we can get today. Any general thoughts you have--after all, you were sort of in on the creation of this project, so if you've had further reflection about how you think we ought to be going at it or any general suggestions you have would be most welcome. Number two, I've got the responsibility to try to write something about agriculture and rural development, and I know you started in in that area in the '60s, and there's a number of--I've got a lot of hypotheses about it, and I'd like to sort of see what you think about that period. Then you worked on Africa. And then you--we have some questions about the behavior of or the attitudes of different countries, including Germany, I mean, your feeling about that. And finally, of course, there is this tremendous East European, Soviet business. So it's just a big agenda. But do you have any, do you have any sort of general advices for us?

WAPENHANS: Well, let me--in reflecting on this thing when it first started, updating the earlier history, the [Edward S.] Mason-[Robert E.] Asher book, one of the things in my mind was that I thought the Mason-Asher effort still looked at this whole thing very much from the point of the parties who started this process and who were looking at reconstruction and development up to the McNamara years, but a very, very Western type, Anglo-Saxon type reflection on the creation of the institution. And then, of course, there was a tremendous hiatus because the McNamara years were just not dealt with. You don't have an authoritative history on that at all.

And as I was sort of reflecting on that, one thought came to mind: that is, having lived this period--you know, I joined this institution in January 1961 and, in fact, I joined two days before [John F.] Kennedy was inaugurated. It was sort of an interesting period, but it still in many ways deals not with the aftermath of World War II, which is sort of the underlying premise of the Mason-Asher book, but it deals with the demise and dismemberment of the colonial empires. The period is to a very large extent defined by decolonization--I don't mean that in an ideological sense or anything of that nature--you know, the problems of the Indus, the problems of the Ganges, the falling apart of Pakistan and Bangladesh, the events in Indochina. Then, you know, by 1961, when I joined, in the context of Africa the only independent countries in Africa were Ethiopia, Ghana, Sudan, and one other which I can't think of at the moment. There were four independent countries in Africa when I joined the World Bank in 1960. Now, when you look at Mason-Asher, the whole process of bringing new nations into being and sort of weaning them off the metropolitan budgets and diversifying their economic activities and diversifying their international trade and integrating them into an international community rather than into a metropolitan community--that dimension as a defining role for the Bank has never been brought to bear anywhere in it. And I happen to think that that had a lot to do with India/Pakistan, which we today just absolutely accept as sovereign, independent states and presumably were forever in the past except for this, which is not true. Now, Latin America, of course, is less affected by that. So that there are very strong ties and there were very strong ties and they remain to some extent. So that, you know, this has come to an end--well, when? It's come to an end not much before the middle '70s and '70s so it, you know, comprises the bulk of the years of the Bank, and it hasn't been highlighted. So it also defines the actions of the donor countries.

Now, in 1960 IDA [International Development Association] begins to be operative, as it were, and very early on--it gets into action in 1961--but as IDA emerges, as the international

community internationalizes the consequential burdens on the metropolitan countries resulting from the process of decolonization, what does IDA do? IDA distributes the burden in a different donor club. It takes much of the burden that otherwise would have rested with the former empires, the Dutch, the British, the French. And in the early period of IDA it was very interesting to see how the--well, up to this day--how the former colonial powers continue to have a very strong interest in insuring this kind of burden-sharing to continue to favor their former clients. So you have again a very strong defining aspect coming from that. As that begins to decline, as the former metropolitan powers lose in importance in deciding on the size and, well, their tendencies to dominate the allocation is being curbed by the emergence of other important donors, and here of course Japan, most significantly prior to that Germany as an increasingly important donor in this context.

So it seemed to me that--and of course that's a [inaudible] Mason-Asher, evident at the time, may have been too close to the events of World War II and the immediate aftermaths, that they didn't have that kind of distance. You know, it deals with the Indus question as a technical question, but the Indus question is essentially one of our big consequences of decolonization.

LEWIS: Yeah, this is a very interesting view. Would you modify it to the extent of saying that the U.S. as an ally of ex-colonialists very much did play almost a kind of bridging, quasi-international role, although to its own design, because it was really the heavier donor to at least the South Asian . . .

WAPENHANS: Well, the U.S. played the, in a sense, the critical role in this process because it encouraged, it hastened the process of decolonization.

LEWIS: Yeah.

WAPENHANS: Now, whether the U.S. consciously wanted to have a multilateral approach to this, I'm not so sure . . .

LEWIS: Pretty ambivalent.

WAPENHANS: . . . but it certainly found it useful. Now whether the, you know, whether it was a policy or whether it happened to be that these instruments came together to facilitate the process, I wouldn't want to . . .

LEWIS: I have a notion about that in the '50s, that it actually did at one point have a preference for multilateralizing capital transfers, but then it found it couldn't get the non-U.S. product big enough to do--in Korea, particularly.

WAPENHANS: Well, I think this is again the early part of the Bank, where the Bank doesn't really come into being forcefully enough to be the instrument . . .

LEWIS: That's right.

WAPENHANS: . . . so the U.S. was the instrument. But I think also, and I have the impression, I have the impression that it was a U.S., almost a reflection of the U.S. value system that it had to push, you know, the decolonization, and it was just--that had to come. But then it, in many ways, it took time [inaudible] the political realities and there was a question of resources and a question of were these viable states. And then soon enough, of course, it got caught up in the big power games, you know, currying favors and so on, unfortunately. The Cold War put a pall over all of this in the sense that—you know, if you look at the--certainly the Africans feel that the competition was very intense.

And of course the inclination--you take the [Julius] Nyereres of this world, the Fabian type of outlook and approach in many of the newly emerging countries, newly independent countries, and it wasn't--it was to be expected that we would have a very sharp veering to the left of these newly emerging countries because the independence movements and the sort of socialist international had an affinity that would impact on the emerging independence movements. And then, you know, then you had in fact the people like Nyerere who, you know, brought together African strands, this Fabian teachings imparted upon him, you know, after war and in Great Britain and a very strong Christian experience. Now all that came together and created this kind of tendency. So I think even the first phase in the newly emerging nations, very strong socialist bias, is, you know, it's also in a sense a consequence of this process of decolonization.

The interesting thing is that, you know, when you now look at the Eastern European and Soviet Union, a different kind of colonialism, a different kind of experience, but you are almost faced with a comparable situation.

LEWIS: Spell that out a little bit.

WAPENHANS: Well, you have—you have an empire breaking apart. You have a process of decolonization in the sense that the component parts are most critically preoccupied with getting rid of the authority exercised and the control exercised by the empire and to be replaced with something that is antithetical to what the empire did. It's very often a bit [inaudible] as to what they're doing; they're not quite clear as to what the rationale is. Cartesian logic doesn't carry us very far. And there's an emotional reaction in many areas to that colonial experience. You know, when we talk to our friends in Eastern Europe about the succession to the CMEA [Council of Mutual Economic Assistance]—and, of course, a negotiated transition would have been preferable to a sudden collapse of the CMEA because many of the Eastern European countries were beneficiaries. And to some degree (much to our surprise) the suffering was just—you know, it was just extended by subsidies of Eastern Europe in terms of trade, in pricing formulas for energy and for all these things, so the Soviet Union was not the real beneficiary of the CMEA but Hungary and Romania and Poland were. So there was obviously on our part concern that this is not a negotiated transition but a very sudden cessation and that would produce an extra burden for our countries in Eastern Europe, which it promptly did, coincided with the Gulf crisis made it far worse than we had expected.

But now, if you went to back to Czechoslovakia and you said to [Vaclav] Klaus, "Look, fellow, why don't you negotiate a deal with the Soviet Union, a gradual transformation, and in between you do something like a unit of account so that you have a reasonable exchange relationship in

measuring these things": absolutely not. They had just escaped from that bloc; they are not going to go into anything else that will have a new bloc. So there was a hiatus for a period of time. It's only now in the last few weeks that the notion is reemerging that Poland might want to enter into some sort of a trade agreement with the Soviet Union to protect or save the remnants of an orderly exchange between the two economies.

That—you know, this, this, this historic event of dismantling empires and that process, especially in Africa, became increasingly our responsibility. You know, one of the very first things--and I was—two things. You won't believe this, but they're true. As a very young man in the Bank one of the very first things I had to do was to review the so-called [Roger] Swynnerton Plan. The Swynnerton Plan was named after a senior U.K. bureaucrat who was serving in Kenya and who had prepared a blueprint for a transfer of formerly owned and held property, white settler-held property, to black African farmers and to do this in ways which would not impair the ability of Kenya to feed its people. Much of the Swynnerton Plan was later implemented, but many of the things that he foresaw in fact occurred. There was a deep reduction in agricultural output in the period of transfer, and in fact our intervention, one of our first interventions in Kenya after independence--which I think occurred in 1963, if I'm not mistaken; I think I'm right because we made the loan to Kenya before independence, which was a very fascinating thing. It sort of coincided with independence, but, you know, the management of the Bank at the time was willing to extend before independence lending while the former empire, Great Britain, was not extending a full guarantee. And this became a--this became a very celebrated case at the time with regard to the high commission territories in South Africa (what was then Bechuanaland, Basutoland and Swaziland), where we extended loans to these local authorities, not achieved independence, and whose mother country just gave us a little letter saying, "We will do our best to see to it that you get repaid." And that was the guarantee.

LEWIS: That was South Africa?

WAPENHANS: No, that was--that was—no, you mean . . .

LEWIS: The letter that . . .

WAPENHANS: No, no, that was Great Britain.

LEWIS: That was Great Britain, I see.

WAPENHANS: Great Britian [inaudible]

In the case of Mauritius, on one occasion I was called to a meeting which was chaired by a fellow called Cope, [Sydney R.] Raymond Cope, who was then in charge of the Africa--Europe and Africa Department, I believe it was called. The Europe and Africa Department in those days included New Zealand and Australia. Europe was confined there. And he said Mauritius was about to become independent. "What are we going to do about Mauritius? We ought to send some people to Mauritius, and we then want you fellows to develop a plan as to how we can deal with Mauritius." Mauritius was the poorest country of Africa.

LEWIS: You were in the agriculture projects area?

WAPENHANS: Yeah. Well, at that time it was the agriculture division.

LEWIS: Agriculture division, right.

WAPENHANS: So we sent some people to Mauritius. They came back, and they made some proposals. This was also in 1962-63, and the proposals consisted of two critical factors. One was "de-stoning," and "de-stoning" meant you collected all the rocks lying around in the volcanic areas which are very suitable for sugarcane, and by removing those rocks and piling them up you would in fact increase the area where you could plant sugarcane [inaudible] Now, that wouldn't get you very far, and therefore you would have to take half of the population of Mauritius [inaudible] and resettle them on the African mainland, and fortunately what was then Tanganyika wasn't yet independent and therefore the metropolitan power could make the arrangements to receive half of the population of Mauritius to be resettled on the mainland. On that basis you could get Mauritius to a level of per capita income roughly equivalent to what it was in the other parts of Eastern Africa. Those were the recommendations.

LEWIS: Really extraordinary.

WAPENHANS: Now the Mauritian local authorities at that time, headed by this medical doctor--I forget his name at the moment; he was an absolutely remarkable fellow--they were clever enough to say, "No, we don't want to be independent, and certainly not under those conditions." And they procrastinated. Mauritius was the only country that procrastinated and managed not to achieve independence for a long period of time. They became independent in '67, '68 or something like that, and then they pursued a very different economic policy. Today they're the richest African country, and they're not only the richest African country: they're a capital exporter and they're doing very well. And they never resettled a single person. They've become one of the success stories.

But, you know, it's interesting because much of what we did was to sort of try to put a platform under these countries in many ways. Now, the U.S. was very, very prominent—and I still marvel at that--in the Asian countries, and you were very prominent not only in the Asian countries, but you were very prominent in agriculture. You had the--what was it called?--the Agricultural Development Council or something like that?

LEWIS: Yeah, the ADC, yes.

WAPENHANS: [Arthur T.] Mosher?

LEWIS: Yes, Art Mosher.

WAPENHANS: And the fellow who later became ambassador to Finland.

LEWIS: Oh, well, you mean--oh, I think you've—there's, there's Cliff [Clifton R., Jr.] Wharton.

WAPENHANS: Yeah, yeah.

LEWIS: Who is now the head of a . .

WAPENHANS: A university somewhere.

LEWIS: Well, he's been the head of Michigan State and CUNY [College University of New York]. He's now the head of the academic retirement fund.

WAPENHANS: I see. I didn't know that.

LEWIS: TIAA [Teachers Insurance and Annuity Association].

WAPENHANS: Well, both of those were very instrumental in doing one thing that, you know, we unfortunately were never able to do. They picked promising young people and had a very active exchange program.

LEWIS: I was a trustee of ADC.

WAPENHANS: Very active exchange program, and they trained them in agriculture. Most of them ended up in being ministers of finance or prime ministers or one thing or another.

LEWIS: They all went home, though.

WAPENHANS: Huh?

LEWIS: They all went back to their countries.

WAPENHANS: They all went back home.

I ran into this experience, especially in the case of Malaysia, and Malaysia is a comparable case because Malaysia--the emergency was only declared ended in 1960. And independence was granted earlier but was not made effective until after the--after the emergency. So Malaysia effectively only became independent in '61, '62 or thereabouts, even Malaysia. And then, of course there was still this question of going back [inaudible] and Singapore being part of it and so on. And so the--we really became very active in Malaysia in the field of agriculture not before 1962 or '61, '62; then we did a lot there.

But in India we did next to nothing in agriculture until about 1961-62, and you couldn't go to India and talk about development and talk about agriculture without stopping over to see Mr. Lewis, the director of the AID [U.S. Agency for International Development] mission at that time. Right?

LEWIS: Well, a little bit later than that.

WAPENHANS: A little later.

LEWIS: There were a lot of Americans there, that's right, working there.

WAPENHANS: Well, you know, you were the source of all wisdom. We took our bearing from the U.S.--you didn't call it AID at that time.

LEWIS: Well, there was ICA [International Cooperative Alliance]. It was called the TCM, Technical Cooperation Mission, until Kennedy came in and AID started.

WAPENHANS: But in Pakistan and India you were exceedingly strong, exceedingly strong, and in many parts of Asia. You were less prominent in the African theater, much less prominent from our point of view in terms of this context. And we had—we had two sources of information that were absolutely critical for us as we were building this whole thing. One was, you know, the U.S., AID as an international assistance establishment, whatever its name may have been at the time, and of course in those days the United Kingdom. It was impossible to—you know, the maps we couldn't find in India we found in London.

LEWIS: Uh-huh, sure.

WAPENHANS: That was in the . . .

LEIWS: While you're right there--I love the way you range around--but let me just ask you about India and why did, when [George D.] Woods decided to go for more in agriculture--we have his paper that he took to the Board at the beginning of January—was it January of '64, is that right?--and then he decided to pick up the suggestion of what became of the [Bernard R.] Bell Mission--it's quite striking that almost all the agricultural wing came from outside the Bank, Jack [John G.] Crawford and then you've got Dave [W. David] Hopper, Lee [Louis] Goreux, and they wrote this great . . .

WAPENHANS: You mean on the Bell Mission?

LEWIS: On the Bell Mission, yeah. Was there--is that reflect a, limitations of staffing within the Bank or was it just sort of accidental? And then a further question of: they wrote a big, fat report which of course was highly classified. To what extent did that--it was a very, it was the new conventional wisdom. It was a very good report, I think. Did that sort of percolate within the Bank? Did it have much of an impact?

WAPENHANS: Well, there is an annex on agriculture . .

LEWIS: Yeah, that's right.

WAPENHANS: . . which is a thick, fat . .

LEWIS: Thick three volumes of . . .

WAPENHANS: . . . which was the responsibility of Crawford and Hopper.

LEWIS: That's right.

WAPENHANS: And two people were detailed to review that annex on the part of the Bank, and the two people were [Robert] Picciotto and myself.

LEWIS: I see.

WAPENHANS: And there were many things that we were very, very, very critical of. We had severe reservations on certain things in that report, not on the Bell Mission overall.

LEWIS: Yeah, right.

WAPENHANS: Ultimately the Bell Mission had very little impact on agriculture in India.

Now, you have to realize: in 1961 the establishment, the agricultural establishment in the Bank, was 12 people for the entire world. We were doing--in 1961 we were doing nothing on agriculture in India, absolutely nothing. We had done something earlier on with Bank resources near the Terai project and some of that nature, but India was rapidly losing reserves. We didn't have IDA, and we were not putting money into agriculture. And the general wisdom of the middle and upper level management in the Bank, the [I. Peter M.] Cargills of this world, many of whom came from the subdivision, was that agriculture in India was an area where you could lose an awful lot of money and you better stay out of it. So that was the beginning of '61.

Then when IDA made its first credits, the first credit went to Honduras, I believe it was, for a road, and then other Latin American countries received IDA for infrastructure, power, and those sorts of things. And Black, Gene [Eugene R.] Black, who was then president, who'd been very reluctant to take on IDA because he'd always sort of told us, "Look, we are supposed to do this, and this will—this will just simply shade our responsibility, fiduciary and prudential responsibilities with regard to using capital market money. We are not a welfare institution. We should not let this influence our approach to banking." Now, once a decision was taken, once IDA became operative, once he was in charge--because he knew Pakistan, he knew India--he understood that in part the IDA decisions were colored by the balance of payments problems of India, and he also understood that IDA was a sort of a welfare thing in one way, so it was to be handled like the Bank in the other. When he got the first set of projects--all of this was roads and power and stuff like that, and most of it was in Latin America--he blew his top. And he said, "Fellows, this is impossible. We cannot be seen to use IDA to do what the private sector should be doing and what the capital market should be doing. What the hell is wrong with things such as agriculture in India?"

So I'll never forget this as long as I live, in May 1961 we sent out a mission to India, and we told this mission, "You come back with a dozen agricultural projects ready to be funded, and don't come back without it. Stay as long as you want." A Dutchman with the name of [Douwe] Groenveld was put in charge of this mission, and they stayed I think maybe ten weeks or so. Then they came back with half a dozen of irrigation projects which were under construction but

where they had run out of resources and couldn't get on and which then we worked on and put together and ultimately financed. It was the worst series of projects we had ever supported. It took ten, twelve years to complete them. There was all sorts of additional funding--it was terrible. I suppose that you remember some of them: Pochampad and Renda and something in Gujarat and Haryana and western U.P. [Uttar Pradesh], but anyway a whole series of things. But that was--it was in a sense very beneficial because it was the first serious attempt to do something more systematically about agriculture in India. And we met the requirement of putting agriculture on the map, but we still were dealing with the whole world with perhaps by then 16, 17 people.

LEWIS: But these 12 or 16 people, they were also covering your work in the Indus Basin? I'm surprised [inaudible]

WAPENHANS: Yes.

LEWIS: And you are covering the Bank's irrigation work, everything?

WAPENHANS: Everything, everything: credit, land reclamation, flood control, drainage, irrigation, farm production, animal production, land reform. We did land reform in Japan. Now, we did land reform in Japan until--I think our last projects were completed by 1964, '63.

LEWIS: Really.

WAPENHANS: And this was part and parcel of the restructuring after World War II. It was a—it was a sort of--when I came in it was at the tail end, but it was associated with the reforms initiated by the Megassa [phonetic] government, resettlement of Japanese from Mongolia into . . .

LEWIS: Wolf Ladejinsky was involved.

WAPENHANS: Yeah, and Shig [Shigeharu] Takahashi and [William M.] Gilmartin and some of those people.

Now, but this was still on a shoestring. When Woods came, Woods took one look. He came in October '62, I believe, at the end or maybe mid-December '62--anyway the end of '62. In fact, I was out in Japan looking at our agriculture projects there when he took—when Black resigned and Woods was appointed. And that was October 1962. Woods said, "Look, fellows. This is unconscionable. I don't care what it takes in terms of manpower. Don't give me this nonsense. That's not relevant. I want you people to tell me whether you can double agriculture within a year. If you cannot double agriculture within a year, I am going to give the whole damned thing to the FAO [United Nations Food and Agriculture Organization]."

Siem Aldewereld was the head of technical operations at that time. He came running around and said, "He's impossible. This man is crazy. We cannot give the responsibility for appraisal to an agency somewhere outside, and we cannot build our capacity to double agriculture within a year. What do we do?"

So we scrambled and, you know, ultimately we sort of decided that what we should recommend to Woods was a two-fold approach: one is he should retain appraisal in house and he should retain sector work in house, but he should enter into an agreement with the FAO to do preparation of agricultural development projects on a large scale around the world. That led to the establishment of the first cooperative program we had with the FAO, I think in April '64, something like that, and then it led to the agricultural establishment getting a big push in terms of resources. And with that for the first time we were able to branch out.

Now, Woods did something else. Woods . .

LEWIS: Let me just interrupt you. So that suggestion, to use FAO, if you will, actually had support, originating within the staff on your side?

WAPENHANS: Well, no, it was meant as a threat from Woods.

LEWIS: Yeah, yeah. Okay.

WAPENHANS: But we didn't quite know whether he was serious or he knew what he was talking about.

LEWIS: Right.

WAPENHANS: But we looked at it.

LEWIS: And decided that it--in part, it made sense.

WAPENHANS: Yes, it made a lot of sense. The dispute within the staff was not whether FAO should come in or be called into Bank activities. The dispute was in which way should you do it. And there was one school of thought that said we should have access to FAO at large and what we need is a gateway to allow us to call on the expertise wherever it may reside in FAO. The other school of thought was--to which I did not belong--that you set up a separate group. Now, ultimately that school of thought won out, and what we did I think was the biggest mistake ever because we created an appendix in FAO but we never secured access to FAO's expertise, and we created confrontation and tension because FAO didn't like this appendix [inaudible] FAO and never supported it fully and supported it only for purposes of funding.

LEWIS: I became a friend, a very good friend of Henry [Heinz] Vergin's at the time. Now, he must have been in favor of the—of the access to the whole institution, wasn't he?

WAPENHANS: No.

LEWIS: No, he was in favor of the appendix?

WAPENHANS: Well, because he was put in charge of it.

LEWIS: He was put in charge of it. I see.

WAPENHANS: So he had a—he had a self interest. And we had the hardest time ever getting access to the rest of it, and I think the tensions that emerged had a great deal to do with it, that, you know, this became a sort of a clot rather than a gateway.

LEWIS: Yeah, yeah. Interesting.

WAPENHANS: But, you know, one other thing happened which was very important. Woods, in 1962, one of the first things he did is he went to Pakistan, and he had a discussion with Ayub [Khan] and Ayub raised the issue of Indus with him. You may remember there was a White House report on the salinity issue in West Pakistan and . .

LEWIS: Yes, indeed. Roger Revelle.

WAPENHANS: Yes. Right, exactly.

So he then came back and said that he had agreed with Ayub that there would have to be a further study that would do two things: one is the use of the water power resources in the Indus Basin to the extent it was available to Pakistan, and, second, within that (which was the ulterior motive of Ayub Khan all along) what role should main stem storage play. And here the answer was Tarbela. The question was Tarbela—not the answer yet, but the question at that time really became--and that was the basis for the Indus Study.

Now, the interesting thing is that before the Indus Study was launched on the basis of this agreement, in the '50s there had been the participation of Sir--what became Sir William Iliff and Sir [Kenelm] Guinness--I forget now what his first name is--Guinness was from the family, the beer family, he was an irrigation engineer, and Sir William Iliff was a vice president of the World Bank who had been detailed to deal with the settlement of the Indus issue. And he had worked on it for over ten years, but he is the central architect of the agreement on the division of the waters of the Indus.

LEWIS: I should know that name but . . .

WAPENHANS: Sir William Iliff.

LEWIS: Oh, yes, yes, okay, okay. He was--first he was assistant with Black and then he became the--sure, sure.

WAPENHANS: And it was dramatic in the sense that what was then a very tiny institution would take on such a tremendous responsibility, and it was even, you know, even, well, Black's decision to take on the responsibility for the Indus Basin, the Indus Basin study, now when you consider we were really a—you know, the technical department of the Bank, the strength of the technical expertise in the Bank on the 30th of December 1960 was 60 people, of which 12 were in the front office. We didn't have any--that was for all sectors in the entire world. You know,

here walks in a man like Woods and says, "I don't care. You do it. And here is the Indus Study, and I want you to do it."

He did one other thing which is unique in the history of the Bank. He took a member of the Board, an Executive Director, the Dutchman, [Pieter] Lieftinck, and he said, "I want you to do it, and you have autonomous responsibility. You're not responsible to anyone except me, but I don't want to see you until you finish it. And here is five million dollars, and now you go do it. You have access to anything in the Bank, you can get any staff member you want, but please, I want the answers on what to do with the Indus Basin." Now, I wish I had a president like that today who would say, you know, "Here is the Soviet Union, and here's" whoever he wants to appoint and, you know, "you do whatever you need to do, but, you know, for heaven's sake don't let this thing go under." But today this institution is, you know, so full of bureaucrats and budgeteers and stuff like that that even the president no longer has the nerve to do that. [Laughter] And I suppose he, you know, he has a Board that wouldn't let him.

So Woods created an awful lot of the very, very critical preconditions on which [Robert S.] McNamara could build. Since we're talking on agriculture, one of the questions Woods raised, "You know, there is all this business about agriculture development and so on, but do you have the technological base for doing it?"

So we said, "Well, look, you were too busy putting up these agricultural universities and faculties in India, and Art Mosher and Cliff Wharton were doing an awful lot of furthering research establishments," and so on and so forth.

I had just had the experience in Malaysia where the oil palm research had effectively been imported from West Africa, and it was a fascinating situation. Now, here were the Africans not knowing what to do, where to go, the metropolitan powers not really being in control anymore, and here was this budding new nation of Malaysia with some very good policies in place that attracted the oil palm research into Malaysia. It became the preeminent research in oil palm. Later on . .

LEWIS: Staffed by Europeans who had been in Africa, you mean?

WAPENHANS: Partially. Partially former colonial servants, partially from private sector enterprise, and they were strong, they had been strong in Latin America. Latin America deteriorated, West Africa deteriorated, and Malaysia boomed, and Malaysia became the world's largest exporter of palm oil, is today, to the point where they're not exporting their—they're not transporting their palm oil, you know, in barrels, but they have pipelines from the production areas to the ports. And they have the lowest content of free-fatty acids—that means the highest quality palm oil you find anywhere--and they had next to nothing at the time of independence. The Brandt commission--and I mean, I remember this guy Brandt from the Hoover Institute, Karl Brandt . .

LEWIS: Oh, no, not, not—I see.

WAPENHANS: Karl Brandt was sent out by President [Dwight D.] Eisenhower to go to Malaysia to find out what could be done to diversify their economy. This was prior to independence because they--all they had was rubber and tin, and both of those didn't look very good. Well, he didn't stumble upon oil, palm oil, but it shows a preoccupation with it and, you know, what was set in motion, and they, for instance, six of them, they were very successful in getting on to this particular thing.

But that led to--and that's really what I wanted to say--that led to the preoccupation with research, agricultural research and applied research. And in 1966--I think it was 1966--we sent out a fellow called [Campbell P.] McMeekan, a New Zealander. He was sent out, he was a professor of animal husbandry in New Zealand. He's member of the Royal Academic . .

LEWIS: Academy?

WAPENHANS: Academy of Great Britain, and he was sent out by us to inventorize the state of the agricultural research establishment in the world, in the developing world, and he was most prominently asked to say, "Look, there's probably a great deal of research capability in place with regard to export crops, but we're not quite sure we can say the same with regard to food crops. Please go to Asia, please go to Latin America, and please go to Africa. You have six months. You have a budget. In six months please come back and let us know." We sent him out. He was known very well in Latin America because he was instrumental in the introduction of the subterranean clover in the grazing areas of Uruguay. You know, this came—this was an Australian technology, Australian development, where you have these arid and semi-arid areas, all those highly seasonal rainfalls, a subterranean extension of clover which then comes up and produces a high-protein range. So . . .

LEWIS: Could we have his name?

WAPENHANS: McMeekan.

LEWIS: McMeekan.

WAPENHANS: McMeekan. He must be in the files, Professor McMeekan. He was head of an institute. He died. He's dead, but his wife is still alive. His wife is a researcher, too. She was in fact a partner to him in the research effort. He was most famous for his . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

WAPENHANS: . . research on such things as cotton, fiber crops, and so on. All of that is fine, rubber and oil palm and so on. It's a shift and a change, the structure is different, but there is enough technological capability there. What you need to worry about is the absolute demise and decline of the research establishment in Africa because that went to pots in the process of decolonization. You've got to worry about the foundations running out of money that were supporting the research establishment as we knew it. Mexico was a typical example, and they were beginning to get under pressure. And the other one, the IRRI [International Rice Research

Institute] was getting under pressure from resources, and these are people who are dealing with food crops, namely wheat and rice. So there you have a problem. And the third problem you have is that nothing, next to nothing was done on semi-arid agriculture.

So here we were, wondering as to what we should do, and it led to a first decision, namely that henceforth we would finance national agricultural research, which to that point we did not do because the notion was that research was not a Bank-able activity. So by 1966 we started putting national agricultural research projects on the program.

LEWIS: Making loans for them?

WAPENHANS: Making loans for them. But the idea was also very clear that, you know, you--what was going to be a very wasteful approach to bank on national agricultural research only, that with all these little countries in the region you would be far better off if you had a regional approach. But since we needed a guarantee any time we lent, it was going to be very cumbersome to get a group of countries together to jointly and severally guarantee finance for agricultural research. Furthermore, the expectations were such that it would only yield in the long term and therefore there was no basis to generate sufficient resources to repay loans. So we had to have a different financing base.

While all this was ongoing and the considerations were under way--and they were fairly, fairly intensive--you know the change of presidency occurred. Woods retired and McNamara came in. So McNamara took hold of these budding things in the field of agriculture, both in terms of Woods's push to do more in agriculture, to engage the FAO, and in terms of research. So McNamara immediately expanded our capability to do agriculture, and he then put [Richard H.] Demuth in charge of the research effort, out of which came the Consultative Group on International Agricultural Research. That's the origin of that thing. Warren Baum has written a whole story on this, but the early part of it is not reflected, and the real architect, the initial architect for this, was this guy McMeekan.

LEWIS: McMeekan.

WAPENHANS: Yeah.

The architect of our expansion in agriculture and of our cooperation with the FAO, a very important, very influential participant in all of this, was Sir John Crawford.

LEWIS: Yes.

WAPENHANS: And he remained a very, very close ally, if I can use that term, all along. In fact, you know, after the Bell Mission--coming back to India on this particular thing--and after he had heard our criticism, you know, because I had worked on India since 1962, my preoccupation with the problem of India was not that there was an insufficient technological base for making rapid progress, in other words the green revolution was not yet in place, nor did I think that Hopper's approach of banking almost exclusively on fertilizer was right. My approach to this was (and I was very much influenced by Ted [Theodore W.] Schultz on this) that I

thought that the Indian farmer knew exactly what he was doing and that what was needed was a very significant change in one very critical component and that was pricing, because we had a continuous net transfer of resources out of agriculture into the rest of the economy. The procurement policy in place was such as to continuously tax agriculture excessively. And so--but at that time I was a lowly boy in the Bank. I had the greatest of difficulties ever getting through to this guy I.G. Patel, so one day I called on Crawford and I said, "Look, come on. You've heard us. You know what we're after. We're not against technological innovation--quite the opposite--but we are convinced that technological innovation is only going to be applied if you at least in part compensate for the additional risks by additional rewards. And you can only do that through a change in procurement policy."

And the first encounter with I.G. Patel over this issue, Crawford and I, occurred I think in 19 probably '64, '65. It didn't help. It didn't help a bit. It only helped after the monsoon failure. And after the monsoon failure and this--who was the permanent secretary of agriculture who came in and was--[Chidambaram] Subramaniam?

LEWIS: Subramaniam.

WAPENHANS: Subramaniam.

LEWIS: He was terrific.

WAPENHANS: He was absolutely terrific, and, you know, he wrote his testament to agriculture. My God, what a paper. And then they changed the procurement policy, and then that coincided with the availability of new technology, more or less, and then that coincided with the first crops of new universities, the agricultural universities. And I think between 1968 and 1972 the increase in grain production in India was 50 percent from something like a plateau of 80 million tons to a plateau of about 120 million tons. I don't know what happened since; '72 is the last time I was in India.

LEWIS: It's up quite a ways farther now.

WAPENHANS: Pardon me?

LEWIS: It's up quite a bit farther.

WAPENHANS: But those were very exciting periods.

One of the—you know, one of the---always sort of one of the interesting things is that individuals do make a difference. You can't just institutionalize everything in a process. You have to--sooner or later you have to have leaders who may not, in and by themselves, be the creative minds but who let creative minds go to work and have the courage of protecting them sufficiently. And, you know, this I think was the strength of Woods, who deserves tremendous credit for what McNamara did because McNamara could build on this and, of course, did. It was his ability, I mean, his managerial acumen; he made it possible that much of this could then be realized and made effective.

KAPUR: There is this John de Wilde study on Africa. Was it important, did it have any effect?

WAPENHANS: I don't think so. You mean the Africa study?

KAPUR: Right.

WAPENHANS: The three-volume?

KAPUR: The first agricultural study of Africa that the Bank had done.

WAPENHANS: Well, it had an effect, yes, but not in terms of his prescriptions. It had an effect in terms of pushing the focus onto agriculture in Africa. I mean, we were doing then--we were doing very little in Africa. We were doing even less in agriculture, and I think the de Wilde study forced us to deal with Africa. But there was an aversion. Africa was—Africa was really neglected, and I have to admit it isn't yet [inaudible]

And, now mind you, there is a very strong preponderance of expertise from the former colonial services that had a great deal to do with that, you know. You had a tremendous fight between the French and the British. The British dominated the agricultural establishment in the Bank. The French didn't trust them, or the French had a different approach. This had already been present before anybody ever talked about the World Bank and agriculture. The two colonial services never saw eye to eye. We drew on those as relevant experience, and people were ready to get the experience, front-line experience.

The British agriculture services, colonial services, had over time sort of evolved a hierarchy of importance. The very good people, very good people, went to East Asia. The next bunch went to South Asia. And the elite, of course, always trained these people in the Caribbean. And the leftovers . .

LEWIS: In the where?

WAPENHANS: In the Caribbean. Trinidad and Tobago.

LEWIS: Oh, I see, I see.

WAPENHANS: Had an establishment to train the colonial agricultural posts.

LEWIS: Oh, really? I didn't know that.

WAPENHANS: And you know the sort of leftovers were then, in descending order of importance, were first to Nigeria and then to Kenya and then the rest. And that already led to a neglect of agriculture in Africa. Former metropolitan establishments [inaudible]

LEWIS: You sponsored this special agricultural service in, agricultural office in Africa?

WAPENHANS: Yes.

LEWIS: In Kenya?

WAPENHANS: In Nairobi.

LEWIS: In Nairobi.

WAPENHANS: Well, one of the questions, of course, was--the agricultural establishment, even more so than anything else, was dominated by whites. The best agricultural areas, when you take Kenya, for instance, the white highlands, they were settlers from Great Britain, many of them settled after World War II. When they demobilized, they took an awful lot of their officers and made them into farmers in Kenya, settlers in Kenya, and there was a great push of settlement [inaudible] And here we were in 1960, '62, '63, when these people had to be told that . . .

You know, I had met many of them who had been officers in the Royal Navy, and they'd become livestock farmers in Kenya, quite successful but, you know, that was the end of that. It didn't last. Some of them remained. Most of them went home.

So that I think explains to some extent what happened in Africa in the early [inaudible] Africa became in the '60s. Africa--it really wasn't agriculture. It suffered from an almost--well, fairly strong bias, emotional bias against Africa, the sort of notion around the Bank was that this is not Africa's century and therefore much went on beyond, much more focus was upon other parts of the world.

That changed. That changed very much with McNamara's first reorganization in 1972. I suppose--I don't know what motivated him to pick this particular concept, but what it did do was he made two African vice presidencies, and he now put able staff in charge of these issues. And by so doing--Bell was the first vice president of East Africa--by so doing he simply used competition amongst these guys to focus. He now had a vice president in East Africa, and that vice president in East Africa wasn't willing to be shown off to, you know [inaudible] whatever you did, for heaven's sake, in East Africa to show that you could do something with Africa. And that was true of West Africa, too. So in '72 this was--de Wilde, I think, is '67-'68 . . .

KAPUR: [inaudible]

WAPENHANS: Yeah. That made a difference, but de Wilde in terms of having done this study added to the consciousness, awareness, and the fact that we had been significantly neglectful.

The neglect was worse in the former French colonies. I have to add to that, and that also had to do with this colonialist presence. We didn't have a single French agronomist on our staff; they were all British [inaudible] So obviously there were French agronomists [inaudible] So--but this wasn't policy. This was just the way the staffing pattern influenced events.

LEWIS: Sure. But when you got to be vice president for West Africa you must have worried then about the staffing and the Francophone thing.

WAPENHANS: Yes, and it was a real problem, and it remained a problem for a time to get staff and get going. But you know, with the reorganization in '72, among other things that happened, by then agriculture was a very strong--it was, in fact, the strongest unit in the Bank. Between 1968 and 1972 we had a dramatic increase in budgets under McNamara, and we had a dramatic expansion in agriculture. By 1972 agriculture was the largest and strongest department in the Bank.

LEWIS: So Monte [Montague] Yudelman came in on a rising curve then, is that right?

WAPENHANS: Well, Monte Yudelman came in under false pretenses. I hired Monte Yudelman, but I hired him as an advisor to the department. I mean, I was trying to—I was trying to countervail this British thing, and I had gotten Crawford to help me persuade McNamara that I needed an agricultural advisory council. The then head of the department was Jim [Lionel J. C.] Evans. Jim Evans was a very, very accomplished agricultural technician. He was not an economist—he was a natural science fellow—who was very protective of the British approach to that. He was essentially extending the Commonwealth's development corporation concept to the Bank. And Monte Yudelman was, I think, at that time the head of the development center in . .

LEWIS: He was the vice president, actually.

WAPENHANS: Or the vice president, OECD [Organization for Economic Co-operation and Development] development center.

LEWIS: Yes.

WAPENHANS: And I knew him not exceedingly well but I knew him very well, and I had a lot of time for Monte. So this Crawford cell--McNamara agreed that we could have some wise men to advise--I wanted Crawford to do that and be the head of it, but Crawford said no, he wasn't interested, it was too--he didn't want to be tied down this way. So we made an offer. We recruited Monte Yudelman, and in a brief time--and then the reorganization was announced. So Monte arrived on the scene maybe two months before the dissolution of the agricultural finance department. I think he came in August '72. I may not have my dates exactly right but about that time. The new structure was in place in October '72. Now, what to do with Monte Yudelman? Now the breakup of these technical departments was to put them into the regions as regional units and to establish a policy unit in the center. And the policy unit was established in the center in October of '72; it was run by Jim Evans, the former head of the agricultural department. And in February '73 [inaudible] you know, made successor to him. So Monte Yudelman became the head of the policy group.

LEIWS: Right.

WAPENHANS: The other agricultural establishments operated as agriculture divisions in the projects departments of the agency.

LEWIS: Right.

WAPENHANS: So Monte was never operational in that sense. He was always on the policy side, on the operational policy side, not in the [Hollis] Chenery shop but in Warren Baum shop.

LEWIS: Yes, yes, yes. Where did you go at that point? To Africa?

WAPENHANS: No, in fact Jim Evans was--McNamara had decided that Jim Evans had to abstain from participation in the reorganization, so I was told to do the reorganization of the agricultural part of the Bank, and did. And I was then posted as the director of the projects department in EMENA [Europe, Middle East and North Africa] in October '72. I went to EMENA as projects director. And I became vice president, Eastern Africa [inaudible] at the end of '76. And I was there between '76 and '84.

LEWIS: This is tremendously informative because we get somehow this sort of tale that McNamara went someplace to a conference and sat next to Monte and came back saying, "I've found a guy who believes in smallholder agriculture." [Laughter] That's not the way it happened, was it?

WAPENHANS: No, no, not the way it happened.

WEBB: In the '60s you were sort of describing this development in agriculture in the Bank putting—it really rested on a very sector-wide view: policy, price, credit, irrigation, and research. But some years later the Bank is very heavily into the rural integration. How did that transition happen?

WAPENHANS: Yeah, well, right at the start of the 1960s, I think it was a little bit of a coincidence, but we found ourselves as a group here at the Bank, Shig Takahashi—I don't know whether you know Shig Takahashi. He was an American with a Japanese name; he was one of the agricultural economists who was on [Douglas] MacArthur's staff in Japan.

LEWIS: I see.

WAPENHANS: He, then there was Bob [A. Robert] Sadove, there was Herman van der Tak, a Dutchman, and myself. We were in rebellion against this establishment that looked at projects and projects only. And we wanted to very strongly propose a sectoral view of it. And the first thing we said, when we came to the Bank there wasn't even the notion of an economic justification on investment. They were talking about something like part of the gross investment output ratio which measured the total investment to the expected view of five years hence and established some rough ratio. There was no notion of time, no discounting. There was no notion of shadow pricing. That was put in place in the early '60s.

Then, the Indus Study was a very important event because, you know, on the Indus Study you had to take a sectoral view, but you had to take a multisectoral view because you're talking about water, agriculture, and power. So you couldn't simply, you know, deal with agriculture only. To make it a relevant thing you had to--it still was a partial analysis. There was no doubt about that. It had to be a partial analysis because we weren't putting it sufficiently in a global macro context,

but you had to find an interface between the sectoral, the multisectoral perspective and the macro dimensions of Pakistan. So we were wrestling with this issue and we had [inaudible] And then we had [Robert] Dorfman in who was trying to help us with this. He suddenly became very quantitative, and we said, "You know, that's no good because we can never persuade the Indus crowd with this kind of probability. That's much too abstract and too rigid." So you will find, I think, when you read the study on the Indus Basin, you will see how the wrestling took place in trying to get a reasonable framework for a partial analysis.

Now within that, then the questions came up, if you have a basin-wide development, water power and agriculture, what is the role of investment, what is the role of recurrent input financing, what is the role of the public sector, what is the role of the private sector, how can we deal with this without getting into the question of economy-wide pricing, and how can you get into this without an adequate provision of credit, especially if you want to give more emphasis to the private sector versus the public. We ran into tremendous dispute with our friends from U.S. AID in the case of the Indus Study because our solution was private sector development, private tubewell development, private ground well development, as a conjunct to the surface drain development while the U.S. was very much banking on public sector development, very large scale, and invented the so-called notion of "sky." And finally the Pakistanis sided with the U.S. advice and accepted the U.S. advice, and we had to revise our whole system to introduce Pakistan to tubewells, which 30 years later turned out to be, you know, a real mistake.

So, you know, and when we came with the Indus Study and we confronted the Bank with the Indus Study, it finally was accepted that you couldn't have, you know, you couldn't just think of the project you've got, you couldn't just think of one project all in isolation. You couldn't have what we called in those days a "hamlet philosophy." You had to have a more integrated approach to that. But that didn't mean integrated rural development. It meant that we had to strengthen our ability to look at the sector in its totality. We had to strengthen our ability to look at the institutions, and we at all times should incorporate this under the umbrella of a macro analysis.

In the case of India, which was interesting--I don't know whether you were there at the time--it led to the notion that we had a double bias against agriculture. One was a local procurement policy, and the other one was a foreign exchange policy. The foreign exchange policy of India hit agriculture more than it did anything else, penalized agriculture. So we had a tremendous battle over this, and finally we managed to get our colleagues, Peter Cargill and so on, to accept that we could join this battle and win this. We did, but we lost. And the Indians--to the point where the Indians said, "Well, fine. You can do shadow pricing for economic analysis but you cannot publish the results." You know? Our appraisal reports in, oh, in the late 1960s into the '70s did not publish the results of shadow pricing. While we did shadow pricing for foreign exchange and a few other prices, we couldn't publish it; they wouldn't accept it; it could not be published. I mean, they couldn't prevent us from making our decisions on that basis, that was a different matter, but once we developed the appraisal report, they did not want us to be telling the rest of the world that they were continuing doing [inaudible] in their case.

LEWIS: This was post-devaluation then. You're saying late '60s.

WAPENHANS: No, this was after '65. Yeah, after '65.

WEBB: Was this basically the Ministry of Finance?

WAPENHANS: Yes.

WEBB: Because the results would have been very favorable to agriculture.

WAPENHANS: Precisely, precisely. But unfavorable to many of the other interests.

LEWIS: That would have been I.G. Patel.

WAPENHANS: Yes.

Now the second part of your question, how did we get to integrated rural development, this was-- I think it was one of McNamara's less good decisions. In fact, I think it was a destructive decision. It really came with the reorganization of 1972 and the speech to the Annual Meeting in 1973 where he announced a new philosophy and a new approach to agriculture. Now he had, you know, he had crushed this old department and distributed it around the world, he had created a new unit in the charge of Yudelman, and he—not so—I mean, Monte's basic presumption, with which I had no problem at all, was that agricultural technology is to a large extent divisible, and you're not operating with economies of scale and therefore it is quite rational and reasonable to think in terms of small scale enterprises in agriculture. There are some exceptions to that where it doesn't apply, but by and large agriculture technology is divisible. That was the very basic notion.

But that was overlain by the Chenery notion, and the Chenery notion had a great deal to do with our inability to be a bit tougher with the Indians. Chenery's notion in a sense was that you now have a massive social problem, and you better arrest the social problem at its root, and that is in agriculture. So you wanted them--you wanted to have integrated rural development as an antidote to poverty and rural/urban migration. Keep the people where they are, make them as comfortable as you can, but don't think in terms of agriculture making a tremendous contribution to the national development. That's for the birds.

I was personally involved in a tremendous dispute with Chenery in McNamara's office over the question of our lending strategy to India where Chenery simply declared agriculture in India a failure and said that the only thing you should bank on was industrialization and industrial manufacturing expertise.

LEWIS: What would be the timing of that, date of that, do you remember?

WAPENHANS: Early '70s.

LEWIS: Early '70s.

WAPENHANS: Early '70s. Now, McNamara didn't accept that. In fact, it led to a situation.

McNamara asked me, "How much money do you want per year for agriculture?"

I said, "Well, at least 350 million dollars per year."

And then Cargill said, "Look, you're kidding yourself. You will never be able to commit 350 million dollars a year to the agricultural sector in India."

But we did it the first year we had it. I mean, that was . . .

But now the combination of Monte saying it was divisible and Chenery saying, "This is where the bulk of the poor are; you can deal with the poverty area if you only do it right," led McNamara to the idea that what we now had to do was to have—we essentially had a management problem, and that's where the question of integration came in, rural, integrated rural development, because he said, "If we could only get all these aspects under one management, effective, good management, then you can solve it." So he wanted a project concept where the project was no longer the village or a service or a particular technology or a particular set of inputs but where all of these were brought together in the confines of a project area centrally managed.

Now, you know, many of us were absolutely appalled--if I had at that point in time been in agriculture, I would have resigned, but I was no longer in agriculture, I was in the technical department--because this now robbed us of every single constituency that ever existed: I mean, we didn't have the locals with us; we didn't have the administration with us. Many of the other services, you know, for instance, think of [inaudible] you cut the normal structure right in the middle and a created new one which attracted all the hostility of the entire administration and of the local people.

It was the same notion Nyerere had, and Nyerere enforced it. And you know most of the integrated rural development projects in fact occurred between 1972 and 1974 in Tanzania, and practically every single one was poor. It was a brilliant idea. You had the possibility of [inaudible] technology, and you had the social problems you had to deal with, and all you had to do was get them together. It completely ignored the lay of the land. It never really prospered. You will find many projects titled "integrated rural development" but when you take a real look, very few of them correspond to this philosophy and of course they quietly died.

WEBB: It was a very top-down decision, then, in the Bank.

WAPENHANS: Absolutely, very definitely.

WEBB: You didn't have much trouble imposing it, pushing it through?

WAPENHANS: Well, you know, you'd broken the old establishment in agriculture. That was no longer there, and so the new units in the various regions were finding their way. It was at that point in time when it came. You see, it was broken in '72. The new units were put in place by October '72, and by '73 it was made the policy. So, but, you know, there was this--it wasn't just the Bank who was very much involved.

LEWIS: Oh, yeah, the bi-laterals were going for this stuff, too.

WAPENHANS: Yes, and also the developing countries were very interested.

LEWIS: Oh, yeah, yeah, sure.

WAPENHANS: The Senegalese and many others. So it was not—it was not just that McNamara . . .

LEWIS: It was the equity thrust in development. That was a philosophy of the '70s, populist philosophy, on that.

WAPENHANS: And there's always a kernel of truth and some validity to these arguments, but this was carried to the extreme, and it collapsed under its own weight. You know, it was much too heavy, much too much management. You had to fend off all the rest of the donors. You know, the agriculture departments did not feel in charge; the health departments did not feel in charge.

LEWIS: A funny thing they'd almost done the exactly, tried the same thing in India with the community development movement back in the early '50s, and that didn't work.

WAPENHANS: It didn't work, yeah.

LEWIS: You know, this has just been terrific, Willi, and I think we're 15 or 20 minutes beyond your deadline, so maybe we should . . .

WAPENHANS: I hadn't noticed that. I'm talking too much. I'm sorry.

LEWIS: No, no, no. This is just great, and we're only more determined to get back at you one of these days before . . .

WAPENHANS: One thing you might--if I just may have a final thought . .

LEWIS: Oh, please.

WAPENHANS: . . obviously I don't want to over-emphasize--one thing that you might want to just think about in view of what we've talked about in Eastern Europe and the Soviet Union.

In Eastern Africa, starting in '65, '66, some of the same situation in '67, there was this very ambitious approach to regional development and the creation of the East African Community. And of course by the middle of the '70s the East African Community had collapsed, and we then had to find a way of, you know, moving, removing the debris. And the debris was very heavy, you know. It led to a situation of complete stalemate between Kenya and Tanzania to the point where the borders were closed; there was no intercourse at all except smuggling and so on. And, of course, Uganda needed help [inaudible] situation. But by--at the Annual Meeting '77 we

managed to get the three parties around the table and suggest an approach to settling the differences. And that was accepted by the three parties, much beyond my wildest hopes because this was [inaudible] And we were asked to appoint and run a mediation that would take apart the East African Community. That effort took between 1978, the beginning of 1978, and March 1983, and it was successfully settled. All the issues were settled [inaudible] It's not, not--even so, the settlement included the establishment of an arbitration panel. It was not available to a single recourse of that war; it was available to the settlement of these questions. It was not a normal thing for the Bank to do. I mean, in some ways we were very fortunate to have happened upon this guy, Victor Umbricht, who was the mediator. A Swiss fellow. I don't know whether you've heard of him.

KAPUR: He was in this book that we have. He died, I guess, last year, but the book's around all this negotiation with his help.

WAPENHANS: Now, I consider that a tremendous change, not the normal thing for the Bank to do, but it did it, and it led to peacekeeping. It really belongs in the category of peacekeeping more than anything else.

LEWIS: Yeah, right, right.

WAPENHANS: But we are now facing similar situations in Yugoslavia and shortly thereafter the Soviet Union because the entanglement of the assets and the liabilities between them as well as between the group of republics and the international claimants are fairly dramatic. That's going to be one of the most trying things, much more important than what happened in the separation of Pakistan, West Pakistan and Bangladesh. That went very gentle; it was an agreed thing which almost was done between the three parties: the Bank, Bangladesh becoming Bangladesh, and the remnant of Pakistan at the time. But this is much more complex, much more complex. Of course, in the East African [inaudible] become now. So, you know, if you really want to have some word [inaudible] added notion of relevance of the history regarding the future.

LEWIS: Well, that's a theme. Of course, Mason-Asher picked it up in that one chapter that I guess Graves, Groves . . .

KAPUR: Harold Graves.

LEWIS: Harold Graves wrote. That's where the Indus and the . . .

WAPENHANS: And Suez.

LEWIS: Suez, yeah. But that—and that—yeah, I think that's a good point. It doesn't come into the Articles so much, but it . . .

WAPENHANS: Well, sort of technical assistance.

LEWIS: Well, it--you know, one of our sort of brainstorm is that the world might--just might--be moving little bit, inching toward a post-sovereignty stage, and this is the biggest and whether or not the best, the strongest multilateral going and therefore in some sense it is, might be playing some kind of a . .

WAPENHANS: Different role.

LEWIS: . . different role. And this would be an example. We've been trying to get some eminent person to write a chapter along those lines. We've tried Helmut Schmidt, but—we even had McNamara try to go at him--but he's not on for it. We now have an offer out to Gro Brundtland which we haven't heard from yet, but that theme is a fascinating one, I think. It's not what—it's not what you bargain for in history, but we might just poke it in toward the end someplace.

WEBB: That's why I like your perspective on the Bank's role in the world where [inaudible] infant countries during the '50s, and it links up so well with what's happening now.

LEWIS: Well, again, thank you very much.

[End Tape 1, Side B]

[End of interview]