

THE WORLD BANK GROUP ARCHIVES

ORAL HISTORY PROGRAM

TRANSCRIPT OF INTERVIEW WITH

JEFFREY BALKIND

Interview By: John Heath

Washington, D.C.

November 8, 2017

(Transcribed from a digital sound recording)

The following is a transcript of an interview conducted for a special oral history project on the McNamara years. The project, led by John Heath from 2016-2018, was a partnership between the 1818 Society and the World Bank Group Archives to capture a social history of the experiences of staff during President Robert S. McNamara's tenure (1968-1981).

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*Jeffrey Balkind
November 8, 2017
Verbatim*

INTERVIEW

HEATH: This is the World Bank Group Archives in Washington, D.C. Today is November 8, 2017. On behalf of the special oral history project on the McNamara Years I'm John Heath and this is interview number 41 in the series. I have with me today Jeffrey Balkind, a former program team leader at the World Bank who was a staff member from 1970 to 2000. Jeffrey, thanks for coming in. I'd like to begin by asking you what brought you to the World Bank in the first place in 1970?

BALKIND: I actually entered the World Bank as one of maybe the youngest Young Professionals (YPs) at the time. I was 23, having just finished my MBA at Wharton School of Finance and Economics at University of Pennsylvania. I migrated from South Africa in 1968 to do the Wharton MBA and the Bank happened to write to me as I was on the honor's list there, and they said would you be interested in the World Bank. I'd never heard of the Bank actually at the time having grown up in a small parochial country. I said this sounds very interesting, its mission and global mission and poverty-oriented approach to solving world problems was what I was really interested in, and I joined.

HEATH: Do you remember who interviewed you for the Young Professional program?

BALKIND: No.

HEATH: Doesn't matter if you don't remember.

BALKIND: I don't quite remember right now. Obviously, I know my first assignments. I had Bernie Bell as my --

HEATH: All right, we'll get to that.

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BALKIND: Okay.

HEATH: So, do you remember what sort of questions they focused on in the interview?

BALKIND: Why are you interested in the World Bank? And I managed to put together a credible reply, response to that. I had done my homework on learning what the Bank really did. I had done my master thesis on the role of gold in SDR, so I was actually more in a profile suitable in their mind to the IMF and I explained I was more interested in project work than macroeconomic work.

The YP administrator at the time did interview me. Again --

HEATH: And who was that? Do you remember?

BALKIND: Don't remember right now.

HEATH: Okay. Tom Tsui maybe or somebody?

BALKIND: Tom came later.

HEATH: Okay. I see. Right, very good. So your first assignment as a YP was to be a personal assistant to Bernard Bell. Is that right?

BALKIND: Correct, and then I went to live in Indonesia and work for the RSI.

HEATH: I mean if I may say so that's -- you were very young and that was -- normally the Bank is a bit reluctant to let people leave the socializing environment of headquarters early on. They want to sort of train you up before the release you.

BALKIND: Correct, correct.

HEATH: So that was quite a big step to let you.

BALKIND: Right. I'd learned the first six months assignments -- at that time it was six months in one department, six months in another. And my first six months was with Bob Sadoff's, Department of Urban Projects.

HEATH: Okay.

BALKIND: So, I'd been on mission to Argentina already looking at subways and other urban projects. I'd done a credible job there and they felt confident and comfortable with the fact that I would live there. I actually in my living there I -- the country director on India years later, a well-known person, he'd lived with me for a month in the house I stayed. I'll think of it in a minute. He left the Bank maybe 20 years ago. He was a well-known country director.

HEATH: Dennis De Tray?

BALKIND: No, not Dennis De Tray. He was an Indian national.

HEATH: Oh, okay.

BALKIND: I'll think of his name. But I also came down with dengue fever, so they didn't warn me of the risks of that and I was evacuated to Singapore Hospital. I got over the dengue fever and was back in Jakarta to do my work. I obviously got to know Bernie Bell reasonably well as a personal assistant to him. That was the days where there was an actually quite infamous article that came out which was headlined -- I forget which publication it was -- how they harbored Berkeley mafia, helped set up the Indonesian massacre of civil servants and other. It wasn't a massacre in the sense of assassinations, it was a purge of the Sukarno Administration that was replaced by the Suharto Administration. Suharto had toppled him in a coup d'état and the Harvard Berkeley mafia, who wrote the first five-year plan, had very close involvement with Bernie, and vice versa. So Bernie was somewhat caught in this group in the image of advising -- it was -- I think if I remember Widjojo, who was head of the planning commission.

HEATH: Let's start with your perceptions of Bernie Bell as somebody to work with.

BALKIND: Bernie was a brilliant guy. He was already older, and I mean he was -- my guess at that time is close to 60 already or more. So, he was very highly regarded. He was the opposite of bureaucratic. Therefore, as a personal assistant to him it gave me a lot of very interesting work. I was involved in reviewing parts of the Widjojo administered five-year plan that Indonesia produced under the guidance of the Harvard Berkeley professors. So, I had a lot of very good and more macroeconomic orientation. My expertise, as we'll get to and the rest of my career, and the Bank was mainly a mixture of project work and country macroeconomic work. My first preference was project work but being involved in the review of the five-year plan of the emerging capitalist system and the oil-oriented economy that was emerging at the time was very interesting to me.

HEATH: What do you remember about what it was like to live in Jakarta at that time?

BALKIND: It was interesting. I mean it wasn't the busy Jakarta that I came to visit once or twice later on, and the traffic jams were not there yet. There were the canals, and the drainage and the flood protection were already major issues then. It was hot and steamy for me. I escaped to Bali once. I went also to Sumatra and one or two weekends to Bandung. I enjoyed the work very, very much. I liked living there and the six months away from headquarters was refreshing to me even though Bernie had six months -- the ability to work in a decentralized fashion in the field was very important.

And, to be frank, that was the early prototype of what later on emerged 20 years later under the '87 reorganization of country directors who had full discretion -- well, not full discretion, but at least they were the key person that shaped the country program.

HEATH: Right.

BALKIND: And Bernie was exactly that.

HEATH: How many people worked in the office at that time?

BALKIND: It was fairly small at the time. It wasn't anything like it's grown -- I haven't been

back to that office for a long time. I know the size of the Delhi office because I worked on South Asia a lot later on. My guess about 30 people at most.

HEATH: And of those how many would be headquarters staff?

BALKIND: I don't think we were more than about 14-15 at the time. And I think already staff assistants and there were one or two that were of headquarter origins and come out to Jakarta for that, but the rest were already Indonesian.

HEATH: So as a personal assistant I suppose you interacted with Bell on a daily basis, every day?

BALKIND: More or less, mm-hmm.

HEATH: Right.

BALKIND: I had to, you know --

HEATH: Can you describe a typical day in your work as personal assistant? What would you start the day with and so forth?

BALKIND: We are going back, you know, 40 -- what's it now, about 30 -- 47 years I think, right, to 1970. Yeah, 47. Is my arithmetic correct -- yes.

HEATH: It's 47, yes.

BALKIND: Yes. After arriving at the office by 8 o'clock latest -- Bernie kept early hours -- I would be there until 7 at night at least. Look at what came in -- one has to understand these were the days of cut and paste, no word documents, no internet, no emails. The fax machine was the key document receiving -- I think -- was it a fax -- was it --

HEATH: 1970 it would have been a telex, not a fax.

BALKIND: Telex. Maybe not even faxes then.

HEATH: No.

BALKIND: Okay, fine, then it was just telexes. So the rest was snail mail that came in by pouch. So there were documents, obviously this five-year plan. So therefore, the comments that went back and forth say between headquarters staff and headquarters managers and say Bernie Bell would be days in transition. And sometimes already things were out of date. By the time we were reading what headquarters was saying things had changed already from the Bappenas it was called, the Indonesian Planning Commission.

HEATH: Right, Planning Commission.

BALKIND: That Widjojo was head of.

HEATH: Yes.

BALKIND: The rest of the days I was amongst maybe the youngest staff in that office and other people, headquarters certainly were much more senior and older than me. So, I took my direction. But I want to just quickly stop if I may. I had a very funny incident with an Indian manager when I was on the Buenos Aires transport. I went down to look at the origins of the early metro because I worked with Bob Sadoff and Donald Strombom.

HEATH: So this was on your first --

BALKIND: My first assignment.

HEATH: Right.

BALKIND: And the thing I've become very sensitized to is how to operate in different cultures over a 47-year period. And I'm more from the you might say Anglo Saxon Jewish family originally from South Africa. There's a much more direct and British civil service. My first

introduction where I had an Indian manager on the urban transport work in Buenos Aires and I asked him for some direction of what to do on how to approach the issues of the urban transport and the subway work that the Bank was planning to do. Buenos Aires was my mission to go and assess the performance of that metro, which is the world's oldest metro actually that and London. And I turned to this manager and said -- I forget his name now -- Chandra maybe -- anyway, said should I do it this way or that? And that was the first time I'd see so clearly the role of the Indian head, as I call it. This way or that. And I couldn't really tell, and I had to say is that a yes or a no (speaking in foreign language) and you get this very lateral sway of the head, which really means I'm in agreement, yeah. But it's a particularly cultural response that India has and south continent.

HEATH: Was there any culture shock for you when you were in Indonesia?

BALKIND: Not really these were days of apartheid, which we'll also talk about later, and there was an incident that crossed on later and my hijacking. We'll talk about that. This was apartheid times and so it was one of my -- in fact my first opportunity to deal across the races, across the religions, given that -- a Muslim country and I learned a lot from that. These are things that I think, frankly, one learns better in life than from books. I became reasonably good at dealing with different cultures, which actually helped me a few years later when I ran and was on the executive committee of the Staff Association. Those were the early years of the Staff Association. And this morning I went into the oral history web and I saw there is a whole oral history project on the Staff Association.

HEATH: So you trained initially as a financial analyst, is that right?

BALKIND: Yes, but I had Kim Jaycox as actually my division chief at the time. This was Kim Jaycox already and --

HEATH: This is in your first --

BALKIND: In my first assignment after I -- after I finished the YP assignments I entered the

Bank's first Urban Projects Department in the early '70s. I actually had longings to maybe be more academic and be university oriented and actually only worked four years in that department. Kim Jaycox approved a leave of absence where I went back to the University of Chicago to study for a Ph.D. in economics. The mistake I made is that I entered that in mid-winter without calculus adequate background and Kim didn't want to let me leave my El Salvador project that I was handling; it was supposed to go to the Board in the fall, and I actually arrived late at Chicago and a mixture of things. I never finished my Ph.D. at Chicago. I took all the coursework for the Ph.D. level and wrote the prelims, but never did the dissertation.

HEATH: I see.

BALKIND: And so on. But I was still able later on to use that Chicago education to work as a country economist.

HEATH: All right. Well, let's talk about this period of '71-'74 when you were in the Urban Projects Department. What do you remember about Kim Jaycox?

BALKIND: I knew that he was married to the heiress of the Firestone Company, his wife Victoria. That was one of the comments that went around, that he's wealthy from his marriage. He was a wonderfully enterprising, energetic, enthusiastic, open minded manager then at the time and I had a very high opinion of Kim. I had a high opinion of Bob Sadoff. Kim was division chief if I recall too with Robert Sadoff.

And Bob Sadoff was much more quizzical, philosophical, not at times sure should we go this way or that way, you know, to do a purchase and project. Sadoff himself had actually -- his career was steeped in WAPDA [Pakistan Water and Power Development Authority], Pakistan water work. And he brought in Kirmani, Syed Kirmani, who later on became a director in the World Bank, projects director, but Kirmani was WAPDA official and -- so Kim was very interested in water rights -- I'm sorry, not Kim, Robert Sadoff. Bob was very interested in water rights and then urban aspects of water. We were the earlier origins in that department of -- in fact the first to start off the whole program of what was called sights and services, low income

housing, land resettlement.

One of the interesting things I did when -- before I went back to the University of Chicago, I got Kim and the division -- later on it was Donald Strombom as division chief as Kim became deputy director, if I recall. They let me go on -- in fact the Bank paid for -- a three-week course at MIT. When I was up in Boston doing that course at MIT, I got a telex message, probably, it said could you interview a man named Praful Patel, who's a young student just finishing his master's in urban planning. He's applied for the YP program, but this program is oriented as you know, Jeffrey, to those who have an economics background. In fact, that has been a requirement. Given that he only has a master's in urban planning we're not sure he's suitable. So I interviewed Praful and thought he was eminently suitable, given that he had worked with Janice Perlman and other famous people in urban settlement planning. He got into the YP program and I'm still in reasonably close contact with Praful today.

He was also part of the early group -- a man named Larry Marshall later on left the Bank who fashioned the whole policies, and Callisto Madavo was part of that team. And Cal and I went on mission to Caracas metro. Many years later Cal confided to me -- not that he had to confide in the sense made a mistake -- but he thinks the Bank, as I do too and many others, made a huge mistake in withdrawing the Bank from relevance to cities by McNamara basically put a stop to the entire urban metro program that the Bank was considering. These are underground metros. It was based on a study by Marty Wall from the Urban Institute, who wrote -- it's a very interesting story -- he studied the Washington metro and he said this metro happens to be a high cost commuter railroad train that's going to run underground for half its distance and above ground for the other half with long station stop distances. It's nothing like the London, New York, Paris metro systems. And because of that and because of low traffic and because of the huge federal grant subsidy that would be required, I think that these projects are not feasible. McNamara was so influenced by the Marty Wall study that he basically -- there were eight different metro systems, if I recall, Seoul, São Paulo, Caracas -- I was on the Caracas team with Callisto Madavo. We had Melvin Webber as a Professor from Berkeley; he was very familiar with BART [Bay Area Rapid Transit] from San Francisco. Basically, the Bank made a very fundamentally wrong decision as far as I'm concerned.

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Verbatim*

HEATH: So the Washington metro opened in '76, so the study you refer to must have been sometime just after that, yes? Or was it done before that?

BALKIND: The study had been done already in '74 or '75.

HEATH: I see.

BALKIND: The conceptual flaw of that study was -- the economic benefits were defined as the traditional model of time savings cuts. They did not know how to then -- and even maybe today still -- it's difficult to know how to capture the economic benefits of urban redevelopment. So, for example, Bethesda today would not be Bethesda as we know it if it wasn't for the metro. The same with all the Arlington stops, Ballston in particular, Virginia, and all that -- the huge redevelopment, the 14th U Street Corridor, which is the green line. They would not have been -- in fact, Sadoff had an interesting approach, he sent us to go and visit the Washington metro officials, to interview them as to how they were planning -- we went to Judiciary Square One. It was still in plan stage. They hadn't broken ground yet. We looked at the map and said why does it do the strange configuration where the red line will run from north to south, then bend around to Union Station and then go back north again to Silver Spring. And they said there are three reasons there, one is Georgetown had blocked it. That's one of the reasons why it doesn't travel - it does this, goes up, Connecticut, and then moves over to Wisconsin Avenue above Tenley --

HEATH: So the rich folks in Georgetown didn't want mass transit in their backyard?

BALKIND: They didn't want mass -- and now they've got the worst of both worlds, they have no mass transit and they have traffic.

We asked them why you are starting with the red line, and they said it's very simple, that's where the federal wealth and the people live, and the votes are going to influence the federal subsidy. It's red line first, then will come blue --

HEATH: Okay, let's come back to McNamara's decision to --

BALKIND: So McNamara -- but what I wanted to mention was -- John, this is important.

HEATH: Right.

BALKIND: McNamara -- by the way I've read and had read 30 years ago in quite detail the best of the chapters on *The Best and the Brightest*, David Halberstam's classic book on McNamara.

HEATH: Yeah.

BALKIND: And maybe we'll get to questions about what my views of McNamara as a brilliant mind are.

HEATH: Indeed, sure.

BALKIND: But I do believe that he was so influenced by traditional presentations, traditional reports. He wasn't a people person, as we all know. This goes back, whether it's a body count in Vietnam, systems approach. He was so systems oriented in his programmatic thinking that he didn't really talk to enough people and get feedback as to what people felt about something. So this interesting story of the anecdotal development and then later on -- and the plan had already in 1975 -- a scheme whereby Bethesda would emerge as a major concentration of restaurants, shops, but they just didn't know how to capture it in the economic model and how to model that.

HEATH: It's rather ironic that McNamara went on in '74 to make urban poverty reduction one of his priorities, and yet mass transit you would think -- if you're interested in poverty reduction mass transit would seem to be the right way to go.

BALKIND: And you see he didn't get down to the detail, maybe didn't -- this was a project, the project never came to the Board. He cancelled the whole program. And so the Caracas metro project never arrived at the Board.

HEATH: Right.

BALKIND: But what the analysis showed is unlike most metros this was a lineal spine in Caracas City. It would reach the poorer people that were -- as long as there was some, bus jitney, and there was a jitney bus transport there, and they would actually have used the metro depending on the fare structure.

HEATH: Right.

BALKIND: So that wasn't one of the long spread out lines like the Washington metro, it was much more of a lineal spine.

HEATH: I'm thinking of the Mexico City subway, which must have been set up in the late '60s for the Olympics.

BALKIND: And that could have been a project for the Bank at that time, right.

HEATH: And that's definitely served the poor.

BALKIND: True.

HEATH: I mean when I was in Mexico in the '80s the middle class never travelled on the subway; it was just the poor people who travelled on the subway.

BALKIND: I've been to Mexico City, but I believe they use the French rubber ties that Caracas was going to use on the wheels.

HEATH: Yes.

BALKIND: Just like the Paris metro. So I think the Bank's thinking was flawed. I also do believe it was -- we're jumping in sequence, but McNamara made the same mistake on the Bank's tourism projects department. He just cancelled that --

HEATH: Tell us a little bit about that, yes.

BALKIND: Well, again, because I had lived in Indonesia, I knew Bali -- the Bank had a Bali project planning already at that time, a number of other tourism development projects. And he was influenced again maybe by -- we didn't have -- if you recall, John, there wasn't the integration of the IFC work and the IBRD work and the IDA work at that time, that came much later. So the Bank's tourism projects didn't have the private sector involvement in an organizational sense from IFC.

HEATH: Right.

BALKIND: So, again, the economic benefits of capturing private investment. So he saw it as an expensive infrastructure development for questionable tourism flows and tourism revenues.

HEATH: I guess he was also influenced by the image issue of essentially catering to the rich who went to these resorts.

BALKIND: Right, correct. Years later there were studies by a man who had been a senior manager in tourism projects questioning in retrospect that decision. So my comment I passed already about David Halberstam's book, I do -- you are familiar with *Fog of War*, right?

HEATH: Yes.

BALKIND: Okay. So he's asked that question directly in the film.

HEATH: Which, remind us, which question? Sorry, which?

BALKIND: Was your role in the World Bank and in your whole approach there -- I think it came up in *Fog of War*, but it certainly came up in other interviews -- in a sense -- Charlie Rose asked that question. I once saw that on a McNamara interview. I'm pretty sure McNamara was on with Charlie --

HEATH: Which question?

BALKIND: Were you in a sense -- was this atoning -- atoning is too strong a word -- alleviating your social conscience of the guilt of the Vietnam War?

HEATH: Right.

BALKIND: And he always said no, but most people believed the answer was yes. He formed, as you know, a very close relationship with Julius Nyerere. Later on -- of course they got jaundiced by the fact that that economy almost went into bankruptcy -- so he glossed over the fact of the destructive nature of the socialist policies. He was mainly interested in the agrarian reform part of Nyerere's program, which -- and developed that. That led to the Bank's whole development of rural development in Africa and other parts of the world.

I was fascinated by McNamara as a personality by the way. It became even more fascinating when later on I had my personal encounter. I had a little spat with McNamara, which we'll get to after the hijacking. We can get to that later.

HEATH: Well, I mean let's address -- since we're talking about McNamara, on how many occasions did you have a one to one meeting with him?

BALKIND: I did three Board presentations, El Salvador Sights and Services in '74, so that's industrial estates, a small SSI [Small-Scale Industries] project it was called in the northwest frontier province of Pakistan, which was when I got hijacked. That's where I had the spat with him. It wasn't a spat defined as I was in his office arguing with him. I'll give you the sequence in a minute. The third time -- the very first time I had an encounter -- but it wasn't just me alone, it was 30 of us. I was a member of the -- and there was a fourth one too -- I'll tell you in a minute -- that was when I was on the Executive Committee Staff Association. So the first one was I was part of the 5:30 group. So if you've not come across the 5:30 club --

HEATH: Yes.

BALKIND: -- we all got together at 5:30. I seem to recall it was on Tuesdays or Thursdays. It got its name because we met at 5:30 and the committee came to fame almost because McNamara

actually decided to come and talk to the committee very early on in the formation. He was not the type of manager who talked to many people below his -- he was not known to be an open minded, open door manager. The fact that he came to the 5:30 -- and he did it because he was a brilliant person, interested in questions. He came to that meeting and it was a very productive meeting.

HEATH: Did he come to give a presentation, or he was there just to answer questions?

BALKIND: More to answer questions.

HEATH: Totally open-ended questions?

BALKIND: Yes, and if I recall, he had already -- the prototype of what later on became CASs [Country Assistance Strategy], and CPPs [Country Program Papers] was already there. Of course, you know, programmatic approach to country-based lending. Later on -- I actually saw in Wikipedia -- sorry, the oral history project, the six page note I printed out this morning, there was question that came up was -- he felt very sensitive of the criticism that he pushed volume of lending and sacrificed quality of lending. He said that was a bunch of nonsense, he had never sacrificed quality of lending and he never pushed size dollar-based volume lending. But --

HEATH: Do you remember what questions were to put to him in this 5:30 club?

BALKIND: It was basically -- nearly all the people around him, if not everybody, were in awe of his brilliance.

HEATH: They were all young professionals?

BALKIND: Yeah, they're all young professionals.

HEATH: Right, okay.

BALKIND: You know, frankly, I wasn't a McNamara type in terms of his brilliance, but I was

similar in -- I had an MBA from Wharton, he had his MBA from Harvard, he started off in accounting. You might know that he was a war systems and analyst in 1946, became a major. I read that all this morning in Wikipedia. But it explained exactly how I knew that part of it and I refreshed my memory this morning. He took that approach then into Ford Motor Company, was the first non-Ford family member to become president of that company, and he brought much the same approach into the World Bank. He made his fundamental mistake in Vietnam over that too, which was that we'll win this war through body count, not recognizing that the Vietnamese can afford -- were willing to have 4 million people die. You know, it states that 56,000, and some of this I've watched with intent. The images of the wonderful documentary of Ken Burns; I've watched most of that recently, just six weeks ago. When it was out, I'll get the book and the DVD because my wife didn't have enough time to watch it that night -- sequence. But there is an interesting sequence. In '67 -- I think it was '66, he had realized his fundamental mistake on the whole-body count approach and the United States was only not going to win the war they were likely to lose the war. He commissioned a secret study and it was not known that basically he told Johnson you can't win this war, and then he resigned.

So, I was fascinated with him as an MBA, systems-oriented person who was able to take this brilliance with numbers. So, I actually heard a fascinating story. Ian Cargill, his name was, vice president of South Asia, had gone on a --

HEATH: Peter Cargill.

BALKIND: Peter Cargill. Sorry. Peter Cargill. He was, I believe, a former ODA [Office of Development Assistance], British development high level administrator before he joined the World Bank. Went on a trip to India. If you haven't heard this story it's one of the wonderful Bank folklore stories that -- so they had a good lunch with Indian authorities and Cargill had a bit too much wine over lunch or beer or whatever, and that was his tendency to do, to drink a bit too much, and he was overweight. They were supposed to go, and they did go on a visit to one of the sites of project development that the Indian authorities took McNamara to see. Halfway through the visit McNamara noticed Cargill was not there. So Cargill had decided he was better off just going to the hotel and sleeping off the drink. McNamara walked in all flushed with

enthusiasm and excitement, and he said, Peter, where were you, and slapped him on the back almost. You should have seen all these wonderful things, the hundreds of thousands of project beneficiaries, the cost of this. McNamara rattled all these numbers off very quickly. Cargill hadn't fully gotten over his lunch consumption, made the mistake of commenting, "and you really believe that, Bob."

Apparently, that story, which was verified through a few different sources, led to Cargill's dismissal from the World Bank, and which happened not too long after that.

HEATH: Can you remind us which year he would have been dismissed?

BALKIND: We'd have to look up Cargill's tenure. I'm just guessing now, this was late '70s.

HEATH: Late '70s, right, okay. So let's come on now to your experience with the hijacking and how you subsequently had a spat with McNamara about --

BALKIND: Okay. So I went on mission to visit my project. I was task team leader on three different projects in Pakistan, a small industries one, a line of credit industrial bank in Pakistan, and another one was PICIC [Tenth Pakistan Industrial Credit and Investment Corporation Project] and this is important, it was headed by an ex minister of finance of Pakistan named Uqaili [N.M. Uqaili]. This one I was flying between Karachi to Peshawar to go and visit two of the industrial estates under the project and I found myself hijacked on a Boeing 720B, which is a different version of the old 707. We were 13 days in all trapped on board and 7 nights on the runway in Kabul and 6 nights on the runway in Damascus. -- It became a very famous story in Pakistan because it was planned by Benazir Bhutto's brother. This has never been proven in court. There was the allegation and it has been confirmed in a book here that my very favorite colleague and friend, Homi Kharas, gave me, who is now at the Brookings Institution, called *The Terrorist Prince*. And in it, which was published in '97, the writer, Raja Anwar, who had been a Minister of Labor in Bhutto's government -- so when I say Bhutto, I mean Zulfikar Ali Bhutto, the father, Pakistan's first elected Prime Minister who came to power, by the way, when the Pakistani army was disgraced and lost the war of independence for Bangladesh. And at the time

Zulfikar Ali Bhutto had been -- the story I'm telling you is very critical to the hijacking, so I want to tell it to you.

HEATH: Sure, sure.

BALKIND: Zulfikar Ali Bhutto had been Pakistan's ambassador to the United Nations. When the Army was in disgrace he came back and formed the PPP, the Pakistan People's Party, and they won the election. So he became Pakistan's first elected prime minister. And at that point we're talking of Pakistan as a country, but as the former -- just West Pakistan. East Pakistan, as well all know now, became Bangladesh. Bhutto went on to be Prime Minister from, if I recall, '71 to '79. He got ousted in a coup by Zia-ul-Haq, General Zia-ul-Haq [Muhammed Zia ul-Haq]. Ul-Haq mounted the coup, the arrested Bhutto. About a year after his arrest he was tried on a conspiracy to commit murder of four political opponents. There was no smoking gun evidence, it was circumstantial, the case but four people were killed in a car bombing. Bhutto was convicted and the Supreme Court of Pakistan upheld the death sentence. He was executed, if I recall, April '79, about the same time also of the Iran Hostage Crisis, which was also '79.

Benazir Bhutto herself was put under house arrest during the hijacking, the first week, when the government alleged Murtaza, her brother, had founded -- they had both been students at Oxford University and he dropped out, Murtaza. He was the younger brother to Benazir. He formed some ties of Gaddafi, got some money from Gaddafi in Libya, went underground, formed what was called the Pakistan Freedom Group in Kabul, and he planned this hijacking.

I've done five talks; I've never used the word terrorism for this incident. Terrorism has become an emotional world. I define the difference as where people are dying at random. We're talking of the nearly 3,000 in the World Trade Center, we're talking ISIS bombings or whatever. The people are dying, are random. My hijacking was a narrowly defined and clearly defined target. This plane was hijacked to embarrass Zia-ul-Haq. When they found out that the Lieutenant General Tariq Rahim was on board, just by chance --

HEATH: So it was flying from where to where?

BALKIND: Karachi to Peshawar.

HEATH: Okay.

BALKIND: And on that plane was Lieutenant Colonel Tariq Rahim, who was personal assistant to Zulfikar Ali Bhutto. The military had supplied him to Bhutto's office as personal assistant. They alleged when they saw that it was him -- the chief hijacker, named Alamgir, whose real name was Salamullah Tipu, and he was actually working for Bhutto -- he alleged on the plane -- they were speaking Urdu so I don't always fully understand that at the time; I researched a lot of it later. Two charges against Rahim, (A) that he had turned state evidence in Bhutto's trial and given evidence that helped convict Bhutto, (B) Alamgir alleged that he actually gave information to General Zia-ul-Haq, went to mount the coup. Because he was personal assistant to Zulfikar Ali Bhutto, so he actually was able to supply information as to when is a time a day or night to mount a coup that will be a successful coup.

He did this -- Salamullah Tipu alleges on the plane and he told me all this later on because after they killed Tariq Rahim in front of me on day four they came and grabbed me on day five. I thought they were going to kill me. Sorry, no, day four is when they released all the women and children. Day five they killed Rahim and day six they came and grabbed me, put me in the cockpit at gunpoint and grenade point and forced me to write down a message. So in one of my interviews that I've done in Canada, I said I had to write the message. I told the hijacker, pleaded with him, put his grenade down and put his gun down because my hand was shaking too much, I couldn't write. He did lower his weapon. But I said, if you want me to write this down, right? And so the interviewer said to me you mean, right, spelling as W-R-I-T-E and not R-I-G-H-T? And I said well actually in the sentence I used it was both, I said you want me to write this down, right, and he said yes.

So, I wrote the message, and in the message, it actually refers to McNamara. It says I, Jeffrey Balkind, am hijacked on board. Please release 93 prisoners. My condition, the dictated message that I had to speak to control tower became the main condition for what eventually was the successful hijacking. Of course, maybe at that point the world's most successful hijacking

because they couldn't find 39 other prisoners -- the names didn't correspond to the jails they were in in Pakistan, so actually only 54 were flown out in exchange for us. We're on the tarmac -- and later it was in Damascus because after seven days the Afghans and the Russians who controlled Kabul forced the plane out, told the plane to leave, and the pilot and the hijackers to leave.

HEATH: So the plane was refueled --

BALKIND: Refueled.

HEATH: -- and went to Damascus?

BALKIND: It was a very interesting sequence, because on refueling I sat next to, it turns out, a PI engineer who was off duty and I noticed that on refueling he was also grabbed out of his seat at gunpoint, walked to the front, and he thought he was going to get killed. The hijacker then trained his pistol -- at that point he already -- he now had a semi-automatic rifle, which apparently was supplied by Murtaza Bhutto. Bhutto came to the plane on day -- several of the days and he gave them a semi-automatic. They never had it on the first three days, and that's also documented.

This book, by the way, carries 30 pages of direct speech, first person interview of the hijacker in a Kabul training camp two years after the hijacking. He was tracked down and eventually was killed by the Afghans, the lead hijacker.

But my incident on the refueling was very interesting. The hijackers believed that what the president wanted was this hijacking to go badly, the plane to crash, or whatever, blow up, and announced that this bastardly hijackers had killed 148 people. Obviously, the government would have wanted the freedom of everybody as their first choice, but they also would not have been averse to a disastrous outcome either, politically, particularly once the one person they wanted off the plane, Colonel Tariq Rahim, had been killed already.

So he wanted this engineer to look at the fuselage of the plane on refueling to make sure that no bomb was placed on board.

*Jeffrey Balkind
November 8, 2017
Verbatim*

HEATH: Oh, I see.

BALKIND: So why I'm telling you the story is this is very important in my subsequent career in the World Bank and where I spent my time in my next 20 years. I struggled -- and very few people know this story. Homi Kharas is one who knows it very well. My first wife, Tia Duer, knows it well because our marriage came apart afterwards. I actually 10 years later got hit by a pretty severe case of post-traumatic stress. I like to say not "D", not "disorder", but just "S", PTSS – post-traumatic stress syndrome. And it happened -- I'll quickly move to that -- it happened right after I was on mission in the Philippines.

HEATH: So that would have been '91, ten years after?

BALKIND: '91, ten years later, April '91. Rajiv Gandhi got blown up in Madras. And I was on mission in Manila. And Premchand, deputy director of the IMF from the FAD department, was head of the mission. I was the country economist on the Philippines, called country officer, but I was on loan to that mission, secondment, to help write the public expenditure review analysis. When Premchand heard I'd been hijacked and we watched it on CNN that night, the whole footage of how Rajiv Gandhi got blown up in Madras, it turned out it was by a woman connected with the Tamils in Sri Lanka. He actually said, Jeffrey, don't write your report. This hijacking is too important. If you've never written anything down, you need to spend the weekend -- don't talk to anybody, don't see anybody, just write it down. That's when I wrote my first draft of my 256-page manuscript, which I'm bringing today, but it's never been published. It's called *Life and Death on the Tarmac*. Later on, I took six months off from the World Bank and enrolled in the Bethesda Writer's Center, learned how to write a book, and about 40 people in the World Bank have actually read the draft. I brought them into a draft book review session the World Bank, which is another interesting story I'll tell you about.

But you did ask me the important question, what happened, what was the spat with McNamara? So after 13 days, I was released. My wife was flown actually with Jim [James L.] Theodores, the Bank's first security coordinator.

HEATH: So you go to Damascus and then you were released?

BALKIND: Right. Jim Theodores, the first security coordinator -- and he got the job because he didn't have a job to do after the Soviets invaded Afghanistan. He was the Bank's res rep in Kabul. Ernie Stern gave him this job, security coordinator. It's the first time we had one. And he actually more or less lived in his office for the 13 days of the hijacking. My wife would come in, my first wife, Tia Duer, they'd talk, and when someone was killed, they wondered actually -- my wife was terrified that person was maybe me. And it took --

HEATH: So your wife, Tia Duer, flew out to Kabul?

BALKIND: The Bank would not have -- interesting story here too -- the Bank I don't think would have let any spouse -- because my wife was also an ex-YP, was well regarded, was considered mature, responsible, et cetera, et cetera, they allowed her to fly unaccompanied to Damascus. She was in the hotel and she got me such quick release. She actually -- the commander got a phone call from her. My wife, Tia Duer, first wife, was a very persistent woman, as most World Bank people can be, and she talked to the commander and insisted that I be released as soon as possible. I was out --

HEATH: I'm sorry, which commander? On the plane?

BALKIND: Of the hospital. Sorry. After we were released, we were all put in a hospital not because we were ill, just because they wanted to protect us from the media. I was quoted in *Newsweek* -- before we got to the hospital and they asked me what was this hijacking like and I gave a comment, 300 hundred hours looking at a machine gun.

HEATH: Right.

BALKIND: Maybe the Bank didn't -- and the Syrian officials did not want these comments to the media. So we were all put in a hospital. My wife called, found out which hospital. The Ambassador of Pakistan came to interview us in the hospital, talk to us. My wife was in touch maybe with him. I forget the sequence. But anyway, she got a call through, spoke to the

commander of the hospital, he agreed to release me before anyone else. I was back so fast that within -- and my wife booked ticket out of Damascus -- I saw myself almost on live television on Fox News in Washington, D.C. getting out of the plane. They actually had quoted it in the *New York Times*. That's the *New York Times* article, et cetera.

HEATH: Yes, I see.

BALKIND: So I got out. Now I had spent -- people always ask me, John, what do you do for 13 days on a plane, how do you eat, how do you sleep, how do you go to the bathroom, what did you do? I had *The French Lieutenant's Woman* book with me, written by John Fowles; read that several times, strummed some songs in my mind, music, playing it back in my mind. But I also actually worked out -- we weren't allowed to write, we weren't allowed to get our briefcase and take anything out. They also confiscated our passports. I was seized and put in the cockpit because of my laissez-passer. I hid my South African passport. I didn't reveal I was African, I certainly did not reveal I was Jewish, I am Jewish. But I did rewrite my speech on this -- Board speech for this project in my mind. I rewrote it several times. I had started a first draft before I ever arrived in Pakistan on that mission.

I got back to Washington and I was absolutely furious when I heard that Wilfried Thalwitz had agreed -- I think Thalwitz was the director at the time, I seem to recall. Anyway, the person who was handling at the senior this hijacking was Ernie Stern, and Ernie had a long history and experience of South Asia himself. He had appointed Jim Theodores and --

HEATH: Who was Jim Theodores?

BALKIND: The Bank's first security coordinator.

HEATH: Oh, sorry, yes.

BALKIND: And he gave Jim that job. So I arrived back on Sunday night. I was released I think on the prior -- the hijacking was from March 2 to March 15 -- 13 days, 1981. I'll look up the calendar again. I think we were released on a Friday. On Sunday night I was already back.

We were in the hospital in the Saturday night and on Sunday morning I flew out. My wife had arranged the ticket and we flew out and I was back in Washington very late on Sunday night. Correct. The Boards, as you recall, were always Tuesday. So Tuesday morning I had the Board speech to do. And I was furious on Monday. I was exhausted, I was tired, but I was well, I wasn't ill. I had heard that McNamara had vetoed the decision to -- he had -- he insisted that I could not do the Board speech. I was furious as can be. Went to Thalwitz, Wilfried, and he took the issue back up -- I think it was Wilfried -- anyway -- Stern and Ernie backed me, interestingly enough, and went back to McNamara and said, you know, we have a problem here. Jeffrey is not -- refusing to step down from doing the Board speech. McNamara said tell him I've told him that he can't do it. Ernie said he's not taking no for an answer. He thinks -- he basically says the managers are not understanding the situation, that he feels free, he feels fine, he's written the Board speech, that he got hijacked because of the project -- not because of the project, but he was on that mission, flying up to the northwest frontier because of the project, a highly dangerous area of Pakistan, and he feels it's his right to do the Board presentation. So I said to Jim Theodores, can you find out -- ask Ernie Stern to ask Mr. McNamara what's the issue? Well, apparently -- this is interesting -- it's a very revealing thing about Mr. McNamara. Apparently he was concerned that some executive directors would interpret that I was at the Board because of the terrible work pressures that Mr. McNamara was putting staff under with his programmatic approach to everything and his mechanical approach, that it would be interpreted that I was told I needed to do the Board presentation and there was no understanding shown that I was maybe just tired.

HEATH: So you didn't think it was compassion on McNamara's part, you think it was calculation?

BALKIND: It was calculation that he didn't want to have to answer questions and criticism that why on earth would this man who just spent 13 days in a plane be at the Board. Ernie convinced him. And that's a good part of McNamara maybe, that he did think about it again and he said okay.

HEATH: So you went ahead?

BALKIND: He went ahead. I did it, I got a standing ovation. He patted me on the back. But it partly explains to me why -- I was always was curious, would McNamara be interested to hear what goes on in a plane for 13 days? I mean after all McNamara himself could end up hijacked, as could any of the 6,000 staff at the Bank at the time. He never did. So we never actually talked again. We weren't on bad terms. Frankly, I didn't operate at McNamara's level, so we didn't have any personal contact anymore.

HEATH: Right.

BALKIND: *Fog of War* became very important to me because in 2005 at the private screening, after it had won its Academy Award -- or just before I think, the Academy Award -- won the best documentary of the year -- Errol Morris' film.

HEATH: Yes. Yes.

BALKIND: I walked up to McNamara in the Preston Auditorium -- it's in that article I showed you, in the memorable stories -- and I said at the end, McNamara, thank you for saving my life. He said, what's that again? I said don't you remember that Pakistan hijacking incident. Oh, yes, what's your name again? Oh, Jeffrey Balkind, I said. Oh, Mr. Balkind, of course, it all comes back to me now. This is in 2005, so we're talking of 24 years after the hijacking. He said how are you, Mr. Balkind, and I said I'm fine, and I said how are you Mr. McNamara. I said you look great. This was four years before he died. I walked out of the Preston Auditorium that night and I cried, not heavily, but I cried --

HEATH: How did --

BALKIND: Let me just finish. I cried because I knew that would be the last time, I'd ever see McNamara because I didn't operate in his social circles.

HEATH: Right.

BALKIND: And he died four years later. So, let me quickly get back to what did McNamara

do to save my life.

HEATH: Exactly.

BALKIND: The Bank didn't know how to handle this whole thing and frankly had never had experience, and this was the world's longest hijacking at the time, only supplanted four years later by a very long one, TWA [Trans World Airlines]. But ours was technically longer because the TWA one, people got out of the plane, hostages were taken out of the plane, put in Casa Blanca control tower, and also -- no, sorry, it was the Beirut control tower -- but the plane went back and forth between Casa Blanca and Beirut. So ours was the longest defined as persons cooped up in a plane uninterrupted for 13 days. But what happened there, the Bank didn't know how to handle. They sent up the VP of legal, who later on -- I forget his name -- fell into problem because he later on -- it turned out he had had a sexual affair and he had to resign. I'll think of his name in a minute. Anyway, he was sent to meet with Kurt Waldheim. And because I was hijacked and because I was placed in the cockpit, because of my laissez-passer, the UN in a sense was taking the lead role.

HEATH: I see.

BALKIND: Not the Bank. And the Bank preferred it that way. The stay out of the limelight approach, as we always try to do. Waldheim called Zia-ul-Haq and got nowhere. He made the same point, you know, it's not -- and they weren't calling for just me, they were calling for release of the 110 males that were on board. As I told you, all women and children had already been released. Waldheim got nowhere. So, after 11 days -- it took the Bank 11 days to do something, and that was -- the Bank did a tremendous amount in terms of Jim Theodores monitoring the situation. The Bank's Res Rep [Resident Representative], Wolfgang Siebeck, was really annoyed with headquarters because Ernie Stern had instructed that Siebeck could not meet with -- you know, on his own, at his own discretion, with the Pakistan authorities. Whatever Siebeck did in talking with the Pakistan officials had to be cleared by headquarters first. So his hands were tied.

After 11 days the plan was approved, McNamara would call Zia-ul-Haq. It happened after I was told, and the four other westerners, that we were going to be shot at 7 p.m. that night. At 1 p.m. - it's one chapter in my book, it's called death row. Basically, the five of us westerners would be shot on the hour, starting at 7, and at midnight the hijackers said we'll be finished. We had no idea who would go first. It could have been me; it could have been any of the other four. I got to know some of them in the hospital later and we talked. Anyway, McNamara called within 2 hours of his phone call and he spoke to Zia-ul-Haq, made the same plea. It wasn't just about Jeffrey, it was about the 110 male hostages and the fact that one person has already been shot on board and thrown out of the plane, Colonel Rahim. Please, you have to take some measures to get this resolved. That's what McNamara said to Zia-ul-Haq. Twenty minutes to seven the electric message over -- an electric -- emotional message came through to us on the plane that we were going to be safe, that the government had released -- agreed and the hijackers had accepted that the number of prisoners could be 54 and not 93.

Interestingly enough, the prisoners were -- some of them shackled onto the plane that flew them out because they didn't want to exile in Syria, but they were forced on the plane because that was the condition that the hijackers had stipulated. And the Syrians, it's not clear whose side they were on as shown on the front page of the *New York Times*. You have a photo, congratulations, between the chief Syrian negotiator and the lead hijacker, which is a bit of an odd photo.

McNamara -- it was never revealed, and I never revealed, what McNamara did. It was kept secret. And frankly, just like approach of the move, *Argo*, which is to do with the Iran Hostage Crisis -- we don't, as you know, John, have a system of declassifying information like the U.S. government does. But after --

HEATH: But how did you find --

BALKIND: -- 20 years I felt comfortable to talk about McNamara.

HEATH: How did you find about -- that McNamara had made that intervention?

BALKIND: Oh, Jim Theodores told me, but I never --

HEATH: I see.

BALKIND: I only told my wife and I told a few of my closest friends. Nobody was aware of it. So whenever people in the Bank would ask me, what did the Bank do, I never ever talked of McNamara's phone call. I respected the desire, the need -- need to be confidential. See, the Bank's approach technically is like the Israeli government's approach. We don't negotiate. Except when Israel released 1,000 prisoners in Palestine for 1 Israeli soldier, but that's another story.

I respected the Bank's need for confidentiality. I developed a close relationship with Jim Theodores. Not -- let's see, socially we're a different age group. I was 34 when I was hijacked, he was 60 when he had this job as security coordinator. But one of the interesting things is, you see, McNamara didn't want to absorb himself in detail. He's President of the World Bank, he didn't have to obviously. I met with security coordinators drafting new guidelines and I asked them to put one specific instruction in the guidelines, and they never did, because the Bank doesn't like to be political. My instruction was the following suggestion: that under the guidelines staff be advised that if you carry a passport from a sensitive country get in the habit of not carrying that nice leather folder wallet type holder that your wife gave you for Christmas where you carry your two passports together. Don't do that. Luckily that's what had happened. I actually had mine separate.

So when the hijackers came to me, I stood up, got my briefcase down -- they didn't pull it down because they weren't going to pull a briefcase down and keep a gun trained on you at risk of them being overpowered by a hostage. So the hostage had to pull the briefcase down, open the bag. I went to the side I knew my -- I don't know why, maybe it was serendipity, I actually did have the passports separate. I knew that, I don't know why. It certainly wasn't -- I wasn't planning to be involved in a hijacking. But I went to the side where -- and it was dark -- he was doing this at night. I remember this all so clearly. You know, you never forget these things if you've been in an incident like this. I pulled out my laissez passer, did not touch the right side of

the briefcase, my South African passport. To this day, the Bank stopped giving out those briefcases as you know, John, those nice black and brown -- what we used all call and label as the Bank briefcase. And they did that partly -- and you might not be aware of that -- that was done because of my incident. Jim and I talked, we said what are the things that need to change. I said the first thing that needs to change is the Bank briefcase, the second thing is the tags. It took another several years for the Bank's travel department to stop issuing tags that said World Bank on it, or IBRD, or --

HEATH: It's not a tag, but I was issued a briefcase in '91.

BALKIND: Right, right. And IBRD, a logo on tags, all that stopped in the years later.

HEATH: Right, sure.

BALKIND: But my suggestion to say -- and obviously I was thinking if you're Israeli or American, if you have the benefit of having another passport don't reveal that if you actually happen to be hijacked in the Middle East.

HEATH: Right.

BALKIND: I mean it's obvious.

HEATH: Yeah.

BALKIND: Now, you could argue that most common-sense people would know that. My counter argument to that point is I, myself, who got hijacked was in that situation, have taken a number of flights where I've been lazy and still have the same two passports while I was still staff. I no longer have a laissez passer, as you know. But human nature is one doesn't always remember that you go through -- when you come to the Washington-Dulles Airport they require you to have both and then see both.

HEATH: Yes. Jeffrey, this has been a fascinating exchange.

BALKIND: So that was my incident with McNamara.

HEATH: Right.

BALKIND: So just to put it in summary, a man of great brilliance --

HEATH: Right.

BALKIND: -- but with an emotional IQ that was not the same as his mathematical brilliance.

HEATH: Right. Jeffrey Balkind, thank you so much for coming in this morning. I appreciate it.

BALKIND: Oh, sorry. I'm sorry I spent so long on that hijacking.

HEATH: That's all right. That's fine.

BALKIND: All right, okay. Okay.

HEATH: And --

BALKIND: So I never told you what -- why -- I've never seen a shrink.

HEATH: Right.

BALKIND: I worked my way through the PTSS, which I stress I don't -- I emphasize, rather, I don't consider "D", disorder. I worked my way through it through doing public talks. That's essentially it. So my audience expanded. Like when I was interviewed by Bob Schaeffer, it was in the evening news -- this is going to be a bit eerie to you -- I'll just tell you quickly. BBC asked me the same question 18 months before 9/11. There was an Indian airline hijacked from Kathmandu to Kandahar at the time and I was comparing my Kabul based hijacking with the Kandahar Indian airlines.

HEATH: Right.

BALKIND: And they said do you ever -- Balkind, we hear that people who've been in an incident like this -- this was Julian Marshall at BBC asking me that question. And then on that interview, that tape with the BBC audio here is on it. He's talking to the Indian foreign minister during that incident. And I said yes, of course, I've had symptoms. Specifically, I wake up sometimes at 3 in the morning in a cold sweat. Worse than that, I've just had a nightmare that the plane I'm in has crashed into a brick wall of a building at 30,000 feet, 18 months before 9/11. So when I do the talks, I say that's not a prediction, it was a premonition.

HEATH: Right.

BALKIND: By the way, that sentence you'll find when you Google my name. The very second article under Google it will say, for one person -- it's titled -- headlined by the *Montgomery Gazette Newspaper*, and it's titled "For One Man, 9/11 was all too real".

HEATH: Thank you very much, Jeffrey.

BALKIND: Okay.

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