

THE WORLD BANK GROUP ARCHIVES

ORAL HISTORY PROGRAM

TRANSCRIPT OF INTERVIEW WITH

**JIM COATES**

Interview By: John Heath

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[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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## INTERVIEW

**HEATH:** It's Thursday, October 20, 2016. This is the World Bank Archives in Washington, D.C. On behalf of the Special Oral History Project on the McNamara Years, I'm John Heath. This is the fourth of our interviews in this series. Today, I am interviewing James Coates who -- you entered in the bank in '76?

**COATES:** Correct.

**HEATH:** And you retired in 2003?

**COATES:** Correct.

**HEATH:** Right; okay. Thank you very much for coming into today, Mr. Coates.

**COATES:** You're welcome.

**HEATH:** This is going to be a fairly wide-ranging discussion. Although we shall look at your experience, your recollections, of the McNamara years, I'm also interested in what happened afterwards; because there are some initiatives launched under McNamara that had repercussions much later on. Therefore, we can reflect back on the long-term impact.

Anyway, let's begin by my asking you how you first became aware of the World Bank, and what led you to apply for a job here?

**COATES:** Well, it's interesting because I have a very clear recollection of the moment in which I thought, hey, the World Bank's the place for me; I'd better work towards finding a place in it. I was a junior at Swarthmore College in the library studying for my development economics course. I was struggling with some tract or other in the depths of the stacks.

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**HEATH:** This would have been in what year?

**COATES:** It would have been in 1971. I just came to the realization that this was the kind of thing I wanted to do; to engage in development work. I had a multicultural background, born and raised in Uruguay, and bilingual in Spanish and English. My parents are of British extraction, also American. They settled and had been in Hawaii for a couple of generations when I was born.

**HEATH:** Your mother was English, or your Father was?

**COATES:** My grandfather on my mother's side was English. My grandfather on my father's side was Uruguayan, his father was English; and he married an American missionary. My grandmother on my mother's side was Argentinian and British extraction.

So, I thought that sounds like a nice place to go to work and I think I could contribute. So, I applied; and, of course, I didn't get in. They said go back, study more, get some experience. I planned it when I was 21.

**HEATH:** So, you only had a first degree --

**COATES:** I had a first degree.

**HEATH:** Yeah. sure.

**COATES:** I was all excited about the possibility. I was sent out to gain experience, which I did. I came back again after finishing graduate school and got in.

**HEATH:** According to what you sent me, you did an MBA at Stanford --

**COATES:** Yes

**HEATH:** -- and then you went to the Food Research Institute, also at Stanford.

**COATES:** Yes, concurrently I did the MBA and the MA.

**HEATH:** Right. Did you have any other work experience before you reapplied?

**COATES:** I spent a couple of years as a volunteer in Peru, working on a program to rehabilitate an area that had been devastated in an earthquake in 1970. I worked with the Church World Service, an American relief agency.

**HEATH:** I can't help noticing from your CV, although you have this strong Latin-American background, you never actually worked in the Latin-American Department in the bank.

**COATES:** I did.

**HEATH:** Oh, you did. I'm sorry.

**COATES:** Yes.

**HEATH:** When was that?

**COATES:** From '77 through '83, I worked in Brazil.

**HEATH:** Oh, yes, yes. Indeed, excuse me. Do you remember who interviewed you for the second time you applied for the YP [Young Professionals Program]. Who interviewed you?

**COATES:** Well, I can't remember the first two; but I definitely remember Hans Wyss.

**HEATH:** Yes.

**COATES:** Hans Wyss was a very project-oriented person, and he asked me some very project-oriented questions to do with social discount rate, and this kind of stuff. It was very interesting, and I loved talking to him. I met him again later on when he was in charge of projects, in Africa I think it was.

**HEATH:** This was a time when the Bank still believed in project appraisal, a sort of Little-Mirrlees and the --

**COATES:** Yeah, Little-Mirrlees is their Bible.

**HEATH:** Gittinger, and all that.

**COATES:** That's it. [J.] Price Gittinger, exactly.

**HEATH:** You felt you were able to answer those questions, his questions?

**COATES:** No. I didn't feel I was able to at all; but somehow, I must have gotten close because he let me in; -- and Gene McCarthy.

**HEATH:** Eugene McCarthy.

**COATES:** Yeah, he was head of the YP Program at that stage.

**HEATH:** What was your perception of the World Bank as an institution before you came here? Latin America, and certainly in the University world, has often had a rather negative image. It being a technocratic place. McNamara -- for goodness sake -- this is the guy who bombed the Vietnamese almost back to the Stone Age or tried to. Wasn't that a problem for you?

**COATES:** No. At least I'd worked in Peru. I'd sort of been building roads with peasants -- kind of thing for two years. I could see what they wanted to do with just the right thing. When I came in -- so, my first two rotations were in Africa, and then I went to work in Latin America.

**HEATH:** Yeah.

**COATES:** Most of the work right from the get-go was rural development. Rural development was just getting started in Northeast Brazil. So, we're doing the first projects. This is all about orienting services to peasants and bringing people to market, and roads and extension, and research; just exactly right. I just loved it. It was perfect.

**HEATH:** Right. Northeast Brazil though is a major farm survey that they did in 1973.

**COATES:** Yeah.

**HEATH:** Pasquale Scandizzo

**COATES:** Pasquale Scandizzo, exactly.

**HEATH:** Gary Kutcher.

**COATES:** They came to the conclusion the land tenure reform was the big thing that ought to happen in order to help people. We didn't do that, but we struggled with it, and we did titling. The closest we got to tenure reform was titling.

**HEATH:** Right.

**COATES:** We would try and title shareholders.

**HEATH:** Wouldn't you say, actually not so much tenure reform but actual land reform. Not redistribution; that was what they were suggesting.

**COATES:** They wanted it all. They didn't let them into the Northeast -- Pasquale Scandizzo.

**HEATH:** Really.

**COATES:** Yeah. For a while they couldn't go there anymore, because the Brazilian government said, uh, you might think this is okay; but it's not okay for us.

**HEATH:** That's right.

**COATES:** But we espoused it. We supported it. We liked it. We had the study; it was just a wonderful time. Brazil has, or had then, a land law -- it was very progressive and supported everything that Scandizzo wanted to do. We were appealing to the law before the Brazilian authorities. So, they had to sort of wriggle and they said -

**HEATH:** Right. They had this agency INCRA [National Institute of Colonization and Agrarian Reform], didn't they, which was responsible for --

**COATES:** They had INCRA, exactly. For land tenure and redistribution.

**HEATH:** What sort of projects was the Bank during in the northeast at that time when you were working on Brazil?

**COATES:** We were just getting started in the rural development model. The area development model.

**HEATH:** Right.

**COATES:** Take an area that is heavily populated with low-income farmers, and then do what you can to bring the incomes up. The assessments were crude at that stage. Gradually as the Bank came to grips with the issues, that rural assessment procedures became much better. Everything became better over time.

**HEATH:** Right.



**COATES:** We got started. It was very hard to distinguish one need from another. They needed everything.

**HEATH:** Things weren't really about agricultural income growth, were they? They were more about community development, these projects. Or do I have it wrong?

**COATES:** No. Well, the early ones were all about roads and extension, and research; and some education thrown in.

**HEATH:** Right.

**COATES:** But everyone said roads. Roads were always a big piece of it.

**HEATH:** Yes, sure.

**COATES:** We always had state-level extension. We were funding national extension through Embrapa [Brazilian Agricultural Research Corporation]. We had a project with Embrapa.

**HEATH:** Yes.

**COATES:** We had funding through these projects to the states to take the Embrapa results and test them locally, and then use them locally.

**HEATH:** At that stage, were the loans made directly to the states, or were they made through the federal government?

**COATES:** No, through the federal government. The federal government had a big fund called Polonordeste [*Programa de Desenvolvimento de Areas Integradas do Nordeste*] They were the counterpart to our money.

**HEATH:** Right.

**COATES:** The money went federal, and then regional. There was a regional organization called Sudene [*Superintendencia do Desenvolvimento do Nordeste*] based in Recife.

**HEATH:** Yes.

**COATES:** Sudene was supposed to look at everything. We hated Sudene, because it was sort of a bureaucratic middleman that we didn't want to have to deal with. We sort of touched based with them, but we usually went directly to the state, because the states were the agents. They were the people that actually did things.

**HEATH:** The Bank had an office in Sudene and Recife.

**COATES:** We did, for many years.

**HEATH:** I, actually, did my PhD field research in the Northeast, and I used that survey by Scandizzo as a sampling frame, in fact --

**COATES:** Oh, good for you.

**HEATH:** I selected a municipality in the interior of Paraiba where I substantially did my field research.

**COATES:** Oh.

**HEATH:** At that time, Olivier Lafourcade was the --

**COATES:** Yes; I worked with Olivier a lot.

**HEATH:** -- Resident Representative. He was extremely helpful and friendly. Yes, I remember

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that with great affection.

**COATES:** He chain smoked Gaulois. He would always be smoking.

**HEATH:** Right. You would think -- in recent years he stopped. I never actually remember him smoking. Anyway, did those projects work in your experience?

**COATES:** Okay, so we were just getting them started. This is the thing about World Bank. Projects are designed from the top down, much more than now. A model is developed which seems intellectually satisfactory, although it may not work. Then it's just multiplied up. So, we did one, and before that one was off the ground, we did another one in another state, and another one in another state, and another one in another state, without knowing whether or not this was the right approach. We just laid it down.

It seemed sensible; it seemed like, well, we can just fix it as we go along. Let's get the money out there. Let's get the money approved, and then people can use in the best way possible. So, we did as many -- and we thought we were in a window. We thought McNamara might leave, or the things might change, and the winds would blow in a different direction. We wouldn't be able to get this poverty money out. Plus, there was, of course, the pressure to lend. We loved the pressure to lend, because it was in the right direction.

**HEATH:** Right. Okay.

**COATES:** We did a project a year, in a different state; and we covered the nine states. During my tenure, we pretty much did one in each of the states of the Northeast. Then I left. I went to work in East Africa. The people came after me to do the second round but changed the model; made it better. They put money in the hands of the municipalities.

**HEATH:** It became more demand-driven?

**COATES:** Much more demand driven, and much closer; the decision-making locus were much

closer to the bottom. It was much better.

**HEATH:** It's interesting. Last week, we had Leif Christoffersen in here talking to us, and he talked a lot about integrated rural development. The point he made was rather similar to what you say; that, essentially, his mission in fact was to pilot one of these programs. One of the early ones was in --

**COATES:** Around the north, there was the first...

**HEATH:** Well, yes. Also in Tanzania, Kigoma.

**COATES:** Oh, yeah.

**HEATH:** He said the problem was it got out of control. Everybody wanted to jump on the bandwagon, and do lots of these things; replicate, scale up before they'd really reflected on the lessons learned.

**COATES:** Lessons learned came way later, and they weren't that positive. I think they expected too much out of them, to tell you the honest truth. It was resources in the right place, more or less at the right time.

**HEATH:** Right.

**COATES:** Maybe not used that effectively, but --

**HEATH:** Do you feel at that time in the mid-70s, making poverty a central part of the Bank's agenda was still an uphill battle? That there was resistance within the Bank by some staff who felt that the focus should be on growth. Do you remember that?

**COATES:** No. I don't remember that at all, because there was room for everything. We were doing everything at once. Poverty people went and worked on the project. If you wanted to talk

about national extension or national research, you did a national research project for (inaudible). If you wanted to build roads off, build roads and dams. Everything was on the table.

**HEATH:** Right.

**COATES:** So, I didn't feel any tension.

**HEATH:** In this period when you're a young professional, did you have a mentor? Somebody who you looked up to for advice?

**COATES:** No.

**HEATH:** Nobody? No intellectual sources of inspiration, either inside the Bank or outside the Bank.

**COATES:** I went to certain books, or certain -- mainly the books --

**HEATH:** Right.

**COATES:** -- for inspiration and guidance when I was stuck.

**HEATH:** Which books do you remember?

**COATES:** Well, there were the project appraisal manuals by Gittenger and Little-Mirrlees. There were some books on Northeast Brazil, Scandizzo and others that I would read. There was a guy called [Bruce] Johnson, Kirby (phonetic) and Johnson, I think was their name.

**HEATH:** Yes.

**COATES:** They were from the Food Research Institute.

**HEATH:** That's right.

**COATES:** They wrote about -- Bruce Johnson -- he wrote about unimodal development; and I thought, yeah, that's it. I read that stuff.

**HEATH:** Yeah, that's right. I remember that myself.

**COATES:** Then, of course, this genius -- I loved reading his paper. It's about the role of agriculture and economic growth. Timmer, Peter Timmer.

**HEATH:** Peter Timmer, yes.

**COATES:** Ah, so eloquent, so clear.

**HEATH:** Wasn't he also at the Food Policy Research -- or maybe he was in Harvard?

**COATES:** He was at IFPRI [International Food Policy Research Institute].

**HEATH:** IFPRI, that's right.

**COATES:** I loved reading that stuff, but I didn't have --

**HEATH:** Do you think it was a weakness that the Bank didn't have a formal program of mentoring for new stuff?

**COATES:** I'd had no experience in the corporate world. I was sort of learning by doing always. Things were changing so fast that there wasn't anybody that really knew what they were doing. Everyone was testing things out as we went along.

**HEATH:** Right.

**COATES:** What I do remember, and this is one of the points I was coming up with when I went through your questions, is the very strong sense of collegiality that existed in 1976, 77, through 85, through 87, in fact. A sense that we're in it together. We're not competing, we're helping each other. We're all here to contribute. It went well beyond the work. We would just, without even asking, go down to have meals together, and coffee together. We'd sort of go in and out of each other's offices all the time. It was very close, that sense; and it included the boss. It included the chiefs who would be out there in their shirt sleeves, coming and sitting with you and talking about whatever it was you were doing. This gradually went away.

**HEATH:** Yes. Were these mainly men, or were there some women professionals on the team?

**COATES:** This is something my wife was asking me. The Bank was just getting going in bringing women into -- well, into agriculture, which is where I was. Katherine Marshall was sort of the main person that one would come across in agricultural teachings and stuff. She had a division in Eastern Africa. The women who worked for her then became famous in different parts of the World Bank. There were women in all the divisions, but there weren't as many as there are now.

**HEATH:** Right.

**COATES:** My bosses were all men, which changed in 1987. From 1987 on, my bosses were all women.

**HEATH:** I see. What do you remember about your very first day on the job at the Bank? Can you remember?

**COATES:** Yeah.

**HEATH:** How did you dress?

**COATES:** I don't think I was worried about how I dressed. I can't remember how I dressed.

I remember coming in. It was in the old C Building. Being assigned to West Africa education, about which I knew absolutely nothing. Then being told that I was going to go Liberia on my first mission, which would leave in a week's time. I made a mistake, and I thought I was being sent to Libya. I went out and I looked at Libya on the map. I said, oh, they're sending me to Libya; oh, my God, what did I get myself into. Then the next day I found out it was Liberia; easier. So that stuck with me, but other than that I don't have anything particularly.

**HEATH:** Right. Now you said that you didn't get any formal mentoring. Was there any sort of training in the sense, maybe a bit later in your career when you were trained to be a leader or something? They used to have these workshops, I think. Do you remember any training experiences like that?

**COATES:** We would have these divisional retreats where they'd do our personality assessments.

**HEATH:** Was this the Myers-Briggs?

**COATES:** Myers-Briggs.

**HEATH:** What did you come out as on the Myers-Briggs?

**COATES:** INTJ.

**HEATH:** Just like me. That's the standard Bank type.

**COATES:** Everybody was INTJ.

**HEATH:** Right. Yes, okay.

**COATES:** No, training was minimal. So minimal that when I was 40, I said, well, I'm doing a job that I'm not trained for. I'd better get out and get trained. I got leave of absence through my



division chief.

**HEATH:** What period was this?

**COATES:** This was 1990.

**HEATH:** 1990. Right, okay.

**COATES:** Well after --

**HEATH:** Yes.

**COATES:** -- and I got a leave of absence at the World Bank. I went to Maryland and I did another Masters in Agricultural Economics with AREC [Agricultural and Resource Economics], the resource economist group.

**HEATH:** Bruce Gardner?

**COATES:** Bruce Gardner. He was there. I didn't get to work with him, because he was being [U.S.] Deputy Assistant Secretary for Agriculture at that point. I was hoping to get him later on, but I never did.

Richard Just was the lead person there. I did a degree there. I learned my economics. I learned, it was just great. I came back all pumped up.

**HEATH:** Great, great. Going back to the McNamara period, in addition to the folks on area development, another big push at that time was for training and for visit system of extension (T&V). What experience did you have of that in your career in agriculture?

**COATES:** Well. It was a love-hate relationship with Danny Benor, possibly more hate than love. We felt completely hemmed-in by him and his recruits, who were stationed in all our

divisions. I had colleagues who crossed him, and then they found themselves, doing stupid work off on the edge somewhere. Then you learn, you know, don't cross Danny Benor.

The T&V system was okay, but it was very heavy and very expensive. If you didn't have a good message, then the economics of it really didn't pay. If you did -- and it was designed for irrigated agriculture in India, which I'm sure it worked nicely there, because the returns to irrigated agriculture done well, or high. But when you're out in rain-fed Kenya or Tanzania, or something, and you've got to do T&V, it gets very heavy, it gets very expensive.

We were doing T&V in Brazil, as well. The Brazilian extensionists loved it, because they got a motorcycle or a car, all the connection systems were there. It was a very heavy system, built on very light results.

**HEATH:** Right.

**COATES:** Rain-fed agriculture in Northeast Brazil is difficult to get much productivity enhancements out of a new product. You come up with a new kind of manihot tuber, you're good; come out sorghum which they grow very much, or that's better when the returns were low. We went with this heavy-duty extension system that -- it spent a lot of money, and it did more than agriculture --

**HEATH:** Right.

**COATES:** We used it in many different ways. The fact that we had to do it that way. The fact that we couldn't change the system. The fact that we had to do these rotations. I was so happy when it got released; When we were able to sort of go back and redesign according to needs.

**HEATH:** You really felt that if you had misgivings about the approach, you couldn't go to your division chief and say, well, in this country, this approach is not working or we need to do this or that instead of --

**COATES:** We were all caught, because Danny would talk to Ernie Stern, and that was it. Danny had his Israeli guys all around.

**HEATH:** Ernie Stern was the primary champion in the Bank, as far as you know.

**COATES:** Yep, right.

**HEATH:** What about [Kim] Jaycox did he also believe that?

**COATES:** Yeah, he did; but he believed in everything else too. He wasn't religious about it. We all had to read this study. There was a study done by the side of a river somewhere in India that showed the returns to T&V. Everyone said, okay; show me the return to T&V. So all of the economists went out and tried to do it. There was only this one study that showed that unirrigated weed, I think it was, there was a return. That's not Africa.

**HEATH:** It's very much designed like a military operation, right? Very hierarchical? I don't know if Benor came out of a military -- what his background was; if he was in the Israeli Army or something like that. It's funny how he's totally vanished from...

**COATES:** How did you feel about it? Can I ask you questions?

**HEATH:** Yes, of course.

**COATES:** How did you feel about the T&V? You must have come across it.

**HEATH:** Well, I was never too mentally involved in one of those operations. I was a sector economist, rather than an operations person. When I was in Abidjan, I had colleagues who had to do with Benor, and many of them had your reservations. On the other hand, there were others who were acolytes who would go to the airport to carry the man's bags; that level of fawning you might say. He really was an incredible figure; but, as I say, he's vanished totally. If you go to Wikipedia and look his name up, he's not there. He's not on Google. He's nowhere to be found.

**COATES:** Is that true?

**HEATH:** He's alive in Israel. He's drawing a pension from the World Bank, but he's vanished totally.

**COATES:** Interesting.

**HEATH:** Anyway, let's think about other.

**COATES:** Let's see what I wrote down. I went through your questions --

**HEATH:** Sure.

**COATES:** -- and reacted to them.

**HEATH:** No, please do. If you want to -- let's allow you to take the initiative.

**COATES:** Outstanding personalities. Well, let's go further up. -- Memories of McNamara.

**HEATH:** Did you actually meet him in person?

**COATES:** Yes, I did. I met him in the year 2000, when he came to Mozambique and I was Res Rep in Mozambique. He needed to talk to the authorities and governments, so I went with him. I met him there. His concern was population growth, as usual.

**HEATH:** As late as 2000. He already, still had that focus.

**COATES:** He was still worrying about it.

**HEATH:** I see, right.

**COATES:** I was with him.

**HEATH:** What was your impression of McNamara at that time?

**COATES:** Fabulous. He was sharp. Sharp, still as sharp as they make them. I like the guy. Okay he did horrible things in Vietnam, but for us he was just...

**HEATH:** He wasn't an intimidating presence? Some staff say that, because he was so; -- commanded the detail of the brief so effectively down to the last number in the appraisal report. But, of course, you were in a different role at that point.

**COATES:** I never engaged -- I presented a project under his -- I remember one project that I took to the board when he was chairing. My sense was, he controlled the board like he controlled us. He had them completely in his hand. Certain questions he allowed, and certain questions he just disassembled and didn't allow. Certain ones I answered, and certain ones I didn't answer. He answered it or shoveled it off somewhere. I was totally protected in his hands before the board.

**HEATH:** That's interesting. Yeah.

**COATES:** I felt like, this guy's in command, and it's for a good cause. I did present a project. I presented others with other presidents, but I did present one when he was there.

**HEATH:** Other personalities in that period, the McNamara period. People that left a mark on you.

**COATES:** No, it's just people close. My division chiefs, I loved them.

**HEATH:** Who were your division chiefs?

**COATES:** There was a guy called Peter Greening, who was division chief for Brazil division.

**HEATH:** English guy?

**COATES:** Yeah. He was an old colonial sort.

**HEATH:** Yeah, right.

**COATES:** Then there was a guy called [Anthony P.] Tony Cole, who was the head of the education division. Also British. There was a Trinidadian educator. He was my first mission leader, and he was so wonderful.

**HEATH:** What was his name? Do you remember?

**COATES:** He'd been the head of the university in Trinidad. Gentle, intellectual, intelligent, fabulous guy.

**HEATH:** All right. One of the other initiatives that McNamara launched was he appointed the first environment advisor in '72. What was the feeling about the commitment? Do you think environment was a big issue for most people in the Bank at that time, in the '70s when you arrived, or not really?

**COATES:** Not really. Well, it became more and more. I was involved in the late '70s, in 1979 and 1980, in responding to a request by the Brazilian government to build a road through the Amazon from Brasília out to Porto Velho, the BR-364. Very controversial project. There, yes, environmental and Native American issues were high. Very, very high.

We didn't have much of an environment department then. We just used consultants who knew about these things. So because they wanted the road, we then built conditionality around everything else.

**HEATH:** Right. The NGOs weren't lobbying at that time to any extent.

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Verbatim*

**COATES:** Not like afterwards, when they found out about it, and they went, oh, my god; you entered into this with the Brazilian government. They'll never meet their agreements; and they didn't. They'll break their agreements with you, and you build a road, and everything else was to be a wash. And it was.

**HEATH:** Right.

**COATES:** We got lambasted for that project. We were concerned, and we had a mission lead by Dennis Mahar. You know Dennis?

**HEATH:** Yes.

**COATES:** He pulled us all together, and we drove this whole area. Had a big session in Manaus on whether to go ahead or not. He didn't want to go ahead, but he had a division chief, Skillings, [Robert F.] Bob Skillings, who was the head of the programs for Brazil, who wanted this, come hell or high water. He just had to have it. So, all of our considerations about the Indians and everything else; we're going to do it. We're going to build the conditionality around it; we're going to do it. It was extremely high risk, and we lost the bet. Future projects were much more careful; just environmentally oriented. They didn't build anymore infrastructure and stuff.

**HEATH:** Right.

**COATES:** But it was so exciting. Wondering around all these places was just so -- for a young guy that's 25, 26. It was the most exciting thing ever.

**HEATH:** Right. Another aspect to the McNamara period was the explosion of the lending program. Also, of course, the massive expansion number of staff. With respect to lending, various people expressed concern that there was a tradeoff between quantity and quality. Were you aware of that at the time that maybe there was some slippage in terms of the due diligence with the projects in the rush to get stuff out?

**COATES:** No. The thing that concerned us was that there was a very strict standards, and very close monitoring of the document. It was all about the document; the appraisal report.

**HEATH:** Staff Appraisal Report.

**COATES:** The Staff Appraisal Report had to be perfect. All the emphasis --

**HEATH:** Right, and where did that pressure come from?

**COATES:** -- the effort. Well it came all the way down the chain.

**HEATH:** Did McNamara, himself, did he --

**COATES:** No. There was a guy called [Abraham A.] Al Raizen and Al Raizen sat in Ernie Stern's office. He read every single green cover appraisal report that the World Bank produced. Then, he, went through with his pencil. Then he would call you to his little office, a small place, and you had to answer to Al Raizen on all the stuff that you did wrong. He just noticed everything. Kind of general coherence things, and then stupid things. Grammatical corrections and stuff. You had to go through him; and this was right at the end. This was a green cover. Big green cover, when you'd already gone through the technical reviews.

The reviews were great then. The issue was that we were just reviewing the documents; we weren't reviewing results. It was the point we'd made before. We were rattling these projects out. We got nine of them out before the first one had finished.

**HEATH:** Yeah, right.

**COATES:** We still did it with AIDS [Acquired immunodeficiency syndrome]. I mean, 20 years later, the AIDS crisis came along. We did the same thing. We put together what looked like a great AIDS package, and we shoveled them out. Who knows how they were working. We



didn't know as we did the third one what the first one looked like. That's the only way in which, I think, we can say that the World Bank wasn't doing a quality job.

**HEATH:** A quality job. There wasn't any talk about the need to establish baselines, develop monitoring indicators, and --

**COATES:** Yeah. That was talked about a lot.

**HEATH:** Right.

**COATES:** There was a guy, a British guy. Dennis -- something or another --

**HEATH:** Casley

**COATES:** Casley. Dennis Casley, yes, who wrote the monitoring evaluation.

**HEATH:** But it wasn't taken seriously by the project people, or was it?

**COATES:** Yeah. My sense of it is that it was. We had to come up with indicators. It wasn't -- it gradually got better. It's one of these things where it was a good idea. We started doing it light, and it just gradually got better over time. All the monitoring and indicators, and environmental assessments. Environmental assessments were light, light, light. Got better over time as we went along.

**HEATH:** You had some experience taking a project to the board. You had to do the due diligence on project appraisal. How persuaded were you by the, -- going back perhaps to your interview for the YP program, the methodology of project appraisal? Did it make sense to you? Shadow pricing, and all that.

**COATES:** We were just loving it. It was a game played by economists.

**HEATH:** A game?

**COATES:** It provided some measure -- you had to go through the numbers and you got some sense of what kind of yield changes would produce enough surplus to cover the cost of the project. It was very rough-and-ready. The problem was that you translated these rough-and-ready assumptions on yield increases into a giant compendium of numbers of, farmers. Yield increases by crop, by farmer, by area...

**HEATH:** That's a level of detail that McNamara particularly wanted. He would want a precise number on the yield increase, is that right?

**COATES:** Yes. Nobody believed that stuff. I only heard of one irrigation project. Irrigation you can believe much more than rain-fed. Most of my projects were rain-fed. When I started to do irrigation projects, there you could believe it, because there, there's a lot of evidence on what yield changes can be. There's a lot more control of all the factors of production. So, irrigation you can predict way better than rain-fed what's going to happen. Plus the incidents of rain, (inaudible), moisture, all that stuff.

I can't think of a rain-fed project that ever got stopped because of low numbers; but, yes on irrigation. On irrigation, I do remember a project in the San Francisco River that was held up because the rate of return was too low. In irrigation, I can see how the numbers; you could believe in the numbers, and you could, you could challenge the made assumptions that were too over the top. In some cases, I think, it was worthwhile. In other cases, it was just window dressing.

**HEATH:** Right, I see. How aware were you in the mid-70s of the work of the research department under [Hollis] Chenery and all that? Did that make a mark on you as an operations person, or not?

**COATES:** Well, it helped us in our arguments to channel funding to the poor. You go up before the government of Brazil you can point to our results. Now, I didn't do that. I sat in the shadow of it and did my projects. Others were able to use it.

*Jim Coates  
October 20, 2016  
Verbatim*

**HEATH:** Did you read *Redistribution with Growth*?

**COATES:** I tried to, but I didn't get very far. I actually had one thought; it was too simplistic for me. It just said, money's going to change the problem. If you fill this resource gap with, however many billions of dollars, why then, you'll get change. Well, I knew that wasn't true. It takes way longer than just filling a resource gap with money to get change to cover that. Especially where I was working in agriculture. It seemed like, let them play that game; let them make those arguments, that's fine.

**HEATH:** I meant to ask you when you were doing the project appraisal analysis; how did you actually do the computations? What was the technology you used? You didn't have excel spread sheets in those days, did you.

**COATES:** It was a horrible program. I can't remember it now.

**HEATH:** You used the mainframe computer?

**COATES:** We had a window into the mainframe. We had access to this horrible program that just did what an Excel spreadsheet does. It put in the crop budget, and then you'd aggregate them to a farm. Then you'd aggregate the farms to an area; and it just multiplied everything out. You'd sit at your little window, and you'd put all the yield changes in.

**HEATH:** At that time, there was just a single big computer for the whole Bank, or how was it?

**COATES:** I think. I can't remember what the setup was with the mainframes. I do know, to have access you went to a little room down in the bottom of some deep building or something. You sat there, and you were all there, and you all worked on your spreadsheet together.

**HEATH:** Presumably, it was quite difficult to get time on the machine. There must have been a lot of demand. No?

**COATES:** No, it wasn't.

**HEATH:** I see.

**COATES:** The issue was - it was just so heavy.

**HEATH:** Right. You didn't have to use punch cards?

**COATES:** No, thank god.

**HEATH:** I guess that was before the time of the Hewlett Packard, and then the calculator. Before the reversed Polish logic [notation]. Do you remember that?

**COATES:** Yeah.

**HEATH:** Right, yes.

**COATES:** I still have a reverse Polish logic.

**HEATH:** Yes, so do I.

**COATES:** Calculator.

**HEATH:** The other issue I wanted to talk about was two other things. First of all, again this is a quality question. One of the things that McNamara did was to setup the Operations Evaluation Department in 1973.

**COATES:** Yeah.

**HEATH:** Their function was -- well; how did you perceive their role? Did you have any

interaction with OED; or what did you think of the work they did?

**COATES:** I had a couple of friends that worked in OED.

**HEATH:** Can you remember their names.

**COATES:** Actually, I can't remember now. We had to prepare the completion reports, which were the bases for their assessments. I think, I did a couple of completion reports. I can't remember now. The completion report was a job assigned to somebody who wasn't very busy. Kind of, okay, now go to the completion reports. It wasn't prime time stuff; but people were concerned, and people read them. I find that I sound like such an apologist; but I was a believer. Until almost the end, I was a true believer.

**HEATH:** You didn't have any doubts about the mission?

**COATES:** No. We got it wrong, and it was too top down. Okay, but it's all in the right direction. Slowly things got fixed, and slowly became more bottom up. Slowly all the appraisals became better. Slowly decision making was pushed down; and slowly it became what it is.

**HEATH:** Let me challenge you in one respect. -- I mean, 1992 there was a famous report by a Willi Wapenhans, talking about the negative affect of the approval culture. What we talked about. The pushing money out the door meant that there was less --

**COATES:** That the implementation got started much later. (Crosstalk)

**HEATH:** -- attention was given to implementation; and people are still talking about this issue today.

**COATES:** The line between finishing appraisal, and starting implementation, just kind of faint. Where you sort of say appraisal, and implementation follows, it's a function of institutional capacity and commitment to the project. Once you feel that they're totally committed then, you

say, okay, let's have it; legal agreement and go ahead within yourselves. Until then, the appraisal side of it was a lot of hand holding and planning. It was like that.

**HEATH:** Did you feel clearly that there was no incentive to commit much time to supervision, let alone --

**COATES:** When I first started, I was on appraisals all the time. I asked to be taken off, because here I was appraising, without having done implementation. I was like, give me time on implementation; so they did. They took me off, and I did supervision for a few years, and back into appraisal. Early on, in the late 70s; yes, it was very focused on appraisals. We didn't have that many projects in Brazil. We didn't have that much going on. What we did have going on was all centrally managed, and one guy could go and sort of look at the whole country. We were building our portfolio then; so, it made sense to sort of appraise, appraise, appraise.

The mistakes got caught later, and so the second round of projects in the northeast were much better and learned. People had followed implementation. I did my fair share of supervision. What I remember; there was this culture of the document in the World Bank in those days, particularly. The document had to be good. When you did a supervision, you would write this volume of stuff that nobody would ever read; but you'd write everything that you did, and everything you saw. You'd write it all down, and go in, and the chief would sign-off on it; well, thank you very much.

**HEATH:** Would he sometimes come back with questions, the division chief?

**COATES:** Yeah. Well, you'd have a summary, and he'd call you on it.

**HEATH:** I see.

**COATES:** Yeah. These things were not worth the time spent putting together. Those huge plans that changed. The minute you finished the thing on the paper, it was going to happen different. But because you produced a lot of paper, you went up.

**HEATH:** Right.

**COATES:** It was this culture of paper production, and little feedback from a country. Only later did we get feedback from the country. So how did this project officer do in that country? All you know is what other mission members say. You don't know what the country people say. Only later did that come in, which I always thought, that's ridiculous. Why don't you ask the country?

**HEATH:** Did you feel you had full freedom, when you're supervising, to make changes in the design? Mid-course corrections, to try and improve performance? You didn't have any restrictions, no constraints?

**COATES:** I never felt -- I had good chiefs. I had excellent bosses, and so they just delegated responsibility. They just looked at whatever happened, and they'd talk to the people in the country. I never had an issue with a well laid out plan for mid-term adjustment. We did mid-term adjustments on all projects. It was ridiculous. We did five-year plans...

**HEATH:** Well, five-year planning was very much a McNamara thing, of course.

**COATES:** Yes.

**HEATH:** Some people say that in the Bank there's not enough space to fail. You can't really innovate; you can't take risk. Did you find that at all?

**COATES:** No, I think that's true.

**HEATH:** Too many repeater projects, perhaps?

**COATES:** There's an emphasis on a repeater project, and because of the learning from supervision. You've seen it happen, do it again. You've seen it happen, do it again. Reluctance on

the part of the government of your colleagues on the other side of the table to engage in things which come out of Washington, which sound great to us; but it's their money. It's their country, and it's their people they have to convince. They actually take the risk, not us.

**HEATH:** Yes.

**COATES:** I think, it's true though. I think there could have been a more supportive environment for innovation.

**HEATH:** Right. Towards the end of the McNamara period, '79 onwards, following the second oil crisis, there was a shift towards policy-based lending; what used to be called structural adjustment. What are your recollections about the environment around that? Were you persuaded this was the right way to go? What were your feelings?

**COATES:** It was great, because it was a much bigger lever to address the issues that we faced. The intractable issues of land tenure in the northeast, for example.

**HEATH:** Did you know Stanley Please?

**COATES:** Yes.

**HEATH:** He was one of the advocates.

**COATES:** Yes, I worked in his division. He was a director, so I worked in his directorate. When I first came in, I worked in Kenya. He was in Kenya, Tanzania. We weren't doing structural adjustment then. It only became -- that was 1976, 1977 --

**HEATH:** Yes.

**COATES:** -- and we only started doing it in 1980.



**HEATH:** After the [Elliot] Berg Report, *Accelerated Development in [Sub-Saharan] Africa: A Plan for Action*; right.

**COATES:** That's it. I remember all these names.

**HEATH:** Right.

**COATES:** I thought it was great, because here, the big thing that we couldn't deal with was the fact that people didn't have tenure. Why should they invest in their land when they can't hold onto it? Structural adjustment would help us. Get us the titling thing moving, reform change. The same on the subsidies for exports. The same on everything.

**HEATH:** You didn't have any reservations as it played out in the next few years? Do you think structural adjustment worked in Africa, in agriculture?

**COATES:** When I left Brazil, I went to work in Eastern Africa. I worked up and down Eastern Africa. The old British colonies, and also Ethiopia, Somalia. The old British colonies were all stuck with these marketing boards. All the marketing boards set prices, and set markings, etc. The structural adjustment program went in there and unhooked all of this. It was great; it was a good thing to do.

**HEATH:** Wasn't there a problem that - I mean, the theory was you get rid of the marketing board, and the private actors, the traders would come in and, take over the role of the state. In many cases, they didn't, did they? Or they did in a way that didn't really --

**COATES:** Depended on the nature of the crops.

**HEATH:** Right.

**COATES:** It's cotton; and then you got the gin, The gin will act as an intermediary; you have to connect it to a board. If it's coffee, the coffee factory would sort of be the player. If it's tea, the

tea factory. Certain crops, through their industrialization process, were set up to work.

**HEATH:** Well, generalizing a bit; isn't there a sense that for the proponents of structural adjustment; the state was the problem, not the solution. You had to get the state out. Then you got the state out, and then there was a vacuum that the private sector didn't rush into. Did you see that in your work?

**COATES:** Yes. The private sector was thin, initially, in Africa. I'm remembering Ethiopia. Ethiopia; it was a communist government, everything was government run. The structural adjustment was used to get farm-gate prices to go up. It's still going to be government run, but at least the incentives for the production will be better. That's the way it was played there. If we had to add structural adjustment, forget doing anything in a country. Uganda, Kenya, and Tanzania -- the market for annuals was pretty much open anyway.

Most of the struggle was on the boards; and the taxes on exports. Many of the main coffee or the tea, or whatever, was taxed on export. That tax was passed down, so farm-gate prices were lower, and so our poverty reduction of debt weren't being met and stuff. Production incentives weren't that good. I can't see in agriculture where it went wrong. It just didn't go right; it didn't go right quickly.

**HEATH:** Right.

**COATES:** You do this, but things don't change that quickly; slow by slow.

**HEATH:** In francophone Africa, they had the filière model. Essentially, vertical integration from the processing factory down to the farmer, and so forth, marketing. Did that work in your perspective? Think about cotton, for example. Was it a good model, or was it not so good?

**COATES:** Just like with any monopoly, there's a need for somebody to be looking at what the farm-gate incentive price is. The model I thought was good. Why? Because filière or the marketing board or whoever was financing the inputs, --

**HEATH:** Right.

**COATES:** -- and was controlling the quality of the cotton.

**HEATH:** There was a closed loop.

**COATES:** There was a closed loop that guaranteed quality, and guaranteed productivity, and delivery. All of that stuff which met international market standards, and the machine could run all the way from farm-gate to Paris, or wherever. In that sense, it made sense, but it's a monopoly. You got a monopoly, you've got to regulate it.

**HEATH:** Yes, right. Ok... Another issue which is of interest to us, is the tension in the Bank between the project departments, on the one hand, the sector thematic departments, and the area departments. This was a subject of the 1972 reorganization by McNamara that preceded your entry into the Bank. The theme has continued; has resonated throughout the Bank's history. What is your sense about getting that balance right?

**COATES:** I thought that tension was just right on. I thought the fact that programs -- that we couldn't go in and do agriculture projects willy-nilly wherever we wanted to. That it had to be discussed with programs, and then programs with the planning and finance groups in country, as well as just the ministry of agriculture. It was our counterpart to the ministry of agriculture. Those were the only people to really talk to.

To have finance in there, and planning in there, and the program department; it was difficult. It made our job harder but made a lot more sense. In spite of all the run-ups against programs that we had all the time, I think it was a good idea. It's a little bit personnel intensive, because you have two groups-- but it still works that way now, doesn't it? You have the programs people and --

**HEATH:** The 2014 reorganization was, to some extent, a reversion to pre-1972, because it

sought to give power back to what are now called the global practices, which are the sector thematic units.

**COATES:** So that's back to agriculture. It's back to the themes, the global themes?

**HEATH:** Yes, that's right. It's interesting.

**COATES:** Oh dear.

**HEATH:** Some people have criticized it because it's less possibly demand-driven than the previous model. Country directors maybe have a bit less power than they used to in terms of holding the purse strings. I remember when I was working in agriculture in the '90s, the problem was you could never get on to the negotiating table with the country director. If a country director wasn't interested in agriculture --

**COATES:** Yes, it would be very hard to get in.

**HEATH:** -- extremely hard to get a project through.

**COATES:** Unless you go to -- the way to get it in, was via the country.

**HEATH:** Yes, right.

**COATES:** If the minister of finance talks to your director --

**HEATH:** Yes.

**COATES:** -- it goes in.

**HEATH:** Right, exactly. Let's talk a little bit about the culture of the Bank, as you recall it. Did you belong to any clubs or societies when you were in the Bank.

**COATES:** I was trying to think. I was a very active member of the Soccer Club, and Gene McCarthy was the captain.

**HEATH:** What position did you play?

**COATES:** I was a fullback, along with him. He was a halfback.

**HEATH:** Yes.

**COATES:** And then --

**HEATH:** And what other teams did you play?

**COATES:** There's a league. There's a Washington league.

**HEATH:** I see, alright.

**COATES:** We just had scheduled games every weekend.

**HEATH:** So World Bank, IMF/World Bank, Inter-American Development Bank, that sort of thing, or what?

**COATES:** No, no. Schools or clubs. It wasn't a development set. It was outside. The league probably still exists. We were just one player in this Washington league.

**HEATH:** Right.

**COATES:** Roy Pepper; he also used to play.

**HEATH:** Ah, yes.

**COATES:** Do you know Roy Pepper?

**HEATH:** The name rings a bell.

**COATES:** I played there as long as my legs could carry me around. Then I dropped out.

**HEATH:** That must have brought you into contact with a number of non-bank people, presumably.

**COATES:** Yes. Well I lived in a group house with non-bank. I lived in a group house that was based on the people I knew in university. Most of my social life was non-bank; people from school.

**HEATH:** Right. Where was that? Which part of Washington was that?

**COATES:** Arlington, Virginia.

**HEATH:** Arlington. Right. What do you remember about Washington in the 1970s; your impressions of the place?

**COATES:** Well, a whole lot slower than it is now. Less crowded; less rushed. Not as gleaming glass as it is now.

**HEATH:** I should have asked you, what part of the country you originated from.

**COATES:** I was from abroad; I'm from Uruguay.

**HEATH:** That's right, you told me. Uruguay, right.

**COATES:** Everything is new and different.

**HEATH:** Right. How about the apartheid in Washington? I mean, I suppose you could say it still exist to some extent.

**COATES:** Then it was much more pronounced.

**HEATH:** Was there a lot of tension you felt when you were downtown. Certain parts of the -- or maybe you didn't go to certain parts of the city. I don't know.

**COATES:** Yeah. I remember if you go as far as 14th Street; 14th Street was sought of a dividing line; of 13th Street, of African American on one side, and White on the other side.

**HEATH:** Did you have any African American friends?

**COATES:** Nope, I don't think I did.

**HEATH:** Presumably because there weren't many working in the Bank, is that right?

**COATES:** The only Black friend I had was my Trinidadian chief; and the lawyer -- that was later.

**HEATH:** The soccer that you played; that wasn't --

**COATES:** There were some Ghanaians. I think there were a couple of Ghanaian people.

**HEATH:** Right, yeah. It wasn't an African American sport, was it. Maybe in football rather?

**COATES:** No; so, yeah. In D.C., I guess, I lived a sheltered life; but I wasn't in D.C. that much. I was single and available to travel. The World Bank just made me travel.

**HEATH:** Right.

**COATES:** I was happy to do it.

**HEATH:** You did ultimately get married; is that right?

**COATES:** Well, I had trouble, because I would lose my girlfriend every time I went out; but everybody does.

**HEATH:** (Laughter). Ok right I see.

**COATES:** Until finally, I did get married in 1983. It was when I changed out of the Latin American region into the Africa region.

**HEATH:** What nationality is your wife?

**COATES:** She's American.

**HEATH:** American; I see. Let's talk a little bit about the work/life balance in the Bank. Did that concept exist in the 1970s when you joined the Bank? Did people talk about tensions between the --

**COATES:** Yeah.

**HEATH:** Yeah?

**COATES:** I remember certain people would run afoul of it. You know, (inaudible)?

**HEATH:** No.

**COATES:** Okay. He's a German agricultural economist, and I just saw his family life fall apart from too many missions. He was a very committed projects person. His family fell to pieces. I



was young and single. I'd just lost my girlfriend, but that didn't matter. I just carried on.

**HEATH:** When you subsequently were married, did your wife complain about your absence on mission?

**COATES:** No, because I figured this out a little bit. After we got married, we went straight to Nairobi. We sat in Nairobi, and she got a job there. My missions were short. I was in Nairobi for four years, and the missions were just -- you know, Uganda, Kenya, Ethiopia, Somalia -- it was just a few days there and back. It was very easy.

**HEATH:** Right.

**COATES:** We started a family there and had a wonderful time in Nairobi. I got through it there, and then I came back. It always was stressful, but she was in the same field. She's in development work; she works in micro-finance. She knows how it functions. We had this rule of, one of us would always be home with the kids. We often tag-team, and I'd arrive and she'd leave for her -- she worked for the USAID [United States Agency for International Development].

**HEATH:** Right, I see.

**COATES:** She'd be back, and I'd go. We had friends in common, and our intellectual interests were in common. So everything worked.

**HEATH:** If you went on mission in the late '70s, and you did have a family back in Washington, how would you keep in touch with them during mission?

**COATES:** Phone; telephone.

**HEATH:** You were allowed to make personal phone calls?

**COATES:** You had restricted phone calls that you could make, and there were people that

didn't observe the restrictions. There was a lot of discussion about how much time could you allow for personal calls home that could be covered by the expense statement.

**HEATH:** Right. Was there a category for that on the statement of expenses, or not? You had to fudge it under some other general heading, or what?

**COATES:** I remember there were all these things; and one was washing, and the other was -- it was so horribly itemized.

**HEATH:** Right.

**COATES:** There probably was one for phone calls. I wasn't in the game, because I didn't have anybody to call.

**HEATH:** You didn't bother to keep in touch with your girlfriends.

**COATES:** My girlfriends; I didn't, no, but people who were married did. Of course, you're on mission, and you know everything about everybody. So they would be calling.

**HEATH:** Was there much -- you said there was -- sorry --

**COATES:** The missions then; you were much more free, because they could only get you by telex or by telephone. Because of the time change, the telephone, sort of overlap was two or three hours. If they didn't get you in those two or three hours, you were still free. You could make your own decision. You could go along; do what you had to do without being emailed all the time, or constantly people double thinking on you.

There was the telex. You could not go to the telex machine. Or the paper could fall under the table, or something. The communication system was not that efficient, which was good, because it meant you were free. Then you came back and you presented your results, and then you defended them. That's how it went.

**HEATH:** Right.

**HEATH:** When you were in D.C. in the '70s, how would you actually send a telex? How did you do it? You had a terminal in your office, or you have to go to some central place.

**COATES:** No, there was a red sheet. I remember them. A sheet with red lines around the edge. Then you got the message and it was typed up in a certain format on this red sheet that you signed at the bottom. Maybe the division chief had to sign too; I think somebody had to countersign. Then it went to some special place, and then it went out. I never actually sent a telex; I just did these sheets.

**HEATH:** Right; I see, okay.

**COATES:** A sheet, and then the copy was filed on paper. It was horrible.

**HEATH:** I suppose in those days you used to write longhand on yellow pads. Is that how you did your reports?

**COATES:** Yes.

**HEATH:** You had a secretary who typed it all out for you?

**COATES:** Yes. Poor lady, and then fixed it. Cutting and pasting was actually cutting and pasting; but you did the cutting and pasting. Then she, poor person, typed it all again.

**HEATH:** Right, sure.

**COATES:** After a few years, they got the Wang machine where you didn't have to type it all again. You just typed it once and you could have editing, but that was afterwards. Initially, it was just type it all again. It was so heavy.

**HEATH:** Right.

**COATES:** The World Bank premium on commas and full stops. Why, it was just heavy on the administrative staff.

**HEATH:** What were relations like between the admin staff and the professional staff?

**COATES:** It was so traditional. Most of the admin staff were women. It was very --

**HEATH:** Would you ask your admin person to get you coffee, for example?

**COATES:** No, but she'd be typing all this stuff that I produced; poor person. Not the numbers. The numbers I would do myself; but all the words she would have to do.

**HEATH:** Yep. I see, right.

**COATES:** The telex, that she would have to do. Well the telex, I'd scroll them out, and she'd have to put them on this red sheet. But very -- just sitting there typing all day -- very traditional. Relationships were good, though. I'd never had a bad relationship.

**HEATH:** Right.

**COATES:** We didn't interact as people very much.

**HEATH:** Right.

**COATES:** Only a few times. Only a few people that I worked with -- that person as a support staff -- that I actually got to know them as people. Otherwise, they were just there.

**HEATH:** Right, I see.

**COATES:** We'd exchange pleasantries in the office, and that was it.

**HEATH:** Right. Was the staff association a presence in the late '70s?

**COATES:** Yeah. It had just gotten started then, I think. Wasn't it '78 that it started?

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

**COATES:** It just was getting going.

**HEATH:** Right, okay.

**COATES:** It got going around one of the salary increases, I think. I can't remember what the issue was; whether it was parity with the IMF or parity with the --

**HEATH:** Of course, around that time there was a --

**COATES:** Inflation was high then.

**HEATH:** Right, and Congress was raising mostly questions about the bloated salaries of -- so maybe it was in response to that, probably.

**COATES:** It was an issue; yeah. The Bank management was in between, and the staff association applied hard pressure on them. It just got going in the late '70s.

**HEATH:** You said that you were impressed by the collegiality of the Bank in the '70s. Were there no instances that you observed that people were being bullied by their bosses or by other people; and what would happen in those cases? How would you resolve things like that?

**COATES:** I didn't get mixed up in other people's relationships with their staff. I had my

relationship with the person that I worked with. That was as far as that went.

**HEATH:** Yeah, I don't just mean the support staff. I mean in terms of, between professionals. Whether the division chief or somebody may have bullied a research assistant, or somebody who was more junior; anything like that?

**COATES:** For the first 20 years I was in the World Bank, I just adored my bosses. They were smart enough not to do that kind of stuff. Peter Greening, Tony Cole, they would never do that kind of stuff.

**HEATH:** So, in division meetings, there wouldn't be any, you know --

**COATES:** Taking somebody out --

**HEATH:** Yeah; that's right; exactly.

**COATES:** -- in front of everybody else, and destroying their face?

**HEATH:** Yes, yes.

**COATES:** No.

**HEATH:** I see, okay. Because, I've interviewed people who say that did happen sometimes.

**COATES:** I'm sure it did.

**HEATH:** But not in your experience.

**COATES:** I was lucky. Not lucky, I chose.

**HEATH:** Right.

**COATES:** I chose people that I could live with.

**HEATH:** Right. Did you have any painful moments in your career, when you were put on the spot by your boss and made to feel small?

**COATES:** Yeah, but later. Not during the McNamara years.

**HEATH:** I see.

**COATES:** I was a small potato in McNamara years. I was just learning and everything was great. I was just peddling along.

**HEATH:** Right, right. Yes.

**COATES:** It's only later when you have responsibility and stuff that they --

**HEATH:** But you were taking these projects to the board, that involves a little responsibility.

**COATES:** Yeah. I never had any issues there. It was when I was at Res Rep to the World Bank that I got crossed by my director.

**HEATH:** That was when you were where?

**COATES:** Mozambique.

**HEATH:** Mozambique. I see, right. OK.

**COATES:** Otherwise, I've never -- I've always had an excellent relationship with the person I worked for.

**HEATH:** You don't remember the annual performance review with fear and trembling?

**COATES:** No. To the contrary; I liked it because I got to show somebody what I had done. I liked to get patted on the back. It was a great moment.

**HEATH:** Now, how did that work? You had to write an essay about what you'd achieved in the last year; or how was it?

**COATES:** No, it was bullet points.

**HEATH:** Bullet points?

**COATES:** Bullet points on what you've done, and they'd recommend what you had to do next; and it would always be training. They had to put training. They put training that never happened.

**HEATH:** Because you chose not to take it?

**COATES:** There was never time for it. You couldn't schedule it. The important thing was to get the project out, or the document out, or this out, or that out. The training was stuck in there whenever it was stuck in, really inflexible. If you got there and you couldn't do, you just didn't do it. I never got trained. I may have gone to one training course; but it was always there.

Until right at the end. I didn't get along with my director very well. That appraisal, their review process, got difficult. That's when I left. It was one of the reasons I left.

**HEATH:** Oh, Ok. Reflecting back on the whole period that you were in the Bank, what made you happiest, would you say?

**COATES:** The opportunity to do this. It's God-given gift to work in this place at that point. Here you are, you're working for poverty alleviation all over the world. Tons of money behind you; power. You show up in a country, and people listen to you. They do what you ask them to

*Jim Coates  
October 20, 2016  
Verbatim*



do; a huge power behind you. It's just God-given. It was unbelievable. It was too good. It was; who am I to tell somebody in Tanzania they should be building irrigation ditches here or there, or whatever. I learned slowly. Initially, you are quite authoritarian. Then slowly you learn that, actually, you ask the question and do what it is they tell you. The sooner you learn that - but because you have the power behind you, you can enable people in the country to do what they have to do. What a job.

**HEATH:** It didn't worry you unduly that you didn't really have any solid, very solid, evidence that you were making a difference in terms of poverty reduction?

**COATES:** You did have evidence, because you saw the goods moving. You saw the new seeds going in. You saw the farmers who told you; because we're in agriculture. You go and you interview farmers. That's your job, that's what you do. You're walking around. It's not a baseline survey, that came later; the money for that came later. You spend your time interviewing farmers here, there, and everywhere on what's happening. Then the seed companies, and the research company; you can tell what's happening. It's not McNamara numbers. You can have a sense of whether something's working or not.

**HEATH:** What about a random Easter as they call them these days? Would say well, he didn't have a control group. He didn't actually talk to the farmers outside the project who maybe, or even better?

**COATES:** Yeah. No, we didn't.

**HEATH:** Right. So it was a fairly naive --

**COATES:** It was naive.

**HEATH:** -- based on anecdote, essentially?

**COATES:** Anecdote. Yep. Anecdote, naive; but, way better than nothing.

**HEATH:** How about regrets? Anything you regret about your Bank career? Something you wish had gone differently.

**COATES:** No. Just at the end. I got crossed with my director then. That's the biggest regret.

**HEATH:** Mm.

**COATES:** Otherwise --

**HEATH:** I'm struck that you -- I mean, you said from the beginning that you always went with the program. You were enthusiastic that you; so where do you rate people like [William] Bill Easterly questioning, you know, what difference the Bank has made? None of that stuff is really--

**COATES:** It washes off me, because I don't think. He's a macro-economist who sat there in the ministry of finance in the central bank and talked to the other guys; and he looked at the balance of payment data, whatever. Maybe he does have some household surveys that tell him something. I don't think his household surveys will lie. I think the household surveys in most countries will say that things got better; and we were part of things getting better. So, everything we spent didn't go exactly where it was supposed to; but because we were there, more was done, and more was spent. More attention was given to these issues than otherwise would happen.

**HEATH:** I think his position will be that the Bank has too much hubris. He is particularly critical of the structural adjustment. He's somebody who favors small initiatives rather than big initiatives.

**COATES:** I read his book. I remember; but it was ages ago when he wrote it.

**HEATH:** Right.

**COATES:** I read it, and I thought, so some went and some didn't go. The Economist used to argue that we didn't need the money; If the idea was good enough, the country would adopt the idea and they would just go ahead.

**HEATH:** That was the standard critique of structural adjustment.

**COATES:** Yeah.

**HEATH:** Right.

**COATES:** It turns out that there are lots of vested interest all over the place need more than just the fact that it's a good idea for it to allow it to happen. Things are the way they are for a reason. In order to change the way things are, you have to do something with power. You exercise power with money. To put money behind change; that seemed totally reasonable to me. Many was indirect, and maybe you can't see the causal consequence in a given country; but out presence and our pressure. Our pressure, in part, through the money and other ways as well; and our intellectual contributions have all contributed all over the place. I'm a complete believer in that.

**HEATH:** Your wife, you say, worked for USAID. As an outsider, did she have a perspective on the World Bank that may be different from your own?

**COATES:** Yeah, she does.

**HEATH:** Tell me about her perspective.

**COATES:** We were just talking about it today, because I was talking about the fact that I was coming to talk to you. The whole business of focus on the document. The sort of, the polishing the words, instead of looking at what's happening. The bureaucratic mess of the World Bank. It's like a ponderous heaviness of everything; with so many multiple approvals that have to take place all over for everything, is something that she calls into question. But if she's working --

**HEATH:** That's not true for USAID?

**COATES:** USAID is even worse; but she's working for a NGO (Non-Governmental Organization), and she has for the past 15 years.

**HEATH:** Which NGO?

**COATES:** It's called Accion International; they do microfinance. She's the vice president. She's completely into the microfinance game. In an NGO, at her position, it's a lot of fun.

**HEATH:** Right.

**COATES:** You get your ideas to be picked up.

**HEATH:** Yes.

**COATES:** She sees us as heavy and multipliers. She says, it isn't innovative, but they multiply well. So, we'll do the innovation. They can take our innovation and multiply it up. That's okay.

**HEATH:** Does she have a perspective of the work of CGAP [Consultative Group to Assist the Poor], which is microfinance?

**COATES:** Yeah, yeah. She helped set it up.

**HEATH:** I see.

**COATES:** She was the director for microfinance in USAID when it was set up.

**HEATH:** Right.

**COATES:** She helped select the people that used to run it; and she's been closely involved as CGAP's gone through its tough --

**HEATH:** But CGAP is a World Bank rather than a USAID initiative?

**COATES:** No; but it has a board.

**HEATH:** Oh, I see. Right, okay.

**COATES:** The board had a bunch of donors, because CGAP is multi-donor funded. It sits in the World Bank. The World Bank captured it, but it's funded from outside; and it had a board that represented the funders. This is way back when she was the director of microfinance in USAID, the position which she left when we went to Mozambique. When she came back, she went into this NGO, which she liked a whole lot better.

**HEATH:** Did you do any work on credit projects when you were in the Bank at all? Yes?

**COATES:** Hair-tearing. That's still a thing about the McNamara years. No attention paid to framework. Everything was this government plan. It's this planning thing that used to dominate development thinking back then. I'd say it was just the plan, the plan, the plan. Little attention to incentive structures, market structures, and legal frameworks, and all that stuff.

The financial system was one of them. The same idea applied; planned finance, lines of credit directed to here, there. The Brazilians bought this whole line and sinker. The Brazilians loved this. They had credit lines for cocoa, and credit lines for coffee, and credit lines for this, that, and the other, subsidized. So we would calculate the cost of the subsidy's national budget, and they would say, so what. We're getting the cocoa planted, and it's growing and we're moving it; and it was all completely directed. They said, okay, cocoa shall grow in Rondônia, in the Amazon region. They had all these cocoa line of credit. The subsidy on credit lines and the effect of the subsidy on the financial system, and all that, was something that we stated to talk

about in the late '70s. We didn't make much headway in Brazil.

**HEATH:** It was big business for the Bank, wasn't it? I mean it was one of the best ways to push a lot of money out the door.

**COATES:** You can push a lot of money out. The Bank of Brazil take huge loans from us. They just co-finance lines of credit all over the place for everything. That gradually changed; which is great. Then we got into the big discussion of can you do agriculture without a targeted line of credit. It was a big, long, difficult discussion all the time.

**HEATH:** Did you talk with your wife about these issues, given she was a --

**COATES:** Oh, yeah. She's very much a framework person. She wrote an original book that helped transform the microfinance industry from NGO-funded lines of credit to what it is now, which is a commercial-bank based microfinance.

**HEATH:** What is your wife's name.

**COATES:** Beth Rhyne, R-H-Y-N-E. She wrote a little red book back in 1995, '96, or something, that helped change ideas. That helped donors to get out of screwing up the financial system.

In agriculture -- you must have been part it, this long discussion on -- who is the guy who used to, he was in OED, Ted [Edward B.] Rice.

**HEATH:** Ted Rice, yes. I was going to mention him.

**COATES:** He used to write these papers about subsidized agricultural credit.

**HEATH:** Yes,

**COATES:** The rest of us would tear our hair and try to write back that'll work as long as the money's there, and when the money finishes, the whole thing collapses. What are you going to do next -- and so, to try and do a financial system's approach to rural finance.

**HEATH:** So, Ted made a difference?

**COATES:** A negative difference.

**HEATH:** A negative -- yes, but he --

**COATES:** He slowed it all down.

**HEATH:** I see.

**COATES:** Well, because he was old school, and it's much easier to do targeted lines of credit. The beauty of the targeted lines of credit is that its controllable. It goes straight from you to them, to them, to the farmer into cocoa; out comes the output. No attention paid to what happens next. Or the, you know, the cost to the government of these programs.

**HEATH:** The other figure at that time was Fred Levy. He wrote the Levy Report [*Apex Institutions in Microfinance*].

**COATES:** Yes. He was the other guy; Levy Report. I used to eat that report. I loved that report. That was my Bible.

**HEATH:** Right.

**COATES:** Then we'd engage with Ted Rice on this subsidized credit.

**HEATH:** Yes. I'd forgotten that Ted was an apologist for subsidized credit.

**COATES:** He was for sure.

**HEATH:** Yes.

**COATES:** We took credit out of the programs in Brazil because it was subsidized. We couldn't fund it anymore. We did the projects without the credit, and the government put the credit in. They weren't going to change the subsidy; they just did it. They didn't listen to us.

**HEATH:** Jim, is there anything else you'd like to add?

**COATES:** No. This has been a very nice way to remember these good years.

**HEATH:** Yeah. It's amazing what comes back to you, isn't it, when you start --

**COATES:** When you start to think about it. The name Ted Rice -- I hadn't thought about Ted Rice for years.

**HEATH:** Sadly, he died a few years ago -- I saw his obituary in the circular.

**COATES:** Oh, really.

**HEATH:** A couple months ago, yeah. Anyway, on behalf of the history project, Jim, I'd like to thank you so much. It's been a rich experience and, it will be good to have your recollections in the archives.

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