World Bank History Project

October 21, 1991 Interview with Alfredo Sfeir-Younis about The Bank's First Half Century

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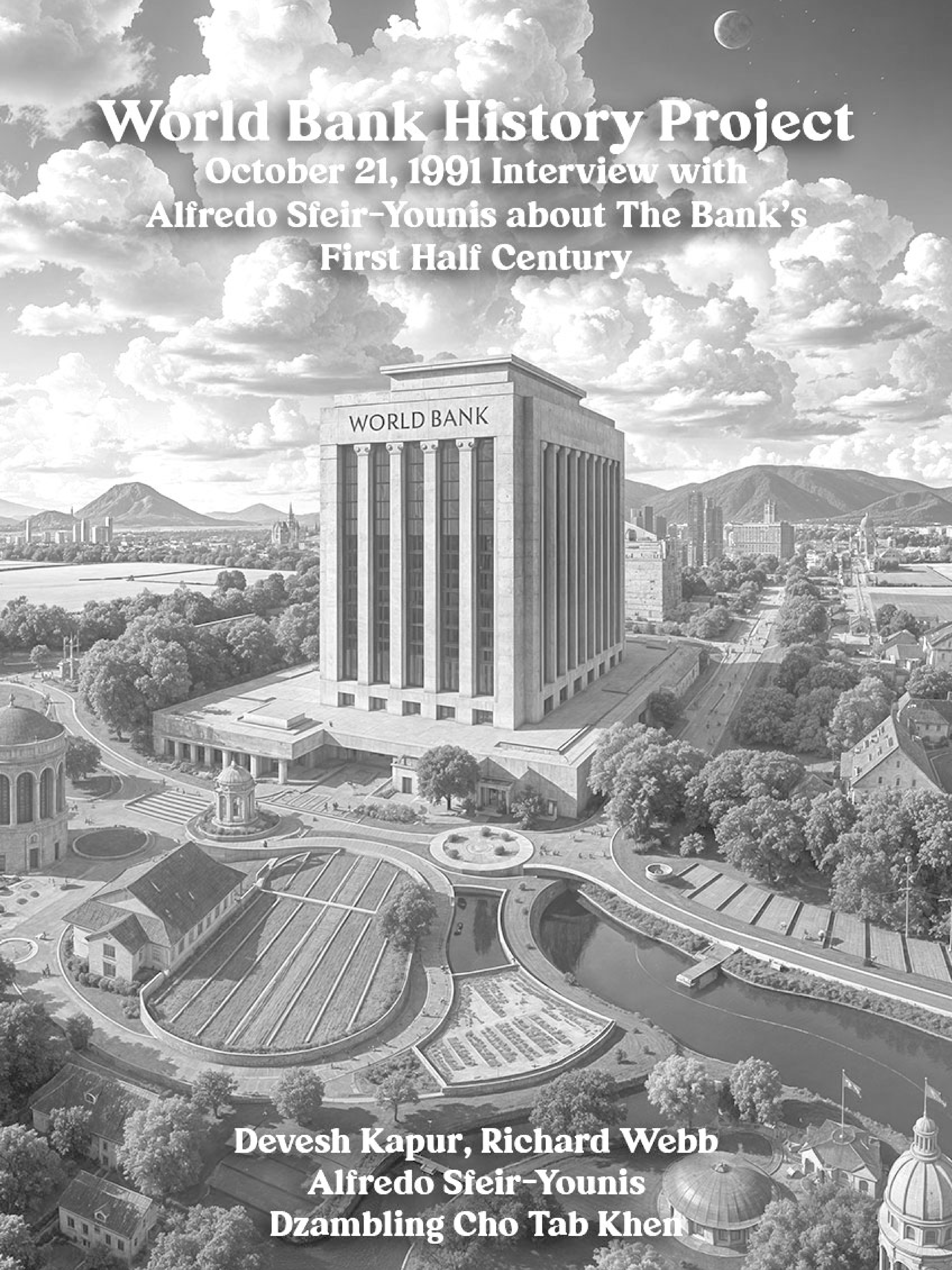

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Mr. Alfredo Sfeir-Younis is an economist who graduated from the University of Chile, with a Master's and Bachelor's degree, and holds a PhD from the University of Wisconsin and the University of Rhode Island, United States. He is the representative of the Institutional Focal Point on human rights and related issues of the World Bank and President of the Zambuling Institute of Human Transformation.

FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank's fiftieth anniversary history: John P. Lewis, Richard Webb and Devesh Kapur, The World Bank: Its First Half Century, Washington, DC: Brookings Institution Press, 1997. It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.

Alfredo Sfeir-Younis
October 21, 1991 - Verbatim

[Begin Tape 1, Side A][1]

KAPUR: I was wondering if you recall our meeting with John, and there was sort of that issue which you were bringing up; we couldn't really get into more specific examples of. One was large projects and the role of consultants—I don't know if you recall that issue of John's—you had traced—we were getting into irrigation; we started talking about Tarbela . . .

SFEIR-YOUNIS: Okay. Okay. If I remember correctly, I think that, if we're going to write a history about the World Bank, I don't think we should miss coincidences. I think that historians should really look not only at facts but coincidence. It seems to me that there are a lot of coincidences here, you know, between the lending program, the size of the lending program, the size of the project, and who are actually behind those projects.

If you are involved in development, a very fundamental question is to ask yourself, "Okay, I have an idea. How can this idea be put in practice?" If you cannot answer the second question, most probably you are not going to go ahead. I mean, if you don't have a material way, you know, to put this development in place, you're not going to go ahead. So you think about a [name]; "Maybe this guy can go to Argentina and do this, and I can hire this guy to do that." I mean, you know, one ability of a good manager is to really have not only the vision but the steps through which this vision can become practical.

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

So the question is: What is the egg and the hen? Is the practical aspect the egg or the hen? And it seems to me that in many cases the existence of certain consulting firms, you know, have in fact directed and guided a lot the thinking of the Bank. For example, if you want to say, “Look, I’m an ambitious Bank staff member, and I really want to have this fantastic vision of Pakistan having all this hydroelectric power and irrigation and so on. Well, who can do this?” If you cannot answer that, then you don’t do it.

But the question is: Where do your ideas come from? I mean, where does this idea of this big project comes from? Does it come really from yourself? Or, you know, there is this very, very symptomatic collusion between consulting firms and the World Bank, and I’m not saying this in a bad sense. I’m not saying that this is something wrong here. I think it’s a very interesting coincidence that the large majority of consulting firms, you know, working in countries with very large lending, are more or less the same.

Now, one can argue, “Well, they have a proven record, so we are making sure that from the step of conceptualization to the step of actually practically putting this in the ground, we have the right people to do it.” And I think that this collusion has very crucially determined the capacity of the Bank to push for lending because if you didn’t have that, you would be always very uncertain as to how much lending can you push.

You see, I’m a division chief. I want to have a billion dollar lending program. I have to make sure, you know, that somehow that billion dollars translates into projects, and so I have to have the ducks on the row to be able to put this. So if you come with a very large project, I have to have somehow the infrastructure to bring this large project into place.

Now, I don’t want to get into names, numbers or addresses here, but it has to me always been a very interesting, you know, coincidence of how McDonnells *[Burns and McDonnell]* and the Howes and et cetera, et cetera, have all been involved in these big operations. And, you know, what might be a question to be asked is to what extent the views of these big firms has really put the Bank into a situation where the Bank doesn’t anymore recognize diversity. So we have to have a Carajas project, you know. We have to have El Cajón, you now, because we did in Tarbela. See, we have to have-- there’s no diversity in the Bank decision in Honduras, Brazil or India. From that point of view, there is no diversity at all.

If you look at the way canal lining is done in irrigation projects . .

KAPUR: Could you go into that?

SFEIR-YOUNIS: Canal lining presents an interesting question: Does it make sense to line canals in irrigation developments? Lining is often a function of seepage losses. In sandy soils, water flowing through unlined canals disappears rapidly, necessitating lining. However, in other soil types, lining is unnecessary as the soil naturally minimizes seepage.

Most canals, except main canals from large reservoirs, are unlined because the soil maintains system efficiency at minimal cost. Instead of lining, maintenance, such as cleaning, is required.

Crucially, there’s a relationship between canals and underground aquifers. Lining a canal reduces water flow to the aquifer. If lining extends from the main canal down to secondary and tertiary canals, seepage losses from the main to the secondary canal become practically zero.

The irrigation systems in many countries were encountered by colonial powers, who primarily focused on storage solutions. This focus manifested at both large scales, like in India, and small scales, such as the tank irrigation systems in Sri Lanka. It's important to note that not all of these systems were conceived by the colonials; some were pre-existing structures built by local rulers (like rajahs).

KAPUR: Right.

SFEIR-YOUNIS: They were not ideas of the side of the colonials. Some of the very smart guys in the Bank found out that here we have a huge tank cost. You know, the storage is there; there is no distribution system. Let's go for it.

Now, I was claiming for many years that nobody has done a very good work in justifying the economics of canal lining where you put all these parameters into effect. Now, what was the view of the regional staff? First of all it was to say, "Look, our objective is quantity per unit of land here, and we want this water to arrive in the right place at the right time. That takes, as you know, two more million dollars to pay".

I said, "No, that is not a matter of two million dollars. This is a matter of knowing if the benefit/cost ratio of this investment might be even lower than one."

And there we are in trouble. What had happened is that this created a flare in documents, and if you find--I don't know exactly the year, but we are talking about 1981, '82--it would be very fascinating to have a look at the agricultural symposium proceedings, and you will find out that all this time in a couple, not only one, but in sort of two consecutive ones, the World Bank has as a key issue in the symposium canal lining, which to me is an appendix. It's like saying, "Well, should we plant here eucalyptus or oak trees?" I mean, it's not forestry. This is not irrigation. This is a very technical issue, you know, that should have been resolved on paperwork. How much are the seepage losses? Is this true? Have you measured it? Or I will really here, you know, find a set of parameters that justify the answers to this problem.

Now, who is for the--pushing all this? I leave you to decide. I mean, it's obvious who is going to push for canal lining for big construction and so forth. And the fact of the matter is that these things were argued on two grounds, which were more dangerous. The first ground is that we're in the developing countries, and these developing countries don't maintain things. You and I don't maintain things. We don't know how to maintain them. So we have to have this Cadillac. You know, we cannot give you a Volkswagen because it's not going to last in the hands of this...

It's absolutely the opposite. You find cars in India that last for centuries and are still running. Any taxicab in New Delhi, you know, has at least fifty years of age. I mean, there are very few cars. So these guys know how to maintain their stuff. In a rural area it might be different. So what happens is that you bring them the Cadillac, the problem is when the Cadillac fails, there's nobody can repair the Cadillac.

To maintain canals, lined canals, clean, is a very complex job. It is not an obvious job. You have to have very special equipment, you know, little tractors that have mechanical shovels that are not going to damage the canal or very tiny, you know, little moveables, very tiny ones that can go along the canal without, you know, destroying the infrastructure.

What happens in these countries, they don't have these things, so they put this heavy stuff into it. They crack this canal, and once you crack, you have to cut off the water and you cannot irrigate for one season if you have to do that.

The second argument was that the farmers are not very smart, you see, and so we have to make sure that they get this 3.5 liters per second that they need. So they began with 200 hectare water outlets. So they brought this cement economy, what I call transporting water, up to 200 hectares, and then within the 200 hectares the people could do whatever they want to do. They found out that all these coefficients never improved, so they reduce it to the 120 hectares per water outlet so they cement them now from 220 to 120. And this they find go to line canals up to 8 hectare water outlet and still not even at that time, none of the coefficient, the operational coefficient, really took.

They did exactly the same thing with tubal irrigation. They got to this maniac stage where, you know, these guys have pipes, underground pipes, practically to every corner of these houses with ground water tube wells that essentially were bunkers like Second World War where you just switch it on and that's all they have to do because this guy cannot maintain it.

So what I'm saying: They had a view of a technological fix because they believed that institutions were weak. This is what you have to fill in the history of the Bank, not the prehistoric because--I'm coming to my main point that I made the other day, that there are two philosophies in development. One is that in fact you have to adapt technology to institutions, and the other one that you have to adapt the institutions to technology.

The Bank believed for a long time you have to adapt the institutions to technology, so you have to bring these countries to the modern age. It was a major mistake of this institution because these countries are still not in the modern age, and they're not in the modern age because we don't have the institutions in our countries that are compatible.

I'm talking about the efficiency of my institutions. My institutions are very efficient, but if you impose into them the mechanization of agriculture from outside--the lining of canals—there's no way, you know, that the system is going to respond.

I asked one of my professors to write a paper on institutional development of irrigation in 1978--something like that--because I was leading a program on irrigation and water management in the Bank, and we went to the Asia Region with all these characters, you know, to present this paper. And my professor had the guts to say, "Look, the World Bank should put a moratorium on irrigation development until we build with the institutional framework to do this development because essentially what you're doing is cementing the economy. You're not doing irrigation."

They were furious! They told this guy, "Mr. So-and-So, come 20 years from now we know what your theory is. You think that institutions should lead development. We think that technology should lead development. And you come 20 years from now, and we will show you in 20 years from now that these countries are working in the modern times," you know, 1991, the year 2000, not in 1940.

That's one point I made the other day, that this is not only a question of who does it, where the idea comes from, how do you justify it. You have this incredible number of technical people, good technical people from the outside, supporting this theory all the way through. And I found myself--they called me for sometime "Mr. Canal Lining" because I was the guy who was saying, "Well, look, you know, it doesn't make much sense the way you do it." But you're not going to do a five million dollar irrigation project in India.

Now, this is a syndrome that has to do with a very fundamental way the Bank looks at development. And I've been writing about this, and I wrote a report that I recommended to you last time which was the annual review from 1988. I published a paper on the congress, on the World Forest Congress, about sustainability of development in forestry, and I'm writing a report now on the World Bank and natural resource management in Nepal. I'm going to have that finished in four or five weeks. What I'm saying there is something that is motherhood and apple pie but we have totally sort of disregarded. In the early '40s, '50s, and some part of the '60s, the Bank assumed that the most limiting forms of capital in economic development were physical and financial capital. Nepal doesn't have roads, so let's build a road, you know, a transport system, highways, and all these things. And it used the financial apparatus or develop the financial capital to support this symbiosis between physical and financial capital. The main assumption was that the other forms of capital will all balance somehow, either because they were too abundant or the inter-substitution will be smoothed along the way.

What are the other forms of capital? Human capital, to start with, natural capital (natural resources and environment), institutional capital, and cultural capital. These are six forms of capital if you add two more which are physical and financial. I gave to myself this basic concept of what sustainable development is all about, and I published in 1988 in OED *[Operations Evaluation Department]* saying that sustainable development is to attain a balance across all forms of capital participating in the development process. And after the review of 600 operations in detail, of all sectors included, we found out that these were the six most common forms of capital: physical, financial, human, natural, institutional, and cultural. The basic theory of growth has been strictly concerned with the speed at which the economy should accumulate capital but has paid no attention to the composition, what is the optimal composition of this capital accumulation.

Now, the Bank thought that the optimal composition was--of course, economists were taught that the limiting factor determines what you do, so the limiting factor for the Bank was physical and financial capital and therefore the Bank went for those.

How did the Bank in actual fact avoid environmental issues? How did the Bank avoid this triangle between physical, financial, and natural capital? By not getting involved in projects that were potentially dangerous from an environmental point of view.

KAPUR: Why not?

SFEIR-YOUNIS: By not getting involved because the frontier of investment was sufficiently spread that you could choose other projects. That's what you did, I've done, everyone has done except until the Bank was involved in Indonesia transmigration where this view that governments would do damage to natural capital, that it was better for us to be involved because we will contain, limit the gap, we will be sort of the--because of us being there, there will be less destruction of what was potentially already a risky environmental situation. So we lost that.

We are involved everywhere. We are in the northwest highway in Brazil because we could somehow sort of help the Brazileros to do it better in some form or another. We are involved in the most incredible, cumbersome projects.

Now, in the ‘60s the environmentalists would invoke limited growth, and several other people came out and said, “Look, natural capital is not that abundant, so increases in physical and financial capital might in fact destroy natural capital.” One typical example: more industrialization is more pollution. So natural capital is not abandoned, so this adjustment is not taking place. So what do the environmentalists do? The environmentalists did, said sustainable development then is to optimize development through and for the sake of natural capital. That’s the most purest environmentalist point of view, which has never come into the Bank in a very structural way because we don’t believe in it, and it’s very difficult to believe in it despite that I’m an environmental economist.

While the Bank was optimizing development through physical and financial capital, the environmentalists told the Bank, “Optimize development through optimization of natural capital,” both the wrong path. A decade of people in Chicago came, you know, also said, “Well, look, human capital is not that abundant.” I mean, the fact that there is a country with a hundred million people doesn’t mean that human capital is available. I give you an example. All the countries getting in fashion with forestry—Mali, for example. We all want to control desertification; we have 400 million dollars lending. There are two foresters. You just cannot do development. I'm exaggerating on this; I don't have the exact numbers, but you just cannot do without human development. So we are told a long time ago that increases, you know, indiscriminate increases of financial and physical capital were not going to wash without human capital.

All of that is nice and nutty. What I added to this theory was institutional capital and cultural capital, which means that we are in a situation where it is important to ask the question: "Well, how did the Bank create imbalances in development?" Canal lining is a typical example of this imbalance of sustainability because in India the water ratio and efficiency in its use is really poor. This is in spite the millions and millions of dollars that have been, you know, devoted to put more physical capital, in the assumption that the other forms of capital are going to adjust or, you know, aren't going to happen.

In Nepal is exactly the same case, exactly the same case. Nepal is underdeveloped. We need to build roads, telecommunications systems and electricity and so on. These guys have to have electricity and bulbs and televisions, and the people need to go from the hills to the terai in a particular way and the Kathmandu Valley and so on. What do you find in Nepal now? That it's taken the Bank more than 40 years to understand that the sources of growth of Nepal are not output per unit of land, is natural resources per unit of output. It's like people saying milk comes from the supermarket. So we deal with output per unit of land. So we put more fertilizer, more pesticide, but the underground causes of soil fertility have never been addressed very carefully. So instead of paying attention to the nature of natural capital, you know, we just said, “No, no. I mean, these terraces must produce better than no terracing at all.” They had the similar problem in all different theories of development of the Bank.

This is another aspect that should be included in the history of the Bank: How has the Bank dealt with frontier development? And I am finding after this study in Nepal a tremendous amount of similarities in the way the Bank conceived these forms of capital and how the Bank lost control once it opened frontier development. Let’s work, for example, on Nepal, Bolivia, Brazil, the African countries. What does the Bank do? The Bank said, “Well, there are a lot of people here in the hills or in the altiplanos of Bolivia, mucha gente. There are a lot of people here, you know, we better do something about.

That’s why productivity is low. If we don’t go to the roots of why productivity is low, so let’s develop the terai or the valle in Bolivia or let’s control schistosomiasis in Mali, and go to the . . .” And we find that as soon as we open up—you know, with highways in Bolivia it’s the same thing—when we open up these frontiers, the underlying problems of frontier development have nothing to do with projects for our professional capacity to deliver because it went out of our control. Why? Population, migration patterns, poverty, you know, social growth—I mean everything has nothing to do with the origin of this.

Look at settlement projects, which has been the instrument to be able to push the frontier.

Look at Senegal, all Indonesia, you know the story better than I. Brazil. I just came from the World Forest Congress in Paris. The Brazilians just came out and blasted it out of the water, you know, “You guys are destroying our country.” That is not to say that we are solely responsible.

I mean, look at any frontier development. In Bolivia it’s even worse. It was too much. It was too difficult for the Bolivian Indians to go down to the valle and really be sort of a Mr. Smith from Decatur, Illinois. I mean, this just cannot be. They don’t work. The climate is different and so on.

This is a pattern where the Bank feels that, again, the way to do frontier development is through increases in physical and financial capital. We’re going build the roads, the houses, the little banks in the village. All of a sudden these things start tumbling down because, you know, the other forms of capital don’t adjust. And we now find in India, coming back to my original statement, that we are doing water management projects. In Pakistan we are doing water management projects, but we know a conceptual framework for these balances that need to be achieved, you know. So we might need to go back sooner or later to Pakistan, you know, to do other projects.

Another topic--and with this I finish your questions that were coming later--was my claim about the Bank financing rehabilitation projects. I remember going to issues meetings and saying to those guys, “Look, guys, I have no problem with your rehabilitation projects, but make sure that the conditions are met so we don’t come back again and re-rehabilitate the re-rehabilitation.” I mean, what’s the point? What are the causes? And you will find that whenever the lending program was sort of crumbling behind rehabilitation projects, you know, because it was easy. You know, who is going to inspect this in the field? Are you going to go there and say, "Well, maybe this canal's cement is not that thin, you know. It can last another 20 years." Nobody knows that.

Nobody's going to go with gauges and really measure how old the cement is in these canals.

In sum, then, my points were the following: That there are several coincidences, and it seems to me that somehow I have the hunch--I don't have a way to prove it--that big consulting firms did shape the World Bank thinking, and this put the Bank into very large projects as I mentioned because managers needed to be assured that the government will not be pedaling on putting these projects on the ground. So I am sure if you look at the, as we say in Spanish, the bitacora or the diary of several division chiefs and directors, I am sure they pass through London and Paris, you know, very frequently to make sure that these consulting firms were going to deliver because these countries are not going to deliver, you know, the Manantali Dam. I mean, these countries don't know how to build the Manantali Dam. So you have to put them to learn.

That was one set of issues that I raised before, and it's translating to canal lining, rehabilitation of projects, the way the Bank sees the capital accumulation process, you know, and how we leave behind institutions.

KAPUR: Do you remember that day in the ... I did not take the name now, but one name came up in the '70s you might—always on canal lining--division chief . . .

SFEIR-YOUNIS: Yes, Gaby Tibor. Gabriel Tibor. T-I-B-O-R. Fantastic guy! I like the guy. But he has big, grandiose ideas, you know, on--at one point in time he had several billion dollars of lending in his division alone. He was a very powerful man.

KAPUR: He was in Monty *[Montague]* Yudelman's shop?

SFEIR-YOUNIS: No, no, no, he was in operations. He was the division chief for India, Pakistan, and Bangladesh.

KAPUR: Oh, in South Asia.

SFEIR-YOUNIS: Yeah, he was the irrigation man.

KAPUR: For South Asia which had . .

SFEIR-YOUNIS: For South Asia.

WEBB: He was one of the ones that reacted *[inaudible]*

SFEIR-YOUNIS: Oh, yes, sure. He was furious, Gaby was. He said, "Alfredo, how do you"--he liked me a lot—"how do you associate with this guy?"

I said, "He was my professor."

"Oh, don't play favors to your professor. You know these guys are *[inaudible]*" But here I am speaking to you as a Bank staff member. I'm not here to talk about people.

I'm here to give you ideas. One idea is this question of sustainable development, which was conceived in a very bad way. The Bank makes too many assumptions about the nontraditional forms of capital, and that’s why many of these projects just don’t work.

The second idea that I’m giving you is that there are many coincidences of how things work and the consultants, as I said in that meeting, that have a lot of power in development.

I also said another thing is that many of the big problems of the countries where we’re involved are never resolved, you know. Let’s talk about the environmental crisis of India.

I’m not picking on India; I mean, it’s just come because of my experience. But I can pick on any country—Brazil because, you know, I know several of them now, fifteen years with this division. Let’s say we have a fuel crisis in India; we have an energy crisis in rural India. We really don’t know if we’re denting into these crises. We have a water problem. Are we really solving these water issues? Don’t know.

You know, this is what my son or my mother would ask me: “Alfredo, how many billions of dollars have you spent in India? This country should be totally developed! I mean, what’s going on here? I mean, you give us one tenth of one percent of that to Chile, and we’re going to make a big deal out of it.”

So how do the development practitioners respond to that? “Well, I tell you, you have to understand India.” So I tell my mother, “You know, we need to understand that India is very poor,” and I begin to create this picture of no options, you know, that these farmers are all stupid, you know, they need 20 more years to learn A-B-C and another 40 years to learn D-E-F, and, you know, this needs money and so on.

That’s something that should be really questioned,
you know, in most of these countries.

Is it really, you know--are we really denting on the big issues of the countries? Is the Bank really saying, “Okay, the crisis was ten, now it’s five,” you know? And whenever it doesn’t work we say, “Well, this is not our country. We’re just financing development. I mean, the responsibility and the blame should be put on the . . .”

Let’s look at it from a different angle. What do I think are the problems the Bank has not been able to resolve? One, for example, are international disputes on resources, natural resources, which are internationally owned. Water. The Bank has been involved in the Mekong, but the Mekong was successful, I’ve been told by the people who are involved, because of the U.S. Corps of Engineers. They were involved there for a long time. It was not really the Bank alone that really, you know, sort of resolved the institutional and technical issues of the Mekong. The only other experience of the Bank in international negotiation has been the Indus Basin, which is a very question mark, very questionable, you know, what have we achieved in the Indus Basin? Look at environmental aspects of the Indus Basin, the drainage and salinity and so on and so forth. Look at the upstream uses and the downstream uses; you know, the guys who get the floods and those who don’t. I don’t want to get into those details.

What is more passionate for me to think about is that here we have Africa that has six major river basins. There are a lot of rivers, but I’m talking about Senegal, you know, I’m talking the big—the Congo River, I’m talking about the big river basins, and we just refuse to develop those river basins. Or it looks like we are refusing to develop those river basins. Why don't we develop those river basins? What are the arguments? Too expensive. Well, it's too expensive if you look at Africa of 1990, but it might not be that expensive if you look at Africa in the year 2050 or 3000. If you want Africa to be somewhere, you need to develop their resources. I mean, this is common sense. And I don't understand what is going against this common sense. Dry weather conditions, drying day by day, you know, and here you have this source of water, and nobody is doing any big thing with it. What has been the Bank involvement in the Manantali on the Bafing? The Bank has said, "I pull out. I don't want to be involved."

KAPUR: You think it's a bit of a dilemma that on the one hand these large river projects invariably involve larger consulting firms, sheer size, the Bank does whatever *[inaudible]* so you have that, but on the other you might well have sort of a consultant driven again. If you had a consultant to determine *[both speaking at once]* you ought to have . .

SFEIR-YOUNIS: You are right in that point. I was trying to separate the two. It's true, you know, it's absolutely true what you're saying, that probably these consultants, coming back to my first question, might have been indispensable. That's what I said. The division chief had to make sure that development will translate into actions. And they knew the counterparts could not translate them into actions.

But I'm thinking about a different point here. There are certain natural resources which have been underexploited, badly managed, that seems--as far as my common sense is concerned--very crucial for the future of this country, and one is water in Africa. And the only thing that is constraining water in Africa is the rate of return analysis. It’s the way we’re doing economic analysis. The bridge barrage in the Gambia River, I’ve been involved in reviewing and making sure that this bridge barrage would not be implemented because the Bank did not want it to be implemented. Now, if you look at the number, yes, you know, the rate of return looks good. But after this--you know, I have matured a little bit over time, and I realize that, well, probably I was short-sighted, you know. Probably one should think about Africa of the year 3000 and say, “Well, how do we get there,” and really build the conditions for Africa. One of the big critics of *[Robert S.]* McNamara said that the big thing that McNamara lost was to develop human capital in Africa, that instead of building roads McNamara should have provided, you know, more on human capital, and that’s why Africa is paying today, you know, its low growth rates and so on and so forth.

This is one thing that is very important. You know, the Bank has not been very good at developing resources or being involved in things that are of international character. The drama of this is that most of what the Bank wants to do now is of international character.

And the question is: Would the Bank be able to do that?

Look at the Global Environment Facility. Look at environmental workings [inaudible] or the Bank’s position with regard to trade. We have been very, very questionable in terms of performance [inaudible] So that point might be rich for review. There is a lot of interest in it. I mean, I think that if I can put it in my own philosophy so I am—this part of the tape is for you only--I mean, my philosophy is that the Bank has focused on inferior forms of capital, and I’m writing about this. If you take these six forms of capital and you say, “Well, all cannot be equally important,” there is no doubt to me that the subject of development is the individual as a person, the people, so human capital is the subject of development. We the people. Now, to me that is the highest, most important form of capital in the development process. Now what comes next? The environment, because clearly you cannot have the subjects in an environment which is untenable because the environment is going to take us. The dinosaurs won't exist anymore, so somehow, you know, something's going to happen.

So you have the subjects, being the human resources, the object being, you know, the natural capital. And then the question is how the subject and the object, you know, try to sustain its development performance, which is through institutions of culture. Which means to me--and it's my philosophy, which I will be able to stand by in my article—that we have focused development on the most inferior forms of capital, which are financial and physical--which are all man-made. I mean, it's up to us to. And so by focusing on inferior forms of capital, we get inferior forms of development, and that's why we are where we are.

So then the question for a smart statement like this is: Well, what can we do next? I would say that unless we recognize the role of consciousness in development--this is individual growth; this is not schools. I don't want you to understand me by, "Alfredo wants to build more schools." I don't want to build more schools. I want people to increase their level of consciousness as the only way you're going to get development in these places. There's no other way.

If you look at OED reports--and I have looked at 2,200 of them myself because I have been the coordinator of the annual review for three years—time and time again, why do the projects don't work? What is the bottom line of a project not working? It's not physical capital. It's human capital. There is not a good manager. There is not a good organization behind the manager. It's all related. You can argue it's institutions, yes, but institutions are no more and no less than the individuals who are there. I mean, that's what it is. Time and time again, you know--and I said it in 1988--that it's ex ante if the Bank wants to build with sustainable development ex ante, one of the crucial elements of the Bank would be to do institutional analysis because, you know, these are the rules of the game where the subject and the object, you know, begin to interact. And essentially by focusing on physical and financial capital we are focusing on the wrong things.

Why is it that farmers in a particular place in the world--I suppose you know very well in urban development in Central America the Bank said, "Well, according to the time of the day that these people use, you know, the Salvadorians will have so much time to build their own houses during the weekend." And then they found out that Salvadorians were not building houses. So you go to them and say, "How come you don't build your house?

You don't have a house. Here we're given you . . ."

"No, because I watch soccer games. And I take my family to watch the airplanes coming in at the airport." They didn't want to build his house.

Human consciousness at the root of it. All these anthropologists, sociologists, that are coming out and saying, "Look, people's participation in organizational development" and so on, it's exactly the same thing, you know, we are saying the same thing, that we cannot have superior development if we develop inferior forms of capital. I mean, it's just—it's not going to take place, and the Bank has spent years—years--putting inferior forms of capital development on the ground. So you don't find development. You don't have them there.

Look at the OED reports on irrigation and transport. What are the main complaints on those two sectors? People don't do operational maintenance. Okay, the Bank goes there, builds the road, lined the canals, and good-by. And then what happens? There is no institutional framework. There is no human embodied into this infrastructure so that things are completely gone. When do the projects work? Let's talk about a hot subject like cost recovery, financial capital. They work only when organized communities like in the Philippines and Malaysia and Korea, they get together, it's their project, it's their consciousness built into this project that make them today so they have 100 percent cost recovery, while in the rest of the world, when we go there, we say, "Well, we'll build you this canal. Give the money back." People don't pay anything. It's just they are not interested. So my point of view on this is it's rather categorical, and that's the way my eyeglasses, they look through this thing.

What did we do in Nepal? Since 1956 we have said that the problem in Nepal is output per unit of land because there are too many people, until 1991 when the Bank comes and said, "You know, the real sources of growth in Nepal are its people and their natural resources." I would make it an argument and stop because I don't want to bore you with this thing, but I think--if you get my drift--it's much more important than it looks like on top.

Look at these computers. What is IBM doing? Or any computer company to win the market? Memory. Memory is one of the—of course, software and so on—but, you know, the capacity of its computers. You know, I remember I had to pay 159 dollars—this is in 1972, 1973, when I came to do my Ph.D. in the United States--for a Texas Instruments with five functions. I just couldn't afford it, and there were no exams that required calculators during the period, except that at the end of my Ph.D., around 1976 or more or less, that Sears had produced something for 45 dollars or something like that. They know that their capacity to sustain the market is on being able to have the fastest, et cetera, but all these functions of being fast, quick, are functions of your memory and the capacity you have to dig into a memory at a particular place and time. But why is it that we don't do the same thing in individuals in development? If my level of consciousness is one liter of water and you are dropping onto me five liters, there's no way I can store more than one liter. That's all I know; that's all I want to do.

I would end up with an interesting story in Chile. There has been an experiment-- UNESCO and FAO *[UN Food and Agriculture Organization]*—in Chile they did an experiment on rural education programs, why they were not working in spite of the fact that all the textbooks, you know, that they were traditional education, you know, the A-BC and so on and so forth. They found out that people were not interested. This is from first grade until eighth grade. They were not interested in mathematics. It was boring.

Most of those children did not do their math homework. Nobody was interested in grammar. Grammar was tedious, you know. Students just didn't want to do anything.

And third, that all these kids in the rural schools were very passive. They didn't speak in class. They did not participate in class. What was the attribution of the problem? These are children of farmers. They are [inaudible] They are malnourished, so they don't pay attention. Their time span, their attention span is too low because they didn't have breakfast. As you know and I know, therefore, this guy goes to a class and . . . And teachers in this survey said they don't even know the names of some of the students. They know who they are, but they never spoke in class and that they have two students that were in fifth grade that were, you know, deaf and—yeah--they couldn't speak because they thought that, you know, this was their medically—and not by the doctors, by the teachers.

Well, they changed completely this work program. They changed the textbooks. They put every activity integrated to the level of consciousness, and through that and the interaction with nature they taught them the instruments. For example, mathematics was only taught during harvest time because the kids were going to weigh their potatoes.

They were going to count, they were going to measure them, they were going to go and sell it. They were going to go and count money and so on, and there was no other time--these guys advanced so much that the teachers complained to the ministry of education that this was too much of a job for them. And, in fact, the two persons who were thought that were handicapped, they were not at all. They were very outspoken. They were all leaders, and it was a totally different frame of development. And this was learning by thirty schools in the northern part of Chile. Now the experiment is [inaudible] but the textbook is entitled Segundo, which is a typical name of a campesino in Chilean nature.

And it was all built in this interaction between the subject, the object, and the forms of interacting. And education was just a creation out of this.

Why NGOs *[nongovernmental organizations]* are successful sometimes? Because they become the consciousness of the village. They go to a little village in Pakistan, India, or Chile, and they make the status of the social consciousness of the village change dramatically. That’s why they plant trees, they preserve the trees and so on and so forth.

Consciousness has not been part and parcel of development, and what we do is that we look for investment in inferior forms of capital.

Now what do we do in the SAL *[structural adjustment loan]*? In the SAL we ignore . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

SFEIR-YOUNIS: . . I want this price to be changed. I want this government to change the way it does these things. There is no one SAL that I know of--and probably there are, so I don't want to claim here full blow on this--but there are no SALs that really focus on human resource development or on nature, and we're having a serious problem in including these national environmental plans into the SALs.

Look at a case like Nepal. They have two SALs. There's no one condition in those SALs related either to the human being—I'm not talking about schools--the human being or to nature in these two SALs when we know that the crucial issues of Nepal are its human resources and the environment. So that's my speech.

KAPUR: It's a very powerful speech

SFEIR-YOUNIS: . . I wrote a paper to this World Forest Congress where I laid out some of this because I didn't know what audience I had, and I said that sustainability is not only in forestry, it's a very interesting problem, because we went from industrial forestry projects--simple; you cut these trees, you replant these trees. Sustainability was essentially a set of rules between you the government and me the company, and as long as there was knowledge about the carrying capacity of the forest and I complied with your norms more or less, this can be cultivated or exploited sustainably. But now very intelligent people say, "Wait a minute, you know, forests are not trees. This is more than trees; it's people. There are many people depending on this." So now we have a new set of rules which are the rules of the community, you now, and so we went from industrial forestry to social forestry but without regard of human resource development in the sense that I am stating it. Both, you know, the first system of sustainability, which is the forest first, and the second system of sustainability, which is the people first or the forest second, in a sense, are all finding very serious problems. All these projects have been feeling very serious constraints. Why? It's not here. Development is not at the level of consciousness. So what we are teaching these guys—what—the country; they cut it next day; there is no community; there is no being able--the Bank has not been able to resolve conflicts at the village, panchayat, or any level. I mean, it's a free-for-all, basically, in this country.

So there you are. That's my theory of development. That's the way I look at the Bank, you know: poverty, SAL.

I mean, these reports, you know, the World Development Report, it's a headache to me.

It's a headache to me. When they wrote this report, WDR on poverty, did you read that?

KAPUR, WEBB: *[both speaking at once]*

SFEIR-YOUNIS: That should be *[both speaking at once]* reading because McNamara tried to do something on poverty.

Now, I tell you a few insights on this, and cut me off if you get bored or your time is up.

But I remember in front of the team I said, "Look, I don't want to be cynical about this, but McNamara tried for a long number of years to resolve poverty. What did we do?

Rural development, low-income urban housing, nutrition intervention program, public services of all types, you know, and all that. Tell me what's new now." I mean, McNamara did not resolve the poverty problem. There are more poor people now. I'm not saying that he's responsible for poverty, but I'm saying that we did not dent into it. As I said before, we don't dent into the big picture of environment. Poverty is another big variable. We don't dent into it. We don't seem to cut down, and the world doesn't see that the number of poor people is somehow going down. And the answer to me was none. I said then, "Why do you write the WDR?"

Said, "Because we've been asked to write a WDR." I wrote 12 pages of comment to that WDR, saying, first of all, poverty is not an unskilled laborer. That is the most narrow way to define poverty. So if you define it as an unskilled labor, what is your recommendation? More schools, more training programs, you know, keep training the guy. On what? This guy has one liter only of consciousness. If he's getting five liters, he's not going to absorb five liters. He's going to absorb one. So it doesn't matter if this guy's learning how to use a computer if it's not in his consciousness, this development. It doesn't exist. I told them that poverty was essentially translated into the incapacity to accumulate capital, that that was to me the central message of this report. The question then was: What is the easiest way, or what are the easiest ways for the poor to accumulate capital? In what form of capital it makes it easier for them to develop? Physical capital, practically zero. A poor guy is not going to build a road. I mean, it's too large. There are scale issues there and so on. Financial, we know that is very difficult, you know, that to integrate the poor into a financial network is very difficult, so what do you have left? Human capital. We're doing very little.

And you have institutional capital. What does the Bank do when it goes to develop sort of an area which has a lot of poor people? There are two assumptions. One assumption is that the institutions do not exist, and therefore we ignore them. Or that institutions are very inefficient so we have to replace them. That's the typical assumption. So we go to the middle of Africa. "My God! This is really a cheap assignment. This is not the way we do it in France, man. We are going to do it the other way." So you replace them.

What about cultural capital? Do you assume that it's actually void, or it has no relationship between the level and nature of cultural capital with physical or financial capital? There is no relation between the productivity of physical and financial capital and the nature of cultural capital. What we know in OED now is that that is one of the most crucial linkages in productivity and development. I mean, look at cultures like the Arab countries. You cannot charge for water because it is God-given. That's how culture works. Which communities pay for cost recovery? Those who are really a niche around its own cultural capital.

Look at the role of forests in India. I mean, Hindu philosophy--which I know very well because that's what I study most of the time--the forests were not something to be exploited, and there is no one word in Hindu that says "exploitation." But in our world forest is for exploitation. We have to try years of public campaigns, you know, trying to convince people not to cut the forests. When I was a kid my mother used to say, "Well, if you don't eat your food, you know, mostros are going to come from the forests." If you look at cartoons on Saturday morning in this country, these little cartoons, these guys-- what are they called? The Smurfs--the bloody stuff happens in the forest. The forest is dark; the forest is where the monsters are, and these guys are going to eat them and so on.

For Hindu philosophy, the forest is where the light is. That's where Buddha went, you know, to go to the forest and sit there until he saw the light. The forest is the reincarnation of the hair of the mother of Krishna.

Cultural values play a very important role in development. We try to incorporate the poor, women, and children in development, and we don't want to recognize the cultural capital.

The cultural capital of the poor in this country is very rich. That's where jazz came. You know, most of the truly American pop music did not come from the high-income class of Americans. It came from the poorest cowboys, you know, working through the . . .

You know, the same thing in Chile. In my country the richest type of music has always come from the poor. You know, all these varieties from Arica to Punta Arenas in Chile is a variety. Look at Peru, where you're going soon--the music of the Andes, it is not a music that is coming from the presidency of Peru in Lima; this comes from the roots of the people.

We ignore cultural capital in development. Cultural capital is something that doesn't, you know--how can you solve the poverty issues? The poor cannot accumulate physical capital. Very little financial capital; that's why he's poor. We ignore the institution of capital processes because we feel that either there are no institutions of the poor themselves, or they're inefficient. We ignore cultural capital, and we don't develop them.

We just give them primary education, secondary education, which is not really development on the human. So what does he have left?

And this WDR did not resolve that issue, not even address that issue. Each chapter was to provide more--more hospitals, more services, more lists. But so what?

WEBB: This is terrific stuff to digest. What I'd like to see if you can help us to think about this is, looking back, why did it work this way. It wasn't just the Bank all alone, national planning offices, local departments, ministers, other development institutions. The Bank may have had solutions, maybe not, sometimes they didn't have any solutions in terms of ideas. So it was really doing what everyone else thought should be done. Was it mostly intellectual, or was it more kind of bureaucratic?

SFEIR-YOUNIS: That's an interesting question. I asked the same question in Nepal. In order the answer that question what I did is I reviewed the literature and then I reviewed what other donors did and then I reviewed what the Bank did. Now, if all of them were pari passu in the same sort of slow way in finding out that there was an environmental crisis in Nepal, then you say, "Well, mea culpa. We didn't know anything." But when you find out that the literature, you know, the intellectuals of the world were talking about an environmental crisis in Nepal since 1949, and we dented into it, we decided to get into it only in 1987 in a serious fashion, then you start wondering, "Well, what the hell is going on here?"

Now, the Bank can be argued in two grounds. The first ground is to say you just ignore it. And I can argue very well on that ground because I, the first resource economist of this institution, I was ignored for many years. When I met you I was in urban and regional economics. I came with a Ph.D. to do work on garbage collection and disposal in Latin America, and somebody said, "How come you have a Ph.D. from the University of Wisconsin, you come to the Bank and do your work on garbage?" That was literally the way it was put: "How come Doug *[Douglas H.]* Keare would allow someone to deal with these things?" And what we were trying to do was deal with environmental issues at the municipal level to see how we could decentralize, you know, cities. I mean, it was much more practical than [inaudible] And I wrote a manuscript that was never published, you know, on solid waste management and disposal in developing countries. One example.

Second example. I wanted to write a book which is only now in 1991--I got a letter yesterday by the University of [inaudible] in Australia that it probably will publish it—it was a book, a two-volume book on land management in developing countries, a manual for practitioners. I wrote this in 1981. It went twice to the publication committee. The publication committee had no objection except saying to me, "We're not going to publish it because this is not the theme of the World Bank. We don't know what to do with your book." This is 1985. This is not 1925. This is 1985, and the book was never published.

And so I wrote many, many articles on the environment, you know. McNamara never accepted any sentences or any pieces of the speech on environment.

Show me one, or probably one or two, but show me the thematic speeches of McNamara did not have one sentence on the environment. And I remember talking to some of his speechwriters and saying, "Why didn't you talk about the environment?" I wrote that book with money that my boss gave me because he was a visionary, and he is a guy with a lot of vision, and he never stopped me . .

WEBB: Who was that?

SFEIR-YOUNIS: Graham Donaldson, because he knew that I was going to produce. So he gave me 12,000 dollars, and so I hired two consultants and one reviewer, and I did this book singlehandedly. So I can take that point of view, that the Bank just was a stubborn group of accountants, that you don't go--when I wrote the fisheries policy paper, which has been my most utmost disaster in this institution, it went up to Ernie *[Ernest]* Stern and McNamara because they didn't know what to do with this. "What is the World Bank writing a policy on the oceans and resources?" Which now is nobody is going to question that. I mean, if you go out, you'd be kicked out of the Bank if you question that as a solution. He made a lot of comments, and one comment said something about whales.

"What do we have against those buggers?" I mean, that's the style of comment. It got so murky that the guy said, "Okay, we are going to approve this. You know, it reads very well. We don't know what to do with it, so we're going to write a last paragraph saying that the Bank is not going to do more or less than what the countries want." In other words, we put hands off on this. You can read the fisheries policy paper, the final paragraph says that. You know, basically, it's not for us to do these things, you know.

Why did the forestry survive? The forestry survived because of the energy crisis, but, you know, the actual policy paper has not been implemented to its fullest extent, and we have a new policy paper--which is, to a certain extent, paradoxical. But on the other hand the Bank could argue the opposite, that the necessary conditions to do this were the same, require physical capital, institutional capital, and so on, and the Bank was doing that. But you have some great regulator, a grand regulator in this institution, that could see that without schools and health services, you know, you're not going to do these other things. It's what I'm saying.

So, in fact, the Bank can defend itself, you know, answering your question as to why it happened. Some very, I would say, dogmatic Bank staff members would say, "That's bullshit. We were doing it." What we did recognize were that the preconditions to do that they needed A, B, and C, and that's why we are doing A, B, and C before we go to the rest because we couldn't do the rest, so we had to do, you know, the . . .

I don't know where the truth is, but I would say that to some extent I am glad the Bank did not do a lot of these things because the mistake would have been of the hundred million-dollar type rather than the thousand-dollar type. I mean, to get involved in the environment too quickly would have been disastrous.

KAPUR: You know, it's curious you say this because what I guess is really not sure why, one of the first leaders to raise the issue of the environment was McNamara in 1971-'72. The first was sort of the conference on the environment in Stockholm *[both speaking at once]*

SFEIR-YOUNIS: Yes, correct.

KAPUR: He gave--there was no other major international figure who really agreed. It's a fairly passionate speech on environment, and one of his closest friends intellectually, allies, was Barbara Ward, who herself became the head of IIED, International Institute for Environment and Development. I was sort of wondering if it was there at that time and then it seems to have slipped out, either both his and the Bank's consciousness, or was it—how do see this?

SFEIR-YOUNIS: If I was the lawyer of McNamara, I would say to McNamara, "Yes, let's respond to it," because McNamara thought that a key issue on the environment was poverty. Poor people live in poor environments. There is this cycle of poverty because of the environmental degradation, and so I was dealing with poverty. If I was not the lawyer of McNamara, I would say McNamara would stand up in any conference of that nature and give any speech written by Mr. X-Y-Z, and you know who they wrote the speech.

What is most lamentable is now Mr. McNamara is in many of these environmental groups. I like it because the man draws a lot of money and a lot of attention, but when he comes to talk about the great economists series, he doesn't come here and talk about the environment; he talks about arms and arms control. That was his speech, you know. He didn't come here and say, "Look, I'm on the board of WRI *[World Resources Institute]*.

I'm on the board of this and that and that, and I'm speaking to you about the future of the world and to protect my grandchildren." He came here to talk about public expenditures on weapons. You know, why?

I think simply the Bank was dominated by macroeconomists. What does it mean? It means that if you talk to me about medicine, I just don't see if you're sick. If I was a doctor, I might see something new and can guess that you have something. I don't see it if I'm not a doctor. As a macroeconomist, there is no one macroeconomic book that has any part of its table of contents on the environment. So how would they--when I was fighting these projects of solid waste management, I wrote a memorandum that was entitled, "Improving the Efficiency of Solid Waste Collection and Disposal while Benefiting the Urban Poor," something like that--1977, if you want to look at the file--saying, "Look, you know, it made a lot of sense to organize the poor to clean the environment because it was economically more viable than burning the garbage or transforming the garbage even into fertilizer." That's the nutshell of the argument. It was like an atomic bomb.

Fortunately, there were very smart people that were not accountants like Mike *[Michael A.]* Cohen, like Doug Keare, like this other guy was an Italian, Tony *[Anthony J.]* Pellegrini, and so who found out that this might not be a bad idea. So we went to Africa, went to the zabbaleens in Egypt and organized them to collect garbage and so on.

What would have been the other alternative? To pick an inferior form of capital: trucks, bulldozers, you know, let's get all this garbage out of it. On the contrary. But it took a long time. I mean, in Colombia they never approved the project because they found out that the garbage pickers were very socialist and communist active and the Bank didn't want to be, you know, associated with these people and so on and so forth. The reason was something else. It has to do with the political part. It has to do with the laws for health and immunization in Colombia that forced the paper and carton industry to accept these pickers as part of the sector and therefore to put insurance, you know, and these people in Catholic Colombia didn't want to have that, so they—so, I mean . . . Some ideas have come through the Bank very fast. Other ideas don't come very fast. How did the environment as an idea come to the Bank? Have you inquired on that?

KAPUR: Well, I mean, I've seen or read it sort of seems to have seeped in as much from outside, from a couple of individuals.

SFEIR-YOUNIS: That's new history, but I'm talking about the beginning of the environment. It came because of human health issues. That's why McNamara brought Dr. James Lee to the Bank, to deal with schistosomiasis and water borne diseases. This was not an idea of the Bank dealing with the environment. No. It wasn't. Then the Bank had some sort of a little unit, environmental unit, with one guy dealing with human ecology because it was the natural add-on to this doctor. So we were going to work with human settlements.

KAPUR: He?

SFEIR-YOUNIS: Dr. James Lee, he's an M.D.

KAPUR: He has an oral history.

SFEIR-YOUNIS: Then they brought Bob *[Robert]* Goodland, you know, who is a human ecologist--not an ecologist--human ecologist.

KAPUR: What is the difference?

SFEIR-YOUNIS: The difference is that a human ecologist's dealing with human settlements. The true ecology is more with nature, varieties and so on. Then they brought a guy who was basically to inform the Loan Committee about how much pollution there would be from industries and so on, so we had to make sure that a little note will go to the Loan Committee and reassure the Loan Committee that this project will not overpollute or whatever. Mr. Dixon, I think he's a Belgian or—[*Jean M. H.]* Tixhon, with a T. I saw him the other day, having lunch in the Bank with another French [inaudible] And then they brought another guy who had some studies in economics, this guy was from Norway, a very nice guy. I don't remember his name; it doesn't come to me right now.

When I was a Young Professional--I came to the Bank in 1976--my first assignment was set for me. I arrived from the University of Wisconsin, and they said, "You are to go to various parts of South Asia, agriculture. That's where you are going to work." After I did this operational assignment, I needed to stay a little bit more in Washington for other reasons, so I went to work on urban and regional economics with Doug Keare. So then I began to look for my permanent assignment. So I went to the unit, this environmental unit, and said, "Guys, resource economist, I mean let's look at things in a broader context not on a project-by-project basis" because the environmental impact statements had already failed professionally a long time ago. Funny enough, the Bank reinstated it now, but this is a matter of a different discussion. You know, the United States would realize that these environmental impact statements were too late, were too cumbersome at that time, so we moved away from it as economists, from the environmental impact statement, a sort of matrix-type of thing.

These guys said to me, “Not at all. We’re not interested in a guy like you. We’re not going to look at this. We just are to provide little knowledge to the Loan Committee.”

I said, “No, but, look. I don’t want to waste my career. I have a Ph.D. on this. I want to work with you guys.” “No, no, no, no way.” So I was going to leave the Bank because I said, “Well, what’s the point. I have a Ph.D. in resource economics. What’s the point of staying here?” And a Uruguayan YP *[young professional]* whom I met, *[Daniel]* Ginola, who is now a professor—he’s a livestock specialist who couldn’t stand it in the Bank because he felt there was no room for him.

He’s a professor at the University of Illinois in Urbana-Champaign now. This guy, Ginola, said, “You know, I was looking in the telephone directory the other day, and there is a division that is entitled ‘Resource and Economics Division.’ Why don’t you go and apply for that position?” And that’s the way I met Donaldson. And the reason why they call it “resources division” is because there were these guys doing Landsat work and geographic information systems, which was Wolf *[Wolfram U.]* Drewes, D-R-E-W-E-S, and John McKenna.

John McKenna is still in the Bank. Wolf Drewes retired a long time ago. So these guys will do this work, you know, not a very big outfit, but that was a reason why. And then in a few months later I joined, they were separated from my division. I never worked with them because they were too technical. I never worked in geographic information systems.

I don’t how to do Landsat or *[inaudible]* That’s not my forte. So

Monty Yudelman--and this is a vignette of history--Monty Yudelman accepted the partition from that division because Graham has hired me as a resource economist. So Graham could argue, "We're not leaving this theme aside because I brought you a guy who has a different profile. We're going to leave this function aside." And that was the reason why it was accepted to split this off. And these people went I don't remember where; probably to another section, I assume. But, you know, the environment as it was conceived now is totally new phenomenon.

But I want to make one point on this tape recorder is that the Bank has always been concerned about the environment, and very few people have studied the way the Bank has been concerned about that, and it is very misleading to say the Bank was not concerned about the environment. I can complain that because I am too tainted, because I knew too much. But many people, you know, said the Bank didn't do. The Bank had very interesting policies with regard to the environment, and one of the most important ones was not to touch aspects that were environmentally fragile. The Bank was smaller. We were dealing with a very different world. The Bank became, you know, really involved in the environment in this particular way when the Bank was kicked by the Natural Resources Council. And let me tell you that the National Resources Council kicked the Bank through me--through me it was the first time the NGOs came to the World Bank, through the policy paper on fisheries. Bruce Rich, president of the Natural Resources Council, wrote a letter signed by practically every NGO in the United States against the fisheries policy paper, that this paper was not really what the Bank should do in the oceans, and da da da da da, without knowing the antecedents of this paper, without knowing the role of the World Bank, without knowing nothing. So they went directly to *[Alden W.]* Clausen, and Clausen [he means Rich] said, "Look, you guys don't do anything on this, we don't give you IDA. We are going to call our senators." And that's when the pressure began.

So Shahid Hussein had a meeting, and I was invited, of course, to respond to this criticism. So, this guy came with an individual X, who is now a staff member, who introduced himself as a former scientific advisor at the White House. He was, you know, in fact, the source of true support of Bruce Rich, who is a lawyer--he doesn't know anything about fisheries--and came with this letter, and it was a "big embarrassment" in quotes, for the Bank. So, in that meeting with Shahid we just couldn't get into the bottom of the subject matter. They were trying to sort of soften the blow. I mean, so who would be the carne de cañón? I mean, so who's going to be the guy who has to give in to this situation was no more, no less, than the one who is speaking now because the NGOs were too much in.

So, we set a meeting, a working meeting, so we can discuss on my level. So I said to those guys, "Well, guys, I'm here with paper. I have a secretary here. I want to know what's wrong with this paper."

They said, "That's not the issue. *[inaudible]* This is not the issue we've come to discuss here." I said, "What do you mean, you don't come to discuss it? You blew me out of the water in front of my vice president. I want to know what part of this paper is wrong so we can correct it."

"No, no, no. What we are interested in is to get our two feet inside the door of the World Bank. We're using this fisheries policy paper as an instrument to get in. We're not in it." I said, "Look, but what is your expertise?" "We are not expert on fisheries. We know nothing about fisheries. We want the World Bank to do . . ."

I was the first one to be hated by the NGOs, and then they got in. And they got very much into this triangle, the "love triangle": "If you don't do this, we're going to tell the Senate or the appropriations committee, and you're not going to get money." "Oh, God! We're not going to get money! Let's do something about . . ."

And the reorganization came up with this idea, which I think is a bad idea--it hasn't been able to sit very well because we have been reorganized too many times.

But just as a matter of fact, these NGOs came in through my policy paper. You know, I had a very rough time because, you know, I didn't know what to do because we didn't correct it. We didn't change it. They didn't care. They forgot about the fisheries policy paper in two weeks when they were opened the doors to being here and there and being on this committee and so on! *[Inaudible]*

WEBB: We have to go to another meeting.

SFEIR-YOUNIS: That's okay. Go ahead.

WEBB: I really am sorry . . .

[End Tape 1, Side B]
[End of interview]

Richard Webb

World Bank, 1991

Devesh Kapur

World Bank, 1991

----Dr. Alfredo Sfeir-Younis

Dzambling Cho Tab Khen

World Bank, 1991----