

USING HISTORY TO INFORM DEVELOPMENT POLICY

The Role of Archives

Workshop Summary

October 25–26, 2012

The World Bank

Washington, DC

worldbank.org/historyworkshop





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Foreword

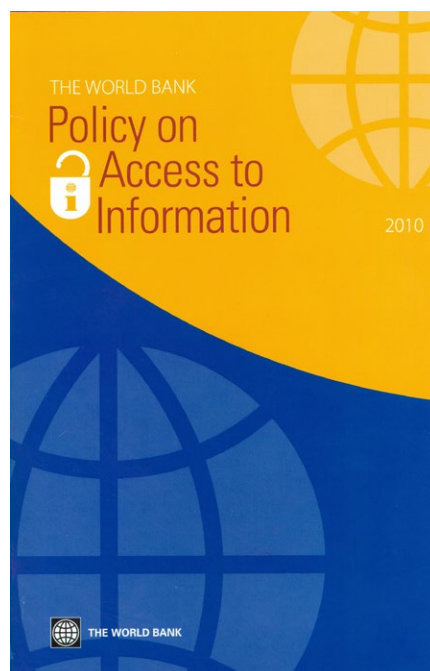
All of us recognize the importance and the power of open information, accountability and citizen-participation for effective development. At the World Bank, we believe that transparency and accountability are essential to the development process and central to achieving the Bank's mission of ending extreme poverty and boosting shared prosperity.

In October 2012, the Bank organized a workshop on the role of archives in using history to inform development policy. It linked the growing scholarly interest in the history of development with the Bank's Open Agenda Initiative and the new openness resulting from our 2010 Access to Information Policy. The workshop assembled scholars who demonstrated the possibilities for bringing historical approaches to bear on the practices and ideas of international financial institutions and international development agencies.

This publication is a result of that workshop—which was centered on three main themes: the early years of the Bank and the evolution of its ideas and practices; Bank-client relationships, including both lending and advice on development policy; and the influence of donors and shareholders on the thinking and practices of the Bank.

The Bank's Archives are a global resource, both geographically (spanning all 6 regions of the globe) and over time, capturing development work over 60 years. They reflect both our successes and our failures. Thanks to the Open Agenda initiative and the Access to Information Policy, the World Bank's vast collection of archival material—dating back to its inception in the 1940s—offers new potential for bringing historical research to bear on development policies and practice. In effect, we have handed over the keys to the World Bank's knowledge vault. You can access this 'vault' through the Bank's website or by contacting the archivists to tap their knowledge of the vast collection of records, oral histories, photographs and other materials that have not yet been digitized but which contain significant information for research.

By providing the infrastructure to share and protect our history, the Bank and its Archives ensure that our work will be available for future generations. I hope you enjoy the summaries in this publication and that they will inspire you to do your own research into the history of development policy.



Caroline Anstey

Managing Director

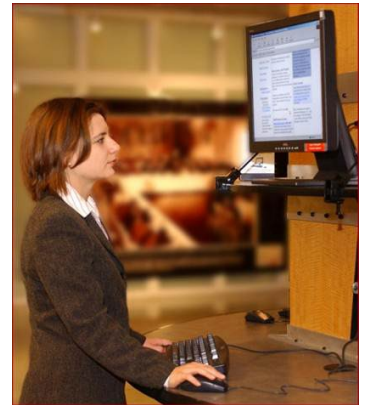
The World Bank Group

Preface

The front lines of development circle the globe. The people working tirelessly on those front lines need access to information—and that information needs to be delivered swiftly and securely. The World Bank Group is working to offer better, faster, and easier access to our information, in part by continuing to invest heavily in providing electronic access.

The World Bank Group's archives are an enormous resource, but for too long they have been underused—by Bank staff, external researchers, and the general public. I am excited to share the news that to improve access to this resource, containing more than 60 years of development history, we are embarking on a project to digitize our records and make them available on our website. Our plan is to start with some of the most important records of the Bank, including records that show the history of who we have been and who we are. We also want to share records that highlight how we work and what we have learned from our partners as well as our critics. As we develop a body of digitized records, I hope that you will take advantage of these first offerings.

Digitizing the archives is one more way of making the World Bank Group's information accessible. The knowledge stored in our archives—especially the lessons that can be learned from both our successes and our failures—is an untapped resource that I believe can play an influential role in future development policy. We need to continue working to ensure that our information gets into the hands of those who are working on the front lines of development to improve the lives of the world's poorest people.



Stephanie von Friedeburg

Chief Information Officer and Vice President of
Information and Technology Solutions

The World Bank Group

Introductory Comments

Facilitating Research by Broadening Access to the Past

In an October 2012 speech to the World Knowledge Forum in Seoul, World Bank President Jim Yong Kim asked, “What kind of knowledge do we want?” In answering this question, he announced plans for “knowledge hubs for development” to enable findings on development—both successes and failures—to be widely shared. The World Bank Group Archives is thrilled to be part of this thrust to use information about the past to inform the future. As President Kim said in Seoul, “The Bank serves its partners by doing something that none of them can do in isolation: creating knowledge-related global public goods that support shared learning processes at global, regional, national, and subnational levels.”

The archives of the institutions that make up the World Bank Group hold massive historical records extending from 1944 and the Bretton Woods conference to today. These records show many successes in the work by Bank staff and their country counterparts to improve people’s lives. They also show failures, and studying those failures allows us to learn if we will.

President Kim proposes building a library of delivery case studies and using these as a resource for training Bank staff, country partners, and anyone else who wants to learn the lessons of the past. Archives can contribute by making this knowledge available and bringing in the crucial dimension of time. Change, like success and failure, has many causes, and using archives enables researchers to tease apart the threads of the causes and understand the complexity of the decisions made by development professionals in the past.

We archivists are the facilitators of research. We have no opinion on the direction that the research takes or the conclusions that are reached. We want to make sure that the records are available to the greatest extent possible while protecting the legitimate needs for personal privacy and corporate confidentiality. The Access to Information Policy adopted by the Bank in 2010 has been an enormous step forward for us, as we are now able to make available millions of items that had not been available before.

Now we are taking the next step and making more and more of the records of the past available online. For many years we have made formal, final documents available through our Imagebank service, documents accessed by millions of people every month. But now we are going back to digitize key series of records from the archives that will provide the color and rich deliberations behind those formal documents. We are beginning with the records of President Robert McNamara, putting them online to allow researchers to look at the remarkable era of his World Bank presidency.

History matters—as a method, as a discipline, and as a perspective. Archives matter too. The value of archives is richly evident in this booklet, which provides a glimpse of the presentations at an October 2012 workshop sponsored by the World Bank Group Archives, the Development Economics Vice Presidency, and the Legal Vice Presidency. The workshop grew out of a panel discussion organized by Giovanni Zanalda, a historian at Duke University, at the 2011 annual meeting of the Southern Economic Association to consider

the role of history in promoting development. The success of that panel, linked to President Kim's interest in case studies, encouraged us to more fully explore the evidence base in archives that researchers can draw on to analyze development.

We have chosen to reprint the keynote address in full but to provide only summaries of the other papers, which we hope the authors will publish in journals of their choice. An illustration from the World Bank Group's archives accompanies each entry. While we emphasize the resources in the World Bank Group's archives, we also point to the important archival holdings of our sister institutions the International Monetary Fund and the United Nations as well as many other archives around the world. We hope that by offering this small sample of the archives' holdings and the important research they can support, we will encourage researchers from many disciplines to use the evidence that the archives preserve.

A final word of thanks to a few people who made the workshop possible through their constant support and guidance: Jean-Jacques Dethier in the World Bank's research department for sharing his knowledge and believing in archives

and history; Michael Woolcock, also in the World Bank's research department, for fostering the dialogue between history—the past and the discipline—and development policy; Hassane Cissé in the Bank's legal department for his openness to looking at the past as a driver of innovative, evidence-based decision making; Giovanni Zanalda at Duke University for advice, hands-on work, and encouragement throughout the process; Trudy Peterson, who inspires the work of the World Bank Group Archives team every day with her years of leadership at the National Archives of the United States, the Open Society Archives, and the United Nations High Commissioner for Refugees Archives and with her contribution to building and preserving Truth Commissions archives to keep the evidence alive for the rights of people; and Denis Robitaille, the Bank's Chief Information Officer for Operations and Knowledge, for believing in this unusual project and never letting us down. Without the skilled and dedicated work of Gale King and the knowledge and dedication of staff in the World Bank Group Library & Archives of Development, neither the workshop nor this publication would have seen the light.

Elisa Liberatori Prati

Chief Archivist

The World Bank Group

Delivering Results by Harnessing Knowledge

Despite periodic global imbalances and supply shocks, the world has seen big improvements in living standards and a sharp decline in poverty since the 1990s thanks to the economic performance of such countries as China, India, Brazil, and Indonesia. With ample global liquidity and low interest rates fueling strong global growth, many client countries have found themselves in less need of World Bank Group financing. But these countries have maintained, to varying degrees, active partnerships with the World Bank based on analytical and advisory activities. Indeed, World Bank partnerships have consistently evolved toward more such activities even as lending to many middle-income and all low-income client countries continues.

The World Bank has been cognizant since the late 1990s of the key role of knowledge for development and the need to rebalance its services by shifting away from a predominant focus on lending toward more effective use of country experiences and global knowledge to meet client needs. The Bank started repositioning in 1997 and was reorganized in a matrix management system—seen as a more effective means of leveraging the Bank’s global knowledge, its technical sector know-how, and its country-specific expertise from lending and policy advice.

To improve its agility in capturing and sharing the knowledge embedded in its lending services, the World Bank Group has now embarked on major reforms, known collectively by the phrase “mastering the science of delivery,” introduced by President Jim Yong Kim. These include developing ways to track progress and measure success and establishing routines and crisis management approaches in order to transform the Bank into a “solutions bank.” In advancing the emerging

field of delivery science, the World Bank Group will help its partners learn from one another and maximize the impact of every dollar spent to end poverty and promote shared prosperity. Because of its convening power and amassed knowledge on what works and what does not, the World Bank Group can make huge strides in delivering results.

Understanding development successes and failures is essential in this process, and this is where the role of the World Bank Group’s archives becomes important. The World Bank influences development through its projects and through the policies that it advocates, and mining the archives is critical in better understanding the role of specific ideas and technical solutions promoted by the Bank—and where and why they have succeeded or failed. The number of issues to consider is almost as vast as the dimensions of development.

Providing professional researchers access to the archives can generate new ideas and new ways to look at problems, benefiting the entire development community. Good examples include Jeremy Adelman’s recent biography of Albert Hirschman and Michele Alacevich’s study of the Currie Mission in Colombia and the early years of the World Bank; the work of economists looking at time series of agricultural prices, fuel prices, or exchange rates over long periods under different fiscal and monetary regimes; and the work of economists, anthropologists, or historians on the Narmada Dam in India, on the effectiveness of conditionality, or on resettlement policy in Indonesia.

This is why the Development Economics Vice Presidency is proud to partner with the World Bank Group Archives in initiatives to explore the historical evidence based in archives—evidence that researchers can draw on to better understand development policy.

Jean-Jacques Dethier

Research Manager, Development Economics
The World Bank

Legal Interpretation at the World Bank: Learning from History to Help Shape the Future

Any modern system of law with claims to legitimacy depends critically on access to its own recorded history. If law is to be respected, it cannot be conjured out of thin air. Rather, it must evolve in a principled fashion in reference to its own history. A lawyer identifies what the law is, or what it will become or should be, through a deep understanding of all the law that has come before. That is the essence of the familiar doctrine of precedent.

Most of this history exists as words, in one form or another. Despite all the tremendous advances in digital technology, the business of law will never stop being about words, because so much of law's history exists solely as words: words scratched, written, typed, or uploaded on cave walls, tablets, paper, or the digital cloud. The preservation of these words, in the form of archives, is fundamental to the legitimacy and operation of the law.

This is true of any modern legal system, but all the more so in the case of the World Bank. The World Bank as an institution exists in a unique legal universe that has been shaped by the need to interpret the Bank's Articles of Agreement and understand the scope of its mandate and mission in a changing world. The role of the Bank's lawyers is to develop sound legal solutions to enable the institution to successfully respond to the evolving needs of its members and address new challenges in a way that remains true to its Articles of Agreement and to general principles of international law.

With every new legal issue that is addressed in the course of the Bank's development work, the Bank's body of law expands.

The history of the creation of this *sui generis* legal system, and therefore the existence of the system itself, depends greatly for its preservation on the work of the World Bank's archivists. The World Bank is the custodian of its own history. As the presentations summarized here demonstrate, it is to the archives that the Bank's lawyers must go when they are asked to help address complex legal challenges in Bank operations. All the legal opinions issued by successive World Bank general counsels are based on a rigorous study and analysis of history and legal precedents in the Bank. Whether dealing with the issues of governance, anticorruption, debt relief, criminal justice, anti-money laundering, or postconflict reconstruction, these opinions referred to history to better understand the present and help chart a sound new course for the future. International development is an immensely complex field that constantly presents new challenges and lessons that must be recorded if the Bank and the development community are to learn from them. As lawyers in the Bank, we are heavy users of the archives and happy to partner with the World Bank Group Archives to raise awareness of this important resource for development knowledge and solutions.

Hassane Cissé

Deputy General Counsel, Knowledge and Research
Legal Vice Presidency, The World Bank

Keynote Address

Glance Back, Drive Forward: Reflections on the World Bank's History



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In a sense, the history of changing ideas of development is most encapsulated and embodied in the history of the World Bank itself

The title of this talk relates to one of my first interviews with former World Bank president Robert McNamara, conducted for the book *The World Bank: Its First Half Century* (Washington, DC: Brookings Institution Press, 1997). My coauthors and I were asking him about various incidents, and he would spend barely a minute on our question and then shift the topic to what he was doing then, such as agricultural development in Africa (his passion at the time).

Reflecting on this, one of my coauthors, John P. Lewis (who had briefly served with McNamara in the Kennedy administration), remarked that if McNamara were to drive a car, he would almost never look back through the rearview mirror.

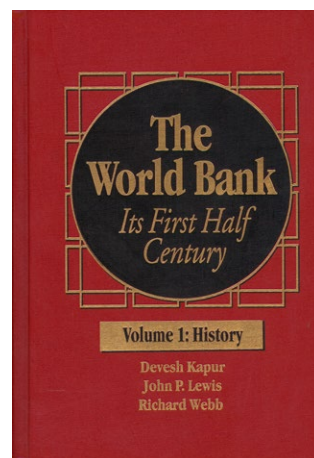
A few years later, as we were nearing completion of the book, a new president of the World Bank came in and he invited us to his house. He said that he wanted to learn from the history. So we went there, and as soon as we sat down he said, "Well, let me tell you the 10 things I'm going to do, all these innovations." So he went through the 10. I, being much younger then and therefore much

less prudent than my coauthors, unwisely went through each of the 10 innovations and how and when the Bank had already tried them and with what consequences . . . at which point the interview was over and we left.

What that experience taught me is that by definition

everything is innovative if there is no history. Without history, there is no past; everything is new.

I have to confess that writing the Bank's history was personally expensive for all of us. We weren't paid in the last year and it was financially hard. But I have to say that it was the most fabulous intellectual experience anyone could have. Especially for me, as a young scholar starting off in his career, writing the Bank's history was like being a kid in a candy store. The sheer intellectual range—issue areas, countries, people whom one got to meet and interview, talk to, read about—was unparalleled, and I would never exchange that experience for anything.



I owe a deep debt of gratitude to many people in the Bank—and to its archives (and archivists) and a small treasure-house few people have access to, the Executive Directors’ Library, which also houses the transcripts of all the Board meetings. I still have warm memories of that archival experience. Some of you who are older might remember a person called Ernie Stern—perhaps one of the most powerful senior managers in the Bank’s history. I must have read around 24,000 memos by Ernie Stern alone. And I have to say that if you ever want to teach participants in the Bank’s Young Professionals Program how to write concisely and precisely—and sometimes with brutal frankness—get them to read his memos. For me, reading those memos was a wonderful way to learn about what was happening around the world—and in the Bank.

Demystifying the Bank

What I wanted to share with you is what we sought to do in writing the Bank’s history and my reflections on the broad themes, the principal threads as it were, of that history. I think first of all we wanted to demystify the Bank, in the sense of just laying it open more, especially to developing countries. Much to our regret, despite all the efforts and resources that went into writing the Bank’s history, for many years the book was virtually invisible. It was reviewed almost nowhere. We wanted to have it translated and brought out in cheap editions in the languages of the developing countries. That was the way to empower them, not by having it circulate in a very expensive edition that hardly anyone could afford. But that did not happen. Fortunately, now it is freely available on the web.

We also wanted to have a sense of what the Bank meant for its principal stakeholders—the borrowers and major shareholders. So we put together a parallel volume that looked at aspects of the Bank’s history from specific vantage points. Indeed, the usual parallel when we think about history is the Rashomon analogy that there is a subjectivity of perception depending on one’s vantage point. To this end we invited various well-known people to write papers on different subjects, whether a view

from capital markets, from a low- or middle-income borrower, or from a major nonborrowing shareholder. I have to say that the attempt was not very successful—in part because many of the authors had little access to related historical records on their end—and we had to put in a lot of effort to improve many of those papers.

That experience taught me two lessons: First, just because someone is a big name does not mean that that person can write thoughtful and well-researched papers. And second, the history of the development of many countries is better found in the archives of the Bank than in the countries themselves. The second fact should not be forgotten, for it tells how records are kept by countries themselves, how they think about their own histories.

Unlike for the first Bank history, in this case there was consensus that one of the authors should come from a developing country. Originally, the current prime minister of India, Manmohan Singh, was considered as a coauthor along with John P. Lewis, a Princeton University professor who had a long and distinguished career in the development field, especially in South Asia. The Bank, however, made the point that the expertise of both prospective authors was in South Asia and a more diversified expertise might be better. So Richard Webb, who had been the governor of the Central Bank of Peru and had worked at the World Bank in the 1970s, became the second coauthor. I joined as the head of research and gradually became the third coauthor. So that is the background on how I got involved in the project.

A History of Ideas

If we ask ourselves what the big themes of this history are, I think the fundamental guiding principle, what we sought to write about in this history, was a history of ideas—the ideas that have shaped development. In a sense, the history of changing ideas of development is most encapsulated and embodied in the history of the World Bank itself. What struck me then—and continues to strike me now—is how strongly the Bank, and the ideas that have shaped it, are rooted in and influenced by the

Anglo-Saxon world, whether through language or the enormous influence that university economics departments, especially in the northeastern United States, have always had and continue to have on the Bank.

In the 1950s planning (and planning models) was the flavor of the day among academics in the economics departments of elite northeastern universities (and in the United Kingdom). A quarter century later the same elite northeastern universities said what a terrible idea it was. If the Harvards and MITs were pushing planning in the Bank in the 1950s—fast-forward to 60 years later, the same small set of elite universities is shaping the latest new ideas (or fads, depending on one's point of view), such as randomized trials. In between there have been social cost-benefit analysis, general equilibrium models, cross-country regressions—ideas that have modest half-lives, alive only until they are pushed aside by the next set of ideas, all of which are as much about the incentives of academia as they are about development.

Make no mistake; I am not putting a value judgment on the interplay of ideas between academia and the World Bank. That's just the way it was. And I do believe that it continues to be like that, for better and for worse.

In the history of ideas, one of the things you see, then and now, is a perennial tension that the Bank has faced with respect to development: is it about people or countries? A poignant example is a personal memo that World Bank President Barber Conable wrote to then chief economist Stan Fischer, after returning from a trip to Africa that included a visit to a country in the Sahel. In the memo Conable said that this country was a giant sandbox—what could the Bank do there? Indeed, one could argue that the best thing the Bank could have done there was to give everyone in that country a one-way ticket out of it. And herein lies the problem. Should the Bank care about a country or about the well-being of the people of that country, whether they live there or somewhere else? But of course the structure of international organizations is such

that it is necessary to work with the countries first, and then with people.

This tension around sovereignty has also been reflected in perennial debates on governance and lending. Poorly governed *countries* are less deserving of Bank lending, but the *people* of the same countries are in greater need of lending—precisely because they need help to counter the adverse effects of poor governance. But more lending might simply be pouring water onto sand.

The Context Shaping the History

A second thread that runs through the Bank's history (and that was bypassed in the first official history of the Bank) is just how much its history until the late 1980s was shaped by the Cold War. This fact comes out repeatedly through that history. The person who really made the Bank in a sense, its second president, John McCloy, was serving as president of the Bank at the same time that he was also engaged in laying the foundations for the U.S. Central Intelligence Agency. Now that's a very interesting juxtaposition—something that would become impossible in later years. But it shows that in the Bank's early years the relationship for those at the top was seamless, and certainly the relationship between which countries to favor in lending and which not to was very much shaped by the Cold War-driven geopolitics. Given that relationship, it is not surprising that Keynes was insistent that the Bank not be located in Washington. He wanted it to be located in New York, believing that Wall Street's influence could be leveraged to counter political pressures from Washington, because he knew that location mattered and that the location would also shape influence.

If one looks back at the Bank's lending in the 1950s, it was directed almost entirely to the rim countries around the Soviet Union. Only after Castro came to power in 1959 did the Bank really begin to focus on Latin America. It made almost no loans to the region in the 1950s. In the 1970s, as the Cold War shifted to Africa, the Bank steered its course accordingly. This, of course, was valid only until

the end of the Cold War, but I think that it certainly affected the DNA of the institution.

The other part of the context that has shaped the Bank is the nature of the competition that it has faced. This began with the International Bank for Reconstruction and Development—IBRD. The *R* was dropped almost immediately, as soon as competition from the Marshall Plan drove the Bank out of the business of reconstruction in war-ravaged Europe. In the 1950s the biggest potential competitor was the U.S. Ex-Im Bank, and the Bank's management lobbied hard to try and shut it down. In the same decade the Bank also lobbied hard against the creation of IDA (the International Development Association). But once it became clear that such a fund might be lodged in the United Nations, the Bank turned around and brought IDA under its umbrella. The Bank did not take competition from regional development banks seriously until the 1990s, by which time several of them had grown to a comparable size in their region.

Throughout the Bank's history its relationship with foreign aid has been mixed. As a coordinator of and secretariat to the DAC (the Development Assistance Committee of the Organisation for Economic Co-operation and Development), the Bank has welcomed the complementarity of foreign aid to its own role. But the relationship has been contentious as well, with the Bank believing that the foreign aid driven by foreign policy concerns crowded out the discipline that the Bank sought to impose on its borrowers. And of course the biggest competition in the 1970s and around the 2000s was financial markets. One can't understand the Bank's nonperformance in Latin America in the 1970s unless one realizes how easily the region's countries could access global finance from private banks, desperate to recycle their huge surpluses of petrodollars. And I'm absolutely sure that in the next phase of the history of the World Bank we'll be looking at the competition from China.

The Search for Autonomy

A third theme that emerges from our history is the agency of the Bank. How autonomous is the Bank

in doing what it wants to do? What are the forces from which it seeks autonomy? And I have always felt that this is not well understood: a key trait of the Bank that has shaped its autonomy has been its financial design. Indeed, for any organization, financial autonomy is the key to functional autonomy. That was one reason why the Bank, in the early decades, worked very hard to prove itself as a bank, and there were numerous occasions when the Bank's management balanced the influence of the White House and the Treasury with counterpressure from Wall Street.

But the United States had less leverage in the day-to-day running of the Bank than is commonly understood, and even less in later years. The influence was more strategic: shared understandings on country and sectoral priorities and no-go areas, on the scale and timing of capital increases, and of course on the selection of the Bank's president and often its senior management as well. By itself the United States could not vote down loans or the annual budget, which has by and large been a consensus affair.

Surprisingly, except for one incident that I'm aware of, the Board of Executive Directors has not used the annual approval of the budget to pressure the Bank in any significant way. That exception was in 1986, when Barber Conable had just joined as the new president—and it was meant as a signal that led to the major reorganization of 1987, which was a traumatic experience for the Bank.

The critical pressure point on IBRD has been at the time of capital increases. In each capital increase major shareholders have sought to shape or reshape the Bank's policies. But because capital increases occur so rarely (just four times in the case of IBRD: in 1959, 1979, 1988, and 2010), major shareholders have looked to other mechanisms to pressure the Bank.

Two additional points relating to the Bank's capital are worth noting. First, the importance of the paid-in portion of the Bank's capital in its equity declined over time, and annual transfers from net income became the principal source of increases in the Bank's equity. And second, the comfort afforded

to capital markets by the callable-capital portion of the Bank's capital waned over time with the realization that if it were ever called all bets would be off. Instead, borrowers' scrupulous record in servicing their debts became more important. These trends, however, were not reflected in concomitant changes in the Bank's shareholding.

What fundamentally changed the Bank's search for autonomy, as well as what it sought to do with it and how it sought to achieve it, was the creation of IDA. While IDA allowed the Bank to expand both the scope and the scale of its lending, it also—if one simply scrambles the letters—made the Bank in some respects like AID (the U.S. Agency for International Development), politicized and bureaucratized. The pressures on the Bank from major shareholders grew over time, and the window through which those pressures arrived was the replenishment of IDA.

If larger nonborrowing shareholders have used capital increases and replenishments to advance their agendas, smaller nonborrowing shareholders have given the Bank "trust funds" to lubricate their own. While trust funds undoubtedly have some beneficial effects, they do subvert the governance of the institution, since they mean that the budget approved by the Bank's Board does not fully reflect the institution's operational priorities. It is interesting that the Bank has always been careful about telling developing country members about the dangers of off-budget financing and its implications. Trust funds in some sense are really no different than off-budget financing.

The Role of Contingency

A fourth theme that emerges in the Bank's history is the role of contingency. The social sciences are not very comfortable with contingency because science is science and one should be able to generalize. But whether in the histories of individuals or organizations, contingency plays a far bigger role than we think. And I will tell you a story that illustrates this. I could make a case to you that the reason I'm standing here is the PLO (the Palestine Liberation Organization). Why would you think that the PLO has anything to do with it?

Well, in 1980 the PLO applied for observer status at the World Bank–International Monetary Fund meetings. The Bank had rapidly expanded lending under McNamara in the 1970s. But in the aftermath of the 1979 (second) oil shock it was being shut out of global capital markets. In the early decades the Bank, under its Articles of Agreement, needed a country's approval to borrow in its capital markets, and at this time the Bank's borrowing program was facing constraints. IDA was once again being argued on Capitol Hill. McNamara, who was never very popular on the Hill, desperately needed to get IDA through as well as a much-needed capital increase. The last thing he wanted was for the PLO to attend the annual meetings in Washington, which would have sent members of Congress into apoplexy.

Under the rules of the Bank at that time, the Board of Governors had to approve any entity's request for observer status. Let us just say that the voting process was handled creatively, and the decision not to invite the PLO went through with the narrowest of margins. This led to strong reactions among the PLO's supporters. Later, amid the uproar, a committee chaired by Robert Muldoon, then New Zealand's prime minister, was appointed to review the electoral process, which had clearly been shaped to get the desired outcome.

With the PLO denied permission, McNamara had dodged a bullet in Congress, but he faced another problem. The only countries that then had the money to support the Bank's growing borrowing program were Middle Eastern countries, especially Saudi Arabia. The Bank was negotiating a large borrowing from the Saudi Arabian Monetary Agency, and the Saudis were furious at the way the Bank, as they saw it, had (mis)handled the PLO observer vote. Now one interesting thing—and I'm sure many of you are aware of this—is that when important countries become upset at the Bank, one way that the Bank has tried to placate them is to give them a senior management appointment.

Indeed, this incident had several consequences. Around this time the Bank's chief economist, Hollis Chenery, was stepping down, creating an opening. The search committee that was formed

recommended Michael Bruno, the governor of the Bank of Israel and an Israeli citizen. At that point in time this choice was not going to go down well. So Bruno was passed over (he would become chief economist of the Bank a decade later and the PLO would be invited as an observer in 1994, following the signing of the Oslo Accord between Israel and the PLO), although there were some other factors as well. Anne Krueger became chief economist instead, and her staunch pro-market views had significant effects on the Bank's intellectual role. Important for my purposes—and the reason that I am standing here—is that Ibrahim Shihata (who was from Egypt) was appointed as the Bank's general counsel, the first from a developing country.

Shihata was one of the most influential general counsels of the Bank and the architect of the Multilateral Investment Guarantee Agency. But he also played a key role in protecting the writing of our official Bank history. Under the terms of the contract that was signed when we began to write the history, we had full access to all Bank documents and correspondence. But the Bank retained the right to ask the authors to excise any direct quotation that might adversely affect relations with a member country. My coauthors and I felt that we wanted to tell the history by using as much as possible what the Bank's staff and management had produced—the countless memos and reports. In other words, by using the Bank's own words rather than simply putting our interpretation on them.

So we decided to force the issue not by having a few quotations but by having thousands of them, because if the Bank decided to kill direct quotations, it would have to kill the entire official history. Shihata was sympathetic to the idea, and despite the pressure he strongly backed us and ensured that we were not asked to cut any quotation or change any interpretation. And so the role of contingency, the PLO, and the Bank's history are interlinked. Now one could always argue that with any contingency, as with all histories, we never know what the counterfactuals would have been. And that, of course, always makes for interesting discussion.

Institutions and Organizations

A fifth theme that emerges is the distinction between institutions and organizations. The role of institutions in development has received much attention in the past two decades. One can think of the Bank (along with the International Monetary Fund and the United Nations) as part of the postwar institutional architecture of global governance. But if one closely examines the internal workings of the Bank—that is, the Bank as an organization rather than in its institutional guise—one gets the sense that institutions might be the skeleton but that organizations provide the flesh and blood. While numerous institutions have been set up, few have developed the organizational capabilities and competencies that make them actually function over the long term. (One can have an independent central bank with all the formal features that economists love. But if one puts a bunch of monkeys in charge of an independent central bank, that independence will be moot.)

It is this singular feature of the history of the Bank as an organization—how it grows over time, its much greater diversity in terms of nationality or gender or the country of location of staff. But as the Bank grows, its history is also a story of how the very success of earlier years propels it into becoming a much larger organization, and as that happens the barnacles of bureaucracy begin to encrust the institution with procedural fealty. The Bank began to OD on ODs (Operational Directives). (Having to read these was by far the most painful part of writing the history.) While multiple bureaucratic layers and complex systems and procedures are inevitable for large organizations, they do have an adverse impact on creativity and particularly on the willingness to take risks. Taking swipes at bad projects is easy; knowing the costs of not undertaking good projects because of greater risk aversion is much harder.

Thinking about Performance and Accountability

This leads me to my sixth historical thread: how should we think about the Bank's performance and accountability?

After I wrote my first draft chapter, my senior coauthors each took me out for lunch. I was much younger than they were, and my first draft was very critical of the Bank: this has failed, that hasn't worked, this was oversold, and so on. Richard Webb returned my draft with the pages swamped with red ink. He said that I should consider taking out every adjective and adverb—their abundance signaled that I was being intellectually lazy. The adjective and adverb, he argued, must come into your readers' minds from the strength of evidence and the logic of the argument rather than by being force-fed to them.

My other coauthor, John P. Lewis, who had worked on development for nearly four decades, like a good American used a sports analogy. He said, suppose someone from Mars came down and was taken to a baseball game. And someone said, look, this guy is a tremendous hitter; his batting average is .350. The man from Mars would say, my God, a 65 percent failure rate! And Lewis said, look, only if you know how hard the game is would you appreciate that a batting average of .350 is actually pretty darn good. If development were easy, why would one need the Bank?

One of the things, of course, about the Bank is that it succeeds best in countries that need it the least: the Chinas, Japans, and Koreas. And it fails most, of course, in the countries that need it the most—but where others fare scarcely better.

A bean-counting approach to performance outcomes can have its own perverse effects. This happened in the 1990s, when we were writing the history, and made the Bank much more risk averse than it had been and in some ways less intellectually honest about the development enterprise. It failed to defend the position that development necessarily entails risks and trade-offs and hence failures are inevitable. How does one know whether doing 10 projects painstakingly, with all the bells and whistles that lead to "success," is better for the overall development enterprise than doing 20 projects with a 30 percent failure rate? Is it more fruitful to think less about failures per se and to

think carefully about who bears the cost of those failures?

An important indicator of the Bank's performance—but one that cannot be picked up through more quantitative analysis of the Bank—is its role in killing off bad projects. Only if one looks carefully into Bank documents does this unheralded contribution of the Bank become apparent, since almost by definition a project that is nixed does not show up in official performance indicators. An issue much debated today might help illustrate this point: the Bank's role in combating corruption.

Some have argued that the Bank did not pay attention to this key issue in the early decades. One explanation may be that it did not do so because corruption wasn't that big a deal then. A second explanation might lie in the changing perception of the sacrosanct nature of sovereignty and the willingness of the international system to question its limits. A third might be that even when the issue's salience was becoming apparent, the Bank took an ostrich-like approach and simply tried to ignore it.

The historical record is more complex. To take an example: In the early 1950s a senior manager of the Bank visited Cuba and met with Batista, the then president. At a managing committee meeting he reported back, saying that since "Batista is a corrupt bastard" the Bank should not give him a cent. That was it. There was no thick report with multiple annexes and chest-thumping.

Indeed, in the early years specific lending decisions drew considerably on staff with deep sectoral experience. Thus the documentation making the case for the first loan to a developing country—to Chile for electric power—was just a few pages. Decades later the documentation for Bank-financed electric power projects would be far thicker. Yet there is no evidence that the later projects performed better than the first. One could argue, of course, that one is comparing apples with oranges. But this example also tells a little about the changing human capital composition in the Bank. People with deep sectoral experience gradually got pushed out, especially by economists after the creation of the Young Professionals Program.

To return to our discussion on corruption, one of the most striking transcripts is of a conversation of McNamara with Indonesian president Suharto in the late 1970s. The technocrats in Indonesia (the so-called Berkeley mafia) had become worried about the mounting levels of corruption. Recognizing their own limited influence on the president, they tacitly asked the Bank to quietly try and warn Suharto. The only person with the stature to deliver this message was McNamara, who flew to Jakarta. The transcript of the conversation is fascinating as McNamara appeals to the nationalism in Suharto and warns of the dangers of the “cancer of corruption” to the Indonesian nation. One of the major differences over the decades is that while controversial messages in earlier years were more likely to be delivered in private, since the 1990s they have been given more publicly, reflecting in part the greater transparency in public institutions.

The Question of Comparative Advantage

This leads me to my seventh thread, a question that has been raised periodically in the Bank’s history: what is the Bank’s comparative advantage? Where does it lie (countries, sectors, issues), and should the Bank try (or has it tried) to develop a more dynamic comparative advantage? The question is not just about what it should do (which countries or sectors) but the modalities of engagement. Provide money or advice—or a combination of the two, and if so, in what proportions? Deliver important messages in private or in public? We live in an age with far greater pressures to be more public and to disclose information much more overtly. But has that come at the cost of candidness, leading to anodyne fluff? How close to the client should the Bank be? After all, there is a slippery slope between embeddedness and capture. And with “stakeholder” terminology proliferating, who is the client?

The Iron Law of Unintended Consequences

The last theme that emerges through the Bank’s history is the “iron law of unintended consequences.” At the time we were writing the history, the “Washington Consensus” was much in vogue. Since then many have sharply criticized it—indeed, a whole industry has grown up around trying to slay the “neoliberal monster” that the Washington Consensus supposedly gave birth to.

The Washington Consensus—with its emphasis on global integration, rolling back the state, and privileging the role of markets and the private sector—came toward the end of the Latin American debt crisis and the beginning of the collapse of the Soviet Union. It reflected an “end of history” moment, with the West at the zenith of its power. The creation of the World Trade Organization with an agenda reflecting the West’s preoccupations, the multiple financial crises afflicting developing countries in the 1990s (the Mexican, Asian, and Russian financial crises)—all seemed to reaffirm the West’s dominance and the advancement of its hegemonic agenda about economic development through multilateral institutions that it controls and influences the most (the Bretton Woods institutions and the newly created World Trade Organization). And of course the Bank was very much a part of this.

Fast-forward to a decade and a half after the 1997 Asian financial crisis, as “the rise of the rest” and the relative decline of the West have become the new conventional wisdom. Could it be that the Washington Consensus was the best thing that happened to developing countries at a meta-level, reshaping the locus of global economic power in ways that the forces most gung ho about pushing it on developing countries never imagined?

I’ll end with two thoughts. Be careful about any teleological interpretation of history—or of development. And be careful about what you ask for—sometimes you might get it. And sometimes you have to be careful about whom you ask to write your history.

SESSION CHAIR



William H. Becker

Professor of History and Chair of the Department of History, George Washington University

William H. Becker is a professor of history and chair of the department of history at the George Washington University. His research and teaching interests are the history of business, business and public policy, the history of the international economy, and the history of large-scale organizations (such as the World Bank, the Export-Import Bank of the United States, NASA, and the Rockefeller Foundation). He is the author or coauthor of six books and was also the general editor of the *Encyclopedia of American Business History and Biography*. His most recent publication is *Eisenhower and the Cold War Economy* (Johns Hopkins University Press, 2011).



From Bank to Development Agency:
**IMPLICATIONS FOR THE
WORLD BANK'S MISSION,
GOVERNANCE, AND POLICY**

SESSION 1

- **Kathryn C. Lavelle**—*American Politics, the Presidency of the World Bank, and Development Policy*
- **Michele Alacevich**—*Not a Knowledge Bank: Economic Research at the World Bank in the Early 1950s*
- **Alain de Janvry** and **Jean-Jacques Dethier**—*The World Bank and Governance: The Bank's Efforts to Help Build State Capacity*

American Politics, the Presidency of the World Bank, and Development Policy



Kathryn C. Lavelle

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What does the selection of the World Bank's president by the United States mean for the relationship between the organization and its largest shareholder?

Several recent studies in a variety of social science disciplines have pointed to the connection between domestic American politics and the World Bank, a connection that seems to be particularly strong given the relationships between Bank leadership and the American political class. Yet few works explore the nuances of these politics as they are situated among the branches of U.S. government in which visions of development have emerged over time.

Taking the view that policy is far from consistent across the U.S. government, I argue that the political game is far from over even after the president makes a direct decision in either the U.S. government or the international organization. Decisions are often ignored or reversed within the American policy process. World Bank presidents do not seek the same goals as American presidential administrations once they move out of the domestic sphere and into the international one.

Through the prism of the selection and networks of four Bank presidents, this paper evaluates the influence of U.S. politics on development policy thinking and practice in the Bank during the tenure of those presidents: Eugene Meyer, Eugene Black,

Robert McNamara, and James Wolfensohn. I propose that use of the historical narrative provides a good method to investigate this topic—and particularly the use of archival materials, because they allow the researcher to examine different points of view from different documentary sources.

The four case studies ask what view of development policy emerged in the Bank during each Bank president's historical period and how it was informed by actors in the U.S. presidential administration and major congressional figures active on Bank policy. The primary evidence comes from the oral histories conducted by each of the four men with the World Bank Group Archives and their archival correspondence files. Supplementing this information are other primary sources and histories of the men, their work, and their contributions to the institution and development policy.

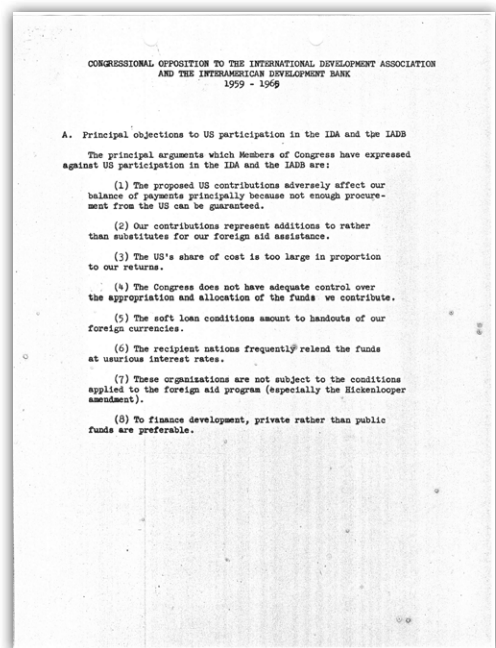
What insight emerges from a comparison of these four cases? American presidents have no doubt influenced the trajectory of the Bank and thus global notions of development. Yet the circumstances accompanying weighted voting, and thus the Bank's U.S. executive director controlling the largest bloc of votes, have resulted in outcomes

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not easily categorized outside their historical context. The early clash between Meyer and U.S. Executive Director Emilio Collado that contributed to Meyer's early resignation as Bank president, combined with the desire of the U.S. foreign policy establishment to tap New York capital markets, resulted in a weaker board than the Bank's Articles of Agreement might suggest.

Nonetheless, the Bank's transformation from a bank to a development agency can be associated with the desire of two of the presidents to seek a high degree of independence from the U.S. government. McNamara and Wolfensohn, the two presidents with the most extensive political networks before their appointment, used these connections to increase the Bank's institutional independence as a development agency.

In these later examples partisan politics play a role in U.S.-Bank relations, but one that could be interpreted as creating more "space" between the government and the international organization. This has been the case particularly when a Bank president is appointed by a presidential administration from one political party and that administration is then followed by one from the other party—resulting in a new U.S. executive director appointed by a different party, who reports to a Treasury official from that party. Thus U.S. partisan politics do not necessarily tie the Bank more closely to the



Records of the Presidents of the World Bank are some of the most heavily used records in the Archives. Lavelle's paper examines four presidents; this illustration is one item she used in her research. Joseph Bowman on behalf of Henry Fowler, Secretary of Treasury, to Robert McNamara, April 28, 1968, enclosing "Congressional Opposition to the International Development Association and the Inter-American Development Bank 1959-1969"; General Correspondence; WB IBRD/IDA 03-04, Office of the President, Records of Robert McNamara; 309676B, World Bank Group Archives

hegemonic power within it through the selection of its president by the United States.

Kathryn C. Lavelle's paper is available as Policy Research Working Paper 6377 (World Bank, Washington, DC, 2013).

Not a Knowledge Bank: Economic Research at the World Bank in the Early 1950s



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Today economists are the largest and most powerful professional group at the World Bank. But in the early 1950s they were a marginalized minority

Development economics emerged as a discipline in the aftermath of World War II. Decolonization had given birth to many newly independent countries, virtually all very poor; meanwhile, the onset of the Cold War generated a competition for influence in developing countries, which turned their development into an international priority. The birth of development economics dovetailed with the reorientation of the International Bank for Reconstruction and Development—today known as the World Bank—from supporting European reconstruction to funding development policies worldwide. Not surprisingly, the Bank as an institution and the intellectuals who pioneered the new discipline often crossed paths, and it is fair to say that the Bank and development economics are part of the same story.

Indeed, one would think that the Bank was a natural incubator for development economics: it quickly became the largest international organization dedicated to fostering development in the developing world. In addition, the Bank had a lively

Economic Department, whose studies often provided essential knowledge on the economic conditions of developing countries and informed the Bank's development policies. The Economic Department in those early years, like its successor today, was an important actor in the decision-making process at the Bank. Yet while the Bank was very active in development policies worldwide during its first 20 years of life, it was remarkably silent in the field of development economics.

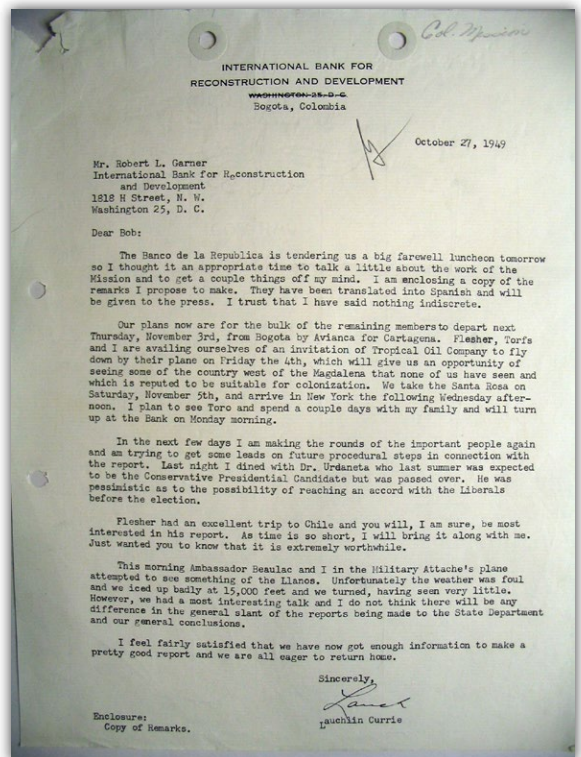
This apparent paradox can be explained by observing the early parable of the Bank's Economic Department: after a lively and stimulating beginning—or perhaps *because* of its lively and stimulating beginning—the Economic Department was marginalized and then eliminated. In the Bank's first 15 years of life the institution's main competence shifted toward engineering and, conversely, the importance of economists diminished. This ultimately led to the elimination of economic research from the Bank's activities. Economic research at the Bank was slowly revived

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only in the late 1960s, and more convincingly in the early 1970s.

The early activity of the Economic Department marks a particularly important phase of the early institution-building process at the Bank: the shaping of a distinct mind-set toward policy issues that set the Bank's Economic Department apart from other departments and the Bank's senior management, and the progressive irreconcilableness between economists and top management due to different visions for the Bank and its role.

Today the World Bank is without doubt a predominantly economic institution, and economists are its largest and most powerful professional group. In the early 1950s, however, economists were a marginalized minority, and as history shows, different professional groups interpreted the Bank's agenda and priorities in different ways. The recent change in leadership at the Bank signals that the institution is changing again. This does not mean that the Bank's economists are at risk of again becoming an endangered species, but it is a good time for the Bank to reflect on the benefits of embracing disciplinary diversity within the institution.



Records of the Bank's work in countries around the world are the heart of the Bank's archives. Alacevich used the headquarter's records of the Bank's early work in Colombia. Letter, Lauchlin Currie to Robert L. Garner, October 27, 1949; Colombia, General Survey Mission (CURRIE), 1949-1952; WB IBRD/IDA 01 Country Operational Files, 1946-1998; 819729F; World Bank Group Archives

The World Bank and Governance: The Bank's Efforts to Help Build State Capacity



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Why doesn't the World Bank focus its efforts on helping poor countries build state capacity? Part of the reason may be political

The World Bank's effectiveness is based not just on proposing investment projects and policy reforms but also on assisting developing country governments in designing and implementing these projects and reforms. Reviewing research and project documents from throughout the Bank's history, we find that the Bank recognizes the importance of the state for its effectiveness and has recently made efforts to improve the governance capacity of developing countries. Yet the Bank's performance in this area has been weak—with high costs for its effectiveness. What explains this relative failure?

Outlining some conceptual underpinnings for the view that an effective state is essential for development, this paper underscores the need for a wide range of government actions to foster inclusive growth. Developing country governments are unlikely to successfully absorb large amounts of aid if their capacity is not significantly increased. We argue that donors should focus on building capacity in such key areas as revenue mobilization, public spending, macroeconomic stability, basic infrastructure, financial systems, and basic legal and regulatory structures. Efforts should concentrate on a limited reform agenda that is both

economically sensible (and mindful of sequencing issues) and sociopolitically feasible.

The thinking at the Bank about the role of the state in developing countries has evolved over time. To simplify the history of this process, we distinguish four phases: From its creation in the 1940s until the early 1960s the Bank held fairly standard conservative views about what governments should and should not do. During the McNamara years the Bank envisaged a proactive state. During the 1980s, with more conservative bankers as presidents, this changed—government failures were seen as characteristic of developing countries and the motto was “getting prices right.” Since the 1990s state intervention has gradually recovered its legitimacy—though this global assessment must be nuanced—and the emphasis has been on “creating a favorable business climate,” with a healthy dose of skepticism toward industrial policy interventions and even the regulation of major economic sectors.

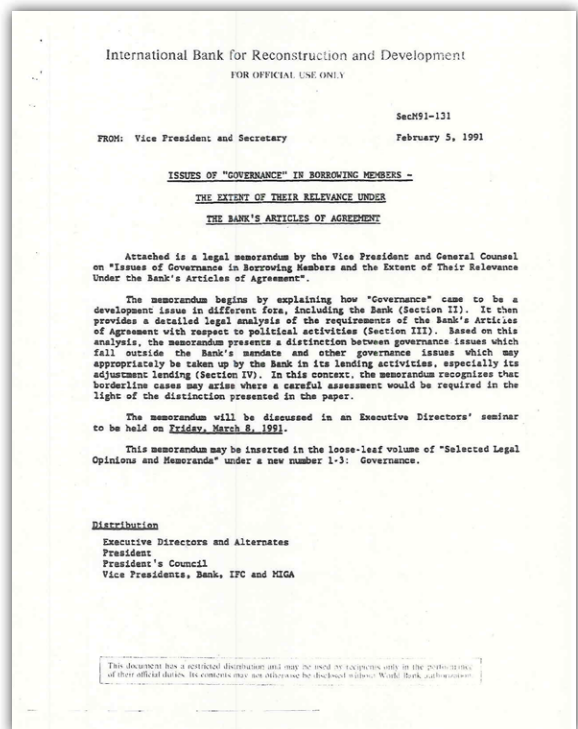
Through a historical narrative of the Bank's changing approach to country assistance, we show that the Bank has taken governance issues increasingly seriously. It has embedded governance-related components in projects and programs—but with

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insufficient support to enhance the capacity of governments. There is thus a disconnect between the Bank's rhetoric and advocacy around effective government and actual results.

We propose an interpretative thesis on why the Bank has performed poorly in building state capacity, focusing on the two main reasons that have been advanced. The first is lack of knowledge on how to proceed. If this were absolutely true, it would mean that the Bank would be doomed to failure no matter what it did. Economists have limited wisdom about transforming the state into a development instrument—and this calls for more research and experimentation. Yet enough is known to achieve at least some progress in building capacity and improving the quality of governance.

The second reason is reluctance by Bank leadership to promote a proactive state, and here our interpretation is political. It involves unwillingness to promote state support to avoid stakeholder divisions, delegation of decision making and budget authority to country offices, and a lag in increasing Bank support to the state in response to growing demand from clients. Support to governments is a divisive issue among Bank shareholders—particularly between the United States on the one hand and European and Asian countries on the other. It is therefore an issue that is ignored or left unresolved for internal political reasons, with the



For its first forty years, the Bank maintained a central file for records that related to topics other than work in a country. This item, from the central file on "Development," shows the Bank's internal debate over the role of the Bank's resident representatives in countries and what kind of advisory and technical services they should perform. Memorandum, O. J. McDiarmid to Joseph Rucinski, November 14, 1960; Development – General V; WB IBRD/IDA 02 Central Files 1946-1986; 183995B; World Bank Group Archives

president and his managing directors unwilling or unable to exercise sufficient authority on the matter.

SESSION CHAIR



Pamela Cox

Senior Vice President for Change Management, World Bank Group

As the World Bank Group's senior vice president for change management, Pamela Cox is responsible for leading the Group's reform efforts, for coordinating and sequencing all change initiatives, and for overall internal and external communications around the change agenda.

Until December 2012 Ms. Cox was regional vice president for East Asia and Pacific, leading the World Bank's strategy in the region. She oversaw a portfolio of more than US\$30 billion in loans, grants, credits, and trust funds, coordinating and supervising the activities of more than 1,000 staff. From January 2005 to December 2011 Ms. Cox served as regional vice president for Latin America and the Caribbean, guiding a strategic shift to reposition the Bank as a key development partner among diverse clients seeking a variety of knowledge and financial services.

Earlier in her career Ms. Cox was a Bank economist working on agricultural and environmental issues in Africa, South Asia, and Latin America. From 2000 to 2004 she was director of strategy and operations in the Office of the Vice President for Africa. From 1996 to 2000 she served as country director for South Africa, Botswana, Lesotho, Namibia, and Swaziland.

Ms. Cox, a U.S. citizen, holds a doctorate in development economics and policy and a master's degree in law and diplomacy and development economics from the Fletcher School at Tufts University in Boston, Massachusetts, and a bachelor's degree in international studies and international economics from Reed College in Portland, Oregon.



Constructive World Bank–Client Partnerships: THREE CASE STUDIES

SESSION 2

- **Rahul Mukherji**—*The Role of the World Bank Group Archives in Research: Finding the Tipping Point in Economic Ideas in India*
- **Giovanni Zanalda**—*A Constructive Partnership: The World Bank and the Republic of Korea Early in the Country's Economic Takeoff*
- **W. J. Dorman**—*Urban Development in Cairo, 1976–93: The Perils of “Everyday State Building” in the Arab Republic of Egypt*

The Role of the World Bank Group Archives in Research: Finding the Tipping Point in Economic Ideas in India



Rahul Mukherji

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Archival evidence helped establish the importance of homegrown ideas in engendering persistence and change in Indian economic institutions

The World Bank Group Archives played a pivotal role in my research on economic thinking and change in India. The research has produced two substantial publications: *Globalization and Deregulation: Ideas, Interests and Economic Change in India* (New Delhi: Oxford University Press, forthcoming); and “Ideas, Interests, and the Tipping Point: Economic Change in India,” *Review of International Political Economy* 20, 2 (2013): 363–89.

The book and paper argue that it is important to locate the role of economic ideas within the policy community both in judging how India would respond to foreign pressure at the time of a balance of payments crisis and in understanding institutional change in the country in 1991. Change in economic institutions embracing or opposing industrial deregulation and integration with the global economy ultimately depended on the dominant ideas held within the government—ideas about what economic principles would work best in promoting India’s economic growth. I have argued that ideational change in India followed a tipping point model, in which slow-moving endogenous changes “tipped

over” to what appeared to be radical change at the time of a balance of payments crisis in 1991.

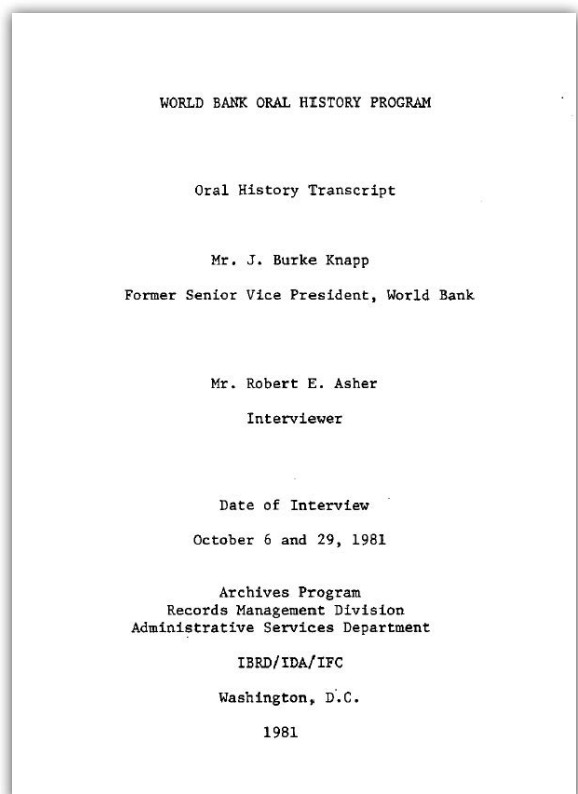
To make the case for this model of economic change, it was important for me to establish what the dominant ideas of the day were at the time of India’s two most severe balance of payments crises, in 1966 and 1991. I argued that in 1966, when ideas within the government favored import substitution, India did not deviate from that model despite pressure from the World Bank and the United States. In 1991, however, ideas that had evolved since 1975 suggested that private sector participation and integration with the global economy had to replace India’s state-led autarkic industrialization. The balance of payments crisis of 1991 constituted a tipping point: the executive and the technocracy took advantage of the crisis, and pressure from the International Monetary Fund, to change the course of India’s economic history—because of a sincere belief in the need for a shift in the policy paradigm.

The World Bank Group Archives led the way in declassifying the Bell Mission Report of 1965. This

Constructive World Bank–Client Partnerships: THREE CASE STUDIES

14-volume report, the outcome of a Bank mission to India headed by Bernard Bell, outlined conditions facing the Indian economy and steps to be taken to alleviate those conditions. It also laid out the conditions that were offered to India in return for funding. But this 1965 report remained a confidential document until 2010. Had it not been for initiatives taken by the World Bank Group Archives and the positive role played by the World Bank's Delhi office, this substantial documentary evidence on India's economic history would have remained hidden from the scholarly world. In addition, the archivist Bertha Wilson helped locate pertinent material in the oral history archives of the Bank.

Together, the Bell Mission Report and the oral history archives helped me establish that the government of India had taken a position at significant variance with that of the World Bank in 1966. And once the government had taken that position, it could not be coerced into changing it. This critical piece of evidence helped establish the important role of homegrown ideas in engendering persistence and change in the institutions governing the Indian economy.



The Bank has had an oral history program since 1961. Publicly available oral histories are located in the “Archives” section of the Bank’s website. Mukherji used four of them in his research for the paper, including this one with J. Burke Knapp. Oral history interview, J. Burke Knapp, October 6 and 29, 1981, WB IBRD/IDA 44-02 Oral histories, 1981-1989 project; http://siteresources.worldbank.org/EXTARCHIVES/Resources/Burke_Knapp_Oral_History_Transcript_1981_44_02.pdf

A Constructive Partnership: The World Bank and the Republic of Korea Early in the Country's Economic Takeoff



Giovanni Zanalda

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The World Bank played a crucial part in supporting the local development of know-how, administrative skills, and understanding of international markets

The post-1960 economic growth of the Republic of Korea is considered one of the most successful examples of economic development in a relatively short period. It took Korea slightly more than a decade (1966–77) to double its income per capita. More importantly, this growth spurt was not limited to the initial takeoff stage of the 1960s and 1970s but has continued, with occasional downturns, to the present. The Korean economy embarked on a catch-up dynamic that by the end of the 1990s brought its income per capita close to levels in mature economies such as the United States and Japan and on par with levels in several Western European nations.

A vast literature documents how import-substitution and export-led policies as well as education, social factors, and domestic and foreign institutions enabled the transformation of Korea from a low-income economy in the early 1960s into a high-income one by the mid-1990s. Korea's membership in the Organisation for Economic Co-operation and Development after 1996 and in the G-20, the presidency of which Korea held in 2010, points to its international standing among advanced economies.

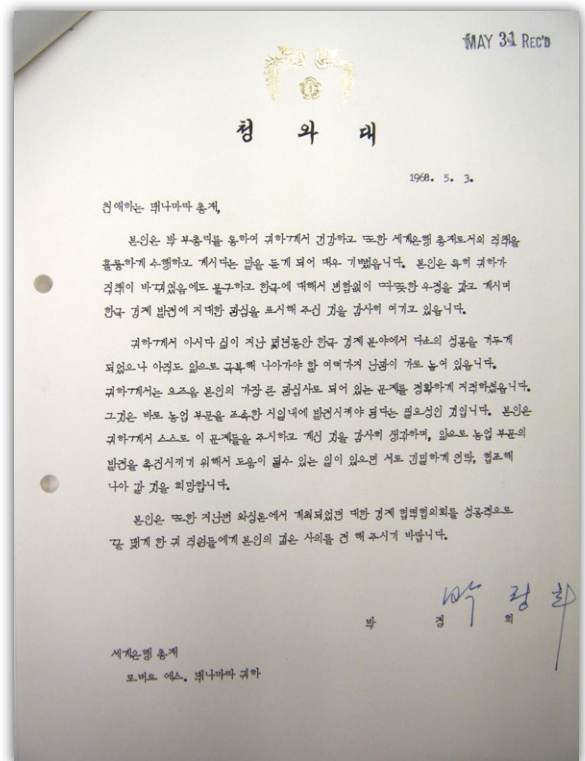
There is general agreement that openness played a crucial part in the success of the Korean economy, as well as that of other East Asian economies, over the last quarter of the 20th century. But authors have been debating the causal links, with some arguing that openness was the initial driver of growth and others that it was the second step during the economic takeoff period. Those in the second group focus more on the high level of domestic investment and the structural reforms that occurred throughout the 1960s and early 1970s, arguing that it was these factors that later enabled Korea to succeed as an open economy. They claim that openness worked because of the initial high level of investment in the domestic economy and the capacity to adapt imported technology—and that the inflow of capital mattered only once the economy had already begun its ascent.

Drawing on material from the World Bank's archives, this paper complements the existing literature by throwing some new light on policies, debates, and lesser-known figures at the center of Korea's development takeoff. It illustrates the evolution of the relationship between Korea and the World Bank throughout the 1960s and 1970s

Constructive World Bank–Client Partnerships: THREE CASE STUDIES

with respect to the country’s development policy and strategies and brings to the forefront the special role of agents and institutions involved in the decision-making process. The paper focuses in particular on the analysis of material and general correspondence related to the World Bank’s take on and support for Korea’s First and Second Five-Year Economic Development Plans (1962–66 and 1967–71), the preparation for the first meetings of consultative groups for Korea, and World Bank missions to the country.

On the basis of preliminary findings, the paper shows how Korea, despite widespread external skepticism about its potential for growth and the geopolitical concerns characterizing the early 1960s, managed to increasingly attract foreign capital and technical support throughout the decade. It emphasizes the crucial part played by the World Bank in supporting the local development of know-how, administrative skills, and understanding of international markets as well as in promoting debates about development policies. The paper also suggests that the World Bank is a unique repository of knowledge about development practices and policies, of which the archives constitute an essential pillar.



World Bank officials correspond regularly with heads of state, and their correspondence is included in the country files. Zanalda used this letter from Korean president Park Chung Hee, which was sent in both Korean and English. Letter, May 3, 1968, President Park Chung Hee to Robert McNamara, Korea General, General Correspondence 01; WB IBRD/IDA 01 Country Operational Files, 1946-1998; 182859B; World Bank Group Archives

Urban Development in Cairo, 1976–93: The Perils of “Everyday State Building” in the Arab Republic of Egypt



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Three development projects in Cairo illustrate the challenges of building in sustainability through local institutions capable of urban governance

Beginning in the mid-1970s, the World Bank and other development agencies, such as the U.S. Agency for International Development (AID), undertook a series of frequently unsuccessful urban development projects in Cairo. While hardly exceptional, the failed projects provide a unique window on the Egyptian state’s “neglectful rule” of its capital.

Drawing on research in the World Bank’s archives and other sources of information, this paper examines three such projects—the Bank’s Urban I and II Projects and an AID project—as cases of “everyday state building.” In Cairo development agencies sought to foster an administratively competent Egyptian state capable of engaging with ordinary Cairenes to improve shelter, services, and livelihoods. The failure of such efforts illustrates how the reproduction of Egypt’s durably authoritarian political order, still in place since the 1950s, depends on state-society disengagement.

The Bank’s Urban I Project, which provided infrastructure and services to one Cairo neighborhood, was judged in a critical audit to be “less than satisfactory” with respect to its cost-recovery, institution-building, and sustainability objectives. The Urban II Project, which ran through the early

1990s and focused on traffic management in Cairo, was declared by the completion report to be only “marginally satisfactory,” with a “negligible” impact on institution building and “uncertain” sustainability. The much larger-scale AID project, which included construction of an owner-built housing development, was denounced by a 1989 *Forbes* magazine article as “one of the biggest fiascoes ever in the history of [AID].”

These interventions frequently targeted informal neighborhoods established without planning permission, lacking adequate infrastructure, and generally neglected by state agencies, which lacked the resources to intervene in them. Development agencies attempted to increase state capacity to manage and service the city through the creation of client agencies that would implement projects, recover costs from beneficiaries, and use the recovered costs in subsequent projects.

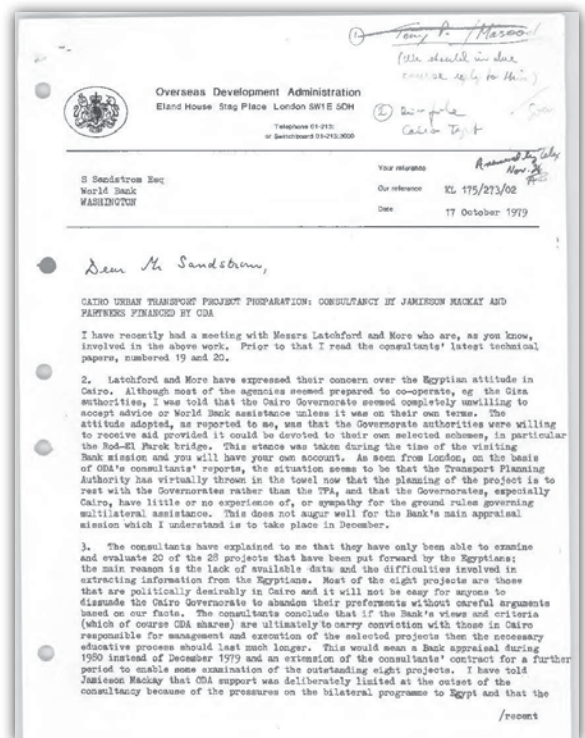
Such efforts can be understood as a kind of “everyday state building” in which development agencies move beyond mere service provision and seek to build in sustainability through local institutions capable of urban governance. While less dramatic than the accounts of external intervention and imposition that now dominate

Constructive World Bank–Client Partnerships: THREE CASE STUDIES

the literature on state building, these projects addressed equally fundamental issues of state capacity—for example, the mobilization of societal resources for development objectives.

But most such efforts at negotiated state building were ultimately unsuccessful. While Egyptian state agencies were eager to receive economic assistance, they balked at the institutional reforms and demands for state-society engagement built into the projects. Such measures may have been framed and understood by development agencies in technical terms, but they constituted a direct challenge to the reproduction of the post-1952 order, which was based at least in part on clientelism and exclusion. So while all three of the projects predate development agencies' preoccupation with democratization, civil society, and even participation, they nonetheless entailed a political challenge to the durable authoritarianism of the Sadat and Mubarak governments.

The failure of the projects also demonstrates the limited capacity of development agencies to use aid as leverage for politically sensitive reforms. In the case of the AID project, the strategic considerations that had led the U.S. government to provide Egypt with substantial economic assistance undercut demands for substantive reform. And all three cases show why political factors must be acknowledged in development interventions.



Letter, E. T. Barnes to S. Sandstrom, October 17, 1979; Egypt, Loan Urban Development II, Greater Cairo Urban Development Project; WB IBRD/IDA 01 Country Operational Files, 1946-1998; 66041B; World Bank Group Archives

SESSION CHAIR



Vijayendra Rao

Lead Economist, Development Research Group, World Bank

Vijayendra Rao, a lead economist in the World Bank's Development Research Group, integrates his training in economics with theories and methods from anthropology, sociology, and political science to study the social, cultural, and political context of extreme poverty in developing countries. Dr. Rao has published in leading journals on subjects that include the rise in dowries in India, the social and economic context of domestic violence, the economics of public celebrations, sex work in Calcutta, and how to integrate economic and social theory to develop more effective public policy. He coedited *Culture and Public Action* and *History, Historians and Development Policy* and coauthored *World Development Report 2006: Equity and Development*. Jointly with Ghazala Mansuri, he recently completed the World Bank Policy Research Report *Localizing Development: Does Participation Work?*

Dr. Rao obtained a BA (economics, statistics, sociology) from St. Xavier's College–Bombay (now Mumbai) and a PhD (economics) from the University of Pennsylvania and was a postdoctoral fellow at the Economics Research Center and an associate of the Committee on Southern Asian Studies at the University of Chicago. He taught at the University of Michigan and Williams College before joining the World Bank's Research Department in 1999. He serves on the editorial boards of several leading journals, is a member of the Successful Societies Program at the Canadian Institute for Advanced Research (CIFAR), and advises research institutes and nongovernmental organizations in India, the United Kingdom, and the United States.



Dialogues of Development:
PAST CONTESTATIONS,
PRESENT POLICY

SESSION 3

- **Daniel Immerwahr**—*Before Social Capital: The Forgotten History of Community Development in the Cold War Era*
- **Michael Woolcock**—*History, Historians, and Development Debates: Using the World Bank's Archives to Address Five Key Issues*
- **Trudy Huskamp Peterson**—*Archival Research as Unfinished Business*

Before Social Capital: The Forgotten History of Community Development in the Cold War Era



Daniel Immerwahr

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The international community development movement of the 1950s merits our attention today because its basic strategies have returned

In recent decades we have become aware of the blindness, arrogance, and recklessness that have accompanied attempts by industrial nations to develop the global South. Too often, as we have seen, aid and development have been little more than top-down attempts to impose abstract notions of “modernity” on poorer nations with no acknowledgment of the importance of local variation or of cultural traditions.

This paper argues, however, that from the very beginning of the U.S. engagement with overseas development, many of the largest and most influential U.S. government aid programs were grassroots, localist, and antitechnocratic in their stated orientation. The aid officials presiding over such projects, often experts on agriculture or rural society, entered the field of foreign relations with a set of preoccupations that differed from those of modernization theory. As a rule, they privileged small-scale works, local knowledge, democratic participation, and communal solidarity at the level of the village.

In collaboration with Third World policy makers, these aid officials designed a political project—community development—that came to hold sway throughout the global South in the 1950s.

Community development programs in a number of countries (the United States had posted advisers to programs in 47 countries by 1956) regularly commanded heavy investments from the United States, host country governments, international bodies such as the United Nations and the Southeast Asia Treaty Organization (SEATO), and philanthropic bodies such as the Ford Foundation and CARE.

Community development certainly did not achieve all that it sought to. But it reshaped politics and development in a number of Third World countries—including Colombia, India, Iran, Pakistan, the Philippines, and Vietnam—not only spawning thousands of small-scale aid projects but also leading in some key cases to the democratization of local governments.

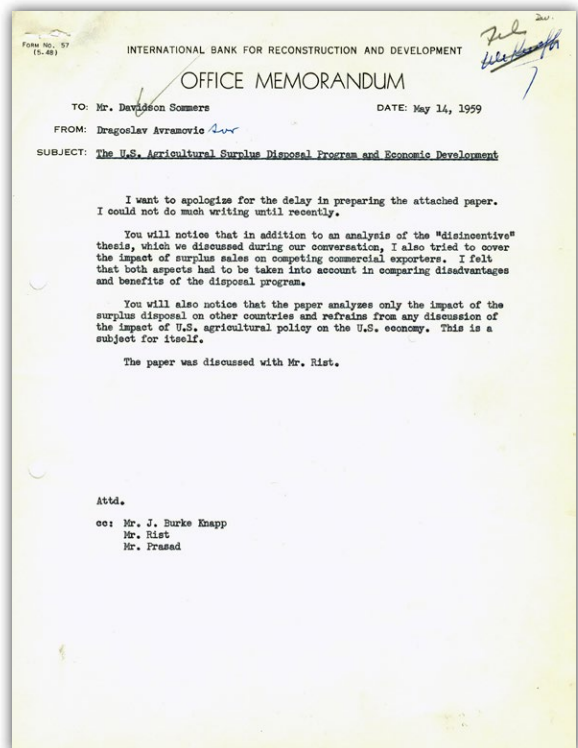
The international community development movement of the 1950s merits our attention today because its basic strategies have returned. Under the labels *participatory development*, *community-based development*, and *community-driven development*, new programs have reanimated the basic approach pioneered in the midcentury decades and have come to dominate our thinking about how to do development. But what is

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remarkable about the rapid rise of community approaches to development over the past 20 years is how little acknowledgment there has been of prior experiments with the practice.

Our inability to remember what was once a major policy initiative that shaped the course of dozens of nations is all the more alarming because, by and large, community development projects during the Cold War failed. What development experts found, in nation after nation, was that attempts to enroll poor and rural people in development campaigns provided openings for local elites, speaking in the name of “the village” or “the neighborhood,” to capture state resources and channel them toward projects that either enriched them personally or at least did nothing to threaten their local bases of power.

This skewing of participatory projects toward village headmen and the like proved corrosive, diminishing both the willingness of people to participate in development projects and the effectiveness of those projects. Strikingly, scholars have noted similar problems with the World Bank’s community projects today. Now is the time for an assessment of community and participatory strategies that takes account of their long history, one that asks about both their advantages and their limits.



During the 1950s, as the community development projects were developing, the United States was also shipping surplus agricultural commodities abroad. This 1959 paper, written by Bank economist Dragoslav Avramovic, analyzes the impact of the surplus disposal program on economic development. Memorandum, Dragoslav Avramovic to Davidson Sommers, May 14, 1959, enclosing “The U.S. Agricultural Surplus Disposal Program and Economic Development”; Development – General V; WB IBRD/IDA 02 Central Files 1946-1986; 183995B; World Bank Group Archives

History, Historians, and Development Debates: Using the World Bank's Archives to Address Five Key Issues



Michael Woolcock

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In development circles, everyone agrees that history matters. But historians could make a much greater contribution to development policy debates

History, whether understood as the past or the discipline, is a topic on which there is a strong consensus in development circles: just as on the broader category of context, everyone agrees that it matters. At least in principle. In practice, it is rare to encounter a country poverty assessment, or any other major country-level report by a multilateral or bilateral development agency, that engages seriously with how a country's present opportunities, challenges, constraints, and achievements emerged from (and continue to be shaped by) particular constellations of factors and events in its past.

This paper concurs with the notion that history matters, but extends the logic to argue that therefore historians must matter, and matter in particular ways for certain key issues. It seeks to explain the paradoxical disjuncture between the consensus and the neglect of history, considers how historians can contribute positively to development policy debates, and offers five substantive issues, or domains of inquiry, that should be at the forefront of these debates.

These five issues—agricultural productivity, state capability, equitable taxation, rule of law, and social inclusion—are important in their own

right. But they are also both of great contemporary significance and potentially amenable to the types of analyses that historians of international agencies can offer. They are topics that have been and remain at the heart of the development enterprise, yet the relative attention afforded them has changed over time, as has indeed their very meaning to World Bank staff and clients alike.

Careful historical and archival inquiry not only can document when and how these changes occurred but also can spell out their enduring consequences: from prosaic considerations relating to the bases for determining what works (and thus enhancing development effectiveness) to the broader intellectual frameworks shaping what is thinkable, sayable, prioritized, and implemented at any given moment.

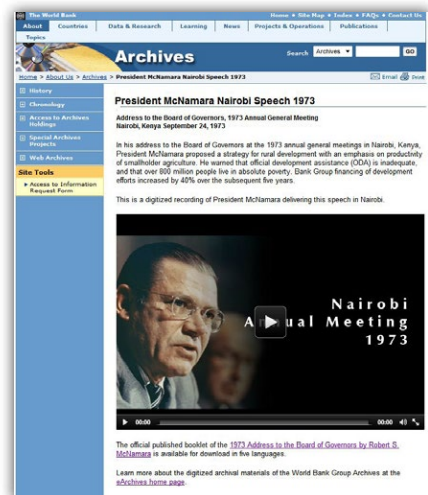
On agriculture, archival research could be instrumental in documenting when and how its status began to decline among development professionals, what the consequences have been for the resources (staff time, projects) allocated to it, and what the sources of variation are among and within countries (that is, why some countries or states, more than others, have sustained their commitments to agriculture). On state capability,

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archival research could help identify specific countries, sectors, and moments in which implementation dynamics were taken seriously and track the consequences of this for both how effective projects have been and how a given project's performance was explained to others.

On equitable taxation, archival research could help us discern whether, when, how, and through whom durable political settlements have been reached on the desirability and possibility of undertaking a cornerstone (if inherently contentious) activity of the modern democratic state. On the rule of law, it would be instructive to learn how justifications for its promotion have changed over time and how persistent “nonaccomplishment” in moving from agreement on its importance to actually bringing it about has been explained or rationalized.

Finally, on social inclusion, it would be highly beneficial for archival historians to discern from the written accounts (and oral testimony from retired Bank staff) how both the Bank itself and its client counterparts have grappled with contending notions of what it means—for a country, for a policy dialogue, for a project—to be socially inclusive (to incorporate, for example, the specific concerns of minority populations).



The Bank's archives hold thousands of photographs and sound and video recordings. This is a photograph of Robert McNamara making one of the most famous speeches in Bank history: his address to the Bank's Board of Governors meeting in Nairobi, Kenya, in which he outlined an agenda for combating rural poverty. The audio recording of the speech is available in the “Archives” section of the Bank's website: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTARCHIVES/0,,contentMDK:23269658~pagePK:36726~piPK:437378~theSitePK:29506,00.html>

Archival Research as Unfinished Business



Trudy Huskamp Peterson

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Research is always unfinished. But it is only through the use of archives that we begin to understand what truly has transpired among us

Research in archives as unfinished business: every researcher knows the feeling. When we think of research on the history of development—a vast topic with no discernible boundaries—the research required seems limitless. An enormous number of archives hold significant research material for the study of development.

The logical place to start research on development topics is with the archives of the agencies directly concerned with development: the national agencies, such as the Canadian International Development Agency, and certain international nongovernmental organizations (NGOs), such as Action Against Hunger. Records of national governments offer much potential for research on development, not only the records of their development agency or foreign ministry but also those of agencies that served as development models for other countries. Archives of intergovernmental bodies, such as the development banks, are central sources for research on development. Records of corporations—multinational commercial enterprises, medical

and health care organizations, big architectural firms—should become more available if they take seriously the Guiding Principles on Business and Human Rights that were endorsed by the United Nations Human Rights Council in 2011. Business archives are balanced by the archives of labor unions and syndicates. Also useful are records of international sports bodies, faith-based organizations, educational institutions, and NGOs. Indeed, nearly all types of archives have potential for use in studying development.

Two caveats are important, however. First, some records will have a higher kilo/PhD ranking than others. (A kilo/PhD is a ratio showing how many kilograms of records a researcher must read in order to write a PhD dissertation; its modern counterpart is a kilobyte/PhD.) Second, only a tiny fraction of the extant records are available electronically, and relying only on sources found online is a sure way to miss important material.

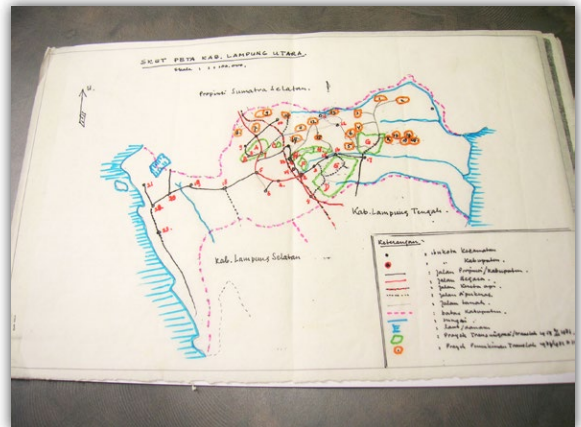
What about access to all these archives? To an archivist, access means the availability of archives for consultation as a result of both legal

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authorization and the existence of finding aids. Since the end of the Cold War the international archival community has developed standards for finding aids that help researchers better understand the contents and contexts of the records in archives. Then, in August 2012, the International Council on Archives adopted a best-practice standard on the legal authorization for access to archives: the Principles of Access to Archives.

The principles, 10 in number with accompanying explanatory text, address access issues in both public and private archives. An introduction discusses the purpose and scope of the principles and the shared responsibilities for implementing them (<http://www.ica.org/13619/toolkits-guides-manuals-and-guidelines/principles-of-access-to-archives.html>).

The business of archival research is the process by which we begin to understand the manifold ways in which multiple operators shaped the development of the world we live in. As the very first sentence of the *Principles* says, “Archives are preserved for use by present and future generations.” Research is always unfinished, but it is only through the use of archives that we begin to understand what truly has transpired among us.



The Bank's archives hold personal papers donated by former Bank staff members or their heirs. Gloria Davis was the first anthropologist hired by the World Bank, and she brought with her extensive experience working in Indonesia. Davis was part of virtually every Bank review of the Indonesia transmigration project; this map from her papers is from the Transmigration I Project involving the areas of Baturaja and Way Abung. Map, “Sket Peta Kab. Lampung Utara,” ca. 1980; Indonesia transmigration program subject file; WB IBRD/IDA 84-05, Personal papers of Gloria Davis; World Bank Group Archives

SESSION CHAIR



James Boughton

Historian, International Monetary Fund (Retired)

James Boughton was historian of the International Monetary Fund (IMF) from 1992 to 2012. In 2001–10 he also served as assistant director in the Strategy, Policy, and Review Department at the IMF. From 1981 until he was named historian, he held various positions in the IMF Research Department. Before joining the IMF staff, he was a professor of economics at Indiana University and had served as an economist at the Organisation for Economic Co-operation and Development in Paris. Dr. Boughton holds a PhD in economics from Duke University. He has written two volumes of IMF history: *Silent Revolution: The International Monetary Fund 1979–1989* and *Tearing Down Walls: The International Monetary Fund 1990–1999*. His publications also include a textbook on money and banking, a book on the U.S. federal funds market, several books that he edited or coedited, and articles in professional journals on international finance, monetary theory and policy, international policy coordination, and the history of economic thought.



THE ROLE OF ARCHIVES IN INTERNATIONAL ORGANIZATIONS

SESSION 4

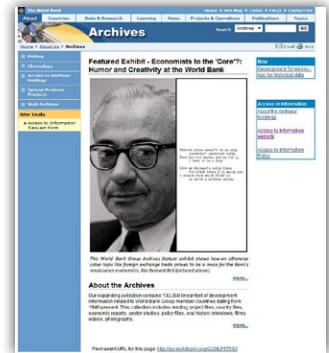
- **Elisa Liberatori Prati**—*The World Bank's Archives: 60 Years of Development Knowledge on the "Science of Delivery"*
- **Pamela Tripp-Melby**—*The International Monetary Fund's Archives for Economic Research*
- **Bridget Sisk**—*Archives of Development in the United Nations Secretariat: Murky Past, Unclear Future*

The World Bank’s Archives: 60 Years of Development Knowledge on the “Science of Delivery”



Elisa Liberatori Prati

Chief Archivist, World Bank Group
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The World Bank’s archives offer a wealth of case studies and unpublished primary sources to analyze patterns of development

If history matters, archives can help. And the World Bank’s archives offer a wealth of case studies and unpublished primary sources to help researchers understand patterns of development. The archives contain 193,000 linear feet of development information related to World Bank Group member countries dating from 1946 to the present—correspondence, project files, country files, economic reports, sector studies, policy files, oral history interviews, and films, videos, and photographs. Stacked, the boxes would reach seven times the height of Mount Everest—and the holdings continue to grow. Descriptions of 55 of the 78 fonds (groups of records from a single office or, in a few cases, from a single individual) are available at <http://www.worldbank.org/archives>.

In 2010 the World Bank, under its new Access to Information Policy, launched an effort to make more information available to the public than ever before. Thousands of historical documents were released from the archives and made available on the Bank’s website, through the “Documents

<http://www.worldbank.org/archives>

and Reports” web page. Today the site provides access to more than 130,000 documents, many of them in multiple languages, with the aim of better sharing the institution’s knowledge base. The “Documents and Reports” web page is one of the most frequently accessed on the Bank’s site, averaging more than 100,000 unique users a month.

To increase the accessibility of Bank records even more, the World Bank Group Archives is developing an “e-archives” project. This effort is aimed at providing people—no matter where they are—with easy access to public records from the Bank’s archives; disseminating records online as a way to share knowledge and information and enhance transparency and accountability; and presenting records in a way that clearly communicates their context and original order.

We welcome researchers to come and use the records from the archives. Our understanding of development will benefit enormously from your work.

The International Monetary Fund's Archives for Economic Research



Pamela Tripp-Melby

Chief, Information Services Division,
International Monetary Fund (Retired)

The International Monetary Fund's archives provide access to historical policies, decisions, and research for both internal and external researchers

With a mandate for global economic and financial stability, the International Monetary Fund (IMF) has many roles, all of which rely on accurate information. To carry out their work, IMF economists use information from both primary and secondary sources. The IMF's archives are an important resource, providing authoritative, reliable information on historical policies, decisions, and research.

The IMF contributes to the global information pool by sharing its authoritative data and analyses. As part of its commitment to transparency, the IMF opened its historical materials to the public in 1996. Now, most Executive Board documents are open after three years, board minutes and decisions after five years, and other documentary (departmental) material after 20 years. Archival material goes through established processes to be prepared for public access. A routine declassification process makes the large majority of restricted documents public.



<http://www.imf.org/external/np/arc/eng/archive.htm>

Researchers worldwide can now access a searchable website with descriptions of archive holdings and links to Executive Board minutes and documents. Nearly 200,000 documents are available online. The archives are accessed hundreds of times a year, by IMF staff and by external researchers—from academics and corporate economists to nongovernmental watchdogs and national and international civil servants.

What do researchers who use the IMF's archives study? Internal researchers typically look at precedents in the IMF's policies and operations; external researchers often study past events that shape our economic world today. There are many areas ripe for research in the IMF's archives. And as more documents are opened, their descriptions also will be searchable through the online archives catalog.

Archives of Development in the United Nations Secretariat: Murky Past, Unclear Future



Bridget Sisk

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A continuing focus is the digital preservation imperative—planning for the long-term accessibility and usability of authentic digital information

The Archives and Records Management Section (ARMS) of the United Nations has three main roles: managing records in UN offices, preserving and providing access to records of continuing value as archives, and providing advice and guidance in these areas.

The UN archives have a headquarters focus, centering on the records of the secretaries-general and their immediate office and those of peace-keeping missions. The archives contain some 23,500 linear feet of paper records as well as thousands of photographs, historical maps, reels of microfilm, and drawings and blueprints of UN facilities. There are also electronic archives. UN archives and records are available for use by both academic researchers and the general public. Records generally are accessible 20 years after being created; those that are strictly confidential require declassification.

At the core of the development-related archives in ARMS are the records of the United Nations

Department of Economic and Social Affairs and its predecessors—primarily technical assistance project files. Other development-related collections are the archives of the United Nations Children's Fund, United Nations Development Programme, and United Nations Population Fund. The influence that some of the most important economists at the United Nations had on development thinking was traced by a 2005 exhibition from the UN archives, accompanied by an exhibit catalogue published as part of *Reflections on United Nations Development Ideas* (Geneva: United Nations, 2007).

A continuing focus is the digital preservation imperative—planning for the long-term accessibility and usability of authentic digital information. By 2015 the UN Secretariat is to be paperless. ARMS is participating in Secretariat-wide efforts to develop digital preservation capability—to protect against the risk of being unable to operate efficiently and effectively because the digital information is inaccessible or unusable.



<http://archives.un.org/ARMS>

SESSION CHAIR



Célestin Monga

Senior Adviser, Development Economics, World Bank

Célestin Monga, a Cameroonian national, is a senior adviser at the World Bank, where he has held positions in both operations and the research department, including as a lead economist in the Europe and Central Asia Region and manager of the Policy Review team in the Development Economics Vice Presidency. He has also served on the board of directors of the Sloan School of Management's Fellows Program at the Massachusetts Institute of Technology (MIT) and taught economics at Boston University and the University of Bordeaux. Prior to joining the World Bank, he was a department head and manager in the Banque Nationale de Paris group. He was the economics editor of the five-volume *New Encyclopedia of Africa* (Charles Scribners & Sons, 2007). His books have been translated into several languages and are widely used as teaching tools by academic institutions around the world. He holds degrees from MIT, Harvard, and the universities of Paris 1 Panthéon-Sorbonne, Bordeaux, and Pau.



Exploring Archives on the Role of
Development Practitioners:

AFRICA

SESSION 5

- **Teresa Tomas Rangil**—*United Nations Economic and Technical Assistance during the Congo Crisis, 1960–64*
- **Stephanie Decker**—*Translating Theory into Practice: The World Bank’s Economic Advisers in Ghana, 1960–85*
- **Gareth Austin**—*History, Archives, and Development Policy in Africa*
- **Keith Breckenridge**—*From Parliamentary Accountability to Records Management: The Decline of Archival Authority in 20th-Century South Africa*

United Nations Economic and Technical Assistance during the Congo Crisis, 1960–64



Teresa Tomás Rangil

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Archival sources and oral history on technical assistance programs in the newly independent Congo reveal a large gap between design and execution

The accession to independence of the Republic of the Congo (today, the Democratic Republic of Congo) on June 30, 1960, entailed the transfer of the country's financial and economic institutions from Belgian to Congolese rule. To facilitate the coordination of this transfer, the United Nations provided economic, financial, and technical assistance to the Congolese authorities with the help of the International Monetary Fund. The task was not easy: the country was undergoing serious difficulties, with a decline in production output, a widening trade gap and falling exchange rate, exploding government deficits, and rising unemployment and inflation rates. The problems were soon complicated by the sudden massive departure of Belgian officials and technicians; the secession of the provinces of Katanga, Kasai, and Équateur; the collapse of most means of transportation and communication; and ethnic and tribal warfare.

From 1960 to 1964, in the midst of these difficult circumstances, international experts from the United Nations and the International Monetary

Fund undertook tasks that included liquidating the formerly Belgian-controlled Banque Centrale du Congo Belge et du Ruanda-Urundi and drafting the statutes for a new Congolese national bank, revising the regulation of the exchange rate for the Congolese franc and of import-export transactions through the establishment of a foreign exchange office and an import licensing office, and assisting in drafting and negotiating a balanced budget. These tasks were informed by the theoretical debates of the 1960s within the development community—debates relating to fiscal federalism, currency unification, and monetary and budgetary stability.

This paper contrasts the theoretical analyses and policy advice given by experts with the difficulties of the actual implementation of these recommendations “on the ground.” Using archival sources and oral history, I reconstruct the life of policy officials and their circles as well as the material living conditions of the UN development workers in the Congo, their interactions with local

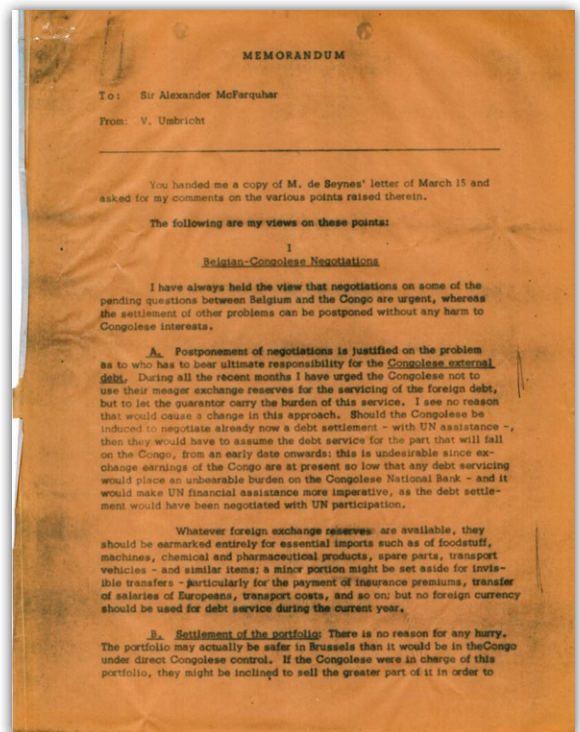
Exploring Archives on the Role of Development Practitioners:

AFRICA

authorities and the Congolese population, and the way in which these circumstances influenced their work.

The paper begins by retracing the design of the civilian operations mission at the UN headquarters in New York and Léopoldville (today, Kinshasa) by the so-called Congo circle led by Dag Hammarskjöld and then U Thant, the members of the Monetary Council, and the Commission pour le redressement économique du Congo. The analysis focuses on the ideas that guided the transfer of the economic and financial institutional arrangements from the colonial ruler to the new government.

The paper then follows the experiences from 1962 to 1964 of the technical assistance team charged with implementing policies “in the field.” As soon became evident, there was a huge gap between the design of the technical assistance programs and their execution. The paper analyzes the relevance of this gap for the subsequent development of a more professional economic expertise in the United Nations. The paper concludes with a methodological reflection on the use of oral histories to understand complex development and relief operations, contrasting it with the use of printed archival sources.



Like the United Nations, the Bank was deeply concerned about the changes in the Congo, and the Bank and the United Nations shared information. This memo from the United Nations financial adviser in the Congo to the United Nations special adviser for civilian affairs in the Congo was shared with the Bank. Victor Umbricht to Sir Alexander MacFarquhar, March 27, 1961; Congo – Fact Finding Study by I.B.R.D., Material received from the U.N.; WB IBRD/IDA 01 Country Operational Files, 1946-1998; 183285B; World Bank Group Archives

Translating Theory into Practice: The World Bank's Economic Advisers in Ghana, 1960–85



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The World Bank's earlier experience in Ghana showed a tendency to prioritize theoretical knowledge over contextual, practical know-how

The World Bank's relationship with Ghana had been politically difficult since the inception of the Volta River Project in 1957. Initially advisers were individuals directly appointed by political leaders, but in the early 1970s the World Bank reinvented itself as a development agency and began to provide economic advice on a large scale. Throughout the 1970s military regimes controlled the Ghanaian economy, which suffered from overvalued exchange rates, widespread corruption, and smuggling.

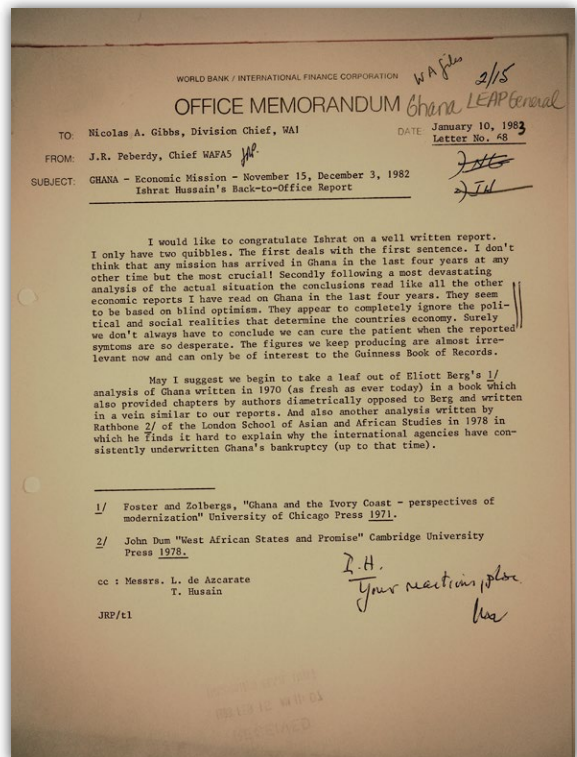
At the time the World Bank, under Robert McNamara, took a *laissez-faire* approach. This changed during the 1980s, which became known as the era of Structural Adjustment. While Ghana underwent intense economic crisis and political

upheaval, the country became one of the first exponents of a successful Structural Adjustment Program in Africa. Yet behind this dramatic turnaround the work of the resident economic advisers was crucial, as they mediated World Bank policy within the local context of African politics.

This paper illustrates the difficulty of translating economic theories and political intentions into acceptable programs that can work for local recipients, an aspect of the work of development practitioners not often considered. It furthermore argues that episodes like this one show the specific ways in which organizations view their own knowledge base, what kind of knowledge they seek to transfer, and how.

Exploring Archives on the Role of Development Practitioners: AFRICA

Surprisingly, the World Bank appeared to replicate some of the limitations seen in the individual advisers of earlier decades—especially the failure to adequately translate theory into practice—despite its superior resources. This is important because it shows a limited concept of knowledge, specifically the tendency to prioritize theoretical knowledge over contextual, practical know-how. As this problem persisted over time, it also showed a failure of organizational memory and social learning. The paper argues that this lack of awareness by the World Bank of its past actions and limitations contributed not only to the failure to identify the problem within organizational practices, but also to the substantial criticism the Bank faced with respect to how Structural Adjustment Programs were implemented in poor countries.



Beginning in 1972, separate filing centers were maintained for the records of World Bank regional operations. This item used by Decker is from the records of the Africa Regional Office. J. R. Peberdy to Nicolas A. Gibbs, January 10, 1983; Ghana, LEAP General; West Africa, General Country Files, 1971-1983; WB IBRD/IDA 05 Records of the Africa Regional Office; 191629B; World Bank Group Archives

History, Archives, and Development Policy in Africa



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A historical approach takes time seriously—seeking to disentangle continuities and changes and analyze events in their temporally specific contexts

This paper discusses how the study of African history (economic and otherwise) and an awareness of African historiography (written from various disciplinary backgrounds) may help us think about development policy in the context of Sub-Saharan Africa. In illustrating the uses of a historical approach, I mean one that takes time seriously—seeking to disentangle continuities and changes and analyze events in their temporally specific contexts.

Economic development in Sub-Saharan Africa has been a very long-term, cumulative, and path-dependent struggle, in an originally land-abundant but not resource-rich environment, to mitigate the multiple constraints (especially by successive, selective adoptions of imported crops). This development path has been characterized by, among other things, a preference for land-extensive techniques in agriculture and, until well into the 20th century, the use of various forms of coercion to reduce the price of labor. In recent decades much of the region has moved toward land scarcity and labor abundance. A cheaper and better-educated labor force raises the possibility of some form of labor-intensive manufacturing. But some of

the physical constraints, notably thin and easily eroded layers of soil nutrients, continue to impose costs and policy dilemmas about the necessary transition to intensive agriculture.

African “history lessons” for development policy include the significance of changes of context for debates about the economic efficiency of particular institutions, for example, in land tenure; the importance of politics—as distinct from institutions—for development outcomes; and the need to counter overgeneralizations about the cultural contexts of entrepreneurship. Western “myths of origin” are a misleading guide to current development; more nuanced historical perspectives are required.

A historical approach highlights the sequence in which changes occurred, which matters when the changes tend to be conflated in retrospect, thereby confusing the determinants involved. Since the end of the Cold War, many governments and international organizations have hailed the complementarity of market economies and multiparty democracy. It is salutary to recall, however, that in Africa the shift toward the former (Structural Adjustment) distinctly preceded the latter. In Ghana and Nigeria, for example, economic liberalization

Exploring Archives on the Role of Development Practitioners:

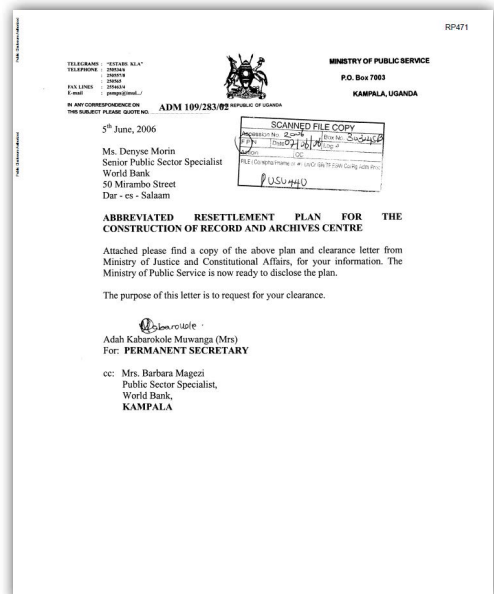
AFRICA

received democratic legitimation, but only after it was a fait accompli.

Another example in the paper concerns the frequent assumption that African leaders are purely self-interested and often incompetent. The historian's attention to the constraints under which decisions were made, to the perceptions and contexts of the time, is conducive to taking African leaders seriously, rather than seeing them as, at best, mere individualist maximizers responding to incentive structures over which they have little control.

There is still no systematic general survey of postindependence archives in Africa. But my own limited observations in archives in Nigeria, The Gambia, and (more extensively) Ghana are somewhat pessimistic. The culture of filing and preserving records within the offices that generated them has not been consistently maintained since independence. Where kept, records often have not been regularly transferred to the archives. Comparing colonial and postcolonial records in the Ghana national archives, I am struck by the much lower density of the latter and the fact that a much higher proportion of the postcolonial materials are copies of published documents and a much lower proportion are correspondence files.

Correspondence files are generally the most promising window on how decisions were made:



The Bank recognizes the need to strengthen archival programs in Africa. As part of Uganda's Bank-funded Public Service Performance Enhancement Project, a new records and archives center will be built. World Bank. 2006. Uganda—Public Service Performance Enhancement Project: resettlement plan. s.l. ; s.n. <http://documents.worldbank.org/curated/en/2006/10/7158670/uganda-public-service-performanc-enhancement-project-resettlement-plan>

on the perceptions that informed them, the interests and ideals that the individuals and groups involved sought to mobilize, and to what effect. There is a tendency among some economists to equate causal determination with statistical tests of causality. But when it comes to decision making, reliance on such tests leads to circular reasoning: the assumption that outcomes must have been those intended.

From Parliamentary Accountability to Records Management: The Decline of Archival Authority in 20th-Century South Africa



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The public archives and official record keeping have fallen into disrepair in South Africa. Is restoring parliamentary oversight the solution?

The public archives and the work of official record keeping have fallen into notorious disrepair in contemporary South Africa. Shortages of skills, of funds not already earmarked for salaries, of competent and tenacious managers, and, perhaps most importantly, of trust have battered the provincial and national archive services over the past decade. In addition, the public activities of the National Department of Arts and Culture suggest that the leaders of the African National Congress (ANC) much prefer the mute testimony of the monuments and artifacts of a moribund nationalism to the labyrinthine, and sometimes racially derogatory, testimony of the country's archival record.

There is a noticeable disinterest in the new tools of digital government that might be applied to official records that stands in contrast to the ANC government's otherwise enthusiastic embrace of computerized administrative solutions. It would be entirely within the general pattern of governance over the past decade—as in the provision of welfare or the building of roads—for the archive service

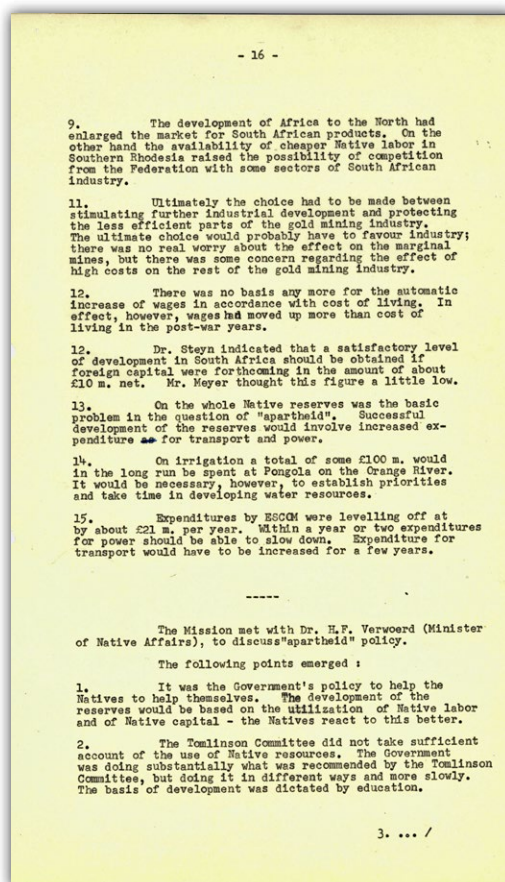
to outsource the digitization of all state records to one of the large international information technology corporations. That this has not happened can be traced in significant part to the ignominious account that South African scholars and archivists have offered of archival work—particularly digital archives—over the past decade.

In short, many South African scholars have adopted what can usefully be described as the Chicago view—following the work of Bernard Cohn, Nick Dirks, Arjun Appadurai, and Dipesh Chakrabarty—that the official archive is an instrument of imperial and colonial control. And this view has strongly influenced national policy. It is important to acknowledge that there is real power to the Chicago argument. But as I show in this paper, the claim is a significant simplification of the primary purpose of the archival record over the past two centuries, and one that has had especially damaging effects on public arguments about the political work of accountability in the official record.

EXPLORING ARCHIVES ON THE ROLE OF DEVELOPMENT PRACTITIONERS: AFRICA

The South African colonial archives, like British public records in general, were heavily shaped by the requirements of presenting official records to Parliament in London. Two imperial problems—the government of India and the abolition of the slave trade—were central to the development of the system of regularly published papers by the parliamentary printer, Luke Hansard and sons, in the century after 1774. In this paper I examine Edmund Burke's prosecution of Warren Hastings for corruption in the government of the affairs of the East India Company and Dirks's recent effort to present it as an apology for empire. I show that the requirement of parliamentary accountability, initiated by Burke and deployed against key imperial representatives in South Africa such as Theophilus Shepstone and Alfred Milner, was the only meaningful restraint on an otherwise despotic bureaucracy.

This remains the case today. Restoring parliamentary oversight of the official archives—as an act of sovereignty, not heritage—would fix much of what is currently broken in official record keeping in South Africa.



Archives in institutions such as the World Bank can supplement archives in states where the archives are incomplete. This "mission diary" of a World Bank mission in May 1957 to examine the "creditworthiness" of South Africa includes reports of discussions with a dozen government officials, including future prime minister H. F. Verwoerd. Mission diary, May 11, 1957; South Africa, Mission Diary; WB IBRD/IDA 01 Country Operational Files, 1946-1998; 171918B; World Bank Group Archives

SESSION CHAIR



Gianni Toniolo

Research Professor of Economics and History, Duke University, and Professor of Economic History, Libera Università delle Scienze Sociali (Rome)

Gianni Toniolo is a research professor of economics and history at Duke University and a professor of economic history at the Libera Università delle Scienze Sociali (Rome). He is a research fellow at the Centre for Economic Policy Research (London), a member of the European Academy, and a coeditor of *Rivista di Storia Economica*. Previously he was a professor of economics at the universities of Roma Tor Vergata and Venice; held visiting professorships at the universities of Connecticut, California (Berkeley), and Hitotsubashi (Tokyo); and was a visiting fellow at St. Antony's College and All Souls College, Oxford. His research interests focus on European economic growth in the 19th and 20th centuries and on the history of money, finance, and central banking. His books in English include *The Oxford Handbook of the Italian Economy since Unification* (Oxford University Press, 2013), *The World Economy between the Wars* (with C. H. Feinstein and P. Temin; Oxford University Press, 2008), *The Global Economy in the 1990s: A Long-Run Perspective* (with Paul Rhode; Cambridge University Press, 2006), *Central Bank Cooperation at the Bank for International Settlements* (Cambridge University Press, 2005), *Economic Growth in Europe since 1945* (with N. Crafts; Cambridge University Press, 1996), and *An Economic History of Liberal Italy* (Routledge, 1990).



THE UNITED KINGDOM, THE UNITED STATES, AND THE WORLD BANK'S DEVELOPMENT POLICY

SESSION 6

- **Simon Szreter**—*The Archival History of Britain and Its Dialogue with Development Policy during the World Bank Era, circa 1945 to the Present*
- **Alexander Field**—*What the Developing World Can Learn from the Economic History of the United States—and Vice Versa*

The Archival History of Britain and Its Dialogue with Development Policy during the World Bank Era, circa 1945 to the Present



Simon Szreter

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Findings about the course of British demographic history have turned upside down our earlier postwar models of economic growth

British historical development has in many ways been used as a paradigm case for models of economic development that have been highly influential in the international policy world throughout the postwar era—an era during which the World Bank has been the major global player in and user of this applied historical knowledge. From Rostovian takeoff and incremental capital-output ratio (ICOR) models of growth so popular in the 1950s and 1960s and the demographic and epidemiological transition models that are still influential today, through to the Washington Consensus neoliberal paradigm of the 1990s and the current focus on the importance of rule of law and getting institutions right, readings of history—in particular a dialogue with British history—have often been a highly influential factor.

The unusual degree of influence of this one country's history on our thinking about economic development of course partly reflects appreciation of its importance as the first national economy to achieve self-sustaining and industrializing economic

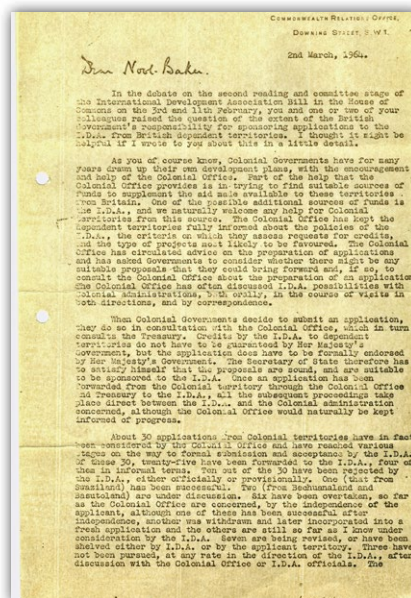
growth and partly reflects its widespread influence across the globe as the leading trading and maritime power throughout much of the modern period since 1700. From a practical and professional historians' point of view, however, it undoubtedly also reflects the extraordinary richness of surviving documentation about economic, social, and demographic affairs throughout the past millennium in a country that has never been conquered or occupied throughout that long period during which written documentation of all the affairs of governance, law, and the economy has existed.

An era of documentary government began immediately following that moment of final conquest in 1066, in that the conqueror in question, William of Normandy, initiated the Domesday survey, rightly recognized as a foundational document of not only the visible state, in Jonathan Scott's sense, but also of the archival state. Michael Clanchy's superb classic study, *From Memory to Written Record: England 1066–1307* (London: Edward Arnold, 1979), has laid out for us how

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Britain became, over the next quarter millennium, an increasingly literate and archived society. This process entered a new level of detail and coverage of the population under the Tudor Crown in the 16th century with the innovation of universal parish registration of all baptisms, marriages, and burials, so that the entire populace was now in existence in the archive.

It was that archived population register that in the second half of the 20th century enabled demographic historians working at the Cambridge Group for the History of Population to produce a range of important, entirely new findings about the course of British demographic history from about 1538 onward. These findings have turned upside down not only demographic transition theory but also our earlier postwar models of economic growth. And they have provided the crucial context for the contemporary policy focus on institutions to become both plausible and necessary. The importance of archivally derived historical knowledge to inform development policy is nowhere more clearly demonstrated than in the case of British economic history, its influence, and the capacity to radically reinterpret its meaning that has been shown during the past 50 years.



The United Kingdom has been a central force in Bank operations ever since Bretton Woods. One important early issue involving the U.K. was how the International Development Association would handle loans to “dependent territories.” In this letter an official of the Commonwealth Relations Office explains to a member of Parliament how aid to territories will be handled; unsatisfied, the MP sent the letter to the Bank, asking for more information. Letter, William C. Powell to Harold Graves, enclosing request for information from Francis Noel-Baker and a photostat of his letter from the Commonwealth Relations Office, March 23, 1964; IDA – Policy and Procedure – Dependent Territories – United Kingdom; WB IBRD/IDA 02 Central Files 1946-1986; 184072B; World Bank Group Archives

What the Developing World Can Learn from the Economic History of the United States—and Vice Versa



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The United States has an enviable record of growth. But how much does the history of the developing world stand as a cautionary note?

It is widely understood that the differences in labor productivity and per capita output levels throughout the world are far larger than can reasonably be accounted for by the standard factors appealed to in a Solow growth model—in particular, the ratio of capital to labor or access to production technologies. During the 1990s a so-called Washington Consensus developed that the main explanation for these differences, and for why the entire world wasn't rich, was differences in institutions—not differences in culture or geographic endowments but differences in the political systems and legal rules governing societies and the historical processes that had given rise to them. This view receives strong reinforcement in Daron Acemoglu and James Robinson's *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown, 2012), where the authors criticize the focus on geography or the disease environment that they associate with such writers as Jared Diamond or Jeffrey Sachs as well as various assertions about culture.

In 2007, on the eve of the worst U.S. financial crisis, one of our leading students of financial

history, Richard Sylla, had this to say: “Most informed observers today would agree that the United States has just about the best financial system in the world. Its problems are newsworthy mostly because they arose in the context of a well-functioning financial order, not one that is disorderly” (“Reversing Financial Reversals: Government and the Financial System since 1789,” in *Government and the American Economy: A New History* [Chicago: University of Chicago Press, 2007], 115). The crisis that ensued shortly after the publication of his essay had as its epicenter the U.S. financial system, was associated with a seizing up of most credit markets, and could easily have plunged the world economy into a depression as serious as the one that marked the 1930s. Even with unprecedented fiscal and monetary interventions, the fallout from these events continues to reverberate. Sylla's comment is reflective of the potential dangers of a U.S.-centric triumphalism in thinking about development policy.

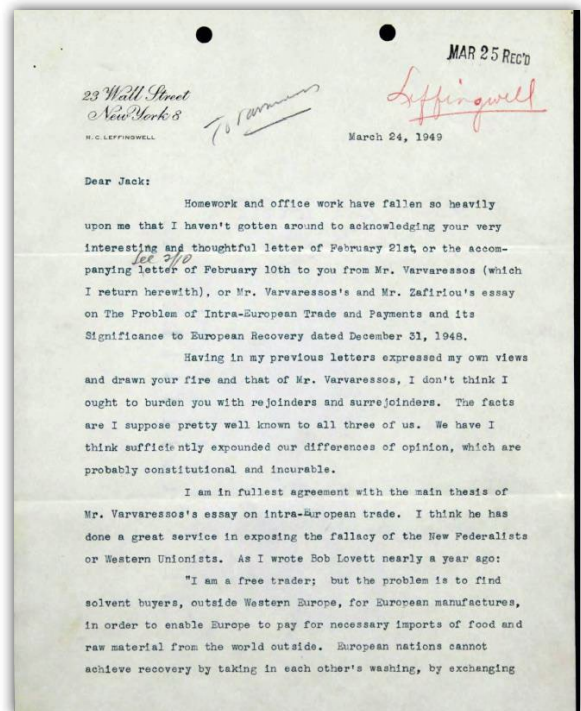
There are other concerns. Over the past three decades the United States has experienced a substantial increase in wealth and income inequality,

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and most of the gains in life expectancy have been among the better-off. The influence of wealthy elites on political outcomes has been reinforced by Supreme Court decisions such as *Citizens United*, which removed restrictions on independent expenditures in political campaigns by corporations, associations, or labor unions.

How much of the triumphalist message of the Washington Consensus stands, even after the travails and crises of the past decade and recent economic and political trends? The United States has an enviable record of economic growth and development, particularly in the second and third quarters of the 20th century. What underlay that record is worth reexamining.

But how much does the history of the developing world stand as a cautionary note? It is here that the historical materials collected in the World Bank's archives can be useful. Particularly useful are those documenting the interplay of political centralization and inclusiveness and the extent to which this has influenced the environment and incentives for effort, accumulation, and innovation—and their concomitant, sustained economic growth.



The impact of the U.S. economy on the world financial system has been a concern for the Bank from its inception. In this letter from the beginning of the Cold War era, U.S. banker R. C. Leffingwell tells Bank President John J. McCloy that the U.S. must use its intelligence to avoid a great depression. All the records of the McCloy presidency have been scanned and are available in the "Archives" section of the Bank's website. <http://siteresources.worldbank.org/EXTARCHIVES/Resources/wbg-archives-1506591.pdf>

SESSION CHAIR



Hassane Cissé

Deputy General Counsel, Knowledge and Research, Legal Vice Presidency, World Bank

Hassane Cissé, a national of Senegal, joined the World Bank in 1997 after working for many years as a lawyer at the International Monetary Fund. He has been deputy general counsel, knowledge and research, of the Bank since 2009. In this capacity he provides intellectual leadership on strategic legal issues facing the institution and leads the Bank's knowledge agenda on law, justice, and development. He is the editor in chief of the World Bank's Law, Justice, and Development Series and the author of several papers on aspects of international economic law. He coedited the *World Bank Legal Review* in 2012 and 2013.

Before taking his current position, Mr. Cissé served for many years as chief counsel for operations policy at the World Bank, contributing to the modernization and simplification of the Bank's legal and policy framework. He also served as legal adviser on governance and anticorruption, leading the exercise that resulted in the Bank's adoption in 2006 of an expanded policy framework for sanctions. He was appointed in 2007 to serve as a member of the World Bank's newly established Sanctions Board.

Mr. Cissé obtained his LLB from Dakar University in Senegal. He also holds an LLM from Harvard Law School, graduate law degrees from the universities of Paris I Panthéon-Sorbonne and Paris II Panthéon-Assas, and a graduate degree in history from Paris I University.

Mr. Cissé is a member of the World Economic Forum Global Agenda Council on the Rule of Law.



Sailing Back to the Future:
**HISTORY AND POLICY
MAKING AT THE WORLD BANK**

SESSION 7

- **Frank Fariello**—*History and Policy Making at the World Bank: The Evolving Approach to Governance Issues*
- **Alessandra Iorio**—*The International Development Association and Debt Relief*
- **Vikram Raghavan** and **Aristedis Panou**—*The World Bank's Mediation of Disputes*

History and Policy Making at the World Bank: The Evolving Approach to Governance Issues



Frank Fariello

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Archival research has played a key role in guiding the evolving legal thinking on the World Bank's approach to governance issues

The World Bank's Articles of Agreement are its foundational documents, operating as a kind of constitutional law guiding its policies and operations. The Executive Directors are the ultimate interpreters of the articles. But they have come to rely on the Bank's general counsel to advise them on the proper interpretation, and their endorsement of, or concurrence with, the views of the general counsel signals their acceptance that such views, expressed in legal opinions, legal notes, or legal memoranda, are a distinct source of the Bank's jurisprudence.

Among the most crucial provisions of the articles for Bank policies are those setting out the purposes of the Bank and those prohibiting the Bank from interfering in the political affairs of its members, the so-called political prohibition. These provisions, which delimit the scope of the Bank's work, have been a focus of a series of legal opinions of the Bank's general counsels since 1990, including Ibrahim Shihata's 1990 legal memorandum on governance, his 1995 legal opinion on the political prohibition, the 2004 legal note by Ko-Yung Tung and 2005 legal note by Roberto Dañino on the Bank's activities in anti-money laundering and combating the financing of terrorism, the 2009

guidance note on multistakeholder engagement under the Bank's governance and anticorruption strategy, and the 2012 legal note on engagement in the criminal justice sector by Anne-Marie Leroy.

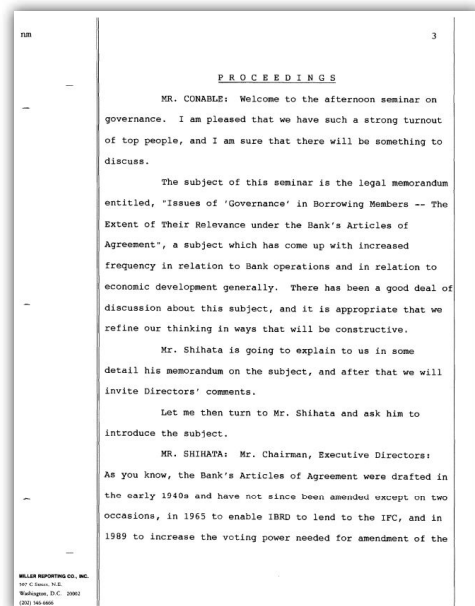
The 1990 Shihata legal memorandum provided the seminal legal thinking on the Bank's governance and anticorruption work. This document relied on archival materials to understand the legislative history surrounding the relevant passages in the articles, including the statements of Lord Keynes and other drafters of the articles, the proceedings of the Bretton Woods conference, and the congressional hearings relating to the U.S. ratification of the articles. The memorandum also reflects "data mining" of Bank records undertaken to understand how these passages have been interpreted and applied. Through analysis of this archival research, the 1990 memorandum achieved two intellectual breakthroughs: It placed many governance and anticorruption issues within the Bank's purposes and mandate, something that had been a subject of some doubt. And it reframed the issue of what is political and what is economic, a key distinction in the articles that defines the border separating the impermissible from the permissible.

Sailing Back to the Future: HISTORY AND POLICY MAKING AT THE WORLD BANK

The result was a purposive interpretation of the articles that helped create an enabling environment at the Bank for its governance and anticorruption activities that remains the basic framework for those activities today. At the same time, the 1990 memorandum set important boundaries that are still valid, excluding work with political parties and political reforms.

In one important area, however, the legal thinking has evolved significantly since Shihata's day: engagement with the criminal justice sector. This evolution culminated in Leroy's 2012 legal note. Law and order had been one of the areas that Shihata had excluded from the Bank's mandate in 1990. But the 2012 note, employing the same research techniques as Shihata had, came to a different conclusion in light of the Bank's experience in governance over the intervening 22 years and the evolving understanding of the development rationale for work in the criminal justice sector.

Once again, the archives played a critical role in documenting the Bank's experience and tracing its evolving legal thinking. Shihata's original analysis was as critical in 2012 as it had been in 1990. But a close reading of the historical record allowed us to refine the original legal test in a way that reconciled the articles' requirements with the Bank's actual practice, as well as its evolving legal thinking, over the years. The result, once again,



World Bank Vice President and General Counsel Ibrahim Shihata explains the details of his memo entitled "Issues of governance in the borrowing members: the extent of their relevance under the Bank's Articles of Agreement," which is, Fariello explains, the seminal legal thinking in the Bank on governance and anticorruption issues. World Bank. 1991. The IBRD seminar of Executive Directors was held on 11th April, 1991. Washington D.C. - The Worldbank. <http://documents.worldbank.org/curated/en/1991/04/15274569/ibrd-seminar-executive-directors-held-11th-april-1991>

has been a purposive interpretation that creates an enabling environment for the Bank's work.

The International Development Association and Debt Relief



Alessandra Iorio

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Could the International Development Association provide debt relief? Analysis of the question included looking at archival records of the early thinking about the issue

In the 1990s, facing increasing pressure from civil society, the World Bank considered whether it was able to provide debt relief to its poorest clients. The starting point for lawyers is always to look at what the rules say—and in this case that meant looking at what the Articles of Agreement of the International Development Association (IDA) allow.

IDA's articles set the following parameters: IDA can make loans. It can also make grants in certain circumstances. And it may agree to a relaxation or other modification in the terms of its financing. So the question really turned on whether debt relief can be viewed as a relaxation or other modification of terms. The question came up in two phases.

In the 1990s a campaign called Jubilee 2000 sought cancellation of all world debt by the year 2000. Notable supporters included Bono and Bob Geldof. In the late 1990s the Heavily Indebted Poor Countries (HIPC) Initiative was enhanced, with a proposal to forgive a portion of debt service for heavily indebted countries as it fell due.

Could IDA provide partial debt relief? The analysis involved looking at the provisions of IDA's articles and analyzing the ordinary meaning and intended meaning of the language used. For the intended meaning, we went to the World Bank's archives and looked at the detailed memoranda of the meetings of the Financial Policy Committee of the International Bank for Reconstruction and Development (IBRD), which had been tasked with drafting IDA's articles in the late 1950s.

Looking at the history, we found that the Canadian representative at these meetings had asked whether the language in the articles on relaxation or other modification would cover forgiveness of debt. The Bank's then general counsel replied that while the interpretation of the language could be stretched to forgiving debt, this would not be a normal interpretation. The Dutch representative thought that this section might open the way to switch from loans to grants. There was no recorded response to this statement.

Sailing Back to the Future: HISTORY AND POLICY MAKING AT THE WORLD BANK

So the drafters of the articles had clearly thought about the issue but left it open. The articles also provide that if there is a question of interpretation of any of the provisions of the articles, the Executive Directors can be asked to formally interpret the articles. This was the path that was pursued, and the Executive Directors found that partial debt relief was permissible under the articles.

At the G-8 summit in Gleneagles in 2005, the G-8 agreed to forgive the balance of the HIPC debt under what is known as the Multilateral Debt Relief Initiative (MDRI). This debt forgiveness would result in IDA writing off about US\$37 billion from its balance sheet. There were concerns expressed by other shareholders about a much weakened IDA.

We knew the history at that point. We'd also created some of our own history in 2000 by allowing partial debt relief. After a highly charged political process, the Executive Directors were again asked to formally interpret the articles, to allow 100 percent debt relief for the HIPC countries—which they did. As part of the MDRI package, the G-8 and other IDA donors committed to provide dollar-for-dollar compensation to IDA for the MDRI over the next 40 years.

and experience would provide a good environment for a new departure in this direction is, of course, very encouraging to me.

Since the proposal for the establishment of an International Development Association will probably occupy much of your discussion this week, it would obviously be inappropriate for me to tender any detailed comments. But let me renew my welcome for the American initiative and, at the same time, exercise a banker's prerogative by emphasizing one or two important general principles which I hope you will allow to underlie your discussions.

In the first place we must not forget that no new mechanism for the administration of development aid can diminish the responsibility which is shared by all members of the international community to keep open and active the channels of international trade. Aid can never be an acceptable substitute for trade. And international investment can never prosper if it is not built upon a solid foundation of international trade.

From the point of view of the underdeveloped countries, there is ample evidence that economic growth cannot be pursued successfully without a dynamic expansion of foreign trade. "Import substitution," that is, the development of local production which will reduce the need for imports, has its place in the process of international readjustment, but I still know nothing that can provide a real substitute for exports. Exports become all the more important to the extent that countries assume obligations to service foreign public or private investment in their territories. The nature of this foreign exchange transfer problem has by now become so obvious that it hardly bears repeating.

The lesson has equally important implications for the industrialized countries. For these countries, too, aid is no substitute for trade in their effort to meet the pressing current needs of the underdeveloped world. But it is also true that aid today must be followed by trade tomorrow if the aid takes the form of loans which must be repaid. Again I am making the familiar point that a creditor country must be prepared to accept eventual repayment in goods and services if the structure of international indebtedness is to be sustained.

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There are some in the creditor countries who advocate putting foreign aid on a grant-in-aid basis in order to escape the eventual necessity of taking repayment in foreign goods. On the other hand, there are some who advocate putting all aid on a 100% hard loan basis, ignoring the virtually insuperable transfer problems which this would create. Even if the creditor country is prepared to continue lending and relending on a large scale indefinitely, so that its actual capital investment need never be repaid, the mounting burden of interest can itself become a formidable problem.

It is with such thoughts in mind that I have often endorsed in principle the idea that a significant part of development aid should be extended on terms providing some relief from the transfer burden. I have repeatedly observed that the justifiable and really minimum needs for development capital in the underdeveloped countries are greater than can be met through conventional loans. I think there is general agreement that the International Development Association should be so designed as to enable the World Bank to introduce alongside, and in addition to, its regular operations, a more flexible kind of development lending.

There will still be, however, a large volume of international investment, both public and private, which can be serviced only through the traditional processes of international trade. New and less burdensome forms of aid may ease the pressure on the import policies of the industrialized countries; they may allow more time for gradual adjustments in international trade patterns. But these adjustments are bound to come if we are ever to reach a balance in world trade at a high enough level to allow the underdeveloped world to pay its own way.

Many trade restrictions today, particularly on agricultural products and industrial raw materials, already stand in obvious contradiction to the professed aim of the more advanced countries to aid the underdeveloped lands. And to these restrictions must be added the continuing problem of commodity surpluses and consequent fluctuations in the income of the primary producing countries. Nothing we may do here should relieve member countries from the need for addressing themselves to these matters with new vigor and imagination.

World Bank Presidents Black's speech at the 1959 Annual Meetings in the 1959 Summary Proceedings shows him grappling with the formation of IDA. World Bank. 1959. 1959 annual meetings of the Boards of Governors : summary proceedings. Washington D.C. - The Worldbank. <http://documents.worldbank.org/curated/en/1959/10/12609881/1959-annual-meetings-boards-governors-summary-proceedings>

The World Bank's Mediation of Disputes



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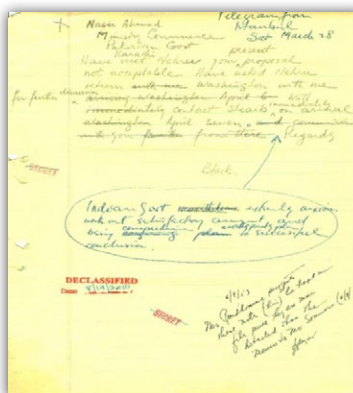
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The World Bank's noteworthy mediation efforts relating to the Indus River dispute are richly reflected in the institution's archives

Besides financing international development, the World Bank has mediated international disputes among member countries. Its involvement in three such disputes is particularly significant. Early in its history the Bank attempted, albeit unsuccessfully, to bridge differences between Iran and the United Kingdom over the nationalization of the Anglo-Iranian Oil Company. Subsequently the Bank grappled with the economic dimensions of the Suez Crisis, involving Egypt and some Western countries.

But possibly the most noteworthy example of the Bank's mediation efforts relates to the Indus River dispute between India and Pakistan. The subcontinent's partition in 1947 left the two countries at loggerheads over their sharing of the Indus River's waters. For more than a decade the Bank's engineers, lawyers, and economists worked closely with their Indian and Pakistani counterparts to resolve the matter. It took the personal involvement of Eugene Black, the Bank's then president, to reach a solution acceptable to both sides. That solution was embodied in the Indus Waters Treaty, signed in 1960. As part of the deal, the Bank committed substantial aid for the construction of storage dams and irrigation facilities along the river.



The Indus Basin dispute reached a crisis in early 1953. These handwritten notes, taken by Hector Prud'homme during a meeting between Bank President Eugene Black and India's B. K. Nehru, give the flavor of the tension; they were filed "since they are more detailed than the memo to Mr.

Sommers." Hector Prud'homme notes of Eugene Black meetings with B. K. Nehru, March 9, 10, and 27, 1953; General Negotiations 1953 (III), India-Pakistan I.B.D. [Indus Basin Dispute]; WB IBRD/IDA 01, Country Operational Files, 1946-1998, World Bank Group Archives

The Bank's archives include vast and extensive files on all three disputes. The Indus collection is particularly important. It is filled with interesting engineering reports, a large number of maps, technical memos, and legal notes. Both India and Pakistan have consulted the collection in technical discussions and arbitral proceedings with each other over the treaty's provisions.

CLOSING REMARKS



Tony Addison

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“It is vital for the Bank to have a sense of its history, invest in its own historians, and encourage its operational staff to really engage. But the Bank also needs external historians and others who are independent—because there is a need for high-quality historical analysis. Whether good or bad, it is dangerous to have the practitioner write the history of what happened.”

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- Country files
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