Preface

This book grew out of my collaboration with Joseph Stiglitz as one of his economic advisors and speech writers during his tumultuous tenure (1997–99) as chief economist (and senior vice president) of the World Bank. One of the principal themes of the book, the idea of autonomy-respecting help (assistance that actually helps people to help themselves) was vigorously supported not only by Joe but by James Wolfensohn, the president of the Bank.[1] The idea was expressed as having the "country in the driver's seat" in the statement of principles called the Comprehensive Development Framework, or CDF (Wolfensohn 1999a). I started writing a background paper to put together the intellectual history and support for these ideas for future Stiglitz speeches, and then I got carried away, resulting, years later, in this book.

I owe my biggest thanks to Joe for providing the intellectual stimulation and the organizational environment—indeed an oasis of critical thinking within the Bank—in order for these ideas to be formed and developed. It is important to understand some of the background to Joe's tenure at the Bank. By the early 1990s, Joe had secured a future Nobel Prize in Economics for his work in information economics (he got the prize in 2001 after leaving the Bank) and was already a legend in the community of academic economists. His first foray into the public eye was joining Bill Clinton's first-term Council of Economic Advisors along with Alan Blinder and the chair, Laura Tyson. By the end of Clinton's first term, Joe was the chair of the council and was ready to work on an international scale.

James Wolfensohn, the president of the World Bank, had no love lost on economists. He felt he understood the real-world economy as well as or better than academic economists, but he didn't have all the formal training in economics. Wolfensohn may have feared the fate of Denis Diderot when debating the mathematician Leonhard Euler in Catherine the Great's court. Against the atheist Diderot, Euler asserted "$(a + b^n)/n = x$, therefore God exists"—which left Diderot speechless and defenseless. Hence Wolfensohn wanted an economist of Stiglitz's stature at his side. After the untimely death of the previous chief economist, Michael Bruno, Joe made the move in early 1997 over a few blocks from the White House to the World Bank.

At first Joe may have thought that this would be a time to work out the implications for development economics of his previous work in the economics of information. But events would soon overtake those ambitions. These were tumultuous years for the Bank. The protests against the international institutions, such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank, were building up. It was then clear, at least to Joe, that the postsocialist transition strategy based on much advice from Western economists was not going well particularly in Russia and the former Soviet Union. And the East Asian financial crisis began to unfold.

Joe's World Institute for Development Economics Research (WIDER) lecture in January 1998, "More Instruments and Broader Goals: Moving toward the Post-Washington Consensus" (chap. 1 in Chang 2001), squarely took on the "Washington consensus" that had previously been the house orthodoxy in the IMF and the Bank. Over the next two years, Joe took on one shibboleth after another in speeches given around the world. Nine of the most important speeches are republished in Chang 2001, a collection entitled *Joseph Stiglitz and the World Bank: The Rebel Within*. The most barbed attacks were directed against the IMF and the U.S. Treasury, where the chief antagonists were, respectively, Stanley Fischer and Larry Summers, both former chief economists of the Bank.

None of this was what Wolfensohn bargained for. Instead of being at Wolfensohn's side in the perpetual "management meetings" in the Bank, Joe seemed to always be on the road.[2] He had little real interest in the "inside game" in the Bank, and he clearly relished the bully pulpit side of the chief economist's job as well as talking directly to the leaders in the developing countries. But all this created considerable consternation in the Fund, in the Treasury, and even in the Bank itself. Instead of public debate, the Fund and Treasury would express their displeasure directly to Wolfensohn. In the "front office" of the chief economist, we would get the expected phone call: "Please inform Mr.

Stiglitz that Mr. Wolfensohn would like to have a word with him as soon as he returns from his trip." Joe would promise to be more diplomatic, but his natural ebullience kept interrupting.[3]

I do not want to imply that it was all storm and strife between Joe and Jim. Joe was an early collaborator in what Wolfensohn would see as his main intellectual contribution to the Bank and to development, the CDF. For instance, at a major conference in Seoul in February 1999 at which Amartya Sen as well as Wolfensohn and Stiglitz were to appear, Stiglitz's speech "Participation and Development: Perspectives from the Comprehensive Development Paradigm" (chap. 7 in Chang 2001) gave public intellectual support to Wolfensohn's CDF. This was the sort of thing that Jim had hired Joe to do. On the flight together over to Seoul, Jim read Joe's speech and then scolded his own speech writer(s)—he thought that Joe's speech would make his look pale in comparison. At the podium the next day, Wolfensohn pointedly threw away his prepared talk, saying he didn't have all the fancy stuff in Stiglitz's speech, and then he won over the audience with an impassioned off-the-cuff talk about the CDF. The "Joe-and-Jim show" worked well at times like those.[4]

But that was not to last as the complaints mounted—principally from Fischer in the Fund and Summers at Treasury. Wolfensohn's first five-year term as president expired a bit before Stiglitz's three-year term as chief economist was to end in January 2000. There were unconfirmed rumors that Stiglitz's nonrenewal "was the price demanded by the US Treasury for its support for an extra term for Mr Wolfensohn as President of the World Bank" (Chang 2001, 3). But it was clear anyway that Joe and the Bank had arrived at a parting of the ways, so Joe resigned shortly before his term expired.[5]

In Joe's years at the Bank, he represented many of the aspects of autonomy-respecting help developed here such as the basic idea of giving the best arguments on all sides of a question to the counterparts in a developing country so that they could make their own decisions in an informed way. This is in contrast to the usual Bank procedure of trying to give them "the answers" buttressed by an intimidating barrage of one-sided arguments and biased statistics. In the course of the book, this idea is developed into the theme that the Bank in its cognitive role as the "knowledge bank" should take a cue from universities and other scientific institutions and not have "official views" on complex questions of knowledge.

Out of my ten years at the World Bank, the years spent with Joe were my glory days helping him to be "the rebel within" the development establishment challenging the tenets of the Washington consensus.[6] As Joe's advisor, I had the leeway to play the gadfly or attack-dog role, making many of the points contained in this book while still within the Bank. In Joe's post-Bank book, *Globalization and Its Discontents* (2002), he applies his critical analysis more to the IMF than the World Bank. I try to correct that imbalance here.

I am grateful to James Wolfensohn, now ending his second five-year term as president of the World Bank, for taking the initiative to develop the CDF–even if, for the reasons developed in the book, the ideals usually became a travesty when they were processed and implemented by the bureaucracy of the Bank. Jim supported the writing of the book to provide intellectual support for the CDF principles, and he looked at several drafts as the work progressed. After seeing an early first draft, he at one point asked me for the then-current draft to see how it was going. I visibly paused, thought for a moment, and then said somewhat apologetically, "But I am afraid that as the book has developed, it has become clear that the Bank is not exactly the institution to implement your CDF principles." He straightened up, squared his shoulders, looked me straight in the eyes, and said, "You're telling ME that!" While he would probably not agree with my rather negative conclusions about the Bank and my call for alternatives, I felt from that moment on that we at least had a certain mutual understanding. Although my personal views of his leadership at the Bank are quite positive, the rather fatal structural flaws of the Bank (see the last chapter) were there before he came and will, in spite of his best efforts, remain after he leaves.

I am also grateful to Nicholas Stern, Joe's successor as chief economist. Very soon after Nick took the job, he was introduced to an early version of this book when Jim Wolfensohn gave him a copy for comments. Nick read it without at first noting the author, and his response was the start of our positive relationship over the next two years and our mutual appreciation of interdisciplinary scholarship. Joe and Nick had first met doing postdoctoral research in Kenya and were the best of friends ever since then. While they see the world in much the same way, their organizational styles were almost diametrical opposites. Nick is the consummate organizational manager, and Joe, well, was not.[7] Nick kept me on as advisor until the expiration of my fixed-term contract but more as a backroom philosopher than as a frontline gadfly or attack dog.[8] That was fine with me since I had a book to finish and I was by then covered with the isolating "antibodies" that protect the Bank against "alien germs" that by some accident got inside the system.

I greatly appreciated the support of my many colleagues in the chief economist's front office. From my critical viewpoint, my position was an ideal job in the Bank since I got to review, evaluate, and criticize the operational and research work of the Bank. In an organization notorious for its factoid-plus-banality writing style, I tried to write memos and reviews that would be both vivid and stimulating in the hope that they would actually be read. In any case, the content of those internal critiques is the basis for the case study of the Bank developed throughout this book.[9] Halsey Rogers played an important role as my "adversarial-helper." When I played the devil's advocate role vis-à-vis the Bank, he played that role vis-à-vis me (which was not always the same as defending the Bank). In an organization where open debate is not a big part of the culture (although the Bank is a raucous debating society in comparison with the intellectual lockstep of the IMF), this proved to be an important help that often saved me from wasting time analyzing a caricature of Bank policies.

Prior to my five years as economic advisor in the chief economist's front office, I worked for five years as a project manager in the educational or training wing of the Bank known then as the Economic Development Institute (and now as the World Bank Institute). I was originally recruited to EDI and the Bank by Vladimir Kreacic. He went on from EDI to return to operations (the lending part of the Bank), where he showed that one could do excellent work in the Bank in spite of the Bank.[10] Our boss in EDI was Xavier Simon, who exemplified the management theory of McGregor's Theory Y advocated here—get the best people who are intrinsically motivated to do the job and then give them the freedom and support they need to do the job. All of them shaped my years in EDI as a tremendous learning experience—which is the basis for chapter 6.

Over the decade at the Bank, I have been lucky to meet many people who understand how "to help people help themselves" and who have been able to do so even while working in the Bank. Generally speaking, these were people who had matured and gained experience in development before joining the Bank and who then carved out a niche to do good work on their own. Unfortunately their work is more the exception than the rule.[11] My general conclusion—that an organization of some eight thousand people working a few blocks from the White House will not, on the whole, help people in developing countries to help themselves—should not be seen as detracting from the worth or significance of their work.

For intellectual style and content (chap. 9) as well as for the foreword, I owe an obvious debt to Albert Hirschman. He has always been the master of letting each problem determine which intellectual discipline should be brought to bear—rather than trying to fit each problem to the Procrustean bed of one's intellectual formation. In the world of ideas, trespassing is a virtue, not a vice. In a conscious reference to his *Essays in Trespassing* (1981), my last book was entitled *Intellectual Trespassing as a Way of Life* (1995), and I tried to use that style here in a strategy of intellectual triangulation. The basic ideas of autonomy-respecting assistance arise across fields in the helping relationships of teaching, managing, counseling, and organizing as well as in providing development assistance. By liberally snatching testimony for these ideas from the different fields, I have tried to weave together a fabric that has some coherence and strength.

And finally, Vlasta Radan has given me the benefit—whether I asked for it or not—of her sardonic insights based on her life in the former Yugoslavia and on her empathetic observations of life in the developing countries on the receiving end of today's "development assistance."