

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Michael Bruno - Internal Chronological Records - Correspondence - December 1993 - January 1994

Folder ID: 30321949

Series: Michael Bruno's Chronological Correspondence File (Internal and External Chronological Files)

Dates: 12/30/1993 - 02/23/1994

Subfonds: Records of the Office of the Vice President, Development Economics and Chief Economist and later Senior Vice President, Development Economics and Chief Economist (DECVP)

Fonds: Records of the Office of the Chief Economist

ISAD Reference Code: WB IBRD/IDA DEC-03-04

Digitized: 05/09/2025

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

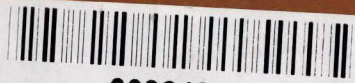
Telephone: 202-473-1000

Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED



 **Archives**
The World War Group



30321949

R1997-299 Other #: 1 125678B

Michael Bruno - Internal Chronological Records - Correspondence - December 1993 - January 1994

**DECLASSIFIED
WITH RESTRICTIONS
WBG Archives**

MB

**INTERNAL
CHRON**

JAN. 1994

OFFICE MEMORANDUM

Chen

DATE: February 23, 1994

TO: Mr. David Peretz

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: Query on the FY92-93 Research Report

I have read with interest the Board paper on "Current and Prospective Research in the Fund" and understand your concern about the potential for overlap in the research of the two institutions. As I noted at the meeting of the Board, the optimal degree of cooperation may not yet have been reached. But I also doubt that such cooperation should be centrally determined and managed, or that the extent of overlap in our mandate is sufficient to require such measures.

As you are well aware, the Bank's research program reflects the breadth of its operational mandate to promote long-term economic and social progress in developing countries. Its emphasis on poverty alleviation and sustainable development is at considerable variance from that of the IMF. The Fund, in comparison, analyzes issues relevant to its short-term and much narrower purview: oversight of the international monetary system, promotion of exchange stability, and assistance to members in temporary balance of payments difficulties. Thus the Fund's analytical work on developing economies tends to consist of brief reviews of the type considered as "economic and sector" work in the Bank, while the Bank undertakes more comprehensive and in-depth research on empirical issues across countries or regions. The focus of the Funds' research on developing countries is on the macro aspects of adjustment and the macro policy linkages with growth. The Fund's interest in the environment and military expenditure is primarily linked to fiscal issues.

In those broad areas in which the analytical topics may overlap, the objectives and focus of the research will reflect these different operational purposes. In the Bank's recently completed study of the role of government in the economic growth of East Asian countries, for example, the team analyzed not only the simpler macroeconomic determinants of growth, but also equity, poverty, demographics, education and training, and institutional and governance factors that were integral to the region's accelerated and sustained growth and development. The Fund's study on the East Asian governments, however, constitutes a brief survey of some of the existing literature, for the purposes of advising on the 1993 Article IV consultation with New Zealand (PPAA/93/17, October 1993, 21 pages). The Bank's comprehensive study of the influence of national policies on growth included innovative research on the influence of educational attainment of women, empirical evidence on the ways in which ideas are catalysts for growth, the effect of policy instability on investment and growth, the influence of the microeconomics of

equipment investment on macroeconomic growth, and the promotion of entrepreneurship by financial system depth. None of these topics is, *prima facie*, the focus of the Fund's study of growth and government intervention.

The research process itself, however, also provides a fundamental check against duplication, although it is not absolutely effective. First, researchers for particular projects are chosen for their basic knowledge of and familiarity with the research topics, and the approval of projects depends to a great degree on their reputations and thus knowledge of what is being done in the field. Secondly, proposals include a literature review component which requires that the contribution of the study be specified relative to the recent and on-going work in the field, and proposals are judged on the basis of that contribution. Thus in their preparation, researchers commonly contact those known to be working on the topic at hand, and use information obtained from conferences and workshops as well as trade journals to extend the network of contacts. The intensity and wide sweep of these efforts are reflected in the range of different agencies that actively participated in Bank research projects: 92 different agencies provided data or staff time, and 45 other agencies co-funded Bank research in FY93 alone. The objectives of the agencies differ, and thus their participation varies according to the research topic.

You also requested information on the extent of personnel exchange between the research department and the rest of the Bank. Of the 358 higher-level staff that have worked in DEC since FY88, 289 are still in the Bank--66 percent in DEC, 20 percent in operations, and the rest in the central vice presidencies. Thus DEC has experienced staff turnover of 47 percent in the last 5 years. Of DEC's 192 current higher-level staff, 39 percent had worked outside the Bank and 27 percent worked in operations prior to their DEC assignments.

cc: Timothy Thahane

OFFICE MEMORANDUM

DATE: February 23, 1994

TO: Mr. Timothy T. Thahane, SECV

FROM: Michael Bruno, VPDEC MB

EXTENSION: 33774

SUBJECT: Global Economic Prospects and the Developing Countries, 1994

Attached is a report entitled "Global Economic Prospects and the Developing Countries, 1994" for distribution to the Executive Directors. This paper has been reviewed by the Managing Directors. It is scheduled for discussion at a Board Seminar on March 21, 1994.

Attachment

cc: Masood Ahmed (IECDR)

SecM94-

FROM: Vice President and Secretary

February 24, 1994

Global Economic Prospects and the Developing Countries, 1994

1. Attached is a paper entitled "Global Economic Prospects and the Developing Countries, 1994". This paper is scheduled for discussion at a Board Seminar on Monday, March 21, 1994.
2. Questions on this paper may be addressed to Mr. Uri Dadush (ext. 33962) or Mr. Vikram Nehru (ext. 33887).

Distribution:

Executive Directors and Alternates

Office of the President

Executive Vice Presidents, IFC and MIGA

Vice Presidents, Bank, IFC and MIGA

Directors and Department Heads, Bank, IFC and MIGA

**GLOBAL ECONOMIC PROSPECTS
AND THE
DEVELOPING COUNTRIES, 1994**



**International Economics Department
February 24, 1994**

FYI/94/007
February 25, 1994

RESEARCH FUNDING: NEW OPTIONS AND PROCEDURES

The Research Committee recently adopted several changes in policy affecting Research Support Budget (RSB) funding. These changes are highlighted in this brief summary of RSB-funding activities.

The RSB funds six types of research-related activities: most importantly, the conduct of research, and proposal preparation, research capacity-building, data collection, and research dissemination, as well as the Visiting Research Fellows Program. Review procedures and funding restrictions vary by category and funding amounts (guidelines are available from RAD, ext. 3-1030).

- Research preparation grants support activities to investigate the feasibility of a proposed research project. Generally, the maximum grant is \$15,000. In exceptional cases—where, for instance, pilot testing of a survey instrument is required—the maximum can be raised to \$30,000.
- Research capacity-building grants support activities that strengthen the ability of borrower country nationals to investigate development issues from within their country. No more than 10 percent of the RSB can be allocated to this category in any year.
- Data collection grants fund surveys or compilation of data, independent of research projects, when the data open new and important analytical possibilities. Archiving and public distribution of the data to researchers inside and outside the Bank is required.
- Dissemination grants are used to distribute important research findings through publications, conferences, and translation. Dissemination grants are intended primarily to increase the access of Part II country nationals to the findings of Bank research and conference grants are generally limited to Part II country audiences. The grants are small and proposals must include a detailed breakdown of administrative arrangements and costs. Copies of papers for dissemination must be submitted for review. No more than 10 percent of the RSB can be allocated to this category in any year.

Two new RSB support categories are established, on a pilot basis:

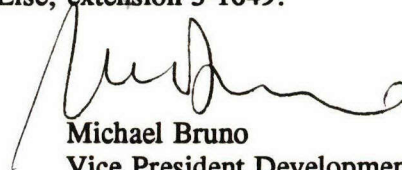
- Partial support of the costs of Bank operational staff participation in research projects, to a maximum of 1 percent of RSB funds in any year.
- Partial support for the costs of translation of important research findings, to a maximum of 1 percent of RSB funds in any year.

To provide applicants with information on the appropriateness of a potential project for RSB funding at an early stage, the Research Committee invites those requesting more than \$40,000 to submit two to three page synopses of their proposals for the committee's consideration. The synopses should include:

- A brief statement of the importance of the operational issues to be addressed
- Provisional hypotheses
- A likely general analytical approach
- Potential data sources
- The research team (with curriculum vitae for staff and consultants attached)
- A rough estimate of the total budget

Applicants are encouraged to submit a published paper, where available, to indicate the analytical approach and to establish the researchers' expertise in the topic.

If you have any questions, please contact Clara Else, extension 3-1049.



Michael Bruno
Vice President Development Economics
and Chief Economist

The World Bank
Washington, D.C. 20433
U.S.A.

MICHAEL BRUNO
Vice President Development Economics
and Chief Economist

Mr. S. Shahid Husain

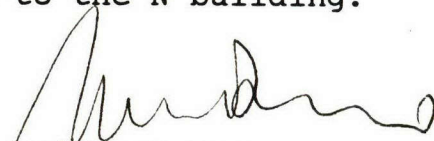
February 22, 1994

Shahid,

I was deeply disappointed by your note of February 17, since it represents a significant step backward, in both substance and form of discourse, from when we last met four weeks ago. At that meeting, there was no discussion whatsoever of whether IEC should stay indefinitely in the S building while DECVP moved to the N building. This was never considered, at least since I arrived in the Bank, and I thought we had also crossed that bridge together in our meeting. The issue we focused on was the timing of IEC's move. Your proposal was for a move in December 1994; I insisted on a move no later than this summer. As to the incremental cost, we had agreed that you would explore the flexibility in your FY95 budget, and, if necessary, we would talk about approaching the President for support from his contingency. We had also agreed that your staff would get back in touch in three days to discuss the options with my office.

I fail to see how we got from that discussion four weeks ago to the note I received from you Friday, informing me that you had unilaterally decided that I should move to the N building on February 28, and that IEC should stay in the S building indefinitely. Leaving aside timing and form of discourse, the substantive issue appears to be one of cost, although I still have not been provided with the explanation of how the \$1.1 - 1.3 million figures were arrived at. Your response does not address the immediate need for additional offices for IEC (to merge the trade division) nor does it address the other issues which were raised in my memo to Harold Messenger on December 16, 1993. My judgement is that proximity, especially during the period when IEC is implementing a major reengineering program, is of fundamental importance for the conduct of our duties and is worth that cost. If the institutional space budget is unable to respond to DEC's needs, I suggest we approach the President for support. This can still be done at this stage.

I am leaving for India on February 23 and will be back in the office on March 16. I propose that we resume discussion then. Until that time or until that issue is resolved, I am unable to agree to a move of my office to the N building.



Michael Bruno

cc: Messrs. Preston, Karaosmanoglu

OFFICE MEMORANDUM

DATE: December 16, 1993

TO: Mr. Harold Messenger

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Space

1. One of the first things I learned before officially joining the Bank was that my vice presidency was split between four buildings. It was a five minute walk to my main research department (PRD) in the N-Building, and almost fifteen minutes to EDI in the M-Building. This was incomprehensible to me, and I immediately asked my staff to investigate the possibility of bringing DEC closer together. It did not seem practicable to move EDI closer, because of their specialized space requirements for training. For the rest of DEC, however, since plans had already been made to move my office and RAD from the S-Building to the N-Building as part of the post-reorganization moves, the obvious solution seemed to be to bring IEC also north of Pennsylvania Avenue, rather than have it remain isolated from the rest of DEC in the S-Building.

2. The proposal to move IEC north of Pennsylvania Avenue was discussed with ITF on September 1, at which time two options were put forward for consideration. Since that time, however, because of the many uncertainties associated with the Main Complex occupancy, we have been unable to come to closure with ITF on how to proceed.

3. Two changes within DEC now make IEC's move critical. First, PRD's Trade Policy Division will merge in the next few months with IEC's International Trade Division. Eight positions will transfer from PRD to IEC together with related long- and short-term consultants. Even at its current staffing level, IEC is so tightly packed on the 7th and 8th floors of the S-Building that its new Director is seriously concerned about fire hazards. There is absolutely no question of accommodating the transferred positions and consultants in this space.

4. Second, IEC is working on a restructuring plan that will be implemented in mid-1994. This plan will involve a significant number of intra-IEC moves. There would be considerable efficiency gains if these moves could be combined with the move of IEC to a new location north of Pennsylvania Avenue.

5. The most practicable option is for IEC to move into the 6th and 8th floors of the Q-Building. ITF planning staff have confirmed that this space will accommodate IEC's workforce, but I understand that there is a budget constraint: funding for the 8th floor lease is not included in ITF's FY95 budget.

6. I should note that my proposal to move IEC north of Pennsylvania Avenue may well have the support of Messrs. Serageldin and Choksi, both of whom have departments located in remote locations. If IEC were to move from the S-Building, for example, ESD's Agriculture Department could move out of the N-Building into the

S-Building, consolidating all of ESD in one building, and HRO could move all its OPR staff from the T-Building, also consolidating in one building. These moves would leave the S-Building in a far less crowded position; as it is currently configured the building is tightly packed with very little room for expansion or overflow.

7. I now turn to you for help in resolving this issue. In the meantime, I have asked Mark Baird to follow up with Mr. Wessels.

cc: Messrs/Mss. Serageldin, Choksi, Wessels, Stover, Gore, Ahmed, Calleja, Baird,
Lyttle, Cartwright, Davis

OFFICE MEMORANDUM

DATE: February 22, 1994

TO: Mr. Ismail Serageldin

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *European Migrations: Push and Pull* by Klaus Zimmermann. This session will begin 2:30 p.m. on Friday, April 29, as can be seen from the attached draft agenda.

2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.

3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.

4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00 p.m. in E Gallery, 12th floor.

5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments (2)

Annual Bank Conference on Development Economics 1994
April 28 and 29, 1994

Responsibilities of Chairpersons

1. **TIME LIMITS:** This is a tightly organized conference program. Chairpersons are critical to starting and ending the components of each session on time, and giving fair voice to all conference participants, including participants from the floor. It is your responsibility to make sure that all involved stick to the time limitations communicated to them. For this reason, you are urged to be quite merciless in enforcing the time limits below.

Authors: 30 minutes (joint authors split this time as they choose).

Giving a warning at 28 minutes if the author does not seem to be winding down is highly encouraged.

Discussants: 10 minutes maximum per discussant.

A warning at 9 minutes may be appropriate.

Floor Discussion: for rest of the scheduled time.

Please remind the audience that you are asking for questions, not long-winded comments, and that questions should be limited to approximately one to two minutes. Please ensure that questions are kept to the point and to the two minute limit, and that no one participant monopolizes the floor discussion. If the question takes too long to ask, it's probably not worth asking, and won't be answered anyway for lack of time. It will usually be most efficient to collect four or five questions, and then let the author/discussants answer them en bloc before returning back to the floor.

2. **AUDIENCE QUESTIONS - MICROPHONES:** The conference proceedings will be audio taped. Therefore, before opening the proceedings to questions from the floor, please advise the audience that, to raise questions, each speaker must: (1) come up to the microphone; (2) give his or her name and affiliation; and (3) only then pose questions. You may need to repeat these instructions throughout the discussion period. There will be a stationary microphone and also wireless microphones that can be passed to individual speakers from the aisles.
3. **INTRODUCTIONS:** Curriculum vita for the author(s) and discussants in your session will be provided to you. Please keep introductions brief.

THE WORLD BANK **DRAFT COPY**
ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS 1994

April 28 & 29, 1994

Washington, D.C.

THURSDAY, April 28:

8:30 am J Building Assembly Hall, J B1-080, 701 18th Street, N.W.

9:00 am Inauguration by LEWIS T. PRESTON

9:15 am Keynote Address by MICHAEL BRUNO, Vice President Development Economics and Chief Economist
Development Issues in a Changing World: New Lessons, Old Debates, Open Questions

9:45 am Transition in Socialist Economies
Macropolicies in the Transition to a Market Economy: A Three Year Perspective
LESZEK BALCEROWICZ, Warsaw School of Economics and
ALAN GELB, The World Bank
Chairperson: Wilfried Thalwitz, World Bank
Discussants: Anders Aslund, Stockholm School of Economics
Janos Kornai, Hungarian Academy of Sciences

11:00 am Coffee break

11:30 am Transition in Socialist Economies
Russia's Struggle with Stabilization
JEFFREY SACHS, Harvard University
Chairperson: Michael Bruno, World Bank
Discussants: John Williamson, Institute for International Economics
Maxim Boycko, Russian Privatization Center, Moscow

12:45 pm Lunch

2:00 pm Venue: J Building Assembly Hall, J B1-080,
701 18th Street, N.W.
Transition in Socialist Economies
Establishing Property Rights
ANDREI SHLEIFER, Harvard University
Chairperson: Jean-Francois Rischard, World Bank
Discussants: Oliver Blanchard, Massachusetts
Institute of Technology
Roman Frydman, New York University

Venue: J Building Auditorium, J 1-050,
701 18th Street, N.W.
New Institutional Economics
Critical Market Support Institutions and their Evolution
OLIVER WILLIAMSON, University of California,
Berkeley
Chairperson: Johannes Linn, World Bank
Discussants: Robert Putnam, Harvard University
Peter Murrell, University of Maryland,
College Park

3:15 pm Coffee break

3:45 pm Transition in Socialist Economies
Chinese Reform Experience with State and Collective Enterprises
THOMAS RAWSKI, University of Pittsburgh and
GARY H. JEFFERSON, Brandeis University
Chairperson: Robert Picciotto, World Bank
Discussants: Nicholas Stern, European Bank for
Reconstruction and Development
Shahid Burki, The World Bank

Coffee break

New Institutional Economics
Constitutional Political Economy
JON ELSTER, Institute for Social Research, Oslo
Chairperson: Ibrahim F.I. Shihata, World Bank
Discussants: Adam Przeworski, University of Chicago
Pranab Bardhan, University of California,
Berkeley

6:00 pm Cocktails for Participants and Bank Staff, hosted by DECVP, E Gallery, 12th
Floor, 701 19th Street, N.W

FRIDAY, April 29:

8:30 am Coffee, *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*

9:00 am **Roundtable Discussion: Employment and Development**

Moderator: MICHAEL BRUNO, The World Bank
 Participants: NANCY BIRDSALL, Inter-American Development Bank
 PAUL COLLIER, Oxford University
 RICHARD FREEMAN, Harvard University
 CHRISTOPHER PISSARIDES, London School of Economics

10:00 am **Economic Geography - Dynamics of Disparate Regional Development**

Historical Accident, Increasing Returns and Transport Costs

PAUL KRUGMAN, Massachusetts Institute of Technology

Chairperson: Jessica Einhorn, World Bank

Discussants: Andrew Isserman, West Virginia University

J. Vernon Henderson, Brown University

11:15 am Coffee break

11:45 am **Economic Geography - Dynamics of Disparate Regional Development**

Intersection of Regional and Industrial Policies in Four Countries

(Korea, Brazil, Japan, & United States)

ANN MARKUSEN, Rutgers University, Brunswick

Chairperson: Armeane Choksi, World Bank

Discussants: William Alonso, Harvard University

Michael Porter, Harvard University

1:00 pm Lunch

2:30 pm Venue: *J Building Auditorium, J 1-050, 701 18th Street, N.W.*

International Migration Pressures

European Migrations: Push and Pull

KLAUS ZIMMERMANN, University of Muenchen

Chairperson: Ismail Serageldin, World Bank

Discussants: Julian Simon, University of Maryland, College Park

Xavier Sala-I-Martin, Yale University

Venue: *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*

Employment Trends and Service Sector Development

Labor Markets During Systemic Reform

ROBERT J. FLANAGAN, Stanford University

Chairperson: Mieko Nishimizu, World Bank

Discussants: Richard Layard, London School of Economics

John Pencavel, Stanford University

3:30 pm Coffee break

Coffee break

4:00 pm **International Migration Pressures**

Frontier Issues in International Migration

ODED STARK, The Hebrew University of Jerusalem

Chairperson: Marcelo Selowsky, World Bank

Discussants: Mark Rosenzweig, University of Pennsylvania

Michael Greenwood, University of Colorado

OFFICE MEMORANDUM

DATE: February 22, 1994

TO: Mr. Wilfried Thalwitz

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Macropolicies in the Transition to a Market Economy: A Three Year Perspective* jointly written by Leszek Balcerowicz and Alan Gelb. This session will begin 9:45am on Thursday, April 28, as can be seen from the attached draft agenda.
2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.
3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.
4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00pm in E Gallery, 12th floor.
5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments(2)

Annual Bank Conference on Development Economics 1994
April 28 and 29, 1994

Responsibilities of Chairpersons

1. **TIME LIMITS:** This is a tightly organized conference program. Chairpersons are critical to starting and ending the components of each session on time, and giving fair voice to all conference participants, including participants from the floor. It is your responsibility to make sure that all involved stick to the time limitations communicated to them. For this reason, you are urged to be quite merciless in enforcing the time limits below.

Authors: 30 minutes (joint authors split this time as they choose).

Giving a warning at 28 minutes if the author does not seem to be winding down is highly encouraged.

Discussants: 10 minutes maximum per discussant.

A warning at 9 minutes may be appropriate.

Floor Discussion: for rest of the scheduled time.

Please remind the audience that you are asking for questions, not long-winded comments, and that questions should be limited to approximately one to two minutes. Please ensure that questions are kept to the point and to the two minute limit, and that no one participant monopolizes the floor discussion. If the question takes too long to ask, it's probably not worth asking, and won't be answered anyway for lack of time. It will usually be most efficient to collect four or five questions, and then let the author/discussants answer them en bloc before returning back to the floor.

2. **AUDIENCE QUESTIONS - MICROPHONES:** The conference proceedings will be audio taped. Therefore, before opening the proceedings to questions from the floor, please advise the audience that, to raise questions, each speaker must: (1) come up to the microphone; (2) give his or her name and affiliation; and (3) only then pose questions. You may need to repeat these instructions throughout the discussion period. There will be a stationary microphone and also wireless microphones that can be passed to individual speakers from the aisles.
3. **INTRODUCTIONS:** Curriculum vita for the author(s) and discussants in your session will be provided to you. Please keep introductions brief.

THE WORLD BANK **DRAFT COPY**
ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS 1994

April 28 & 29, 1994
Washington, D.C.

THURSDAY, April 28:

- 8:30 am J Building Assembly Hall, J B1-080, 701 18th Street, N.W.
- 9:00 am Inauguration by LEWIS T. PRESTON
- 9:15 am Keynote Address by MICHAEL BRUNO, Vice President Development Economics and Chief Economist
Development Issues in a Changing World: New Lessons, Old Debates, Open Questions
- 9:45 am **Transition in Socialist Economies**
Macropolicies in the Transition to a Market Economy: A Three Year Perspective
LESZEK BALCEROWICZ, Warsaw School of Economics and
ALAN GELB, The World Bank
Chairperson: Wilfried Thalwitz, World Bank
Discussants: Anders Aslund, Stockholm School of Economics
Janos Kornai, Hungarian Academy of Sciences
- 11:00 am Coffee break
- 11:30 am **Transition in Socialist Economies**
Russia's Struggle with Stabilization
JEFFREY SACHS, Harvard University
Chairperson: Michael Bruno, World Bank
Discussants: John Williamson, Institute for International Economics
Maxim Boycko, Russian Privatization Center, Moscow
- 12:45 pm Lunch
- 2:00 pm **Venue: J Building Assembly Hall, J B1-080, 701 18th Street, N.W.**
Transition in Socialist Economies
Establishing Property Rights
ANDREI SHLEIFER, Harvard University
Chairperson: Jean-Francois Rischard, World Bank
Discussants: Oliver Blanchard, Massachusetts Institute of Technology
Roman Frydman, New York University
- Venue: J Building Auditorium, J 1-050, 701 18th Street, N.W.**
New Institutional Economics
Critical Market Support Institutions and their Evolution
OLIVER WILLIAMSON, University of California, Berkeley
Chairperson: Johannes Linn, World Bank
Discussants: Robert Putnam, Harvard University
Peter Murrell, University of Maryland, College Park
- Coffee break
- 3:15 pm **Transition in Socialist Economies**
Chinese Reform Experience with State and Collective Enterprises
THOMAS RAWSKI, University of Pittsburgh and
GARY H. JEFFERSON, Brandeis University
Chairperson: Edward V.K. Jaycox, World Bank
Discussants: Nicholas Stern, European Bank for Reconstruction and Development
Shahid Burki, The World Bank
- New Institutional Economics**
Constitutional Political Economy
JON ELSTER, Institute for Social Research, Oslo
Chairperson: Ibrahim F.I. Shihata, World Bank
Discussants: Adam Przeworski, University of Chicago
Pranab Bardhan, University of California, Berkeley
- 6:00 pm Cocktails for Participants and Bank Staff, hosted by DECVP, E Gallery, 12th Floor, 701 19th Street, N.W.

FRIDAY, April 29:

- 8:30 am Coffee, *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*
- 9:00 am **Roundtable Discussion: Employment and Development**
 Moderator: MICHAEL BRUNO, The World Bank
 Participants: NANCY BIRDSALL, Inter-American Development Bank
 PAUL COLLIER, Oxford University
 RICHARD FREEMAN, Harvard University
 CHRISTOPHER PISSARIDES, London School of Economics
- 10:00 am **Economic Geography - Dynamics of Disparate Regional Development**
Historical Accident, Increasing Returns and Transport Costs
 PAUL KRUGMAN, Massachusetts Institute of Technology
 Chairperson: Jessica Einhorn, World Bank
 Discussants: Andrew Isserman, West Virginia University
 J. Vernon Henderson, Brown University
- 11:15 am Coffee break
- 11:45 am **Economic Geography - Dynamics of Disparate Regional Development**
Intersection of Regional and Industrial Policies in Four Countries
(Korea, Brazil, Japan, & United States)
 ANN MARKUSEN, Rutgers University, Brunswick
 Chairperson: Armeane Choksi, World Bank
 Discussants: William Alonso, Harvard University
 Michael Porter, Harvard University
- 1:00 pm Lunch
- 2:30 pm *Venue: J Building Auditorium, J 1-050, 701 18th Street, N.W.*
International Migration Pressures
European Migrations: Push and Pull
 KLAUS ZIMMERMANN, University of Muenchen
 Chairperson: Ismail Serageldin, World Bank
 Discussants: Julian Simon, University of Maryland, College Park
 Xavier Sala-I-Martin, Yale University
- Venue: J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*
Employment Trends and Service Sector Development
Labor Markets During Systemic Reform
 ROBERT J. FLANAGAN, Stanford University
 Chairperson: Mieko Nishimizu, World Bank
 Discussants: Richard Layard, London School of Economics
 John Pencavel, Stanford University
- 3:30 pm Coffee break
- 4:00 pm **International Migration Pressures**
Frontier Issues in International Migration
 ODED STARK, The Hebrew University of Jerusalem
 Chairperson: Marcelo Selowsky, World Bank
 Discussants: Mark Rosenzweig, University of Pennsylvania
 Michael Greenwood, University of Colorado

OFFICE MEMORANDUM

DATE: February 22, 1994

TO: Mrs. Jessica Einhorn

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Historical Accident, Increasing Returns and Transport Costs* by Paul Krugman. This session will begin 10:00 a.m. on Friday, April 29, as can be seen from the attached draft agenda.
2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.
3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.
4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00 p.m. in E Gallery, 12th floor.
5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments (2)

Annual Bank Conference on Development Economics 1994
April 28 and 29, 1994

Responsibilities of Chairpersons

1. **TIME LIMITS:** This is a tightly organized conference program. Chairpersons are critical to starting and ending the components of each session on time, and giving fair voice to all conference participants, including participants from the floor. It is your responsibility to make sure that all involved stick to the time limitations communicated to them. For this reason, you are urged to be quite merciless in enforcing the time limits below.

Authors: 30 minutes (joint authors split this time as they choose).

Giving a warning at 28 minutes if the author does not seem to be winding down is highly encouraged.

Discussants: 10 minutes maximum per discussant.

A warning at 9 minutes may be appropriate.

Floor Discussion: for rest of the scheduled time.

Please remind the audience that you are asking for questions, not long-winded comments, and that questions should be limited to approximately one to two minutes. Please ensure that questions are kept to the point and to the two minute limit, and that no one participant monopolizes the floor discussion. If the question takes too long to ask, it's probably not worth asking, and won't be answered anyway for lack of time. It will usually be most efficient to collect four or five questions, and then let the author/discussants answer them en bloc before returning back to the floor.

2. **AUDIENCE QUESTIONS - MICROPHONES:** The conference proceedings will be audio taped. Therefore, before opening the proceedings to questions from the floor, please advise the audience that, to raise questions, each speaker must: (1) come up to the microphone; (2) give his or her name and affiliation; and (3) only then pose questions. You may need to repeat these instructions throughout the discussion period. There will be a stationary microphone and also wireless microphones that can be passed to individual speakers from the aisles.
3. **INTRODUCTIONS:** Curriculum vita for the author(s) and discussants in your session will be provided to you. Please keep introductions brief.

THE WORLD BANK **DRAFT COPY**
ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS 1994

April 28 & 29, 1994

Washington, D.C.

THURSDAY, April 28:

- 8:30 am J Building Assembly Hall, J B1-080, 701 18th Street, N.W.
- 9:00 am Inauguration by LEWIS T. PRESTON
- 9:15 am Keynote Address by MICHAEL BRUNO, Vice President Development Economics and Chief Economist
Development Issues in a Changing World: New Lessons, Old Debates, Open Questions
- 9:45 am Transition in Socialist Economies
Macropolicies in the Transition to a Market Economy: A Three Year Perspective
LESZEK BALCEROWICZ, Warsaw School of Economics and
ALAN GELB, The World Bank
Chairperson: Wilfried Thalwitz, World Bank
Discussants: Anders Aslund, Stockholm School of Economics
Janos Kornai, Hungarian Academy of Sciences
- 11:00 am Coffee break
- 11:30 am Transition in Socialist Economies
Russia's Struggle with Stabilization
JEFFREY SACHS, Harvard University
Chairperson: Michael Bruno, World Bank
Discussants: John Williamson, Institute for International Economics
Maxim Boycko, Russian Privatization Center, Moscow
- 12:45 pm Lunch
- | | |
|--|--|
| 2:00 pm Venue: J Building Assembly Hall, J B1-080, 701 18th Street, N.W.
<u>Transition in Socialist Economies</u>
<i>Establishing Property Rights</i>
ANDREI SHLEIFER, Harvard University
Chairperson: Jean-Francois Rischard, World Bank
Discussants: Oliver Blanchard, Massachusetts Institute of Technology
Roman Frydman, New York University | 2:00 pm Venue: J Building Auditorium, J 1-050, 701 18th Street, N.W.
<u>New Institutional Economics</u>
<i>Critical Market Support Institutions and their Evolution</i>
OLIVER WILLIAMSON, University of California, Berkeley
Chairperson: Johannes Linn, World Bank
Discussants: Robert Putnam, Harvard University
Peter Murrell, University of Maryland, College Park |
|--|--|
- 3:15 pm Coffee break
- | | |
|---|--|
| 3:45 pm <u>Transition in Socialist Economies</u>
<i>Chinese Reform Experience with State and Collective Enterprises</i>
THOMAS RAWSKI, University of Pittsburgh and
GARY H. JEFFERSON, Brandeis University
Chairperson: Robert Picciotto, World Bank
Discussants: Nicholas Stern, European Bank for Reconstruction and Development
Shahid Burki, The World Bank | 3:45 pm <u>New Institutional Economics</u>
<i>Constitutional Political Economy</i>
JON ELSTER, Institute for Social Research, Oslo
Chairperson: Ibrahim F.I. Shihata, World Bank
Discussants: Adam Przeworski, University of Chicago
Pranab Bardhan, University of California, Berkeley |
|---|--|
- 6:00 pm Cocktails for Participants and Bank Staff, hosted by DECVP, E Gallery, 12th Floor, 701 19th Street, N.W.

FRIDAY, April 29:

8:30 am Coffee, *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*

9:00 am **Roundtable Discussion: Employment and Development**

Moderator: **MICHAEL BRUNO**, The World Bank
 Participants: **NANCY BIRDSALL**, Inter-American Development Bank
PAUL COLLIER, Oxford University
RICHARD FREEMAN, Harvard University
CHRISTOPHER PISSARIDES, London School of Economics

10:00 am **Economic Geography - Dynamics of Disparate Regional Development**

Historical Accident, Increasing Returns and Transport Costs

PAUL KRUGMAN, Massachusetts Institute of Technology

Chairperson: **Jessica Einhorn**, World Bank

Discussants: **Andrew Isserman**, West Virginia University
J. Vernon Henderson, Brown University

11:15 am Coffee break

11:45 am **Economic Geography - Dynamics of Disparate Regional Development**

Intersection of Regional and Industrial Policies in Four Countries

(Korea, Brazil, Japan, & United States)

ANN MARKUSEN, Rutgers University, Brunswick

Chairperson: **Armeane Choksi**, World Bank

Discussants: **William Alonso**, Harvard University
Michael Porter, Harvard University

1:00 pm Lunch

2:30 pm Venue: *J Building Auditorium, J 1-050, 701 18th Street, N.W.*

International Migration Pressures

European Migrations: Push and Pull

KLAUS ZIMMERMANN, University of Muenchen

Chairperson: **Ismail Serageldin**, World Bank

Discussants: **Julian Simon**, University of Maryland, College Park
Xavier Sala-I-Martin, Yale University

Venue: *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*

Employment Trends and Service Sector Development

Labor Markets During Systemic Reform

ROBERT J. FLANAGAN, Stanford University

Chairperson: **Mieko Nishimizu**, World Bank

Discussants: **Richard Layard**, London School of Economics
John Pencavel, Stanford University

3:30 pm Coffee break

Coffee break

4:00 pm **International Migration Pressures**

Frontier Issues in International Migration

ODED STARK, The Hebrew University of Jerusalem

Chairperson: **Marcelo Selowsky**, World Bank

Discussants: **Mark Rosenzweig**, University of Pennsylvania
Michael Greenwood, University of Colorado

OFFICE MEMORANDUM

DATE: February 17, 1994

TO: Mr. Ibrahim F. I. Shihata

FROM: Michael Bruno *mfj*

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Constitutional Political Economy* by Jon Elster. This session will begin 3:45pm on Thursday, April 28, as can be seen from the attached draft agenda.

2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.

3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.

4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00pm in E Gallery, 12th floor.

5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments(2)

Annual Bank Conference on Development Economics 1994
April 28 and 29, 1994

Responsibilities of Chairpersons

1. **TIME LIMITS:** This is a tightly organized conference program. Chairpersons are critical to starting and ending the components of each session on time, and giving fair voice to all conference participants, including participants from the floor. It is your responsibility to make sure that all involved stick to the time limitations communicated to them. For this reason, you are urged to be quite merciless in enforcing the time limits below.

Authors: 30 minutes (joint authors split this time as they choose).

Giving a warning at 28 minutes if the author does not seem to be winding down is highly encouraged.

Discussants: 10 minutes maximum per discussant.

A warning at 9 minutes may be appropriate.

Floor Discussion: for rest of the scheduled time.

Please remind the audience that you are asking for questions, not long-winded comments, and that questions should be limited to approximately one to two minutes. Please ensure that questions are kept to the point and to the two minute limit, and that no one participant monopolizes the floor discussion. If the question takes too long to ask, it's probably not worth asking, and won't be answered anyway for lack of time. It will usually be most efficient to collect four or five questions, and then let the author/discussants answer them en bloc before returning back to the floor.

2. **AUDIENCE QUESTIONS - MICROPHONES:** The conference proceedings will be audio taped. Therefore, before opening the proceedings to questions from the floor, please advise the audience that, to raise questions, each speaker must: (1) come up to the microphone; (2) give his or her name and affiliation; and (3) only then pose questions. You may need to repeat these instructions throughout the discussion period. There will be a stationary microphone and also wireless microphones that can be passed to individual speakers from the aisles.
3. **INTRODUCTIONS:** Curriculum vita for the author(s) and discussants in your session will be provided to you. Please keep introductions brief.

THE WORLD BANK **DRAFT COPY**
ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS 1994

April 28 & 29, 1994
Washington, D.C.

THURSDAY, April 28:

- 8:30 am J Building Assembly Hall, J B1-080, 701 18th Street, N.W.
- 9:00 am Inauguration by LEWIS T. PRESTON
- 9:15 am Keynote Address by MICHAEL BRUNO, Vice President Development Economics and Chief Economist
Development Issues in a Changing World: New Lessons, Old Debates, Open Questions
- 9:45 am **Transition in Socialist Economies**
Macropolicies in the Transition to a Market Economy: A Three Year Perspective
LESZEK BALCEROWICZ, Warsaw School of Economics and
ALAN GELB, The World Bank
Chairperson: **Wilfried Thalwitz**, World Bank
Discussants: **Anders Aslund**, Stockholm School of Economics
Janos Kornai, Hungarian Academy of Sciences
- 11:00 am Coffee break
- 11:30 am **Transition in Socialist Economies**
Russia's Struggle with Stabilization
JEFFREY SACHS, Harvard University
Chairperson: **Michael Bruno**, World Bank
Discussants: **John Williamson**, Institute for International Economics
Maxim Boycko, Russian Privatization Center, Moscow
- 12:45 pm Lunch
- | | |
|--|--|
| <p>2:00 pm Venue: J Building Assembly Hall, J B1-080, 701 18th Street, N.W.
 <u>Transition in Socialist Economies</u>
 <i>Establishing Property Rights</i>
 ANDREI SHLEIFER, Harvard University
 Chairperson: Jean-Francois Rischard, World Bank
 Discussants: Oliver Blanchard, Massachusetts Institute of Technology
 Roman Frydman, New York University</p> | <p>Venue: J Building Auditorium, J 1-050, 701 18th Street, N.W.
 <u>New Institutional Economics</u>
 <i>Critical Market Support Institutions and their Evolution</i>
 OLIVER WILLIAMSON, University of California, Berkeley
 Chairperson: Johannes Linn, World Bank
 Discussants: Robert Putnam, Harvard University
 Peter Murrell, University of Maryland, College Park</p> |
|--|--|
- 3:15 pm Coffee break
- | | |
|--|--|
| <p>3:45 pm <u>Transition in Socialist Economies</u>
 <i>Chinese Reform Experience with State and Collective Enterprises</i>
 THOMAS RAWSKI, University of Pittsburgh and
 GARY H. JEFFERSON, Brandeis University
 Chairperson: Gautam S. Kaji, World Bank
 Discussants: Nicholas Stern, European Bank for Reconstruction and Development
 Shahid Burki, The World Bank</p> | <p><u>New Institutional Economics</u>
 <i>Constitutional Political Economy</i>
 JON ELSTER, Institute for Social Research, Oslo
 Chairperson: Ibrahim F.I. Shihata, World Bank
 Discussants: Adam Przeworski, University of Chicago
 Pranab Bardhan, University of California, Berkeley</p> |
|--|--|
- 6:00 pm Cocktails for Participants and Bank Staff, hosted by DECVP, *E Gallery, 12th Floor, 701 19th Street, N.W*

FRIDAY, April 29:

8:30 am Coffee, *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*

9:00 am Roundtable Discussion: Employment and Development

Moderator: MICHAEL BRUNO, The World Bank

Participants: NANCY BIRDSALL, Inter-American Development Bank
PAUL COLLIER, Oxford University
RICHARD FREEMAN, Harvard University
CHRISTOPHER PISSARIDES, London School of Economics

10:00 am **Economic Geography - Dynamics of Disparate Regional Development**

Historical Accident, Increasing Returns and Transport Costs

PAUL KRUGMAN, Massachusetts Institute of Technology

Chairperson: Jessica Einhorn, World Bank

Discussants: Andrew Isserman, West Virginia University

J. Vernon Henderson, Brown University

11:15 am Coffee break

11:45 am **Economic Geography - Dynamics of Disparate Regional Development**

Intersection of Regional and Industrial Policies in Four Countries

(Korea, Brazil, Japan, & United States)

ANN MARKUSEN, Rutgers University, Brunswick

Chairperson: Armeane Choksi, World Bank

Discussants: William Alonso, Harvard University

Michael Porter, Harvard University

1:00 pm Lunch

2:30 pm Venue: *J Building Auditorium, J 1-050, 701 18th Street, N.W.*

International Migration Pressures

European Migrations: Push and Pull

KLAUS ZIMMERMANN, University of Muenchen

Chairperson: Ismail Serageldin, World Bank

Discussants: Julian Simon, University of Maryland, College Park

Xavier Sala-I-Martin, Yale University

Venue: *J Building Assembly Hall, J B1-080, 701 18th Street, N.W.*

Employment Trends and Service Sector Development

Labor Markets During Systemic Reform

ROBERT J. FLANAGAN, Stanford University

Chairperson: Mieko Nishimizu, World Bank

Discussants: Richard Layard, London School of Economics

John Pencavel, Stanford University

3:30 pm Coffee break

Coffee break

4:00 pm **International Migration Pressures**

Frontier Issues in International Migration

ODED STARK, The Hebrew University of Jerusalem

Chairperson: Marcelo Selowsky, World Bank

Discussants: Mark Rosenzweig, University of Pennsylvania

Michael Greenwood, University of Colorado

OFFICE MEMORANDUM

DATE: February 17, 1994

TO: Mr. Johannes F. Linn

FROM: Michael Bruno *mb*

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Critical Market Support Institutions and their Evolution* by Oliver Williamson. This session will begin 2:00pm on Thursday April 28, as can be seen from the attached draft agenda.

2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.

3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.

4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00pm in E Gallery, 12th floor.

5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments(2)

OFFICE MEMORANDUM

DATE: February 17, 1994

TO: Mr. Marcelo Selowsky

FROM: Michael Bruno *mb*

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Frontier Issues in International Migration* by Oded Stark. This session will begin 4:00pm on Friday, April 29, as can be seen from the attached draft agenda.

2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.

3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.

4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00pm in E Gallery, 12th floor.

5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments(2)

OFFICE MEMORANDUM

DATE: February 17, 1994

TO: Mr. Armeane Choksi

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Intersection of Regional and Industrial Policies in Four Countries (Korea, Brazil, Japan, & United States)* by Ann Markusen. This session will begin 11:45am on Friday, April 29, as can be seen from the attached draft agenda.

2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.

3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.

4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00pm in E Gallery, 12th floor.

5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

Attachments(2)

OFFICE MEMORANDUM

DATE: February 17, 1994

TO: Ms. Mieko Nishimizu

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: Annual Bank Conference on Development Economics, April 28 and 29, 1994

1. I am writing to thank you for agreeing to participate in the Annual Conference on Development Economics, and to chair the presentation and discussion of the paper, *Labor Markets During Systemic Reform* by Robert J. Flanagan. This session will begin at 2:30pm on Friday, April 29, as can be seen from the attached draft agenda.

2. The conference is run on a fairly tight schedule, and the responsibilities of chairpersons are critical to its smooth functioning. The enclosed sheet describes the specific duties of chairpersons. In mid-April we will send the conference papers and the background information on the authors and discussants in your session to enable you to introduce them.

3. Jean Gray Ponchamni and Mani Jandu (extension 31264) will handle the logistics of the conference. Please send a brief curriculum vitae, for the purposes of introducing you at the conference, as soon as possible to Room N 9037.

4. I hope you will be able to attend the cocktail party I will be hosting on Thursday April 28 at 6:00pm in E Gallery, 12th floor.

5. Again we appreciate your willingness to participate in the ABCDE. Please let me know if you have any questions.

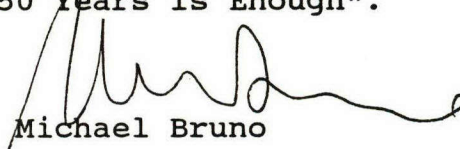
Attachments(2)

February 17, 1994

DEC Senior Managers

Treasury Department Notes

For your information, attached is a paper
from Armeane Choksi on "50 Years Is Enough".



Michael Bruno

Attachment

cc: Paulo V. Da Cunha

8640
C. M. Baird

P. 35

Larry Summers
~~Susan Lewis~~
MHennesey
to: Louellen Stedman

room: _____ date: 2/4/94

Department
of the Treasury

Departmental
Offices

Assistant Secretary for
International Affairs

Attached are notes Obey handed to the
Secretary during their meeting.

Jeffrey R. Shafer

room 3430
phone 622-0060

OFFICE MEMORANDUM

C

DATE: February 16, 1994

TO: Mr. Amnon Golan

FROM: Michael Bruno *WB*

EXTENSION: 33774

SUBJECT: **Senior Complements**

1. Following my review of senior complements in DEC, I have made the following decisions:

Level 25 Complements

EDI currently has seven level 25 staff, and an allocation of 6 complements. You have requested an additional complement to cover the overrun.

No additional complement will be provided to EDI at this time. I understand that you and Nancy Birdsall agreed that Gary Hyde's level 25 complement would be returned to PRD after a certain period, and this has now happened. I suggest that you follow up on the complement that is due to be returned from MNA in March 1995, and in the meantime ask that you absorb the extra level 25 complement as soon as possible.

Level 26 Complements

EDI has nine level 26 staff and an allocation of ten complements. You have asked that the vacant complement remain with EDI for Peter Knight's replacement and/or for Peter Knight if he returns to EDI after his secondment to the Electronic Media Center.

I am proposing to hold the vacant complement in my office, and will allocate it to EDI (a) if Peter Knight is seconded to the Electronic Media Center with his complement, and a new Division Chief is recruited for EDIEM; and/or (b) at the end of his secondment Peter Knight returns to EDI as Adviser. The complement will not be available for any other purpose in EDI.

cc: Mr. Voight, Mss. Cardona, Davis, El-Rifai

OFFICE MEMORANDUM

DATE: February 16, 1994

TO: Mr. Masood Ahmed

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: **Senior Complements**

1. Following my review of senior complements in DEC, I have the following comments:

Level 25 Complements

IEC currently has an allocation of ten complements, all of which are filled. There are no issues.

Level 26 Complements

IEC has an allocation of ten complements, seven of which are filled, and one of which will be required for the vacant Division Chief position. Two complements remain uncommitted. You have requested one additional complement for the Paris Club/Berne Union function.

No additional complement will be provided now for the Paris Club/Berne Union function, which should be accommodated within your existing allocation. I will plan to revisit IEC's allocation once its new structure is determined.

cc: Mr. Voight, Mss. Cardona, Davis, El-Rifai

OFFICE MEMORANDUM

DATE: February 16, 1994

TO: Mr. Lyn Squire

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: **Senior Complements**

1. Following my review of senior complements in DEC, I have the following comments:

Level 25 Complements

PRD currently has an allocation of eight complements, five of which are filled and three vacant. Three staff have been cleared for promotion to level 25 (Ms. Gray and Messrs. Easterly and Wheeler). There are no issues.

Level 26 Complements

PRD currently has an allocation of 13 complements, of which seven are filled and three will be required for vacant Division Chief positions. Two staff have been cleared for promotion to level 26, leaving one level 26 complement uncommitted. I will make a decision as to the deployment of this complement within the next few months.

cc: Mr. Voight, Mss. Cardona, Davis, El-Rifai

OFFICE MEMORANDUM



DATE: February 16, 1994

TO: Mr. Michael Wiehen, EC1DR

FROM: Mark Baird, DECVP 

EXTENSION: 31666

SUBJECT: Romania - Country Assistance Strategy (CAS)94 FEB 16 PM 5:06
RECEIVED
DEVELOPMENT
ECONOMICS
UNIT

1. Thank you for sending us the CAS. While it covers the ground that CAS statements typically do, we feel it falls well short of a CSP, especially for a country with a "high-risk" rating. Since a CSP is in process, you might consider asking for a postponement of the Board discussion of the CAS until after the CSP has been discussed with EXC.

2. The track record on stabilization is extremely poor. With inflation running at over 200 percent for some years, the inertial element must be building up, and it will be difficult for Romania to initiate a credible stabilization program. Interest rates have not been raised to compensate for inflation; financial aggregates have contracted in real terms, and National Bank rediscounts have financed cheap credit. In 1993 Romania has taken some important steps towards reform, notably in the area of reducing subsidies, but given its record, including the recourse to generalized and selective actions to cancel interenterprise debt, a credible program will not be so easy to sustain, and it will be a big wrench to much of the economy. The projected speed of decline in domestic inflation, in particular, is optimistic.

3. Successful stabilization will require large fiscal adjustments, particularly with respect to the financing of enterprises and off-budget expenditures. An elaboration of the actual amount of fiscal adjustment would be helpful. It should be noted that the political will to reform public enterprise and push privatization is quite weak--there seems to be little likelihood for the Polish or the Czech types of programs.

4. Judgments on creditworthiness can be tricky. The low level of Romania's current debt is a positive feature, but yet the country is a worse credit risk than say, Poland which has been proceeding with reforms despite large debt overhangs. Romania has been running substantial resource and current deficits relative to GDP, with finance including that from the G24 and suppliers credits. Although I am not entirely clear on the sources of financing, it is likely that the country will be able to borrow on its "low debt" name for a few years, but that finance will then suddenly dry up unless current deficits have been reduced to sustainable levels in the interim.

5. There is a downside lending program, but no discussion of the scenario to which it corresponds. If the downside means accelerating inflation, as it well might, then it is not clear that the proposed "core" lending program should be contemplated. The discussion does not appear to reflect that Romania is a "high risk" category from the Bank's point of view.

6. It might be useful to expand the discussion of the range of scenarios that we should consider, starting with a clearly specified downside. This should help sharpen our understanding of the policy triggers, creditworthiness and risk, and appropriate lending volumes. We should be prepared for a lower lending program in the downside, and we should be cautious about assuming that a Fund-supported program will work this time even if it can be agreed upon in the near future. The Bank should not rush in on a large scale to support reforms until we have clear evidence that they are in fact being consistently implemented.

cc: Messrs. Bruno, Thalwitz, Ray, Gelb
Mmes. Plesch, Kalantzopoulos

ARay/AGelb:df

OFFICE MEMORANDUM

Chiron

DATE: February 15, 1994

TO: Mr. Attila Karaosmanoglu, EXC

THROUGH: Michael Bruno, DECVP

MB

FROM: Masood Ahmed, IECDR

[Signature]

EXTENSION: 33800

SUBJECT: **Board Paper on Consequences of Trading Blocs**

Attached is a draft of the paper "Consequences of Trading Blocs" for your comment and clearance. It is scheduled for discussion at a Board seminar on April 20, 1994; distribution of the paper is scheduled for March 7, 1994.

This paper has been reviewed extensively within the Bank and the comments received have been taken into account. A draft of the paper is also being forwarded to the Fund for their comments.

Attachment

cc w/ attachment: Mmes/Messrs. Sandstrom, Stern, Fox,
Kalantzopoulos (EXC); Bruno, Vieira Da Cunha (DECVP)

IEC Division Chiefs

CBraga/MAhmed:ak

CONSEQUENCES OF TRADING BLOCS

Executive Summary

As new trading blocs emerge and old ones widen and deepen, challenges arise for the international trading system, developing and developed nations, and with them, the World Bank. Regional integration arrangements (RIAs) come in many shapes and forms, but typically they entail the exchange of trade preferences among participating countries. In the early 1980s, these arrangements already affected more than 40 percent of world trade flows of manufactured products. Several new RIAs have appeared since then, and interest in regionalism is perceived to be on the rise.

The conclusion of the Uruguay Round helped to dismiss forecasts of imminent doom for the multilateral trading system based on the General Agreement on Tariffs and Trade (GATT). Regionalism, however, is here to stay. The challenge ahead is to ensure that RIAs and the multilateral trade system will co-exist in a harmonious way, further promoting the liberalization of trade in goods and services and the process of international economic integration.

This paper examines RIAs and reaches the following conclusions. First, the "new regionalism" is qualitatively different from earlier cycles of regional integration. Most new RIAs go beyond conventional trade arrangements, addressing not only trade in goods, but also the liberalization of trade in services, movements of labor and capital, the harmonization of regulatory regimes, and the coordination of domestic policies that influence international competitiveness. In this context, they can be characterized as experiments in "deep integration."

The concern with economic integration rather than trade preferences *per se* is not new. What is new is the attention given to regulatory barriers as obstacles to "deep integration" and the focus on market incentives rather than on centralized planning as the driving force behind the integration process. The advent of North-South arrangements based on reciprocity and of South-South RIAs designed as a complement to outward-looking trade strategies are other hallmarks of the new regionalism.

Second, the world economy is not breaking down into three trading blocs -- large and noncooperative -- centered around Europe, North America, and East Asia. Rather, the world trading system is evolving through a complex dynamic driven by regional forces, on one hand, and global forces, on the other. Interest in RIAs, however, will not fade away in the post-Uruguay Round world. Developing countries, in particular, will continue to be attracted by the possibility of membership in North-South RIAs.

Third, analyses of recent regional initiatives do not find evidence that these initiatives will impose significant costs on outsiders in terms of trade diversion. This benign view of regionalism is based on the assumption that inter-bloc relations will remain cooperative once these blocs are formed. Still, there should be no complacency as to the potential downside of regional arrangements. RIAs are experiments in managed liberalization and as such they should be closely monitored (not only with respect to trade, but also investment flows).

RECOMMENDATION OF STATUTORY COMMITTEE

TO: The President, International Development Association

Recommendation of the Committee under Section 1 (d) of Article V of the Articles of Agreement on the Proposed Development Credit (Economic and Social Adjustment Credit) to the Republic of Zambia.

The undersigned Committee constituted under Section 1 (d) of Article V of the Articles of Agreement of International Development Association (the Association) hereby submits its recommendation pursuant to said Section in respect of the proposal that the Association grant to the Republic of Zambia a development credit in an amount in various currencies equivalent to one hundred and eight million nine hundred thousand Special Drawing Rights (SDR 108,900,000). The purpose of said development credit is to implement a program of actions, objectives and policies designed to achieve structural adjustment of the Republic of Zambia's economy.

1. The Committee has carefully studied the merits of the proposal to grant such a development credit, and of the purposes to which the proceeds of the development credit are to be applied.

2. The Committee is of the opinion that the program toward the financing of which the proceeds of such development credit are to be applied comes within the purposes of the Association as set forth in Article I of said Articles of Agreement, and said program is designed to promote the economic development of the Republic of Zambia and is of high developmental priority in the light of the needs of the Republic of Zambia.

(Republic of Zambia)

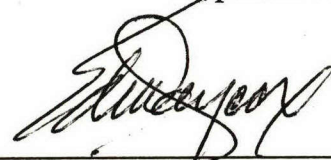
(Economic and
Social Adjustment Credit)

3. Accordingly, the Committee finds that said program merits financial assistance from the Association, and hereby recommends said program for such assistance.

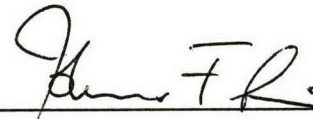
COMMITTEE

Vice President and General Counsel

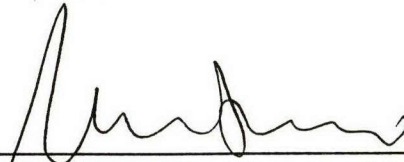
Nominee selected by Governor for the
Republic of Zambia



Regional Vice President
Africa



Vice President, Financial Policy
and Risk Management



Vice President, Development Economics
and Chief Economist

Dated at Washington D.C.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

DATE: February 15, 1994

TO: Mr. Attila Karaosmanoglu, Managing Director

THROUGH: Mr. Michael Bruno, Vice President and Chief Economist *mb*

FROM: Amnon Golan, Director, EDI *AG*

EXTENSION: 36300/1

SUBJECT: Joint Vienna Institute (JVI)

Please find attached the following documents:

1. The *Establishment Agreement* for the JVI which was approved by the IMF's Executive Board on January 21, 1994, and
2. Drafts of the *Report to the Board of Executive Directors on the Establishment of the JVI* along with the *Report of the Executive Directors to the Board of Governors* on the same topic, both of which have been cleared by our Legal Department.

In light of the Fund's recent action and the expected approval by the other sponsoring agencies (BIS, OECD, and EBRD) which are in the process of seeking the agreement of their respective boards, we would like to have your clearance to transmit these documents to the executive board for action.

ATTACHMENT I

AGREEMENT FOR THE ESTABLISHMENT
OF
THE JOINT VIENNA INSTITUTE

TABLE OF CONTENTS

Article I	Establishment and Status	1
Article II	Purpose and Activities	2
Article III	Powers	2
Article IV	Headquarters	3
Article V	Organization and Management	3
Article VI	Associate Members	6
Article VII	Cooperative Relationships	6
Article VIII	Privileges and Immunities	6
Article IX	Finances and Reports	7
Article X	Liability	7
Article XI	Amendments	8
Article XII	Coming into Force and Depositary	8
Article XIII	Settlement of Disputes	8
Article XIV	Withdrawal	9
Article XV	Termination	9
Article XVI	Accession	10

AGREEMENT FOR THE ESTABLISHMENT OF THE JOINT VIENNA INSTITUTE

THE PARTIES SIGNATORY HERETO,

RECOGNIZING the importance of assisting Central and Eastern European countries and countries formerly republics of the U.S.S.R. in their transition to market-based economies;

NOTING that the training of officials from these countries is one important component of such assistance;

HAVING REGARD to the common interests of the Parties in establishing a training institute in Vienna, Austria, for this purpose; and

RESPONDING to the invitation of the Republic of Austria to locate such an institute in Vienna;

HAVE AGREED as follows:

ARTICLE I

Establishment and Status

1. There is hereby established the Joint Vienna Institute (the "Institute") as an international organization with full juridical personality.
2. The Institute shall operate in accordance with this Agreement.

OFFICE MEMORANDUM

DATE: February 15, 1994
TO: Mr. Manuel Guitian
FROM: Michael Bruno *MB*
EXTENSION: 33774
SUBJECT: Central Banking Seminar

Thank you for inviting me to participate in the panel discussion on March 4. Unfortunately, I will be in India through March 15. You may wish however to invite Sebastian Edwards, who is presently at the Bank, to join the panel. He has written extensively on the subject and would I think be a lively speaker. If you decide to do so, please feel free to contact him directly.

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

OFFICE OF THE VICE PRESIDENT DEVELOPMENT ECONOMICS
AND CHIEF ECONOMIST (Rm S-9-035)

No. of pgs. *2*
(including this)

DATE: *2-15-94*

TO: *Mr. Manuel Guitian*

FAX: *623-6214*

FROM: *Michael Bruno*

FAX: 202/477-0549

TEL.: 202/473-3774

SUBJECT: *Attached*

=====

Ext. C

February 10, 1994

DEC Senior Managers

MPS Objectives and Work Program

Attached for your information is a revised draft.



Michael Bruno

Attachment

cc: Paulo Vieira Da Cunha

OFFICE MEMORANDUM

8631

cc. M. Benin

SLFED-9 PM 4:25

DATE: February 8, 1994

TO: Vice Presidents

FROM: S. Shahid Husain, Vice President, MPS



EXTENSION: 39001

SUBJECT: MPS Objectives and Work Program

Apropos our discussion on Friday, we have revised the MPS Objectives and Work Program to incorporate many of the points you raised. The President has given his approval. We are now working with PBD on costing and financing. This may result in some modification to the Work Program. We shall keep you informed.

Attachment

MICHAEL BRUNO
Vice President Development Economics
and Chief Economist

February 8, 1994

Mr. Ernest Stern

FSU Trade: Options for Assistance

Ernie:

You had asked about options for fostering trade among the countries in the FSU. I have not answered earlier because, on this issue, I wanted to seek independent views, including some outside DEC and the Bank. For example, I have consulted with Alan Winters who, as you know, is joining the International Trade Division of IEC in April (from the University of Birmingham). I thought at first that some fresh thinking may lead us to new insights and a range of proposals. I am now convinced, however, that the scope for contrasting -- and correct -- policy advice on this issue is narrow, indeed.

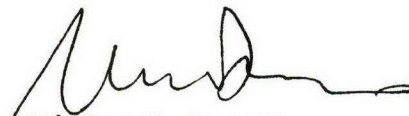
It is an appealing idea to think that foreign assistance could be used to stimulate trade in "soft goods" without causing diversion of exports outside the region or creating adverse incentives for reform. Unfortunately, any injection of funds can, at best, be tied to the production of "soft goods" only for the first round. Thereafter it is likely to percolate into all the wrong places and delay rather than enhance adjustment. Especially now, with most of the collapse in trade having already taken place, there is little to be gained, and much to lose, by creating incentives that encourage governments and producers to maintain and revive old production and trade patterns.

The advice given by the Region (developed in close collaboration with DEC staff and supported by the IMF) is the correct one. Given separate currencies and a very unstable ruble, the best options to stimulate intra-regional trade are: (i) to foster the development of correspondent accounts among commercial banks in the various countries; (ii) to persuade countries in the region, and Russia in particular, to actively support the Interstate Bank as a *clearing union*; i.e., providing interim short-term finance with monthly settlements and not credits to finance structural balance of payments deficits. Conditional foreign assistance, and Bank assistance in particular, can play a critical role in the design and implementation of trade and payments policies. These are the policies which support a well functioning system of correspondent accounts and stimulate efficient trade.

The most direct mechanism for assisting intra-regional trade relative to external trade is a preferential trade area (PTA).

The Region (with our support) has recommended this approach. But it must be emphasized that the benefits of the reduced adjustment costs comes at the costs of a slower transition. If a PTA is established, tariff preferences within the trading block should erode at a predetermined rate so that they really disappear in the relatively near future. Experience elsewhere suggests that this may be a problem.

We should also be careful about relying too much on Russia for building capacity and channelling resources. It seems fairly clear that Russian policies towards the former Soviet republics is currently dominated by political, military and strategic interests. This helps explain Russian interests in preserving bilateral trade arrangements and it is a warning against any involvement which may be construed as support for Russian policy in this area.



Michael Bruno

A L L - I N - 1 N O T E

DATE: 09-Feb-1994 12:33pm

TO: Weekly Bulletin

(WEEKLY BULLETIN)

FROM: Michael Bruno, DECVF

(MICHAEL BRUNO)

EXT.: 33774

SUBJECT: WKB--Sr. Management and Department Directors Travel Arrangement

Title	:	Vice President
Name	:	Michael Bruno
Destination 1	:	Israel
2	:	India
3	:	
4	:	
5	:	
Dep/Return	:	2/23/94-3/15/94
ating Assignment 1:	:	L. Squire, 2/24-3/4
2:	:	M. Ahmed, 3/5-15
3:	:	

OFFICE MEMORANDUM

DATE: February 9, 1994
TO: Distribution
FROM: Michael Bruno
EXTENSION: 33774
SUBJECT: Delegation of Authority

During my absence from the office February 24 through March 15 on vacation and on mission, I have made the following acting arrangements:

2/24 through 3/4: Mr. L. Squire
3/5 through 3/15: Mr. M. Ahmed

Pursuant to paragraph 4 of Annex D of the Administrative Manual Statement No. 1.30, he is hereby designated to sign in the name and on behalf of the Bank/Association during that time any written instruments which I have been designated to sign.

Distribution:

Mmes./Messrs.	L. Preston
	A. Karaosmanoglu
	S. Sandstrom
	E. Stern
	I. Shihata
	O. Kalantzopoulos
	L. Fox
	M. Ahmed
	M. Baird
	A. Golan
	G. Ingram
	L. Squire
	S. Yusuf
	P. Vieira da Cunha
	L. Davis
	R. Voight
	ISC Files

C

A L L - I N - 1 N O T E

DATE: 09-Feb-1994 01:48pm

TO: Guy P. Pfeffermann

(GUY P. PFEFFERMANN)

FROM: Michael Bruno, DECVF

(MICHAEL BRUNO)

EXT.: 33774

SUBJECT: IFC Economists' Retreat

Guy,

As of now, I'm scheduled to be in China at that time. If things change, I'll be glad to reconsider. Thanks for asking me.

Michael

A L L - I N - 1 N O T E

DATE: 09-Feb-1994 10:25am

TO: Michael Bruno

(MICHAEL BRUNO)

FROM: Guy P. Pfeffermann, CEIED

(GUY P. PFEFFERMANN)

EXT.: 30786

SUBJECT: Instead of phone call\

Michael: we are having our annual retreat of IFC economists (about 25), including the Foreign Investment Advisory Service economists on June 3, a Friday, at the Harbor Inn in St. Michaels (aptly named for you) on the Chesapeake Bay. It is a very nice place. I would like to invite you, if you can, to give a talk for about 30-45 minutes followed by Q. and A. Talk about anything you wish (perhaps do with new interesting things that are emerging out of economic research, whatever). If you have the time you are also very welcome to join us for dinner the evening before. Probably Linbdaek will be there for dinner. The other speakers I am trying to get are Tom Bata of Bata shoes, and Anton van Agtmael (he spoke at the portfolio flows conference) who is running a successful emerging markets investment fund. So please let me know a.s.a.p.

Thank!

Guy,

As of now, I'm scheduled to be in China at that time. If things change I'll be glad to reconsider. Thanks for asking me.

Michael

Chno

A L L - I N - 1 N O T E

DATE: 09-Feb-1994 01:50pm

TO: Susan Becker

(6=Becker@8=J.@3=IMF@2=MCI@1=US@

FROM: Michael Bruno, DECVF

(MICHAEL BRUNO)

EXT.: 33774

SUBJECT: RE: Israel Luncheon - March

Thank you for inviting me to the lunch on March 1. Unfortunately, I'll be out of town.

Michael Bruno

A L L - I N - 1 N O T E

DATE: 09-Feb-1994 10:45am

TO: See Distribution Below

FROM: Susan Becker,

(6=Becker@8=J.@3=IMF@2=MCI@1=US@

EXT.:

SUBJECT: Israel Luncheon - March

Colleagues,

You are invited to our monthly luncheon. Shaul Arlosoroff will be our guest speaker. His topic will be the current status of the peace negotiations with the arabs as they relate to the water problems in the region. The luncheon will be on Tuesday, March 1, 1994 at 12:30pm in the IMF, Dining Room #3. Please note the time and location.

The cost of the meal is \$13. Please RSVP immediately and send your checks to Susan Becker by cob. February 25th, to IMF, R m 9-109. If you have any special requests, please either let me at 623-4543 or send an email to sbecker (at IMF). PLEASE NOTE THAT MENU CHANGES CANNOT BE MADE THE DAY OF THE LUNCHEON, SINCE THE DINING ROOM REQUIRES THAT SPECIAL REQUESTS BE MADE IN ADVANCE.

Lehitraot!

D. Yuravlivker and S. Becker

DISTRIBUTION:

TO: YAACOV ZIV
TO: DAVID YURAVLIVKER
TO: JACOB YARON
TO: PETER WITTENBERG
TO: MAURICE SCHIFF
TO: MARIO ROTHSCHILD
TO: NIMROD RAPHAELI
TO: ZVI RAANAN
TO: DAN MOZES
TO: AMIT MOR
TO: DAVID MITCHNIK
TO: AMNON MATES
TO: NISSAN LIVIATAN
TO: MENAHEM LIBHABER
TO: ANAT LEVY
TO: RUBEN LAMDANY
TO: ABRAHAM KOGAN
TO: MIMI KLUTSTEIN MEYER
TO: JULIO KIPNIS

(YAACOV ZIV@A1@WBWASH)
(DAVID YURAVLIVKER@A1@WBWASH)
(JACOB YARON@A1@WBWASH)
(PETER WITTENBERG@A1@WBWASH)
(MAURICE SCHIFF@A1@WBWASH)
(MARIO ROTHSCHILD@A1@WBWASH)
(NIMROD RAPHAELI@A1@WBWASH)
(ZVI RAANAN@A1@WBWASH)
(DAN MOZES@A1@WBWASH)
(AMIT MOR@A1@WBWASH)
(6=MITCHNIK@3=WORLDBANK@2=MCI@1=
(AMNON MATES@A1@WBWASH)
(6=LIVIATAN@3=WORLDBANK@2=MCI@1=
(MENAHEM LIBHABER@A1@WBWASH)
(ANAT LEVY@A1@WBWASH)
(RUBEN LAMDANY@A1@WBWASH)
(ABRAHAM KOGAN@A1@WBWASH)
(MIMI KLUTSTEIN MEYER@A1@WBWASH)
(JULIO KIPNIS@A1@WBWASH)

TO: GABRIEL KEYNAN
TO: DANIEL KAUFMANN
TO: EMANUEL IDELOVITCH
TO: THEODORE HERMAN
TO: CHAIM HELMAN
TO: YOSEF HADAR
TO: ITZHAK GOLDBERG
TO: DAVID GOLDBERG
TO: AMNON GOLAN
TO: GERSHON FEDER
TO: LARISA FASTOVSKY
TO: SILVIA FAIGUENBAUM
TO: ARIE CHUPAK
TO: OSCAR CHEMERINSKI
TO: EZRIEL BROOK
TO: STEVEN JAFFEE
TO: MICHAEL BRUNO
TO: GIL FUCHS
TO: ELIEZER ORBACH
TO: BRIAN BERMAN

(GABRIEL KEYNAN@A1@WBWASH)
(DANIEL KAUFMANN@A1@KIEV)
(EMANUEL IDELOVITCH@A1@WBWASH)
(THEODORE HERMAN@A1@WBWASH)
(CHAIM HELMAN@A1@WBWASH)
(YOSEF HADAR@A1@WBWASH)
(ITZHAK GOLDBERG@A1@WBWASH)
(DAVID M. GOLDBERG@A1@WBWASH)
(AMNON GOLAN@A1@WBWASH)
(GERSHON FEDER@A1@WBWASH)
(LARISA FASTOVSKY@A1@WBWASH)
(SILVIA FAIGUENBAUM@A1@WBWASH)
(ARIE CHUPAK@A1@WBWASH)
(OSCAR CHEMERINSKI@A1@WBWASH)
(EZRIEL BROOK@A1@WBWASH)
(STEVEN JAFFEE@A1@WBWASH)
(MICHAEL BRUNO@A1@WBWASH)
(GIL FUCHS@A1@WBWASH)
(ELIEZER ORBACH@A1@WBWASH)
(BRIAN BERMAN@A1@WBWASH)

Mr. S Yusuf

February 7 1994

Shahid,

Re attached

Could we meet on Friday at 4.30 pm
to discuss this? Thanks.

Michael

Michael Bruno

att./-

Report on Tenth World Congress of the International Economic Association

Moscow, August 24 - 28, 1992

A B Atkinson, President (1989-1992)

SUMMARY

The Tenth World Congress of the International Economic Association (IEA) took place against the background of historic changes in the Russian economy and society. Among the features of the Congress were lively debates about the choices facing Russian economic policy, including addresses by many policy-makers. For the more than 400 participants from outside Russia, the Congress provided first-hand insight into the problems of transition to a market economy. For all taking part, there was an unprecedented opportunity for scientific exchanges, both formal and informal, and many new contacts were established.

The circumstances in which the Congress took place meant that its organisation faced many difficulties. The IEA is most grateful to all those who made it possible. The final programme consisted of 5 plenary lectures, 4 panel sessions, 29 half-day and 17 full-day specialised sessions. There were 67 invited papers and 241 contributed papers. The scientific sessions covered all aspects of economics. While the economic transformation of the former USSR and Eastern Europe was to the forefront of everyone's minds, there were important sessions on the development of Latin America, China, India and Africa. Those taking part were drawn from more than 50 countries.

The plenary lectures and invited papers are to be published in 5 volumes by Macmillan Press under the title of "Economics in a Changing World".

REPORT1. Background

The decision by the International Economic Association (IEA) to hold its Tenth World Congress in Moscow was taken early in 1990, on the invitation of Academicians A G Aganbegyan and O Bogomolov. The Association received an official invitation at that time from the USSR Council of Ministers. In June 1990, a visit was paid to Moscow by the IEA President and Secretary-General. They visited the Academy of National Economy and met Vice-Rector A A Modin, who has been responsible for the local arrangements in conjunction with his colleagues. At the President's request, Mr. A.N.D. McAuley of the University of Essex visited Moscow subsequently to liaise with Vice-Rector Modin.

At the September 1991 meeting of the Association's Executive Committee,

tent. list of
Topics & org.
IEA

Mr. S Yusuf

February 7 1994

Shahid,

I'd appreciate your comments.
Thanks a lot.

Michael

Att.

The World Bank

1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

February 7 1994



With the compliments of
Michael Bruno
Vice President Development Economics
and Chief Economist

Mr. Ravi Kanbur

Ravi,

As discussed. Would appreciate comments.

Thanks.

Michael

C/o
A. Chhibber
x 34869
J6-145

Second Draft (for internal discussion),

February 1994

Tentative list of topics and organizers for IEA Congress

Tunis, December 17-22, 1995

Game Theory and Applications	S. Hart	(Jerusalem, Israel)
	(J. Aumann, A. Ross)	
Macro Policy in Open Economies	P. Howitt (Canada)	
	[Swoboda (Switzerland)].	
Determinants of Economic Growth	S. Rebello (Portugal)	
	(G. Bertola, W. Easterly)	
Lessons of Economic History	P. Temin	(MIT, US)
	(P. David, B. Eichengreen)	
Contracting Theory	O. Hart (MIT) and J. Moore (UK)	
	(Bengt Holmstrom)	
Economics of Information	K.J. Arrow	(Stanford, US)
History of Economic Thought	Heinz Kurz (Graz), T. Negishi (Tokyo)	
	[Samuel Hollander (Toronto)]	
Technology and Trade	E. Helpman	(Israel)
	[A. Dixit (Princeton)]	
Economics of Trading Areas	A. Winters	(UK, IBRD)
Trade, Tariffs and Development	A. Woodland (Australia) and D. Rodrik (US)	

* Alternative session organizers are given in brackets

- Exchange Rate Regimes and Unions L. Svensson (Sweden)
(D. Currie, T. Bayoumi)
- Economics of Multinational Firms on Lessant (MIT)
(R. Caves)
- Foreign Direct Investment, Debt and Portfolio Flows B. Dumas (France)
(M. Obstfeld)
- Maastricht and European Economic Space C. Wyplosz (France) and H.W. Sinn (Germany)
- Public Economics, National and Sub-national A. Sandmo (Bergen, Norway)
- Comparative Tax Systems V. Tanzi (IMF, Wash.)
- Economics of the Environment Karl-Goran Maler (Sweden) & H. Uzawa (Japan)
- Economic Geography and Urban Economics Paul Krugman, Jeffrey Williamson
(Ed Mills)
- Industrial Organization and Regulation J. Tirole (Toulouse) and A. Jacquemin (Brussels)
- Political Economy and Government Policy T. Persson (Stockholm, Sweden)
(A. Alesina, G. Tabellini)
- Economics of Corruption and Crime S. Zamagni (Torino, Italy)
- Institutional Economics Oliver Williamson (US)
(P. Spiller)
- Income Distribution: Theory and Evidence A. Atkinson (UK) and F. Bourguignon (France)
- Old Age Security and Pension Systems P. Diamond (M.I.T., U.S.)
(Estelle Jones)

- Economics of Hunger and Poverty Jean Dreze (LSE and Delhi) and M. Ravallion (IBRD)
- European Unemployment and Labour Markets C. Bean (LSE, UK) and L. Calmfors (Sweden)
(O. Blanchard)
- Labour Markets in Developing Countries R. Kanbur (Ghana, IBRD) and S. Hornton (Toronto)
(R. Freeman, J. Angrist)
- Gender and economic development Rebecca Blank (Northw., US) and Bina Agarwal (Delhi)
- Economics of Central Banking Rocque Fernandez (Argentine)
(A. Scheng, A. Cukierman)
- Banking Regulation C. Freedman (Canada)
- Finance and capital Markets R. Schiller ? (Yale, US)
(M. Gertler, C. Mayer)
- Health Economics David Bloom (US)
(D. Cutler, B. Weissbrod)
- Microeconomics of Invention and Innovation M. Trajtenberg (Tel-Aviv, Israel)
(A. Pakes, L. Soete)
- Infrastructure (energy, water, transportation) D. Newberry (Cambridge, UK), Peter Swan
(New South Wales)
- Food, Nutrition and Agriculture S.R. Osmani (Bangladesh)
[H. Binswanger (IBRD), A. Siamwalla (Thailand), K. Anderson (Australia)]
- Lessons of South Asian Development Kaushik Basu (Delhi)
[Kirit Parikh (Bombay), S.R. Osmani (Bangladesh)]
- Lessons of Japan's development and Institutions T. Ito (Japan, IMF) (Japan)
(M. Aoki, US; T. Blumenthal, Israel)

Lessons of East Asian Development Yung Chul Park (Korea)

[H. Pack (US), Joan Lo (Taiwan), I.J. Azis (Indonesia)]

Lessons of Chinese Reform S. Yusuf (IBRD, Pakistan) and Athar Houssain (LSE, Pakistan)

(D. Perkins, I.J.Singh, D. Shambaugh)

Lessons of Latin American Reform V. Corbo (Chile)

East European Adjustment & Reform L. Balcerovicz (Poland) and R. Portes (CEPR)

(I. Grossfeld, N. Stern, A. Aslund, O. Blanchard, J. Sachs)

Privatization in Comparative Perspective R. Frydman (US) and M. Boycko (Russia)

(A. Tornell, A. Shleifer, Rapaczinski, Venables)

African Economic Development I. Elbadawi (Sudan) and B. Ndulu (Kenya)

[P. Collier (Oxford, UK)]

Economics of the Middle East Peace Process S. Fischer (MIT, US)

Economics of Tunisia, North Africa ?

(Taher Abdessalem, Tunis)

Other possible subjects:

Organisations, Design and Incentives M. Sertel (Turkey), E. Maskin (US)

Economics of Migration ?

OFFICE MEMORANDUM

DATE: February 7, 1994

TO: Mr. Michael Bruno, DECV

FROM: Masood Ahmed, Director, IEC

EXTENSION: 33800

SUBJECT: Global Economic Prospects, 1994

1. Attached is a draft of the GEP for review by EXC. Chapter 1 has undergone substantial restructuring since the Bank-wide review. We have also made several revisions to the draft to correct for tone and improve accuracy. We may still need to make a few minor changes in the context of the final editing.

2. The major revisions (marked with yellow marker in your copy) incorporated in the draft are the following:

Summary

- Completely new first three paragraphs: less upbeat, more uncertainty.
- Rewritten paragraph 10 (based on Mr. Perlin's comments on financial instruments).

Chapter 1

- The chapter has been restructured.
- The section on the baseline forecast (entitled "The uncertain global environment for developing countries) emphasizes the uncertainty attached to the outlook. The discussion of the low case has been consolidated at the end.
- Brief explanation of the analytics underlying the projected trajectory of the recovery in the U.S. (footnote 8, page 1.8).
- Rewrite of part of the capital flows argument (paras. 1.16 to 19).
- Added the overview for Middle East and North Africa (paras. 55 to 58).
- Added a section (page 1.42) at the end that deals exclusively with the low case (references to the high case have been excised).

Chapter 2

- This overall message of this chapter has remained broadly unchanged but a number of specific modifications have been made to reflect the various comments received.
- Tried to be more candid about the lack of evidence on the role of transnational corporations in international commodity markets (pages 2.19 to 2.22 -- references to this issue have also been erased from the summary).
- New box on the relationship between agricultural trade liberalization and the environment.
- Paragraph added to provide conclusions up front of the section on the "adding up problem" (para. 45).
- Two reasons against imposing export taxes or quotas have been excised; now there are only four (para. 49).
- Title of chapter altered.

Chapter 3

- This chapter has remained broadly unchanged.
- Reference to UNCTAD has been taken out and the paragraph suggesting the international fund has been sharpened (para. 38).
- An additional reason added (para. 33) for why financial risk-management instruments are not used by developing countries (lack of familiarity); this allowed us to bring up the box on the role of the World Bank.
- A paragraph and a graph (para. 28 and Figure 3.8) added to show the effect on mean returns and variability from adding commodities to an asset portfolio as a possible explanation for the rapid rise in the use of commodities-linked financial instruments (based on a comment from Mr. Perlin).
- Title of chapter has been altered.

3. Next steps. As the memo to Attila states, we propose to send the paper to the Fund for comments. In addition, we will be sending marked-up versions of the paper to the regions for final review and clearance. In the meantime, we expect to continue to finetune the draft.

cc: Mark Baird, Uri Dadush, Vikram Nehru, Paul Armington, Will Martin.

February 7, 1994

**GLOBAL ECONOMIC PROSPECTS
AND THE DEVELOPING COUNTRIES**

1994

International Economics Department

OFFICE MEMORANDUM

DATE: February 7, 1994

TO: Mr. Attila Karaosmanoglu

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: EDs Colloquium on "China: Another Emerging Giant," March 17-18, 1994.

As you may know, the next EDs Colloquium, organized by DEC, is to be held on March 17-18 at the Landsdowne Conference Resort at Landsdowne, Virginia. A program is attached.

As Mr. Preston is travelling during that time, I would appreciate very much if you could participate in the colloquium and host the dinner on March 18.

Attachment

March 17-18, 1994
Landsdowne Conference Resort, Landsdowne, Virginia

9:00-10:15 am **China in the International Economy: Trade & Foreign Relations**
Speaker: Ross Garnaut, Australian National University

10:15-10:30 am **Break**

10:30-11:45 am **Reforming State Enterprises: China's Approach**
Speaker: Athar Husain, London School of Economics

11:45-1:00 pm **Foreign Direct Investment and the Role of Overseas Chinese**
Speaker: H. Gordon Redding, University of Hong Kong

1:00-2:30 pm **Lunch**
Fujian and Guangdong: China's Provincial Dynamos
Speaker: Ezra Vogel, Harvard University

OFFICE MEMORANDUM

DATE: February 7, 1994

TO: Mr. Gautam S. Kaji

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: EDs Colloquium on "China: Another Emerging Giant," March 17-18, 1994

As you may know, the next EDs Colloquium will explore aspects of China's development in the 1990s. It will be held at the Landsdowne Conference Resort at Landsdowne, Virginia on March 17-18. A program is attached.

I hope that you will be able to attend, and if we can provide any further information, please contact Mr. Shahid Yusuf (ext. 82339).

Attachment

March 17-18, 1994
Landsdowne Conference Resort, Landsdowne, Virginia

9:00-10:15 am China in the International Economy: Trade & Foreign Relations
Speaker: Ross Garnaut, Australian National University

10:15-10:30 am Break

10:30-11:45 am Reforming State Enterprises: China's Approach
Speaker: Athar Husain, London School of Economics

11:45-1:00 pm Foreign Direct Investment and the Role of Overseas Chinese
Speaker: H. Gordon Redding, University of Hong Kong

1:00-2:30 pm Lunch

Fujian and Guangdong: China's Provincial Dynamos
Speaker: Ezra Vogel, Harvard University

OFFICE MEMORANDUM

DATE: February 4, 1994

TO: Mr. Masood Ahmed, Director, IEC

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Bank/DEC Vision

With reference to your question to Kate regarding a "vision statement" made by Stan Fischer, please find attached his memo to Barber Conable on "World Bank Intellectual Leadership". In the context of our recent discussion at DECSM, I'm sending copies also to the other Senior Managers.

Michael

cc: Mark Baird
Amnon Golan
Lyn Squire
Paulo Vieira da Cunha

Attachments

OFFICE MEMORANDUM

Confidential.

DATE: September 15 1989

TO: Barber Conable

FROM: Stanley Fischer *SF*

PHONE: 33774

SUBJECT: World Bank Intellectual Leadership

DECLASSIFIED

APR 29 2025

WBG ARCHIVES

1. You asked me to think about this issue at our meeting on the PPR contract. The attached note could serve as background for our discussion on Monday. Although I have discussed the issue with my senior managers, the note is personal and has not been discussed with anyone else.

2. The note concludes with a list of suggestions for actions that could be taken to enhance the Bank's intellectual leadership role. There are three main suggestions:

(i) You should focus on a small number (probably three) of priority areas in which you want the Bank to make an impact. You should set up task forces to develop a work program in each area, including operationally-oriented research, and should keep close tabs on their work. You should plan to deliver speeches based on the work in these areas, and we should make sure that we follow through on the speeches with a serious dissemination effort and then with operations.

(ii) Our dissemination efforts need to be greatly improved. We are producing much good work that is not having the impact it should. External Relations and PPR should be asked to come up with a plan of action.

(iii) While PPR is doing a lot of work that contributes to the Bank's intellectual leadership role, and is aimed in the right direction, its efforts should be better focussed at affecting either the Bank or particular outside groups. One way of sharpening the focus is to ask PPR managers to specify to whom their efforts on any particular project are directed, and how they intend to deliver the product they are creating.

3. A number of points are not covered in the note:

(i) If PPR is to concentrate more on its intellectual leadership role within the Bank, it should be given the primary responsibility for policy papers (except in Finance, and for other exceptional cases). The papers would be written in collaboration with other groups but the responsibility for them should be placed with PPR.

(ii) ESW and research work slide into each other. We have set up collaborative research programs with Africa and EMENA, but I have a sense that the Regions are scared we will attempt to take charge. I don't know what to do about this feeling, and turf issues in general, but it would be worth on appropriate occasions noting that Operations is not supposed to be an island sufficient unto itself.

(iii) I hope you will be able to involve yourself more in keeping track of PPR's work program. The management by numbers scheme takes us only a short way down the road of effective management. You could become more involved by systematically following progress in your areas of major interest, and by asking from time to time for briefings in selected other areas.

(iv) As David Hopper has told you, an emphasis on intellectual leadership would represent a change in the signals we have received and given during the last year. I think the change is a good one, and the challenge welcome, but in an institution that is dominated by Operations, our people will be reluctant to stick their heads out too far. We will need your explicit support if you decide -- as I think you should -- that we should change our emphasis.

4. One last item: talking to people about intellectual leadership, I was struck by how often the areas in which the Bank was thought to have exercised leadership had not turned out successfully. The most frequently cited examples are integrated rural development and population. Leadership is risky, and you will have to decide whether you want to take the risks and the brickbats as well as the bouquets. I think your Tokyo speech is an example of what we should do -- provided that we follow up with more research -- but as you noticed, such speeches are not followed by unanimous applause.

cc: David Hopper, Marianne Haug

Stanley Fischer
September 15 1989
wbil

WORLD BANK INTELLECTUAL LEADERSHIP

The Report of the Reorganization Task Force refers repeatedly to the need for the Bank to provide intellectual leadership -- "the generation of effective approaches to complex development issues" (para 2.11) -- in the development field.

In this note I take up in turn, the types of intellectual leadership that the Bank might provide, the target groups for the Bank, the mechanisms by which the Bank can influence them, and the roles of the different parts of the Bank in the provision of intellectual leadership. I end with a list of actions that should be taken to enhance the Bank's intellectual leadership role.

I. Intellectual Leadership

Much of the difficulty in dealing with the intellectual leadership role of the Bank is that the concept means different things to different people. There is a general sense that the Bank should take a leading part in the development debate, intellectually and politically. People feel that the Bank should be taking the lead in calling for and implementing initiatives to help the developing countries, and should not merely be responding to outside pressures. Within the staff, this feeling was strongest over the debt issue. But a similar concern could be expressed over the environment, where the Bank is perceived to be playing a reactive role -- despite the fact that the President has been pushing the issue since his arrival.

It may be useful to define effective intellectual leadership as the ability to persuade others by argument, and not merely the availability of money, to do things differently. By this definition, the Bank has (a) to provide a variety of types of leadership to different target groups outside the Bank, and (b) to have the intellectual arguments that enable it to suggest better ways of doing things, which requires internal intellectual leadership. The Bank's ability to provide intellectual leadership is enhanced by the availability of money to follow up on the goals we set.

There are at least six overlapping outside target groups whom the Bank might seek to influence: policy makers, opinion makers, and researchers (academic and policy) in both the industrialized and the developing countries. Of these, the policy makers in both the industrialized and developing countries are the eventual target, for the Bank seeks to affect actions and not merely opinions. Opinion makers, including NGOs, are a target because they both set and influence the outcome of the policy debate; researchers are a target because over the longer run they help set the policy agenda and determine the quality of the debate and economic policy. The Bank should also be engaging other international agencies, such as GATT, UNCTAD, ECA and WIDER.

The responsibility for providing outside intellectual leadership is shared by much of the Bank. The President, backed up by high quality preparatory work, should give the lead on a very selective list of major themes to both the industrialized and the developing countries. The primary practical influence on developing country governments comes from Operations, through the quality of its ESW and the associated policy dialogue.

PPR has to contribute to both outside and inside intellectual leadership. Outside it has direct interactions with researchers, opinion makers, and policy makers. Within the Bank, its role is to provide intellectual leadership by helping improve the quality of Bank operations, through policy papers, support for ESW, and training, and through work in support of Presidential initiatives.

II. Mechanisms for Reaching Target Groups Outside the Bank

Table I summarizes the mechanisms through which the Bank can reach the six outside target groups.

Selective comments on particular target groups follow.

A. Borrower country governments: The primary means of affecting these governments is through economic and sector work and the related policy dialogue. Quality ESW is thus the prime need here. Collaborative work with developing country government agencies and quasi-governmental institutions also contributes to the Bank's development effectiveness.

Many Bank economists and the Reorganization Task Force Report have noted that because some member countries have built up their own intellectual capacity, the Bank is less able to dominate the policy dialogue with them than it used to be. This is good news, and we should be encouraging a similar development in more countries. Anytime the Bank dominates the dialogue -- if it is an intellectual dialogue about policy and not a political contest -- the outcome is likely to be worse than when the member country brings genuine intellectual understanding to the policy discussions.

 Table I: MECHANISMS FOR REACHING OUTSIDE TARGET GROUPS

1. Governments:

<u>LDC</u>	<u>Both</u>	<u>MDC</u>
	Presidential speeches and follow-up Board presentations of Bank analytic work Board colloquia Development committee presentations Direct contacts with governments EDI seminars (mainly with LDC governments) Bank publications, including statistical data Public opinion (including researchers)	
Policy dialogue, which depends largely on quality of ESW		Analytic work presented at donor meetings, IDA deputies, etc

 2. Public Opinion:

<u>LDC</u>	<u>Both</u>	<u>MDC</u>
	Presidential speeches and follow-up Bank publications, including WDR, WDT, other data, WBRO Newspapers, including Op Ed articles Television Public lectures EDI seminars (mostly LDC)	

 3. Researchers:

<u>LDC</u>	<u>Both</u>	<u>MDC</u>
	All Bank publications, including research papers Dissemination of data bases Participation by Bank researchers in professional fora, including journals, conferences, annual meetings Annual Bank Conference on Development Economics Bank funded research projects involving outside researchers Visiting Fellow Program Summer interns Consulting opportunities	
Training, including EDI, McNamara Fellowships, etc. Funding and other assistance for LDC research organizations		

Lending country governments and public opinion: To be effective, the Bank's analyses of problems and policy suggestions have to persuade these governments. This can be done through Presidential speeches, the Board, by direct contacts with member governments, and through the press and other media.

C. The research community in the developing countries: The academic community in many borrowing member countries is small, and the university and policy research communities weak and underfunded. The provision of leadership to this community is primarily a matter of capacity building, to raise the level of training and sophistication of those already in this group and of students who could join it, to help build up the institutions in which they might work, and to help create a demand for their services in their country.

In other borrowing member countries (e.g., among others, India, Chile) the intellectual community is sophisticated and operates at a high level. Such groups would still benefit from financial strengthening and enhanced opportunities to travel and interact with other researchers, but intellectual leadership here can come only from the quality of the Bank's own analytic work, and from a willingness to engage such groups in serious substantive discussions. In Latin America the Bank does engage in such a dialogue, especially at the annual meetings of the Latin American Econometric Society.

D. The academic-intellectual community in the industrialized countries: This is a key community because it creates -- or at least did so in the past -- the development paradigms that eventually drive and frame policy

discussions in both industrialized and developing countries; development economists in several developing countries also belong to this group. Its members communicate through journals, conferences, informal circulation of papers, visiting lectures, exchanges of visits, etc. It operates also through a network among students and teachers.

The Bank interacts with this community through the World Bank Economic Review, through its own working papers and publications by Bank economists in outside professional journals, by inviting academics to visit the Bank, by drawing on them to participate in Bank-funded research, by participation in conferences and lectures, by providing data and research issues, and through its hiring decisions.

III. The Content and Potential of Intellectual Leadership

Economic development takes place on a broad front, through many sectors, and the Bank has to be fully competent in all of them, should be able to lead in all of them for some developing countries, and in some of them for all countries. For this reason the Bank has to maintain analytic and research capacity in all economic sectors.

The quality of the Bank's analytic and research capacity is determined by the quality of its personnel and the leadership they receive. The initial quality of personnel is determined by the recruitment process and the reputation of the Bank as a place to work. It is not possible to attract high quality researchers without giving them considerable freedom to work in areas that interest them. Maintenance and sustenance of the quality of personnel depends on the internal training effort, including on-the-job training.

Leadership consists of first setting the agenda, that is, asking the right questions, and then following through to make sure both that the answers are developed and that they are disseminated. Operations, PPR, and the President, each have to contribute.

Operations: The agenda setting for country-specific work has to be done mainly in Operations, and the country-specific answers should be developed primarily in Operations. Interaction between Operations and PPR should ensure that research questions that arise from Bank operations are picked up by PPR, that relevant research findings are disseminated within Operations, and should contribute to the quality of ESW.

PPR: The broader policy and research agenda setting has to be done primarily in PPR. Because the Bank needs strength in all areas, this is mainly a matter of setting the work program of the divisions in PPR. Here there may be a need for greater focus in each division on the questions and types of answers that are being sought.

While there is a great deal of dissemination of PPR research results within the Bank, and for selected products, outside, there is also a need for greater attention to dissemination -- but it has to be recognized that this is both time-consuming and expensive.

Although research strength is needed on a broad front, it is at the same time essential for PPR management to identify priority areas in which the payoffs to research are likely to be high, either because the problems are important or because they are amenable to a research effort, and to redeploy resources to those areas. PPR management has also to be looking ahead to anticipate research and policy priorities.

The Research Support Budget is an important vehicle for helping in this priority setting. It has set four priority areas for research: the environment, socialist economies, the private sector, and the development of research capacity in developing countries. The priority areas will be reviewed regularly and the priorities adjusted as perceived needs and the research efforts in particular areas develop.

The President: Because the Bank has to maintain strength in all areas, but cannot lead in all of them, the President should choose carefully the few topics on which he wants to exert leadership. That leadership has to go beyond pointing to important problems by beginning to develop solutions. The problems and the outlines of the solutions should be presented in no more than two or three carefully focussed, well argued, major speeches each year.

These speeches will take careful preparation, and careful follow-through. The follow-through should include Presidential monitoring of the progress of operations and research in the area, and subsequent public speeches and reports. The President might want to work through task forces in each of the priority areas.

The current list of Presidential priorities is too long, and the efforts on them accordingly insufficiently focussed. The President should probably choose no more than three or four priorities on which to focus in the next two years: environment is one where the decision seems to have been made already; women in development might be another, although the problem of changing attitudes in member countries may be overwhelming here; population, some aspect of human resource development, the private sector, socialist economy reform, are other possibilities.

Cautionary Notes: The Bank must aim to have a greater influence on policy debates in the industrialized countries, it should aim to be quoted more often in the media, and it must to be more active in the research communities of developing and industrialized countries.

But it is necessary to be realistic about the Bank's potential for delivering intellectual leadership. Because the Bank is operationally oriented, it has to take a balanced approach to development and must make sure that it does a good job on a broad front. Because it takes a broad view, it will never be able to satisfy various single-interest groups that seek to influence it. Similarly, the Bank is unlikely to develop the capacity to be the clear leader in development research: it can be the center for development economics, it can be an intellectual leader in several areas, but it will not dominate the entire field.

That is why both the President and senior management have to be selective in setting priorities.

IV. Actions

Here is a preliminary list of actions that need to be taken to enhance the Bank's intellectual leadership capacity.

1. The President should select from his current list of priorities the three or four topics on which he wants to make most progress, set up task forces to work on these topics, work closely with these groups, and plan how to get the message across to public opinion and member governments.
2. The Bank should devote more attention and resources to its dissemination efforts, in the U.S. and abroad. Other institutions in Washington, such as Brookings and the Institute for International

Economics, make a greater impact on the press (not only the U.S. press) with less substance to offer than the Bank has. Part of our problem may be a relative lack of interest in development problems in the industrialized countries. We need a more active program, designed to reach the groups in Table 1. External Affairs and PPR should be asked to produce an action plan.

3. The following is a list (probably not complete) of PPR's current actions that are directed to exercising intellectual leadership, with an indication of where they might be strengthened.

(a) We are currently reviewing work programs, in conjunction with the development of the business plan, to make sure that our policy and research work is focussed on the right issues and promises to provide relevant answers to development problems. We need to sharpen the focus of research, but also, to draw together and disseminate the results of research work to the Bank and outside. We may need, in conjunction with Operations, to develop a more systematic basis for deciding on the policy paper pipeline.

(b) We are developing and disseminating the Bank's statistical and information base to make sure that we are the place to which researchers turn for development data. BESD (Bank Economic and Statistical Database) has been improved and computer access greatly simplified in the last two years; together with the Fund we are working on putting out data on CD-ROMs; World Tables is now being put out annually; Trends in Developing Economies (edited versions of Country Economic Briefs) will be published in time for the Annual Meetings. We are considering whether to put a major effort into developing a global environmental data base.

(c) We are seeking to enhance the quality of our internal and external training effort; the Report on Economists' Training, which proposes a major increase in training, to be provided by PPR divisions, should reach PC next month; EDI is doing well; many seminars are held inside the Bank to disseminate the results of research.

(d) We are continuing efforts to reach out to development researchers in developing and industrialized countries, including through ABCDE, the Annual Bank Conference on Development Economics.

(e) We should focus and strengthen our efforts to affect public opinion in industrialized and developing countries; we publish a great deal but have not done a good job of publicizing our new work, within the Bank but especially outside. The Research Administrator's Office will within the next few months start putting out a monthly list of all Bank research publications; he will be given the resources to do this.

(f) WDR is an important vehicle for exercising intellectual leadership. The Poverty WDR seems to be going well at this stage. We are considering with Publications how to strengthen the impact of WDR, perhaps by moving its publication date. It might make sense for the President to devote a speech to the launching of each WDR. We will shortly (next week) be proposing that WDR 1991 be Development: Retrospect and Prospects, and that WDR 1992 be on the environment. Each of these is risky, but that's the cost of seeking to take a lead.

(g) We are considering producing handbooks or statements of the state of knowledge in each area of Bank operations for the use of operational staff -- this would tie in well with the enhanced training effort we plan.

G. INTELLECTUAL LEADERSHIP BY THE WORLD BANK ^{1/}

The paper discusses the nature and role of intellectual leadership by the Bank, and the key ingredients to make it succeed. Among these key ingredients, the development of an agenda of priority issues in economic development plays a significant role. The paper therefore includes a listing of priority issues or themes, which the Steering Committee believes should form the core of the Bank's strategic agenda and the areas in which the Bank should develop an effective leadership role.

1. The Nature and Role of Intellectual Leadership

The World Bank provides two types of services: financial resources and intellectual expertise. Continued acceptance of the Bank as a knowledge-based institution by its international constituency and its country clients is assured only if they perceive that the Bank is at the forefront of development thinking, practice and advice, whether at the project, sector, country, or global level. This requires the Bank to do four things:

- identify the major development and global challenges;
- contribute to new ideas and approaches in a creative, analytical, and technically sound way, using its comparative international perspective and unique operational, policy and research experience;
- perform credible evaluation of its own activities; and
- disseminate and promote what it sees as the solutions to major problems.

The role and importance of the intellectual dimension of the Bank's product has dramatically increased over the last two decades for a number of reasons:

- It has become crucial to assist the developing countries find ways of maintaining or restoring economic and social progress through adjustment in the structure of their economies to reflect new domestic priorities and a changed - and, in many important respects, less favorable - external environment. Adjustment with growth has become a dominant intellectual

^{1/} This paper reflects the outcome of the discussion on intellectual leadership by the Steering Committee on March 30, 1987.

issue within the Bank and in many developing countries. The shift in priorities for the Bank's countries is bringing major changes in the Bank's intellectual role and in its policy advice and financial assistance to borrowers, changes that have not been fully incorporated in the organization, staffing and assistance programs of the Bank. While the challenge of adjustment with growth is particularly pressing in Sub-Saharan Africa and in the heavily-indebted middle-income countries, the same general theme is also a major part of the economic management task in the large population countries of Asia and in the other Bank borrowers.

- It has become apparent that an increased level of domestic investment in developing countries, financed in part by external assistance, is not a sufficient condition to ensure sustainable economic growth, productive employment and poverty alleviation. The design and implementation of investment projects and programs, the system of incentives and institutions, and the macro-economic policy framework jointly determine a country's development performance. A thorough understanding of these determinants is therefore essential if the development process is to be supported effectively by the Bank.
- Interdependence in the world economy has much increased as a result of rapid expansion of trade and capital flows. In addition, the volatility of the international economic environment has increased dramatically, as reflected in the gyrations of commodity prices, interest rates, and exchange rates. Partly as a result of these external factors, partly because of poor management of individual economies, the developing world is faced with a grave challenge to its ability to maintain stability and growth. The Bank as a major multilateral financial institution and in its role as a supporter of adjustment and growth in the developing countries has therefore to enhance its capacity for understanding global economic issues and problems, and to contribute actively to their resolution.
- Against this backdrop, some of the traditional approaches and solutions to the development challenge, whether at the project, sector, country or global level, increasingly are being called into question, thus requiring new thought and initiatives.

Although the need for the Bank to play a role as an intellectual leader on development and global issues has increased, there has been a growing perception that its capacity to fulfill this role has not kept pace with events, and may even have weakened in recent years. Three factors have contributed to this perception:

- In the industrial countries, there has been a heightened skepticism about international development efforts, due to aid-fatigue and the perception that past support for development has contributed to increased competitive pressures from newly industrializing countries. Partly as a result, the activities of international development agencies, including the Bank, are increasingly scrutinized.
- In the developing countries, the indigenous capacity for analyzing development problems and formulating solutions has in many cases increased substantially over the last two decades. This has led to a natural and healthy questioning of the value derived from the intellectual capacity of international institutions such as the World Bank.
- The Bank's internal capacity for maintaining its leadership role has become more limited, as indicated by many of the problem statements developed by the PPR Task Force on the basis of its fact finding and interviews:
 - There has been a lack of effective executive leadership in setting the strategic agenda for the Bank and presenting the Bank's views to the outside world.
 - The organizational structure and decision making processes have become cumbersome and fragmented.
 - Research responsibility is dispersed and research is poorly linked to the strategic, policy and operational concerns of the Bank.
 - There has been a dilution in the technical expertise of Bank staff.
 - The Bank does not have a quick-response capability to address major development issues and challenges that arise from a fast changing international environment. As a result, the Bank has failed to contribute at critical moments to important issues, e.g., the global debt problem.

The juxtaposition of an increased need for intellectual leadership by the Bank with a growing perception that its leadership role and capacity have been seriously eroded provides a formidable challenge for the Bank.

2. Key Ingredients for Successful Intellectual Leadership

Three key ingredients are necessary for the Bank to develop and maintain its intellectual leadership:

- active executive leadership by the President;
- an effective PPR complex;
- excellence of the Bank's staff.

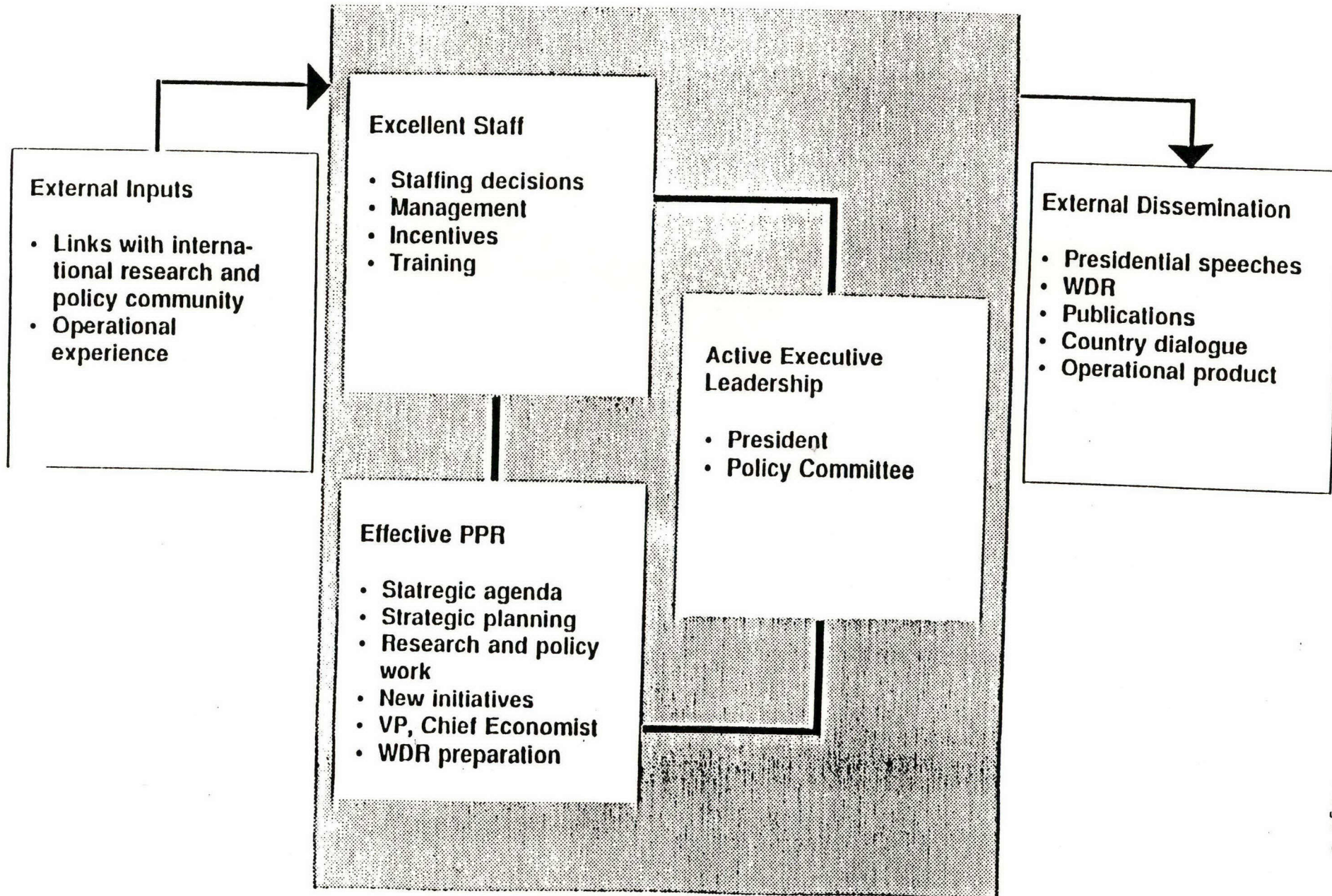
Each of these ingredients is briefly analyzed below in its multiple dimensions. The attached graph visually demonstrates these three ingredients, their major dimensions, and interrelationships.

(a) Active Executive Leadership by the President

The experience of the Bank and other institutions demonstrates the importance of active, effective, executive leadership by the President. With regard to the intellectual leadership role of the Bank, the essential actions for the President are to:

- take charge of the Bank's strategic agenda;
- ! * [• ensure a strong and cohesive senior management team, committed to the implementation of the evolving strategic agenda;
- provide clear internal signals to staff on the Bank's mission and priorities;
- assume a strong and clear voice for the Bank in external fora.

Key Dimensions of Intellectual Leadership



(b) An Effective PPR Complex

The newly established PPR will have a central function in strengthening the Bank's intellectual leadership. The main levers under PPR's control in pursuit of intellectual leadership will be:

- 2 • the preparation of the Bank's strategic agenda for review by the Policy Committee and approval by the President (see the separate paper on strategic planning);
- ⇒ [• a quick-response capability to develop new ideas and special initiatives that have been identified in the strategic agenda;
- ✓ • a strong and integrated capacity for research and policy formulation;
- ✓ • appointment of an internationally renowned Chief Economist to provide internal intellectual stimulus and enhance the external credibility of the Bank;
- ✓ • strong links with the external development research and policy community;
- 2 • effective feedback from the Bank's operational experience;
- ✓ • continuation of the WDR as an effective vehicle for high-quality and high-visibility analysis of the global outlook and of major development policy issues.

(c) Excellence of the Bank's Staff

Excellence of the Bank's staff at large is the foundation of any claim to intellectual leadership that the Bank may have. The staff carries responsibility for the Bank's analytical work, operational product and financial performance and is the Bank's most effective window to the world.

- PPR staff: A highly qualified and motivated staff in PPR is essential if that complex is to take on its role in intellectual leadership outlined above.
- Operational staff: Its technical excellence in the field and its effective management of the Bank's client relations are essential determinants of how the Bank's contribution as an intellectual leader is viewed.
- Financial staff: The excellence of the Bank's management of its finances determines its reputation in the world's capital markets as a successful international financial institution.

Maintaining a high quality staff is therefore crucial for the Bank's leadership role. The Bank's organization, staffing, management, training and incentives must be structured accordingly.

Specifically, for the staff of PPR the following conditions should be met:

- ✓ • PPR must be able to attract new staff with strong analytical backgrounds and research skills;
- ✓ • PPR staff must receive strong incentives to maintain and increase their human capital;
- research and dissemination through publications must be encouraged, managers committed to research must be chosen, and the research program must be protected from the encroachment of day-to-day policy and operational pressures.

3. An Agenda of Priority Issues for the Bank

(a) Background

The identification of the priority issues in economic development is one of the important ingredients for successful intellectual leadership in and of the Bank.

During the 1986 Annual Meetings, the President highlighted six priority issues:

- how to achieve sustainable development
- how to better support the role of women in development
- how to revive development in Sub-Saharan Africa
- how to encourage attention to the role of population growth
- how to strengthen the role of agriculture
- how to deal with environmental problems
- how to alleviate poverty while maintaining the adjustment momentum

From this starting point, a list of priority issues was reviewed by the Steering Group and recommended for consideration by the President. It provides the starting point for the development of a strategic agenda, which would also specify what role the Bank would expect to play with regard to each of the priority issues, and how the Bank would organize itself to play this role effectively (see paper on strategic planning).

The priority issues or themes which are presented below are not necessarily new; in some form, most of them have previously been addressed by the Bank. In many cases, there are, however, new angles to old issues. Moreover, the implication of the list below is that new initiatives would be specifically designed to strengthen the Bank's contribution in these areas, and that the Bank's resources devoted to research, policy and operational work should increasingly be directed to these priority areas.

(b) The Agenda of Priority Issues and Major Themes for the Bank

The list of priority issues presented below is by its very nature not all-encompassing. Since priorities will shift over time, the list would evolve accordingly. To give a flavor of the dimensions of each issue which should be of particular current interest for the Bank, a small number of special concerns is listed under each theme. Finally, it must be noted that many of the themes and issues are interrelated and overlapping. This should come as no surprise, as they are all bearing on the common theme of how to spur growth and development.

Current High Priorities

- Economic adjustment with growth
 - ✓ - integration of macro-economic and sectoral instruments
 - integration of stabilization, medium-term adjustment, and long-term development policies
 - appropriate timing and phasing of policies
 - the political economy of policy making
- The debt problem in high-debt countries
 - ✓ - global strategies for debt restructuring
 - innovative financial techniques for debt restructuring
 - limits on the adjustment-with-growth approach
- Development of Sub-Saharan Africa
 - ✓ - agricultural development options
 - maximizing concessional flows and aid effectiveness
 - public sector reforms

Emerging New Priorities

- Women in development
 - 0 - approaches to poverty alleviation
 - strengthening the role of women in productive activities
- Environment
 - - prevention and reversal of environmental degradation, especially in Sub-Saharan Africa
 - the role of government policies
 - balancing sustained growth with protection of the environment

- Role of the private sector

2 ✓

- scope for, and approaches to, privatization
- financial sector development and policies
- regulation of markets (the legal framework, licensing, etc.)

Continuing Themes

- Poverty alleviation

WDR

✓

- impact of adjustment policies
- impact of commodity price declines
- development and dissemination of appropriate technologies for low-income countries

- Long-term human capital formation

✓

- integration of multiple policy instruments
- financing of social services
- the role of the private sector
- new threats to public health
- the labor market and human capital formation

- Population policies

2

- new initiatives for fertility reduction
- family planning as a means to enhance women's contribution
- integration of population and environmental concerns

- Urbanization

2

- country-wide approaches to urban policies
- strengthening of local urban institutions

- The role of the public sector and its management

WDR

✓

- integration of public finance and public sector management analysis and approaches
- the political economy of government actions
- increasing the efficiency and equity of public sector resource mobilization and allocation

- International trade and growth

✓

- stronger role for the Bank in global economic policy debate
- better understanding of international trade environment, e.g., the impact of new technologies in industrialized countries on trade in manufactures and commodities
- trends in trade policies and protectionism

- Changing role of capital flows
 - clearer perspective on trends, risks, and options for international financial and capital markets
 - prospects for flows of official capital
 - the role of private direct investment

Possible New Themes

- Transition and change in socialist economies
 - better understanding of the dramatic changes in the role of markets and property rights in socialist economies
 - appropriate sequencing and timing of market oriented reforms in socialist economies
- The role of military spending
 - assessment of developmental costs of military spending
 - stronger Bank stance on the developmental tradeoffs of military spending
- The communications (and other aspects of the scientific) revolution
 - implications for education policies and programs
 - information technologies
 - implications for industrial policies

(c) Organizational Implications of the Agenda of Priority Issues

The priorities listed above are reflected in the proposed organizational framework for PPR, as indicated by the formation of the following units:

- a new Population and Human Resources Department, integrating poverty, employment, education, health, population, nutrition work, and containing a Women-in-Development Division;
- a new Environment Department with Environment and Natural Resources Divisions;
- two divisions dealing with urbanization policies and appropriate urban technologies in the Infrastructure Department;
- an Industrial Restructuring Division in the new Industry and Energy Department to deal with privatization policies and strategies;
- a new Public Economics and Management Division in the Country Economics Department, which integrates public finance and public sector management work;

- a new Financial Policy and Systems Division in the Country Economics Department;
- a new Debt and Macro-economic Adjustment Division in the Country Economics Department;
- a new International Economics Department with a strong mandate and resource base for work on global trade, international financial markets, and related policy matters.

[04-20-87]

OFFICE MEMORANDUM

DATE: February 3, 1994

TO: Mr. Lewis T. Preston

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: Your Inauguration of the Sixth Conference on Development Economics

I would like to take this opportunity to invite you to inaugurate this year's Conference on Development Economics at 9:00 a.m. on April 28, 1994, and to stay for the keynote address. The conference will be held on April 28 and 29; a draft copy of the agenda is attached. Shahid Yusuf or I would be happy to provide further details about the conference and work with your office to prepare your inaugural comments.

cc: S. Yusuf, RAD; A. Karaosmanoglu, EXC

THE WORLD BANK DRAFT COPY
ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS 1994

April 28 & 29, 1994
Washington, D.C.

THURSDAY, April 28:

- 8:30 am J Building Assembly Hall, J B1-080, 701 18th Street, N.W.
- 9:00 am Inauguration by LEWIS T. PRESTON
- 9:15 am Keynote Address by MICHAEL BRUNO, Vice President Development Economics and Chief Economist
Development Issues in a Changing World: New Lessons, Old Debates, Open Questions
- 9:45 am Transition in Socialist Economies
Macropolicies in the Transition to a Market Economy: A Three Year Perspective
LESZEK BALCEROWICZ, Warsaw School of Economics and
ALAN GELB, The World Bank
Chairperson: _____
Discussants: Stanley Fischer, Massachusetts Institute of Technology
Janos Kornai, Hungarian Academy of Sciences
- 11:00 am Coffee break
- 11:30 am Transition in Socialist Economies
Russia's Struggle with Stabilization
JEFFREY SACHS, Harvard University
Chairperson: _____
Discussants: Anders Aslund, Stockholm School of Economics
Maxim Boycko, Russian Privatization Center, Moscow
- 12:45 pm Lunch
- | | |
|--|--|
| 2:00 pm Venue: J Building Assembly Hall, J B1-080,
701 18th Street, N.W.
<u>Transition in Socialist Economies</u>
<i>Establishing Property Rights</i>
ANDREI SHLEIFER, Harvard University
Chairperson: _____
Discussants: Oliver Blanchard, Massachusetts
Institute of Technology
Roman Frydman, New York University | 2:00 pm Venue: J Building Auditorium, J 1-050,
701 18th Street, N.W.
<u>New Institutional Economics</u>
<i>Critical Market Support Institutions and their Evolution</i>
OLIVER WILLIAMSON, University of California,
Berkeley
Chairperson: _____
Discussants: Robert Putnam, Harvard University
Peter Murrell, University of Maryland,
College Park |
|--|--|
- 3:15 pm Coffee break
- | | |
|---|---|
| 3:45 pm <u>Transition in Socialist Economies</u>
<i>Chinese Reform Experience with State and Collective
Enterprises</i>
THOMAS RAWSKI, University of Pittsburgh and
GARY H. JEFFERSON, Brandies University
Chairperson: _____
Discussants: Nicholas Stern, London School of
Economics
Shahid Burki, The World Bank | 3:45 pm <u>New Institutional Economics</u>
<i>Political Institutions and Economic Performance</i>
JON ELSTER, Institute for Social Research, Oslo
Chairperson: _____
Discussants: Adam Przeworski, University of Chicago
Pranab Bardhan, University of California,
Berkeley |
|---|---|
- 6:00 pm Cocktails for Participants and Bank Staff, hosted by DECVP, E Gallery, 12th
Floor, 701 19th Street, N.W.

FRIDAY, April 29:

8:30 am Coffee, J Building Assembly Hall, J B1-080, 701 18th Street, N.W.

9:00 am Roundtable Discussion: Employment and Development

Moderator: MICHAEL BRUNO, The World Bank

Participants: NANCY BIRDSALL, Inter-American Development Bank

PAUL COLLIER, Oxford University

RICHARD FREEMAN, Harvard University

CHRISTOPHER PISSARIDES, London School of Economics

10:00 am Economic Geography - Dynamics of Disparate Regional Development

Historical Accident, Increasing Returns and Transport Costs

PAUL KRUGMAN, Massachusetts Institute of Technology

Chairperson:

Discussants: Andrew Isserman, West Virginia University

J. Vernon Henderson, Brown University

11:15 am Coffee break

11:45 am Economic Geography - Dynamics of Disparate Regional Development

Intersection of Regional and Industrial Policies in Four Countries

(Korea, Brazil, Japan, & United States)

ANN MARKUSEN, Rutgers University, Brunswick

Chairperson:

Discussants: William Alonso, Harvard University

Michael Porter, Harvard University

1:00 pm Lunch

2:30 pm Venue: J Building Auditorium, J 1-050,
701 18th Street, N.W.

International Migration Pressures

European Migrations: Push and Pull

KLAUS ZIMMERMANN, University of Muenchen

Chairperson:

Discussants: Julian Simon, University of Maryland,
College Park

Xavier Sala-I-Martin, Yale University

Venue: J Building Assembly Hall, J B1-080,
701 18th Street, N.W.

Employment Trends and Service Sector Development

Productivity and Employment Prospects in Services

ANGUS MADDISON, University of Groningen,
Netherlands

Chairperson:

Discussants: Zvi Griliches, Harvard University

John Kendrick, George Washington
University

3:30 pm Coffee break

Coffee break

4:00 pm International Migration Pressures
What is Driving International Migration
ODED STARK, The Hebrew University of Jerusalem

Chairperson:

Discussants: Mark Rosenzweig, University of
Pennsylvania

Michael Greenwood, University of
Colorado

Employment Trends and Service Sector Development
Labor Markets During Systemic Reform

ROBERT J. FLANAGAN, Stanford University

Chairperson:

Discussants: Richard Layard, London School of
Economics

John Pencavel, Stanford University

OFFICE MEMORANDUM

Chron

DATE: February 3, 1994

TO: Mr. A. Karaosmanoglu, EXC

THROUGH: Michael Bruno MB

FROM: Lyn Squire, PRDDR LS

EXTENSION: 36099

SUBJECT: Luncheon with Nobel Prize Winner Professor Douglass North

Please join us for a morning conference on institutional analysis and the World Bank on Friday, February 18, 1994 from 9:00 a.m. to 12:30 p.m., in JBl-080. Professor Douglass North, one of the 1993 Nobel Prize Winners in Economics, has kindly agreed to lead off with a presentation of his views on institutional analysis and how the Bank might make use of this approach in its research and operations. We will then present two examples of Bank work on institutional analysis. Brian Levy and Pablo Spiller will discuss their research on Regulating Utilities: The Institutional Dimension and Ed Campos will present his work on The East Asian Miracle and the New Institutional Economics. Michael Bruno will introduce Professor North.

We hope you will also be able to join us for lunch with Professor North in the "E" Dining Room, Room 6 at 1:00 p.m.

FAT sent (2/3)

MICHAEL BRUNO
Vice President Development Economics
and Chief Economist

February 2, 1994

Mr. Ernest Stern

Russia: Lending Options

Ernie:

At our meeting last week, you asked about lending options for Russia. I agree that quick-disbursing adjustment operations would make little sense under current conditions. Regarding the Second Rehabilitation Loan, I concur with the agreed position which, as I understand it, is to proceed with the loan only if there is agreement on additional policy commitments (notably in price and trade liberalization and in subsidy reduction) and a decision by the IMF to go forward with the second tranche of the STF program.

Given the prospects of continued high inflation, it is difficult to envisage opportunities for effective assistance. However, subject to normal creditworthiness constraints, we could support a core program of investment lending. In choosing projects for the core program, the challenge would be to meet at least the following three conditions:

- the project makes economic sense (which can be difficult to assess and achieve in a very distorted and inflationary economy);
- the project addresses the policy distortions which impinge directly on project execution and impact; and
- the project provides an effective vehicle for addressing broader sectoral issues (e.g., privatization and PSD, financial deepening, reforming social services).

Within these constraints, we should aim to support projects which: (1) address clearly documented -- and politically visible -- structural impediments to growth in infrastructure (e.g., road rehabilitation, transport and distribution linked to exports, urban services); (2) strengthen the balance of payments and underlying structural fiscal position (e.g., continued assistance for the energy sector); or (3) provide technical assistance for capacity building.


Michael Bruno

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: February 2, 1994 05:32pm

TO: Michael Bruno

(MICHAEL BRUNO)

FROM: Armeane Choksi, HROVP

(ARMEANE CHOKSI)

EXT.: 31811

SUBJECT: 50th Anniversary

Michael

Many thanks for your note. I agree with your focus and the broader look. I wonder if you could incorporate in your paper the role the Bank has played (and will play) in the generation and transmission of ideas. I think that the role of ideas in economic development is an important and interesting theme, and the role of the Bank in this area in a rapidly changing political and economic environment in developing countries would make for a great paper. What do you think?

Armeane

CC: Masood Ahmed
CC: Mark Baird
CC: Paulo Vieira Da Cunha
CC: Amnon Golan
CC: Gregory Ingram
CC: Lyn Squire
CC: Shahid Yusuf
CC: Sarwar Lateef
CC: Institutional ISC Files

(MASOOD AHMED)
(MARK BAIRD)
(PAULO VIEIRA DA CUNHA)
(AMNON GOLAN)
(GREGORY INGRAM)
(LYN SQUIRE)
(SHAHID YUSUF)
(SARWAR LATEEF)
(INSTITUTIONAL ISC FILES)

OFFICE MEMORANDUM

Chon

DATE: February 1, 1994

TO: Mr. Armeane Choksi

FROM: Michael Bruno *MB*

EXTENSION: 31667

SUBJECT: Proposed Paper for Fiftieth Anniversary

1. Thank you for your memorandum of December 21, 1993 (received in DECVP on January 21, 1994).

2. I agree that it would be useful for DEC to prepare a brief paper on the "key challenges facing the Bank" from our perspective. This will not be limited to the Bank's contribution to "policy advice and policy formulation". Rather we will look more broadly at the contribution of research and training (EDI) to the work of the Bank. The focus will be on the future, and the changing role of the Bank, rather than past accomplishments.

3. I have asked my Senior Managers to start thinking about the outline and content of the proposed paper. We plan to complete it, as requested, by April 1, 1994.

cc: Messrs. Ahmed (IECDR), Baird, Vieira Da Cunha (DECVP), Golan (EDIDR), Ingram (WDR), Squire (PRDDR), Yusuf (RAD), Lateef (OPRIE).

8574

February 1, 1994

94 FEB -1 PM 5:20

RECEIVED
DEVELOPMENT ECONOMICS
VP & C. PERSONNEL

Note to Mr. Michael Bruno

Michael,

Attached please find the revised version of the proposal as well as the cover letter from you to the other participating agencies.

Ramesh had an informal discussion on this proposal with the appropriate UN people in New York, so we can now forward the proposal to the other agencies if you approve the attached text.



Masood Ahmed

cc: Messrs. B. Blazic-Metzner, Ramesh Chander and Sultan Ahmed

OK

2/1

MR

OFFICE MEMORANDUM

Date: February 1, 1994
To: Mr. Timothy T. Thahane, SECGE
From: Michael Bruno, VPDEC *mb*
Subject: The Uruguay Round: A Preliminary Assessment

Attached is a report entitled "The Uruguay Round: A Preliminary Assessment" for distribution to the Executive Directors. This paper has been reviewed by the Managing Directors. It is scheduled for discussion on February 15, 1994.

Att.

cc: Mr. M. Ahmed

SECM94-

FROM: Vice President and Secretary

February 1994

The Uruguay Round: A Preliminary Assessment

1. Attached is a paper entitled "The Uruguay Round: A Preliminary Assessment". This paper is scheduled for discussion on February 15, 1994.
2. Questions may be addressed to Ms. Piritta Sorsa (ext. 33839) or Mr. Patrick Low (ext. 33834).

Distribution:

Executive Directors and Alternates
Office of the President
Executive Vice Presidents, IFC and MIGA
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

THE URUGUAY ROUND: A PRELIMINARY ASSESSMENT

I. Preface	1
II. Overview	2
III. Market Access	2
Industrial country commitments	3
Developing country commitments	5
IV. Expanded Coverage, Rules and Institutions	6
Rules on safeguards, subsidies and countervailing duties, and anti-dumping	6
The new areas - Services, TRIPs and TRIMs	7
Institutional reforms and dispute settlement	8
V. Preliminary Assessment of the Uruguay Round Results	9
Overall impact	9
Gains and losses among the developing countries	10

I. Preface

1. This paper provides a preliminary assessment of the results of the Uruguay Round as they affect developing countries. It draws on information currently available, following the approval by governments of the Uruguay Round package on December 15, 1993. The Uruguay Round is the eighth multilateral trade negotiation undertaken since GATT's inception in 1947. The negotiations encompassed a far wider range of issues than any previous round, and resulted in many substantive changes in international trade rules, as well as the creation of the World Trade Organization (WTO) to replace the GATT. The main areas upon which the negotiations focused can be summarized under the following broad categories:

- Reductions in tariff and non-tariff barriers to trade. The expansion of GATT disciplines for agriculture and textiles and clothing.
- Reform of GATT rules, most notably those on subsidies and countervailing duties, antidumping, and safeguards.
- Extension of multilateral rules to the "new" areas of trade in services, trade-related intellectual property rights (TRIPS), and trade-related investment measures (TRIMS).
- Institutional reforms relating to the settlement of trade disputes and the functioning of the GATT system.

The main results in each of these negotiating areas are set out in matrix form in an annex to this paper.

2. The reforms will be implemented gradually over ten years from the formation of the World Trade Organization. In several key areas, including market access, negotiations are continuing and results will not be finalized until the ministerial meeting to be held in Morocco during April of 1994. The entire package will then be submitted to national legislatures for approval. The WTO is likely to come into force during 1995.

3. The Round achieved much, but the future international trade agenda will remain full. A number of issues are already under discussion in Geneva, and may feature in a future work program for the WTO. Issues that have been raised include the relationship between trade and the environment, labor standards, exchange rates and competition policy. There is already agreement to include trade and environment in the work program.

4. During the course of 1994, the International Economics Department will carry out an in-depth analysis of the Uruguay Round and of the agenda for future trade liberalization, with an emphasis on the interests of developing countries. A World Bank-sponsored conference will be held in early 1995, at which the results of this work will be presented.

Chka

THE WORLD BANK / IFC / MIGA

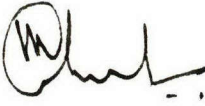
OFFICE MEMORANDUM

51 JAN 31 PM 4:22

Date: January 31, 1994

To: Mr. Attila Karaosmanoglu, EXC

Thru: Michael Bruno, DECVP ^{mb}

From: Masood Ahmed, IECDR 

Ext: 33800

Subject: Board Paper on The Uruguay Round: Preliminary Assessment

Attached is a new draft of the paper for your comment and clearance. It incorporates comments received. It is scheduled for discussion at a Board Seminar on February 15; distribution of the paper is scheduled for February 1.

Attachment

PS/pk

cc: Messrs/Mmes . Sandstrom, Stern, Bruno, Vieira Da Cunha, Fox,
Kalantzopoulos.
IEC Division Chiefs

OFFICE MEMORANDUM

DATE: January 31, 1994

TO: Mr. Sven Sandstrom

FROM: Michael Bruno *mb*

EXTENSION: 33774

SUBJECT: **Board Reviews of the Implementation of Sector Policies - Planned Work Program FY94-96**

1. Attached is the list of completed and planned papers and Board discussions on the implementation of sector policies, marked up to show corrections to the entries for DEC papers. There are two changes to which I would draw your attention:

- We have changed the title of the FY95 paper listed as "Environmental and Social Aspects of Economic Reform" to "Research Agenda for Social and Environmental Consequences of Growth-Oriented Economic Policies". This reflects better that the task at this stage is one of developing a work program for this topic rather than completing research on it.
- We are dropping the FY95 paper on "Management of External Debt" for budgetary reasons. This paper was part of IEC's program of financial technical assistance, which was funded in part from UNDP. UNDP funding will no longer be available in FY95. In addition, the financial technical assistance program is one of the DEC programs targetted for regular budget cuts in FY95.

cc: Messrs. Ahmed, Squire, Golan, Baird, Ingram, Yusuf, Vieira da Cunha

Attachment

IMPLEMENTATION OF SECTOR POLICIES - SUPPORTING PAPERS CHRONOLOGICAL ORDER

	COMPLETED	PLANNED	RESPONSIBLE VP UNIT
FY90			
Primary Education	May 90 (PP)		OSP
FY91			
Policy Paper on Poverty Reduction	Aug 90		OSP
Urban Development	Jan 91 (PP)		OSP
Vocational Education & Training	Jan 91 (PP)		OSP
Financial Intermediary Lending (FIL)	Feb 91		DEC
PSD: Strengthening Bank Group Effort	Jun 91		DEC
FY92			
Managing Development - Governance Dimension	Jul 91		DEC
Reform of Public Sector Mgmt - Lessons	Jul 91 (PP)		DEC
Financial Sector Operations	Jul 91 (PP)		DEC
Forestry	Jul 91 (PP)		OSP/ESD
Tobacco Policy	Nov 91 (PP)		OSP
Privatization: Lessons of Experience	Apr 92 (BP)		DEC
Effective Family Planning	May 92 (BP)		OSP
WDR - Environment and Development	May 92		DEC
Expanded Cofinancing Operations ¹	May 92 (PR)	TBD (PR)	CFS
Debt and Debt Service Reduction	Jun 92 (PR)	Fall 94 (PR)	CFS
FY93			
Housing	Oct 92 (PP)		OSP
Support for Human Resource Development	Oct 92		OSP
Electric Power Sector	Oct 92 (PP)	Apr 94 (PR/SL)	OSP/FPD
Energy Efficiency and Conservation	Oct 92 (PP)	Apr 94 (PR/SL)	OSP/FPD
Progress Report on Poverty Reduction	Jan 93	Apr 94 (PR)	OSP/HRO
Agriculture Sector Review	Mar 93 (SR)		ESD
PSD: Progress Report	Apr 93 (PR/DCR)		DEC/FPD
Private International Capital Flows	Apr 93 (DCR)		DEC

¹ Review after 5 to 7 further ECOs have been carried out.

	COMPLETED	PLANNED	RESPONSIBLE VP UNIT
Review of Environmental Assessments ²	Apr 93 (PR)		ESD
Water Resources Management	May 93 (PP)	May 95 (PR)	ESD
WDR - Health	Jun 93		DEC
FY94			
IDA Debt Reduction Facility ³	Jul 93 (PR)	Jun 95 (PR)	CFS
Study of East Asia Miracle	Jul 93 (RP)		DEC
WID Progress Report	Aug 93 (PR/DCR)		HRO
Social Security Reforms and Safety Nets	Aug 93 (DCR)		HRO
Annual Report on the Environment	Sep 93 (SR)	Sep 94 (SR)	ESD
Higher Education Reform	Oct 93 (BP)		HRO
Adjustment in Africa ⁴	Nov 93 (RP)	Fall 94 (PR)	DEC
Governance - Progress Report	Dec 93 (PR)	FY 97 (PR)	HRO
Better Health in Africa	Jan 94 (BP)		AFR
Initial Evaluation of Uruguay Round		Feb. Mar 94 (RP)	DEC
Telecommunications ⁵		Feb 94 (SR/SL)	FPD
Policy Paper on PSD and FIL ^{6,7}		Mar 94 (SL/PP*)	FPD
Population Sector Overview ⁸		Apr 94 (SR)	HRO
Consequences of Trading Blocs		Apr 94 (RP)	DEC
Report on Population and Migration		Apr 94 (DCR)	HRO
WID: Enhancing Women's Contributions to Economic Development ⁹		Apr 94 (PP*)	HRO
Review of Resettlement		Apr 94 (PR)	ESD

- ² Future regular reviews of environmental assessments will be covered in the annual reports on the environment.
- ³ Review of program under Debt Reduction Facility will be provided to the Board prior to the current expiration date for the facility in July, 1995.
- ⁴ Update on the Long-Term Perspectives Study.
- ⁵ Joint Bank/IFC presentation.
- ⁶ Will include a review of progress and experience with privatization. Series of Board Seminars starting in March 1994. Nature of Policy Paper to be determined following seminars.
- ⁷ Supported by DEC research study on enterprise reform.
- ⁸ Supported by DEC research study on the consequences of rapid population growth.
- ⁹ Approach paper discussed at Board Seminar January '94.

Economy-wide Policies & the Environment		Apr 94 (SR)	ESD
WDR - Infrastructure		Apr 94	DEC
Old Age Security		May 94 (RP)	DEC
FY95			
Forestry Sector Review		Sep 94 (SR)	ESD
Management of External Debt		Fall 94 (PR)	DEC
Priorities & Strategies for Education in 1990s		Nov 94 (SR)	HRO
Overall Strategy for Human Resource Devt. ¹⁰		Nov 94 (SR)	HRO
Env. and Social Aspects of Economic Reform		Mar 95 (RP)	DEC
Natural Resources Management - Handbook		Apr 95 (BP)	ESD
Transport Sector Review		May 95 (SR)	ESD
WDR - Labor		May 95	DEC
Reducing Pollution in Developing Countries ^{11 12}		Jun 95 (BP)	ESD
Rural Energy		FY95 (SR/SL)	FPD
Municipal Finance		FY95 (BP)	ESD
Participation Handbook ¹³		FY95 (BP)	HRO
Financial Sector Review		FY95 (SR)	FPD
FY96			
Transition Economies		Jul 95 (RP)	DEC
Water and Sanitation		Jan 96 (SR)	ESD
Fiscal Decentralization ¹⁴		Jun 96 (RP)	DEC
Health Sector - Manual ¹⁵		FY96 (BP)	HRO

x Renamed: Research Agenda for Social and Environmental Consequences of Growth-oriented Economic Policies.

¹⁰ Input to World Summit on Social Development (Copenhagen).

¹¹ This would include a review of policy, institutional and technical issues with regard to the Bank's roughly 80 pollution (emission) guidelines which are being updated.

¹² Supported by DEC research study on instruments for pollution control.

¹³ Handbook is being prepared in modular form. First module to be ready in April 94. The handbook is to be completed within FY95.

¹⁴ Will cover local/municipal governance and finance.

¹⁵ The manual is being prepared in modular form. The first modules will be issued in June 94. The manual will be completed in FY96.

LEGEND

BP	Best Practice Paper	AFR	Africa Region
DCR	Development Committee Report	CFS	Cofinancing and Financial Advisory Services
PP	Policy Paper	DEC	Development Economics
PP*	Two-stage Policy Paper (Approach Paper first discussed in CoW)		
PR	Progress Report/Program Review	ESD	Environmentally Sustainable Development
RP	Research Paper	FPD	Finance and Private Sector Development
SR	Sector Review	HRO	Human Resources Devt. & Operations Policy
SL	Slides (with brief written summary)	OSP	Sector & Operations Policy

Chron

TO: DISTRIBUTION

JANUARY 31 1994

FROM: Kate Oram

EXT. 33774

SUBJECT: Speaking Engagements of DEC Senior Managers

Please see attached note from Maggie Sheen. Could you please let her know directly (copy to Mr. Bruno) your speaking engagements between now and 31st December 1994. Maggie would like you to update this, as necessary, from time to time.

Many thanks.

Kate

Kate Oram

ATT.-

DISTRIBUTION

Messrs. M Ahmed
M Baird
A Golan
G Ingram
L Squire
S Yusuf

cc. Ms. Marjorie Sheen, EXTIP

ALL-IN-1 NOTE

DATE: 24-Jan-1994 04:41pm

TO: See Distribution Below

FROM: Marjorie Sheen, EXTIP

(MARJORIE SHEEN)

EXT.: 31789

SUBJECT: Coordination: Speaking Engagements

Attached to this message is a TEXT document. It can be displayed or printed like any other ALL-IN-1 document. You may also transfer the attachment to your PC using the FAP option.

DISTRIBUTION:

TO: Yvonne Hensley

(YVONNE HENSLEY)

TO: Roger Butts

(ROGER BUTTS)

TO: Patricia Mendez

(PATRICIA MENDEZ)

TO: Teresita Buktaw

(TERESITA BUKTAW)

TO: Marilyn Benjamin

(MARILYN BENJAMIN)

TO: Leo Malca

(LEO MALCA)

TO: Kate Oram

(KATE ORAM)

TO: Kathia Coupry

(KATHIA COUPRY)

TO: Margaret Muir

(MARGARET MUIR)

TO: Veronica Clement

(VERONICA CLEMENT)

TO: Marie T. Zenni

(MARIE T. ZENNI)

TO: Penny Chokechaitanasin

(PENNY CHOKECHAITANASIN)

TO: Thelma Jones

(THELMA JONES)

CC: Timothy Cullen

(TIMOTHY CULLEN)

CC: Judith Maguire

(JUDITH MAGUIRE)

CC: Alexander Shakow

(ALEXANDER SHAKOW)

CC: Sarwar Lateef

(SARWAR LATEEF)

As part of an effort to strengthen the Bank's external affairs work, I've been asked to help compile information about forthcoming speaking engagements of senior managers. As we get closer to dates marking the 50th anniversary, there will be an increasing number of speaking opportunities, and it would be helpful to have a central source of this information which could then be circulated among coordinators for the Anniversary.

As a first step in developing a better tracking system, it would be helpful if you could keep me updated, as far in advance as possible, on the events in which senior managers within your vice presidency will participate, noting those related to the Bank's anniversary.

By way of background for a discussion of these issues at an upcoming senior management meeting, it would be helpful to have an initial compilation by the end of this week, and any information you could provide would be greatly appreciated.

Thank you for your assistance.

OFFICE MEMORANDUM

DATE: January 25, 1994

TO: Mr. Ernest Stern

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Guinea - Financial Sector Operation

1. We suggest the following items for the Loan Committee agenda.
2. Country Assistance Strategy - This operation is being reviewed in the absence of a recent CSP. A CAS has been made available on an informal basis but has not yet been approved by the RVP. Therefore, the review of this operation is not as firmly based on a country strategy as would be desirable. For the Loan Committee review, could the Region describe the role to be played by this operation in relation to other planned operations, including adjustment operations?
3. What is the status of the IMF program?
4. Macroeconomic Framework - Domestic savings have declined from 16% of GDP in 1989 and 1990 to 13% in 1991 and 9% in 1992. They are projected to increase only slowly to 10% in 1995 and 13% in 1996. Moreover, the current account deficit, which had been 10-11% of GDP, deteriorated to 13% in 1992, and is now projected to stay at 15% of GDP from 1993 through the projection period which ends in 1996. Are there factors other than the depressed world aluminum market which are important? Given that aluminum prices are weak, what can be done to improve the supply response in other sectors of the economy? Would an early SAL covering a variety of sectors be more effective in supporting such adjustment?
5. Financing Gap - Corresponding to the sustained deterioration noted above, a large annual financing gap of \$130 million is projected through the end of the projection period. How confident are we that this gap can be closed (especially in view of the CFA devaluation and the demands on the French for support from these countries), and shouldn't Guinea contribute a bit more? Should Board presentation of this operation be conditional on closing the financing gap for 1994?
6. Financial Sector Reforms - Given the problems with the Guinean financial sector as described in the IM, and linkages to other problems of development, a long period of time will be required to achieve a reasonable degree of success. What is the perspective for financial sector reform, and what role will this operation play in that reform? What reforms would be envisaged for subsequent operations?
7. Low Demand for Financial Services - The demand for financial assets appears to be fairly low. M/GDP is only 7%, despite low inflation and sustained GDP growth. Further, the deposit/loan ratio is 147%, including 209% for the most profitable bank. The IM notes that most

banks have been in a very liquid position because of a scarcity of viable lending opportunities. What are the main factors governing the demand for financial services? Is this lack of demand related to the slow pace of adjustment apparently forecast for the economy? Given this low demand, is there merit in trying to maintain the existing banking institutions given other constraints such as capitalization? Are we concerned with appropriate exit, as well as entry, conditions?

8. Banking Sector Risks - The problems of capitalization noted above need to be considered in the context of Guinea's dependence on aluminum, which poses special risks not only for macroeconomic management but also for the country's banks. This kind of risk is difficult to manage even in countries with far more sophisticated financial systems. It would seem that banks in such circumstances would need to have much higher capital requirements, or, for a given amount of available capital, there should be fewer banks. Note that the banking sector appears to have a negative net worth of about \$2-3 million, with 3 institutions with net worth of \$1 million each, 1 with net worth of \$7.5 million, and 2 with negative net worth totalling \$13 million. Bank supervision, even if much improved, will simply not be able to handle the problems imposed on the financial system by Guinea's dependence on aluminum exports. How does the Region assess the adequacy of bank capitalization in view of this factor?

9. Why will this operation be better than the last financial sector reform? - The IM notes that some progress was achieved under the first reform effort begun in 1985, and that the commercial banks seemed to be doing reasonably well until business ventures turned sour in 1991. This theme is not developed. However, the IM notes that the "substandard portfolio of commercial banks is exclusively constituted of private companies, many of which are subsidiaries of European companies that failed in Europe." Therefore, it does not seem that they reflect changes in the underlying business climate. Note that GDP growth has been reasonably consistent, with the dip from 4.3% growth in 1990 to 2.5% growth in 1991, and a recovery to 3.2% and 3.6% growth in 1992 and 1993, which is not a pattern which would normally be associated with the collapse of the financial system. How would the current operation prevent a recurrence of this episode?

10. Interest Rate Policy - The IM notes that four key interest rates are administratively set, and that rates are positive in real terms. What are interest rates and margins now, and are they reasonable? Are there intermediate improvements in interest rate policy which would be warranted even prior to the introduction of market based rates?

11. T-Bill Auction - While T-bill auctions are desirable in principle, and would be useful in helping to establish a market in which interest rates would be determined, there are only a few cases where such auctions have functioned well in countries with per capita incomes of less than \$1000. This reflects missing infrastructure and skills in finance. More importantly, the criteria listed in the Financial Sector Review for deregulation of interest rates--sound macro policy, sound banks, reasonably sophisticated bankers, and contestable markets--will not be met for some time. Further, does the government pay its bills on time? If not, would T-bill operations be credible? Would this proposed component of the operation unduly raise expectations?

12. Tax Policy - It appears as if a turnover tax is assessed on banking transactions. The proposed solution is to allow these taxes to be credited against others. This appears to shift the tax burden to borrowers and depositors. However, would not an efficient tax system exempt the banking system from a turnover tax?

13. Training - Para. 91 refers to the need for training to improve the quality of bank personnel, and that the costs of such a program should be shared by government and commercial banks. Has such an agreement already been reached? If so, what are the details? If not, how should such an agreement be promoted?

14. Loan Recovery - What is being done to ensure adequate loan recovery, and what would be viewed as an adequate level of loan recovery? Would not 100% be optimistic? And if only a partial recovery were more realistic, does this not mean that government should expect to abandon part of its loan, thereby capitalizing the banks? How would the budget meet such a default?

15. Structure of the Proposed Operation - We feel that the proposed technical assistance program has been carefully constructed and meets important needs in the sector. However, the overall financial sector program has some drawbacks. Would it make sense to proceed with the technical assistance program for the financial sector, but to replace the financial sector adjustment operation with a broader based adjustment operation such as a SAL which could address the supply response more adequately?

cc: Mr. Karaosmanoglu

Guinea Financial Sector Operation: comments

This operation has a good TA component but a weak overall structure. The report leaves this reader suspecting that more money is being flushed down the drain. Here are some quick points; note that many of them apply to a variety of African countries:

- there is little analysis of why the last restructuring failed and why this one is going to be different.
- the problems with the Guinean financial sector as laid out require 10-20 years to fix, not one operation. We need a strategy laying out what can realistically can be accomplished now, what will work later.
- the Africa region should be alerted to the fact that there appear to be no instances where a T-bill auction has worked with per capita incomes less than \$500, and few cases with income between \$500 and \$1000. Undoubtedly, this reflects the missing infrastructure and skills in finance. Also, and more importantly, the criteria listed in the FSAL review for complete deregulation of interest rates -- sound macro, sound banks, reasonably sophisticated bankers, and contestable markets -- don't appear to be met. Why are we bothering?
- the earlier operation likely taught residents that it is not important to repay loans. There was no mention of collections on the previous liquidated banks' portfolio, though I presume that this is because the author is too embarrassed to tell us. In the UMOA zone, the 1988-89 restructuring was a lesson in moral hazard. This one tries to say it is different because the only funds being injected are in the form of a subordinated loan. Does the author think that this point is going to be appreciated by the public, who will see the Bank coming with another sack of money? It would be useful to ask the region if the government is paying its bills on time, by the way, for if they are not no T-bill market will work.

in specialized economies, there needs to be either much higher capital requirements, fewer banks, and/or a requirement that banks hold much of their portfolio outside of the country in a diversified form. Otherwise we will be back to bail out the system every few years. Surely there is a limit, even for us!

- it is stated that procedures for on-site supervision are inadequate. Even if they were, it is hard to imagine that the supervisors are well-qualified, or that supervision could prevent the same problems from occurring again.
- It appears as if a turnover tax is assessed on banking. The

can't depend on government

proposed solution of allowing these taxes to be credited against others is inadequate. Banking should be exempt, period, else the tax merely gets passed on to borrowers and depositors.

- Para 94: what is being done to ensure adequate recoveries? And how could the amount be adequate? If we take out 100 of bad loans and collect 30 (optimistic!), how does that pay for the loan? If the government "abandons" the loan if recoveries are insufficient, doesn't this mean that the operation will have amounted to the same as the last one?

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: January 26, 1994 06:06pm

TO: CHARLES BLITZER

(CHARLES BLITZER @A1@MOSCOW)

FROM: Michael Bruno, DECVF

(MICHAEL BRUNO)

EXT.: 33774

SUBJECT: Your note

Dear Charlie,

Many thanks for your very nice note. You seem to hear everything. I am, of course, sorry not to be able to come to Moscow now, because of the depressing underlying reasons. Let's keep in touch about the future.

All the best,
Michael

To: Charles Mitter

Dear Charlie,

Many thanks for your very nice
note. You seem to have everything.

I am, of course, ~~happy~~ may not be able
to come to Moscow now, because of the depressing
underlying reasons. Let's keep in touch about the
future.

All the best,

Michael.

THE WORLD BANK/IFC/MIGA

OFFICE MEMORANDUM

Chen

DATE: January 25, 1994

CONFIDENTIAL

DECLASSIFIED

TO: Ms. Patricia O'Neil, PMDMN

FROM: Michael Bruno MB

APR 29 2025

EXTENSION: 33774

WBG ARCHIVES

SUBJECT: Derek Byerlee

Thank you for sending me the material on Mr. Byerlee. I agree with the recommendations of the Sub-Panel that he should be cleared for appointment at level 25. The documentation is returned herewith.

cc: Mr. Y. Abe

Atts.

8575

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: January 19, 1994 03:45pm

TO: Michael Bruno (MICHAEL BRUNO)

FROM: Patricia O'Neil, PMDMN (PATRICIA ONEIL)

EXT.: 32695

SUBJECT: Derek Byerlee

Mr. Byerlee is an external candidate the ERP has been asked to clear for appointment at level 25.

Following the streamlined procedures we agreed on for clearance of external candidates, I asked two members of the Sector Sub-Panel to review the documentation and make a recommendation, copied to Yoshi Abe.

Both Panel members recommend his clearance. Since Yoshi is out of town till the end of the month and there is some urgency in this, I suggest that we go ahead with the final decision on the basis of the Sub-Panel recommendations rather than wait for Yoshi's return.

I am therefore forwarding to you the documentation along with the Sub-Panel recommendations for your final decision.

CC: Yoshiaki Abe

(YOSHIAKI ABE)



Record Removal Notice

File Title Michael Bruno - Internal Chronological Records - Correspondence - December 1993 - January 1994		Barcode No. 30321949
Document Date 01/25/1994	Document Type Memorandum	
Correspondents / Participants From: Michael Bruno, DECVP To: Armeane Choksi		
Subject / Title Arvil V. Adams		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Salma Berrada</td><td>Date April 29, 2025</td></tr></table>
Withdrawn by Salma Berrada	Date April 29, 2025	

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: January 24, 1994 12:37pm

TO: See Distribution Below

FROM: Michael Bruno, DECVP (MICHAEL BRUNO)

EXT.: 33774

SUBJECT: Your BTOR on Africa Adjustment Study Dissemination

I found your report extremely useful and the effort obviously very worthwhile.

Michael

DISTRIBUTION:

TO: Lyn Squire	(LYN SQUIRE)
TO: Christine Jones	(CHRISTINE JONES)
TO: Miguel Kiguel	(MIGUEL KIGUEL)
CC: Edward V.K. Jaycox	(EDWARD V.K. JAYCOX)
CC: Ishrat Husain	(ISHRAT HUSAIN)
CC: Mark Baird	(MARK BAIRD)

THE WORLD BANK
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY

To: Christine Jones, Miguel Riquelme,
and Lynn Quire

From: Michael Hanna
Subject - ^{your} BIOR ^{on} / African Adjustment

I found your report ^{extremely} ~~very~~ useful
and the effort obviously ^{very} worthwhile.

cc: Jasox, Hussein, Said

OFFICE MEMORANDUM

8520

DATE: January 19, 1994

94 JAN 21 PM 4: 22

TO: Mr. Michael Bruno

FROM: Christine Jones, Miguel Kiguel, and Lyn Squire

RECEIVED
DEVELOPMENT ECONOMICS
V.P. & A. 12/19/94

EXTENSION: 37468, 37464, and 36099

SUBJECT: BTOR--Africa Adjustment Study Dissemination

1. Together with Mr. Ishrat Husain from the Africa Region, we presented the key findings of the Africa Adjustment Study to the SPA working group meeting (Paris, 1/11/94), the U. N. Economic Commission for Africa (Addis Ababa, 1/14/94), and the Ethiopian Economic Association (Addis Ababa, 1/15/94). The Organization for African Unity and the African Development Bank also participated in the meeting with the ECA. The purpose of the presentations was to brief the SPA donors and the African institutions on the contents of the study prior to its public launching. A prior draft of the study had been sent to the donors and African institutions in June for written comment.

2. The discussions were very useful in that they gave us considerable insight into the types of questions likely to be raised during dissemination. This will help us modify our presentation to anticipate some of these issues. One issue that came up repeatedly is the importance of a long-term development strategy that goes beyond the policy reforms that are the focus of adjustment programs. Both Mr. Husain's and Mr. Squire's introductory remarks on the report attempted to place adjustment in the larger context of the overall Bank development strategy; the SPA donors, at least, acknowledged that they understood that the study was not intended to be a comprehensive view of the entire development agenda. Future dissemination will need to continue to emphasize that adjustment is only one part of the overall development strategy, albeit an important part, particularly in the short-term, when major economic distortions are present. We also found it useful to stress that investments and capacity-building are not alternatives to adjustment and that development cannot take place if major distortions in the economic framework are present.

3. Another issue that surfaced frequently related to a poverty alleviation vs. growth strategy. Several of the donors posed the issue in terms of a conflict between the two. In our responses we stressed the findings of the WDR 1990 that broad-based growth was an important element of a poverty alleviation strategy, not in conflict with it. Rapid poverty alleviation also requires investments in human capital, hence the focus in adjustment programs on reorienting public expenditure to ensure the provision of basic social services. There was general agreement on the need to strengthen the poverty focus of policy reforms.

4. Many of the donors indicated their agreement with the basic messages of the study, viz. that while many countries have implemented reforms, particularly in the macroeconomic sphere, no country has come close to the policy frontier, and that progress is very tenuous, with much backsliding in evidence. One donor said the report was convincing that adjustment programs had the basics right, if not the perfect recipe. This led some donors to question whether conditionality in adjustment lending has been too lax and to note the

potential contradiction between the desirability of greater national ownership of adjustment programs and the content of the program, which might not always include the "right" kind of policies. One donor asked how the findings of the study were going to be reflected in the Bank's operational work. Clearly this is a set of questions that it would be most appropriate for the operational side of the Bank to address.

5. We devoted an entire day to the presentation and discussion of the study with the ECA. About 40 or so professional staff from the ECA participated. At least four hours alone were spent listening to the ECA's comment and questions, as well as brief statements from the OAU and the AFDB. The tone of the meeting was generally professional and constructive. The chairman of the ECA, Mr. Yaker, was very concerned with whether the ECA's comments would be reflected in the published version. It was pointed out to him, diplomatically, by Mr. Husain and Mr. Squire, that the ECA was given the opportunity to make extensive comments on an earlier draft, which were given serious consideration, and that the purpose of the discussion in Addis was not to reach consensus on a joint document.

6. The comments of the ECA were wide-ranging. There was a tendency to focus on the long-term development issues (particularly infrastructure, capacity-building, industrial strategy), which were often presented seemingly as an alternative to adjustment. No one commented on the report's conclusions that large improvements in policies paid off in higher growth but that countries were still far from the policy frontier.

7. More specifically, questions concerned the methodology of the study (choice of countries, years), the rationale or absence thereof for privatization, the need for an industrial policy, whether Ghana's apparent success was due to large monetary inflows, how adjustment could be said to be working given the slow response in investment, the need for adjustment programs to focus on economic integration, impact of budget cuts on long-term growth (particularly in poverty and agriculture), the determining influence of external shocks, the need to invest in women's economic activities and well-being as an alternative to reform.

8. Two questions came up in the ECA meeting as well as in the meeting with the Ethiopian Economics Association that are likely to be asked repeatedly. The first is the question of intervention, and whether there was a conflict between the findings of the East Asian Miracle Study and the African study. The second is the question of the discrepancy between the working paper by Mr. I. Elbadawi on structural adjustment in Africa. On the East Asian study, Mr. Squire pointed out that the findings of the East Asia study emphasized the importance of getting the policy fundamentals right and the fact that interventions, where they contributed to growth, were limited in scope and subject to market tests. In contrast to East Asia, the Africa study shows that Africa has been much less successful in getting the policy fundamental rights and has intervened far more, and to far greater cost, than E. Asia. The conclusion of the East Asia study for Africa was not that Africa needed to intervene more, but that it needed to intervene less.

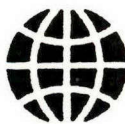
9. On the issue of the research report by Elbadawi et al. -- initially titled "Why Structural Adjustment Has Failed in Sub-Saharan Africa" -- the team made several points. First, the initial title was a poor and unnecessarily provocative choice. Using the modified control group methodology to identify the incremental contributions of World Bank lending, the report finds that adjustment lending contributed to improving exports in a significant way, though did not significantly affect economic growth, and contributed to a significant drop in the investment ratio. The failure to restore investment in the short-term is an expected

January 19, 1994

outcome. Second, the two reports use different methodologies. The Elbadawi report is based on a comparison of the performance of the early intensive-adjustment-lending countries with other-adjustment-lending countries and non-adjustment-lending countries. This methodology -- which classifies countries according to their loan history -- differs fundamentally from the one used in Africa adjustment report, which classifies countries on the basis of the degree of policy implementation. (Both, however, look at changes in economic indicators). Since there is not a close correspondence between policy reforms and policy loans, some difference in conclusions is to be expected. Third, even on its own terms, the classification used in Elbadawi study has some serious flaws, particularly in its use of the non-adjustment lending countries -- which run the full gamut from Botswana, one of the best performers in the world, to Liberia and Ethiopia -- as a control group.

10. With respect to the wider dissemination strategy, a number of the donors found the presentation very useful and urged the Bank to disseminate it widely to set the record straight on adjustment. They emphasized the need to do it in a way that would bring out the messages very clearly, sacrificing the necessary qualifications, and in a non-technical manner. As can be seen from the types of questions that were asked, we think it essential to actively disseminate the report, beginning with a press launch, in order to set the study in context and address some potential misunderstandings that exist both within Africa and among the donor communities and their constituencies.

cc: Ms./Messrs. Jaycox, Husain, Wai, Rosenberg, (AFR); Baird, (DEC); Easterly, MacDonald, Bouton (PRD); Mitchell (EXT).



Banco Mundial

Chro



Ministerio de Salud y Acción Social

Washington, D.C., enero 14, 1994

Sr.Sra. NNNNNNNN

Apreciado/a Sr.Sra.NNNNNNNN.

El Banco Mundial, la Organización Panamericana de la Salud (OPS) y el Gobierno de la República Argentina, a través del Ministerio de Salud y Acción Social de la Nación, están organizando un Seminario Regional sobre la Reforma del Sector Salud en América Latina, el mismo que contará con la presencia de ministros, vice-ministros y otros funcionarios de relevancia de los ministerios de salud, planificación y finanzas, así como de institutos de seguridad social y otros servicios privados de salud de los siguientes países: Argentina, Colombia, Costa Rica, Chile, Ecuador, México, Perú, Uruguay y Venezuela.

En nombre de las instituciones mencionadas, tenemos el placer de invitarlo para que participe en el mencionado evento, el cual se llevará a cabo los días 14, 15 y 16 de marzo de 1994, en Buenos Aires, Argentina.

El seminario tiene como objetivos principales:

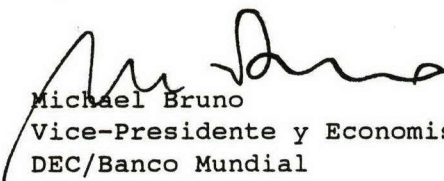
- a. discutir el propósito y la agenda para la reforma del sector salud en países seleccionados de la América Latina;
- b. comparar entre los países latinoamericanos y los de la Organización de Cooperación y Desarrollo Económicos (OCDE) las medidas de reforma que tienden a mejorar el acceso universal a servicios de salud y a solucionar los problemas de equidad, eficiencia y calidad en el suministro y financiamiento de los servicios de salud; y
- c. analizar la interrelación entre la reforma, el cambio de necesidades de salud y la eficacia en función de los costos de los sistemas de prevención y tratamiento de enfermedades.

Los organizadores del seminario, sufragarán los gastos relacionados con el viaje de ida y regreso de los participantes, así como su alojamiento y alimentación. Con el propósito de acelerar los trámites administrativos sobre su participación, le rogamos confirmar su asistencia lo antes posible (a más tardar el 31 de enero de 1994) por medio del envío por fax del formulario de inscripción/aceptación, debidamente llenado, que le adjuntamos a la presente.

Si usted no puede asistir, le agradeceríamos nos lo informara de inmediato. Favor dirigir su respuesta a la Sra. Juanita Manzano, funcionaria de admisiones, en Washington, al teléfono 202-473-6846; o por fax al 202-676-0959. También puede comunicarse con la Sra. Margaret Saunders, co-directora del seminario, al teléfono 202-473-6448 o vía fax 202-676-0961.

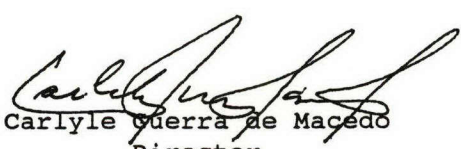
Tan pronto nos confirme su participación, le enviaremos información detallada acerca del seminario, arreglos de viaje y otros aspectos de carácter administrativo.

Esperando contar con su valiosa presencia y colaboración, nos despedimos con un cordial saludo.



Michael Bruno
Vice-Presidente y Economista Principal
DEC/Banco Mundial

S. Shahid Husain
Vice-Presidente
LAC/Banco Mundial



Carlyle Guerra de Macedo
Director
Oficina Panamericana de la Salud

Anexo (Formulario de inscripción/aceptación)

THE WORLD BANK/IFC/M.I.G.A.

ROUTING SLIP		DATE: January 21, 1994	
NAME		ROOM NO.	
Mr. Michael Bruno, DECVP		S-9035	
Mr. S. Shahid Husain, LACVP		I-8015	
☒	URGENT	☐	PER YOUR REQUEST
☐	FOR COMMENT	☐	PER OUR CONVERSATION
☐	FOR ACTION	☐	SEE MY EMAIL
☐	FOR APPROVAL/CLEARANCE	☐	FOR INFORMATION
☒	FOR SIGNATURE on 60 page 2	☐	LET'S DISCUSS
☐	NOTE AND CIRCULATE	☐	NOTE AND RETURN
☐		☐	
RE: Seminar on Health Sector Reforms in L.A.-Argentina			
REMARKS: Please return to Ms. J. Manzano, M-8045, or call ext. 36846 for pick up. Thank you.			
FROM: A. Van Nimmen, Chief, EDIHR		ROOM NO.: M 4041	EXTENSION: 36454

1/24/94 to S.H

THE WORLD BANK/IFC/M.I.G.A.

ROUTING SLIP		DATE: January 21, 1994	
NAME		ROOM NO.	
Mr. Masood Ahmed		S-8-055	
Mr. Mark Baird		S-9-055	
Mr. Amnon Golan		M-7-021	
Mr. Greg Ingram		T-7-101	
Mr. Lyn Squire		N11-051	
Mr. Shahid Yusuf		S-9-033	
Mr. Paulo Vieira da Cunha			
		I	
☐	URGENT	☐	PER YOUR REQUEST
☐	FOR COMMENT	☐	PER OUR CONVERSATION
☐	FOR ACTION	☐	SEE MY EMAIL
☐	FOR APPROVAL/CLEARANCE	☐	FOR INFORMATION
☐	FOR SIGNATURE	☐	LET'S DISCUSS
☐	NOTE AND CIRCULATE	☐	NOTE AND RETURN
☐		☐	
RE: Whither the Bank?			
REMARKS: I would like to meet, if convenient Wednesday, Jan. 26, @2:30, S-9-021 on my note. Thanks. Michael Bruno MB			
FROM: Michael Bruno, VP DEC		ROOM NO.: S-9035	EXTENSION: 33774

M. Bruno

January 15, 1994

Whither the Bank?

- talking points for internal discussion with DEC managers

1. A rapidly changing environment poses threats to any institution, requiring a constant re-examination of its objectives and its ability to deliver. Moreover, an institution's survival as a major player depends on its ability to respond to such threats in a pro-active way, within a well articulated and well understood strategy (both outside and inside the institution).

2. Alternative (or complementary) models for the Bank's role (see Moises Naim's recent paper):

a. Financial intermediary (bank-as-a-bank)

b. Instrument of the dominant share-holders

c. Transfer mechanism from the rich to the poor countries

d. Knowledge intermediary: major research and consultative body on economic reform (and/or 'free-market evangelist').

2. Identify the changing environment and the threats:

Dramatic increases in private capital flows to the point of gradually dwarfing official capital flows, while the Bank's own new commitments are falling. Receding ability of major shareholder governments to deliver on aid.

Bank loses comparative advantage as a financial intermediary (a) and faces the threat of increasingly being used as (b) for objectives that may be in conflict with its professional standards and/or remaining in the business of only delivering (c) - namely

IDA money in IDA countries.

One reaction that was given to the 'private capital revolution' argument is "at a time of crisis there is no private debt. Extrapolate from history and expect a major debt crisis sooner or later". Possible response: 1. The nature of the capital flows (larger part in equity form) and the environment among the clients are different from 1980s (this argument requires serious substantiation looking at history and trying to assess the future). 2. The Bank was very poor on identifying the crisis and on its response to it last time around and suppose this is likely to happen again - should the Bank remain in a reactive mode? 3. What is the Bank's comparative advantage in administering an ex-post response to such a crisis compared with other institutions such as the IMF and/or the growing regional development banks and/or commercial bank consortia?

The 'hunger and poverty' attack on the Bank is not new but is gaining momentum and coalitions. While the Bank should recognize the contribution of other agents (NGO's) its comparative advantage lies in adjustment and structural reform which after all are the major means by which stability and growth (necessary ingredients of poverty reduction, though often not sufficient) can be attained. This does not imply that the Bank does not contribute directly to poverty alleviation through health, education and social programs but the fact remains that the Bank operates primarily through governments and thus can do little more than its clients are willing and able to do with its money (or their own). At any rate the Bank's present stance seems overly defensive and there is danger of promising outcomes which the Bank is unable to deliver.

3. The Bank may still have a clear comparative advantage in

delivering objective (d). It could, with some effort, remain the most important comprehensive laboratory of development experience in the world. However, there are and may emerge strong (and cheaper) competitors in the arena. Think of the growing population of crisis experts that will emerge from reforming countries. Why could some other institutions not advise as well as the Bank on issues such as financial, legal or regulatory reform? The Bank, however, has the advantage of being able to deliver some money along with its advice. The present ratio of ideas to money is probably sub-optimal (i.e., either more ideas should be delivered with the same money or the same flow of ideas could be sustained with less money). A recent example where the ratio may be about right is the proactive involvement in the Middle East Process and the ability of the Bank to leverage a large sum of money (and its ideas) with relatively little of its own funds.

4. Is the Bank well structured to continue to deliver a high-quality product on objective (d)? Answer is negative:

Internal organisational structure and budget allocation as well as individual performance criteria militate against better performance on that objective. Allocating money to a project/country scores higher than allocation of ideas even though the latter are in considerable part neither rivalrous nor excludable. Supply-driven financial aid dominates even though comparative advantage vis a vis competing institutions is dwindling (example where Bank seems to be lagging behind the times is in the promotion and financing of certain types of infrastructure investment, where the private sector is becoming a central player, rather than concentrating on its comparative advantage in the provision of help on the enabling legal, regulatory and market creating environment).

Fragmentation of the decision making process as well as regional decentralization of major decisions reduces cross-regional

fertilization from comparative country experience. Central decision making bodies (like the Loan Committee) devote time primarily to single loan allocations and the financing side of things and too little to overall country strategy. E.g., Does the Bank have a strategy for Eastern and Central Europe within which individual country or project decisions are made? Even in China, which is undoubtedly one of the Bank's success stories the impression one gets is that the country may by now be more advanced in its thinking (e.g. on private sector reform) than the Bank. Finally, high turnover of staff across countries in operations makes for rapid obsolescence of specific country knowledge base that could otherwise accumulate from the field. At the same time the ability to reactivate the general knowledge base of staff in operations (e.g., by a 'sabbatical' or temporary move to DEC), largely depends on own strong individual motivation and is not particularly rewarded under existing institutional incentives.

DEC can only partly provide a countervailing force since its services are taken on an entirely voluntary basis while pressure of time, multiplicity of tasks and general stress make it costly for operations to want to pay for such services ('payment' in terms of time and process, not necessarily money). Are the other Central Vice-presidencies fulfilling part of that role? On overall strategy, at least, the answer seems negative.

Revised: Paulo

M. Bruno

→ a long-standing debate
→ get beyond initial
* Riccio's time line of

January 15, 1994

Whither the Bank?

* Delmont's time line on
new instructions to leading (also from Voth-Women)

- talking points for internal discussion with DEC managers

1. A rapidly changing environment poses threats to any institution, requiring a constant re-examination of its objectives and its ability to deliver. Moreover, an institution's survival as a major player depends on its ability to respond to such threats in a pro-active way, within a well articulated and well understood strategy (both outside and inside the institution).

2. Alternative (or complementary) models for the Bank's role (see Moises Naim's recent paper):

a. Financial intermediary (bank-as-a-bank) → but of a particular kind.

b. Instrument of the dominant share-holders

c. Transfer mechanism from the rich to the poor countries

d. Knowledge intermediary: major research and consultative body on economic reform (and/or 'free-market evangelist').

2. Identify the changing environment and the threats:

Dramatic increases in private capital flows to the point of gradually dwarfing official capital flows, while the Bank's own new commitments are falling. Receding ability of major shareholder governments to deliver on aid.

Bank loses comparative advantage as a financial intermediary (a) and faces the threat of increasingly being used as (b) for objectives that may be in conflict with its professional standards and/or remaining in the business of only delivering (c) - namely

"catalyst"

get copy

IDA money in IDA countries.

One reaction that was given to the 'private capital revolution' argument is "at a time of crisis there is no private debt. Extrapolate from history and expect a major debt crisis sooner or later". Possible response: 1. The nature of the capital flows (larger part in equity form) and the environment among the clients are different from 1980s (this argument requires serious substantiation looking at history and trying to assess the future). 2. The Bank was very poor on identifying the crisis and on its response to it last time around and suppose this is likely to happen again - should the Bank remain in a reactive mode? 3. What is the Bank's comparative advantage in administering an ex-post response to such a crisis compared with other institutions such as the IMF and/or the growing regional development banks and/or commercial bank consortia?

Key issue
with
staying
in
reactive
mode

The 'hunger and poverty' attack on the Bank is not new but is gaining momentum and coalitions. While the Bank should recognize the contribution of other agents (NGO's) its comparative advantage lies in adjustment and structural reform which after all are the major means by which stability and growth (necessary ingredients of poverty reduction, though often not sufficient) can be attained. This does not imply that the Bank does not contribute directly to poverty alleviation through health, education and social programs but the fact remains that the Bank operates primarily through governments and thus can do little more than its clients are willing and able to do with its money (or their own). At any rate the Bank's present stance seems overly defensive and there is danger of promising outcomes which the Bank is unable to deliver.

3. The Bank may still have a clear comparative advantage in

much of the research
from the Bank
must be
directed to
better
PR
etc.
at
monitoring
activities
of the bank

inherent
effectiveness
w/ external
community
research
directed
not only
to "need"
but at NGOs
and other
state holders
in mfg. issues

analogy for
corporate processes
literature → not
be responsible to mfg
share-holders
→ they are in diff. situations

← knowledge intention

delivering objective (d). It could, with some effort, remain the most important comprehensive laboratory of development experience in the world. However, there are and may emerge strong (and cheaper) competitors in the arena. Think of the growing population of crisis experts that will emerge from reforming countries. Why could some other institutions not advise as well as the Bank on issues such as financial, legal or regulatory reform? The Bank, however, has the advantage of being able to deliver some money along with its advice. The present ratio of ideas to money is probably sub-optimal (i.e., either more ideas should be delivered with the same money or the same flow of ideas could be sustained with less money). A recent example where the ratio may be about right is the proactive involvement in the Middle East Process and the ability of the Bank to leverage a large sum of money (and its ideas) with relatively little of its own funds.

4. Is the Bank well structured to continue to deliver a high-quality product on objective (d)? Answer is negative: Internal organisational structure and budget allocation as well as individual performance criteria militate against better performance on that objective. Allocating money to a project/country scores higher than allocation of ideas even though the latter are in considerable part neither rivalrous nor excludable. Supply-driven financial aid dominates even though comparative advantage vis a vis competing institutions is dwindling (example where Bank seems to be lagging behind the times is in the promotion and financing of certain types of infrastructure investment, where the private sector is becoming a central player, rather than concentrating on its comparative advantage in the provision of help on the enabling legal, regulatory and market creating environment).

Fragmentation of the decision making process as well as regional decentralization of major decisions reduces cross-regional

not only that depth of delivery is critical

HIID
has gone on where

yes → but how do we structure?

The 9 all initiatives

fertilization from comparative country experience. Central decision making bodies (like the Loan Committee) devote time primarily to single loan allocations and the financing side of things and too little to overall country strategy. E.g., Does the Bank have a strategy for Eastern and Central Europe within which individual country or project decisions are made? Even in China, which is undoubtedly one of the Bank's success stories the impression one gets is that the country may by now be more advanced in its thinking (e.g. on private sector reform) than the Bank. Finally, high turnover of staff across countries in operations makes for rapid obsolescence of specific country knowledge base that could otherwise accumulate from the field. At the same time the ability to reactivate the general knowledge base of staff in operations (e.g., by a 'sabbatical' or temporary move to DEC), largely depends on own strong individual motivation and is not particularly rewarded under existing institutional incentives.

DEC can only partly provide a countervailing force since its services are taken on an entirely voluntary basis while pressure of time, multiplicity of tasks and general stress make it costly for operations to want to pay for such services ('payment' in terms of time and process, not necessarily money). Are the other Central Vice-presidencies fulfilling part of that role? On overall strategy, at least, the answer seems negative.

yes - arguably, DEC will always be used should be a "margin" players

Outsiders anticipate the inside players

Insider maneuvering to get to next step in a smooth clear strategy

personally, funding more made and

do up
have
a
higher
average
to
discuss
this

power

proposing
intellectual
discourse



Record Removal Notice

File Title Michael Bruno - Internal Chronological Records - Correspondence - December 1993 - January 1994		Barcode No. 30321949		
Document Date 01/18/1994	Document Type Memorandum			
Correspondents / Participants From: Michael Bruno, DECV To: Bank Economists				
Subject / Title Economists Review Panel				
Exception(s) Corporate Administrative Matters				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Salma Berrada</td><td>Date April 29, 2025</td></tr></table>	Withdrawn by Salma Berrada	Date April 29, 2025
Withdrawn by Salma Berrada	Date April 29, 2025			

January 17, 1994

To: Alan Gelb
From: Michael Bruno *MB*
Subject: Transition - your note of January 14

I liked your note a lot. Of the three issues mentioned the first seems the most novel and I will get to it last.

The anti-Tanzi effect has, of course, been known. The first to refer to aspects of it was, I believe, Mckinnon. At the time I wrote the IMF paper I found Timothy Lane's account of the post-stabilization tax cycle in Poland (and Czech) the most illuminating. It may pay to highlight the updated numbers across the various countries over time. Since VAT should take the place of missing taxes over time the time-frame of that too should be considered. The argument for aid to cover (temporary?) fiscal rather than current account imbalance, with conditionality based on reform of social expenditure programs (I would also add VAT) seems well taken. I believe it was applied by the IMF in the case of Hungary last year.

The large number of pensioners and the political problems it creates is not new. However, the differential wealth effects of privatization may not have been highlighted enough. It is important to stress that this comes, inspite of vouchers etc, because of different access to employment in privatized companies in which the in-house employees get the spoils.

The relative price effects seem to me the most novel and interesting. You might want to modify the analysis somewhat taking into account the determinants and time path of the exchange rate. I would start from stating that the initial devaluation, in many of the cases, constituted vast overshooting from a competitive point of view, as it was determined from the asset side (excess demand for foreign exchange as an inflation hedge, in the absence of alternative assets - the result of delayed financial reform). The initial price jump for M probably reflected the devaluation (in the absence of another 'anchor' to attach themselves to, M producers may have used the exchange rate as a yardstick even for non-tradable goods. This is a hypothesis worth testing). Therefore, with exchange rate pegging it has taken a long time before it began to bite (in Poland prices tripled before the exchange rate had to be adjusted). So the process of rising real product wage came in the wake of an excessive initial real wage drop. At some stage your analysis of the real wage induced profit squeeze starts to apply. However, one should also point out the role of the part of the output collapse which was demand (domestic and CMEA) induced.

It would be interesting to contrast the Russian case (of CPI rising less than PPI) and account for it in terms of your model. Is this the result of households being cash-constrained relative to enterprises which could obtain credit or increase arrears? Can this difference also be traced on an industry by industry basis? Are there data in the various countries to document the inter-sectoral income shifts that follow from the differential relative price changes? If one has GDP and wage-bills by sector then a rough estimate could presumably be made.

How does differential placing of the agricultural sector (as between Poland and Russia for example) change the model? Should your stylized S sector not include the already privatized part of agriculture as well as small scale manufacturing which is private?

These are just initial remarks and I am not sure to what extent you will find them relevant. In any case I would encourage you to explore these thoughts further once you show that the underlying data seem to support them. Thanks for letting me see the note.

The World Bank
Washington, D.C. 20433
U.S.A.

MICHAEL BRUNO
Vice President Development Economics
and Chief Economist

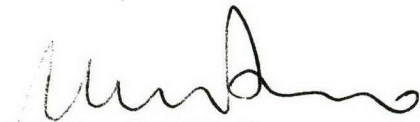
Mr. D. Joseph Wood

January 14, 1994

India CSP - Mr. Stern's Note

Joe,

This is just to let you know that the approach outlined by Ernie in paragraph 2 of his note is responsive to our concerns on adjustment lending and Bank/Fund coordination. We also concur with the broad thrust of the points on trade, tax and fiscal reform. We would be happy to work with your staff to sort out any remaining points of detail (e.g., the impact of special import permits, and the role of non-tax export restrictions).



Michael Bruno

cc: Mr. Stern

OFFICE MEMORANDUM

DATE: January 5, 1994

TO: Mr. Gregory Ingram

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Terms of Reference: Mission to Paris and Tokyo

You will travel to Paris (February 1-3, 1994) and Tokyo (February 4-8, 1994) to participate in the consultation meetings to discuss the 1994 WDR Yellow Cover with international experts in order to receive comments and suggestions that would be used as a basis for revising the draft.



Record Removal Notice

File Title Michael Bruno - Internal Chronological Records - Correspondence - December 1993 - January 1994		Barcode No. 30321949		
Document Date 01/05/1994	Document Type Operational Travel Request			
Correspondents / Participants				
Subject / Title Gregory Ingram Operational Travel Request				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Salma Berrada</td><td>Date April 29, 2025</td></tr></table>	Withdrawn by Salma Berrada	Date April 29, 2025
Withdrawn by Salma Berrada	Date April 29, 2025			

A L L - I N - 1 N O T E

DATE: 13-Ja-1994 04:05pm

TO: Michael Bruno

(MICHAEL BRUNO)

FROM: Guy P. Pfeffermann, CEIED

(GUY P. PFEFFERMANN)

EXT.: 30786

SUBJECT: CFA Devaluation

The message I get is that the Bank is slow in telling the CFA countries to reduce import protection; yet this is absolutely essential. Indeed, if they don't do it, they will have vastly increased protection (which was high to begin with). Can you do something ?

Mark

1/14

Can you find out

(Shamba via Larry Kinke
might know) and prepare a
response ?

MB

THE WORLD BANK/IFC/M.I.G.A.

ROUTING SLIP		DATE: January 14, 1994	
NAME		ROOM NO.	
Mr. Boris Pleskovic		N-9-033	
cc: Shahid Yusuf			
	URGENT		PER YOUR REQUEST
	FOR COMMENT		PER OUR CONVERSATION
	FOR ACTION		SEE MY EMAIL
	FOR APPROVAL/CLEARANCE		FOR INFORMATION
	FOR SIGNATURE		LET'S DISCUSS
	NOTE AND CIRCULATE		NOTE AND RETURN
RE: Attached			
REMARKS:			
Boris, I have read the Introduction and it seems fine. Are you and Shahid sure I should co-author the introduction to a conference I have not attended? Please let me have copies of the papers by Stiglitz, Sen, Jones, Calomiris (or else the whole issue). Michael MB			
FROM: Michael Bruno, VP DEC		ROOM NO.: S9-035	EXTENSION: 33774

OFFICE MEMORANDUM

8482

DATE: January 11, 1994

TO: Michael Bruno

FROM: Boris Pleskovic *BP*

EXTENSION: 31062

SUBJECT: Annual Bank Conference on Development Economics, 1993

94 JAN 11 PM 3:33

RECEIVED
DEVELOPMENT ECONOMICS
VP & ASST

Attached please find the Introduction for the Proceedings Volume of *Annual Bank Conference on Development Economics, 1993* for your comments and review.

Please return the paper by Friday, January 14 so that we can keep the volume on schedule for publication in March.

INTRODUCTION

Michael Bruno and Boris Pleskovic

The papers in this volume were presented at the fifth World Bank Annual Conference on Development Economics on May 3-4, 1993, in Washington, D.C. The conference series is aimed at expanding the flow of ideas among development policy researchers and practitioners around the world and opening the institution to the views of outside experts who can challenge or expand our knowledge of existing theories and development practice. Each year the topics selected for the conference represent either new areas of concern or areas in which it is beneficial to review existing knowledge and to identify areas for further research.

The 1993 conference addressed four themes: financial policy revisited; regulation; energy and the environment; and the economics of regress. The format of the conference allowed each theme to be explored at some length, first by the authors, then by comments from invited discussants, and finally through floor discussions. The fifth conference continued the tradition of holding a roundtable discussion related to the subject of the next World Development Report, in this case, infrastructure in developing countries.

Michael Bruno is the World Bank's chief economist and vice president, Development Economics, and Boris Pleskovic is deputy administrator of the World Bank's Research Advisory Staff.

ROUTING SLIP		DATE: 1/12/94	
NAME		ROOM NO.	
Mr. Mark Gersovitz			
Re - Dr. Beataiz de Aghion			
☐	APPROPRIATE DISPOSITION	☐	NOTE AND RETURN
☐	APPROVAL	☐	NOTE AND SEND ON
☐	CLEARANCE	☐	PER OUR CONVERSATION
☐	COMMENT	☐	PER YOUR REQUEST
☐	FOR ACTION	☐	PREPARE REPLY
☐	INFORMATION	☐	RECOMMENDATION
☐	INITIAL	☐	SIGNATURE
☐	NOTE AND FILE	☐	URGENT
REMARKS: Mark, I'd appreciate it if you'd take care of this. Thanks. Michael att.			
FROM: M Bruno		ROOM NO.: S9 035	EXTENSION: 33774

The World Bank
Washington, D.C. 20433
U.S.A.

MICHAEL BRUNO
Vice President Development Economics
and Chief Economist

January 12, 1994

Dear Beatriz:

Thank you for your letter of 4 January and enclosures. I've sent your paper to Mark Gersovitz who is the editor of our Economic Review. He will be in touch with you directly when he has had a chance to review it.

Best regards,

Sincerely,



Michael Bruno

Dr. Beatriz Armendariz de Aghion
The London School of Economics
and Political Science
Department of Economics
Houghton Street
London WC2A 2AE UK

bcc: Mark Gersovitz

0777
The London School of Economics and Political Science



DEPARTMENT OF ECONOMICS

94 JAN 11 PM 2:06

RECEIVED
DEVELOPMENT ECONOMICS

Houghton Street
London WC2A 2AE
Telephone: 071-405 7686
Telex: 24655 LSELON G
Fax: 071-831 1840

Direct line: 071-955

4 January 1994

Professor Michael Bruno,
Chief Economist
The World Bank,
1 H Street,
Washington, D.C.
USA.

Dear Michael,

Please find enclosed two copies of the article entitled "The World Bank and the Analysis of the International Debt Crisis" which I wrote with F. Ferreira. I think it belongs to the World Bank Economic Review or any other journal published by the Bank. Could you please consider it for publication? Many thanks and Happy New Year!

Beatriz Armendariz de Aghion.

**THE WORLD BANK AND THE ANALYSIS
OF THE INTERNATIONAL DEBT CRISIS***

by

Beatriz Armendariz de Aghion

&

Francisco Ferreira

The London School of Economics and STICERD

* We are grateful to Mary Amiti, David Coady, Charles Goodhart, Sebastian Schich and Nick Stern for their very helpful comments. All errors are our own.

OFFICE MEMORANDUM

DATE: January 12, 1994

TO: Distribution List

(Dist. Unit)

FROM: Michael Bruno MB

EXTENSION: 33774

SUBJECT: Request for Nominations of Developing Country Participants for the
Sixth Annual Bank Conference on Development Economics, April 28-29, 1994

The Sixth Annual Bank Conference on Development Economics (ABCDE) will be held in Washington, D.C. on April 28-29, 1993. This conference series brings together international researchers, Bank staff, policy-makers and development practitioners to focus on topical issues in development policy.

The five themes of the 1994 conference are:

- **Transition in Socialist Economies.** Leszek Balcerowicz and Alan Gelb; Jeffrey Sachs; Andrei Shleifer; and Thomas Rawski and Gary H. Jefferson
- **New Institutional Economics.** Oliver Williamson; Jon Elster
- **Economic Geography - Dynamics of Disparate Regional Development.** Paul Krugman; Ann Markusen
- **International Migration Pressures.** Klaus Zimmermann; Oded Stark
- **Employment Trends and Service Sector Development.** Angus Maddison; Robert J. Flanagan

A roundtable discussion on **Employment and Development** is also planned.

I am writing to seek your assistance and that of your staff in identifying a small number of researchers from developing countries to participate in the Conference and to contribute to the floor discussion in the sessions relating to their areas of expertise. We are particularly interested in younger researchers who may not have had previous direct, professional contact with the Bank.

Because we will be able to invite only a small number of participants, please do not discuss the conference with or make any commitments to the people you nominate. If we invite any of your nominees to participate, we will notify you about our decision.

A nomination form is attached. Please provide as complete details as possible to allow us to contact your nominees. In order to invite participants well in advance of the conference we would need to receive your nominations by **February 25, 1994**.

If you have any questions or comments, please call Shahid Yusuf (82349) or Boris Pleskovic (31062).

Thank you for your assistance.

cc: Directors, Chief Economists, and Resident Representatives

Bank/IFC

SIXTH ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS

April 28 and 29, 1994

Washington, D.C.

Nomination Form

[Please select appropriate role for nominee:]

<u>NOMINEE FOR SESSIONS ON:</u>	<u>DISCUSSANT</u>	<u>CHAIRPERSON</u>	<u>PARTICIPANT</u>
Transition in Socialist Economies	☐	☐	☐
New Institutional Economics	☐	☐	☐
Economic Geography - Dynamics of Disparate Regional Development	☐	☐	☐
International Migration Pressures	☐	☐	☐
Employment Trends and Service Sector Development	☐	☐	☐

Name: _____
(please PRINT in full)

Specific Areas of Expertise: _____

Position/Occupation: _____

Organization: _____

Mailing Address: _____

Telex Number: _____

Facsimile Number: _____

Office Telephone: _____

Home Telephone: _____

Name of Nominator: _____

Division and Telephone Extension: _____

Please return by February 25, 1994, to RAD, Room N-9029

RECOMMENDATION OF STATUTORY COMMITTEE

TO: The President, International Development Association

Recommendation of the Committee under Section 1 (d) of Article V of the Articles of Agreement on the proposed Development Credit (Jute Sector Adjustment Credit) to the People's Republic of Bangladesh.

The undersigned Committee constituted under Section 1 (d) of Article V of the Articles of Agreement of International Development Association (the Association) hereby submits its recommendation pursuant to said Section in respect of the proposal that the Association grant to the People's Republic of Bangladesh (Bangladesh) a development credit in an amount in various currencies equivalent to SDR 175,000,000. The purposes of said development credit are to assist Bangladesh in the financing of urgently needed imports required during the execution of a program of reforms designed to restructure the jute manufacturing sector in Bangladesh.

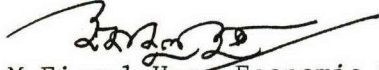
1. The Committee has carefully studied the merits of the proposal to grant such a development credit, and of the purposes to which the proceeds of the development credit are to be applied.

2. The Committee is of the opinion that the program toward the financing of which the proceeds of such development credit are to be applied comes within the purposes of the Association as set forth in Article I of said Articles of Agreement, and the said program is designed to promote the economic development of Bangladesh and is of high developmental priority in the light of the needs of Bangladesh.

3. Accordingly, the Committee finds that said program merits financial assistance from the Association, and hereby recommends said program for such assistance.

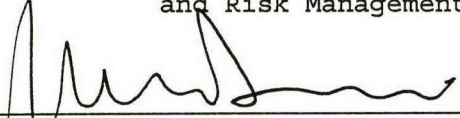
COMMITTEE

Vice President and General Counsel

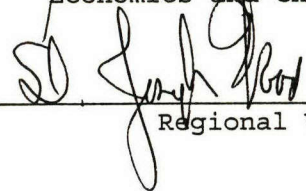

K.M. Ejazul Huq, Economic Minister

Embassy of Bangladesh, Washington, DC
Nominee selected by Governor for
People's Republic of Bangladesh

Vice President, Financial Policy
and Risk Management



Vice President, Development
Economics and Chief Economist



Regional Vice President
South Asia

Dated at Washington, D.C.

OFFICE MEMORANDUM

Chen.

DATE: January 10, 1994

TO: Mr. Marc-Antoine Autheman

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: Adjustment in Africa: Reform, Results, and the Road Ahead

1. Thank you for your memorandum of December 23, 1993. It is true that my previous note to you addressed only your four main points. This was because I felt that the best way to deal with the more technical points was to have the authors of the report meet with you and/or your staff. As you recall, I proposed this in my note. I still feel this is the best way to proceed. I have, therefore, asked the authors of the report to make themselves available should you wish to meet with them.

2. In the meantime, comments received at the Board from you and others have been taken into account. It is difficult to satisfy everybody's concerns but we have done our best. Let me once again thank you for taking so much effort to comment on the report.

3. The report is now being prepared for publication. We expect the published version to be available by end-February or early March.

cc: Office of the President
Mr. Edward V.K. Jaycox



Record Removal Notice



File Title Michael Bruno - Internal Chronological Records - Correspondence December 1993 - January 1994		Barcode No. 30321949		
Document Date December 23, 1993	Document Type Memorandum			
Correspondents / Participants To: Mr. Michael Bruno, Vice President and Chief Economist From: Marc-Antoine Autheman, Executive Director for France				
Subject / Title Adjustment in Africa: Reform, Results, and the Road Ahead				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by K. Brenner-Delp</td><td>Date June 25, 2025</td></tr></table>	Withdrawn by K. Brenner-Delp	Date June 25, 2025
Withdrawn by K. Brenner-Delp	Date June 25, 2025			

THE WORLD BANK/IFC

China

ROUTING SLIP		DATE: January 11 1994	
NAME		ROOM NO.	
Mr. Hakan Hallen		R2 015	
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS:			
<u>Leela Thampy: Personal File</u> On going through my files,I find that I still have some papers from Leela's personal file which I am now passing on to you. Leela worked in our Vice Presidency at one time. Thanks. Kate Kate Oram ,Exec.Asst.,DECVP			
FROM:		ROOM NO.:	EXTENSION:
		S9 035	31107

OFFICE MEMORANDUM

DATE: January 7, 1994
TO: Mr. Lyn Squire
FROM: Michael Bruno *MB*
EXTENSION: 33774
SUBJECT: Terms of Reference

You will depart Washington for Paris on Monday, January 10 to present the Africa Adjustment Study to the meeting of the SPA donors, and then to present the Study to the ECA in Addis Ababa. On your return to office on Tuesday, January 18, you will prepare a short back-to-office report.

OFFICE MEMORANDUM

Chen

DATE: January 5, 1994

TO: Regional Vice Presidents and Chief Economists

FROM: Michael Bruno *MB*

EXTENSION: 33774

SUBJECT: Operational Review by DEC

1. I would like to brief you on some recent steps we have taken to strengthen our involvement in the review of adjustment operations and CSPs. This is in addition to the contribution of DEC staff through cross support and peer review of ESW reports.
2. The operational review function in DEC will be managed by Mark Baird, Director of Development Policy in my office (DECVP). DECVP staff have been assigned by Country Department to coordinate the review of individual adjustment operations and CSPs (see Attachment I). In addition, staff in the Policy Research Department (PRD) and the International Economics Department (IEC) have been assigned to provide inputs on selected countries (see Attachment II). Staff in PRDFP will review all financial and private sector adjustment operations. We have adopted this structure to ensure that we make effective use of the expertise and research findings available throughout DEC.
3. In our review work, we will continue to look at the overall coherence of the policy framework and Bank strategy. We will pay particular attention to issues for which, based on our research and review experience, we feel that there is scope to do better. An indicative list, to be updated periodically, is provided in Attachment III. Some of these issues may be more relevant to adjustment operations, others to CSPs. There may also be other emerging issues (e.g., social security, fiscal federalism) where our research may be relevant to future operations.
4. In addition to our formal role at the Loan Committee (for adjustment operations) and the President's Review (for CSPs), I have asked DEC staff to be available for upstream involvement in the review process: initiating briefs, working-level reviews and RVP reviews. Please contact Mark Baird or the assigned DECVP staff if you would like DEC involvement at these stages.
5. I am personally committed to ensure that DEC makes an effective contribution to the operational review process. I would welcome any feedback on the above proposals and how you find the process works in practice.

Attachments

cc: Messrs./Mss. Karaosmanoglu, Sandstrom, Stern, Kalantzopoulos, Fox (EXC), Choksi (HROVP), Rischard (FPDVP), Serageldin (ESDVP), Linn (FPRVP), Shihata (LEGVP), Kashiwaya (CFSVP), Baird (DECVP), Squire (PRDDR), Ahmed (IECDR).

DECVP Country Department Assignments

	<u>Principal</u>	<u>Alternate</u>
<u>Africa</u>		
AF1	Miguel Kiguel	Michael Lav
AF2	Anandarup Ray	Fateh Chaudhri
AF3	Michael Lav	Fateh Chaudhri
AF4	Fateh Chaudhri	Michael Lav
AF5	Michael Lav	Miguel Kiguel
AF6	Fateh Chaudhri	Anandarup Ray
<u>East Asia & Pacific</u>		
EA1	Fateh Chaudhri	Anandarup Ray
EA2	Anandarup Ray	Desmond McCarthy
EA3	Desmond McCarthy	Fateh Chaudhri
<u>South Asia</u>		
SA1	Fateh Chaudhri	Anandarup Ray
SA2	Anandarup Ray	Michael Lav
SA3	Michael Lav	Fateh Chaudhri
<u>Middle East & North Africa</u>		
MN1	Fateh Chaudhri	Anandarup Ray
MN2	Anandarup Ray	Fateh Chaudhri
<u>Euorpe & Central Asia</u>		
EC1	Anandarup Ray	Michael Lav
EC2	Michael Lav	Anandarup Ray
EC3	Paulo Vieira Da Cunha	Desmond McCarthy
EC4	Desmond McCarthy	Paulo Vieira Da Cunha
<u>Latin America & Caribbean</u>		
LA1	Desmond McCarthy	Miguel Kiguel
LA2	Michael Lav	Desmond McCarthy
LA3	Desmond McCarthy	Michael Lav
LA4	Miguel Kiguel	Desmond McCarthy

PRD and IEC Country Assignments

		<u>Principal</u>	<u>Alternate</u>
<u>AFRICA *</u>			
Cote d'Ivoire	(AF1)	T. Akiyama (IECIT)	
Ethiopia	(AF2)	S. Pradhan (PRDPE)	C. Jones (PRDMG)
Tanzania	(AF2)	V. Swaroop (PRDPE)	M. Over (PRDEI)
Ghana	(AF4)	P. Glewwe (PRDPH)	C. Jones (PRDMG)
Nigeria	(AF4)	C. Jones (PRDMG)	M. Ainsworth (PRDPH)
S. Africa	(AF6)	M. Finger (PRDTP)	H. Alderman (PRDPH)
Zimbabwe	(AF6)	N. Nteireho (IECAP)	
<u>MIDDLE EAST & NORTH AFRICA</u>			
Algeria	(MN1)	J. Jalali (IECAP)	
Iran	(MN1)	J. Jalali (IECAP)	S. Gooptu (IECDI)
Morocco	(MN1)	M. Schiff (PRDTP)	A. Harrison (PRDTP)
Egypt	(MN2)	K. Schmidt-Hebbel (PRDMG)	L. Serven (PRDMG)
Jordan	(MN2)	M. Walton (PRDPH)	A. Levy (PRDTP)
Lebanon/Occupied Territories	(MN2)	M. Walton (PRDPH)	A. Levy (PRDTP)
<u>EUROPE & CENTRAL ASIA</u>			
Bulgaria	(EC1)	P. Sorsa (IECIT)	J. Park (IECSE)
Romania	(EC1)	A. Gelb (PRDTE)	M. de Melo (PRDTE)
Turkey	(EC1)	K. Yilmaz (PRDTP)	F. Foroutan (PRDTP)
Hungary	(EC2)	B. Kaminsky (IECIT)	
Poland	(EC2)	B. Milanovic (PRDTE)	C. Gray (PRDTE)
Kazakhstan	(EC3)	S. Shatalov (IECDI)	B. Kaminsky (IECIT)
Russia	(EC3)	W. Easterly (PRDMG)	A. Levy (PRDTP)
Ukraine	(EC4)	M. de Melo (PRDTE)	R. Ryterman (PRDTE)
<u>EAST ASIA & PACIFIC</u>			
Philippines	(EA1)	D. Go (PRDPE)	S. Devarajan (PRDPE)
Vietnam	(EA1)	D. van de Walle (PRDPE)	T. Hau (PRDPE)
China	(EA2)	I.J. Singh (PRDTE)	H.F. Zou (PRDPE)
Indonesia	(EA3)	D. Wheeler (PRDEI)	E. King (PRDPH)
<u>SOUTH ASIA</u>			
Bangladesh	(SA1)	K. Yilmaz (PRDTP)	G. Datt (PRDPH)
India	(SA2)	G. Pursell (PRDTP)	M. Ravallion (PRDPH)
Pakistan	(SA3)	A. Shah (PRDPE)	J. Ehdaie (PRDPE)

LATIN AMERICA & CARIBBEAN

Brazil	(LA1)	C. Braga (IECIT)	L. Serven (PRDMG)
Peru	(LA1)	W. Takacs (PRDTP)	M. Rama (PRDTP)
Venezuela	(LA1)	E. Fernandez-Arias (IECDI)	R. Lynn (IECAP)
Mexico	(LA2)	A. Solimano (PRDMG)	G. Eskeland (PRDPE)
Argentina	(LA4)	A. Solimano (PRDMG)	K. Schm-Hebbel (PRDMG)

* Selection of countries is currently being reviewed with the Region.

Indicative List of Issues for the Review Process

The Adjustment Process:

- Have stabilization policies been designed to support the revival of growth by, for example: ensuring adequate public spending on infrastructure and education; moving towards low marginal tax rates; opening the economy to foreign direct investment and imports of capital goods; allocating adequate credit to the private sector?
- Have the macroeconomic consequences - for the budget, inflation etc. -- of structural reforms such as trade liberalization and privatization been explicitly analyzed?
- In restructuring public spending, has the expansion of priority components -- nonwage operations and maintenance, primary health and education, etc. -- been matched with revenue measures or cuts in unproductive expenditures? Has the impact of public expenditure on private-sector activity (crowding out) been analyzed?
- Has the sustainability of the reform process been carefully assessed, taking into account the political commitment and will of the Government, the degree of consensus and support for the reforms within society, and the impact of the reforms on different constituencies and social groups?

Financial Sector and Enterprise Reforms:

- Coordination: Public enterprises and the banking sector often have very strong interconnections. Have the implications of the reform of one for the other been carefully considered and, where possible, have their reforms been synchronized? Have the links to fiscal and quasi-fiscal deficits been analyzed?
- Bank recapitalization: Banks should not be recapitalized unless there are some reasonable grounds that the new money will not be lost. Specifically, has there been a thorough risk asset review followed by appropriate remedial action; a change in the management and ownership?
- Quick-disbursing operations that prop up inefficient state enterprises (through the use of counterpart funds) or are proposed for countries still experiencing severe capital flight should not be approved unless these problems are explicitly addressed.

Poverty and the Environment:

- Poverty: Is there an adequate analysis (at least qualitative) of the poverty profile and how different groups of the poor will be affected by policy reforms and budget changes? Where social safety nets are proposed, have the administrative feasibility and fiscal implications been properly assessed?
- Environment: There is a general tendency to underprice water, energy, clean air, and public forests. Has this been explicitly considered in the design of country strategies and policy reforms?

Economic Projections:

- Realism: Bank projections are of growth, investment, savings, ICORs, and exports are usually optimistic. To what extent has the historical track record and evidence on how growth responds to policy been used to make the projections more realistic? Are the fiscal implications, preferably for the public sector as a whole, clearly analyzed and presented?
- Are the economic projections based on a thorough analysis of the prospects for the external environment: changes in the terms of trade, world trading patterns and growth, and international interest rates? Have major risks and appropriate responses been clearly identified?
- For the external financing program, is there an explicit analysis of the prospects for private capital flows? For adjustment operations, has the case for balance of payments support been established, taking into account burden sharing among official donors and proposals for debt relief? Are efficient allocation mechanisms for foreign exchange -- preferably market-based -- in place?

STATUTORY COMMITTEE REPORT

TO: The President, International Bank for Reconstruction and Development

Report of Committee under Section 4 (iii) of Article III of the Articles of Agreement on the Proposed Loan (Economic Recovery Loan) to the former Yugoslav Republic of Macedonia

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4 (iii) of Article III of said Articles in respect of the proposal that the Bank grant to the former Yugoslav Republic of Macedonia a loan in an amount in various currencies equivalent to US\$40,000,000. The purpose of said loan is to assist the former Yugoslav Republic of Macedonia to finance urgently needed imports required during the execution of a program designed to achieve structural adjustment of the former Yugoslav Republic of Macedonia's economy.

1. The Committee has carefully studied the merits of the proposal to grant such a loan, and of the purposes to which the proceeds of the loan are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such loan are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement, and that said project is designed to promote the development of the productive facilities and resources of the former Yugoslav Republic of

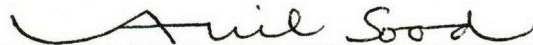
Macedonia and is in the interest of the former Yugoslav Republic of Macedonia and of the members of the Bank as a whole.

3. Accordingly, the Committee finds that said project merits financial assistance from the Bank, and hereby recommends said project for such assistance.

COMMITTEE

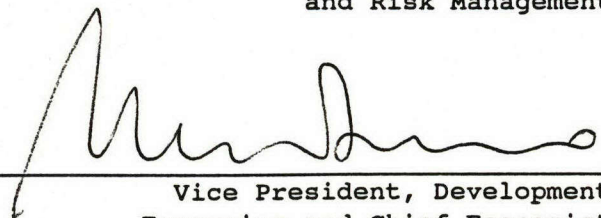
Vice President and General Counsel

Expert selected by Governor for the
former Yugoslav Republic of Macedonia



Acting Regional Vice President
Europe and Central Asia

Vice President, Financial Policy
and Risk Management



Vice President, Development
Economics and Chief Economist

Dated at Washington, D.C.

RECOMMENDATION OF STATUTORY COMMITTEE

To: The President, International Development Association

Recommendation of the Committee under Section 1 (d) of Article V of the Articles of Agreement on the proposed Development Credit (Economic Recovery Credit) to the former Yugoslav Republic of Macedonia

The undersigned Committee constituted under Section 1 (d) of Article V of the Articles of Agreement of International Development Association (the Association) hereby submits its recommendation pursuant to said Section in respect of the proposal that the Association grant to the former Yugoslav Republic of Macedonia a development credit in an amount in various currencies equivalent to SDR 29,000,000. The purpose of said development credit is to assist the former Yugoslav Republic of Macedonia to finance urgently needed imports required during the execution of a program designed to achieve structural adjustment of the former Yugoslav Republic of Macedonia's economy.

1. The Committee has carefully studied the merits of the proposal to grant such a development credit, and of the purposes to which the proceeds of the development credit are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such development credit are to be applied comes within the purposes of the Association as set forth in Article I of said Articles of Agreement, and that said project is designed to promote the economic development of the former Yugoslav Republic of Macedonia and is of high developmental priority in the light of the needs of the former Yugoslav Republic of Macedonia.

3. Accordingly, the Committee finds that said project merits financial assistance from the Association, and hereby recommends said project for such assistance.

COMMITTEE

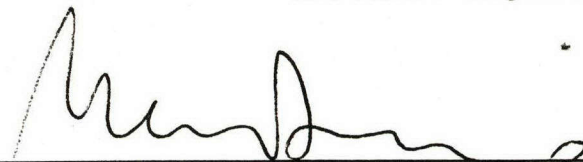
Vice President and General Counsel

Nominee selected by Governor for the
former Yugoslav Republic of Macedonia



Acting Regional Vice President
Europe and Central Asia

Vice President, Financial Policy
and Risk Management



Vice President, Development
Economics and Chief Economist

Dated at Washington, D.C.

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

OFFICE OF THE VICE PRESIDENT DEVELOPMENT ECONOMICS
AND CHIEF ECONOMIST (Rm S-9-035)

No. of pgs. 3
(including this)

Chen

DATE: December 30, 1993

TO: Mr. Michael Bruno

FAX: 972 2 611 868

FROM: Joanne Lee

FAX: 202/477-0549

TEL.: 202/473-3774

SUBJECT: Correspondence

=====

Attached are two items pertaining to the AEA meetings.

I hope you're having an enjoyable vacation.

Happy New Year to you and your family.

Regards.

8980

HARVARD UNIVERSITY
Cambridge, Massachusetts 02138

AMARTYA SEN
Lamont University Professor

December 21, 1993

Dr. Michael Bruno
Vice President Development Economics
and Chief Economist
The World Bank
Washington DC 20433

Dear Michael,

Many thanks. The tentative list of topics seems excellent, but I see that you may have to cut things down for a final list. I very much look forward to seeing and talking with you when you come here for the AEA meetings. I shall be running from pillar to post but will make sure that we can sit together at peace for some time to discuss all this (and of course also to find out how the World Bank is suiting you!). Please call me at home (617 547 3836) as soon as you know your programme clearly.

Reyes

Yours ever,

AS

Amartya Sen

DEPARTMENT OF ECONOMICS
DITTAUER CENTER
93 DEC 22 1993
(617) 495-1871
FAX (617) 496-5942
DEPARTMENT OF PHILOSOPHY
EMERSON HALL
(617) 495-1884

93 DEC 28 AM 10:20

RECEIVED
DEVELOPMENT ECONOMICS
LIBRARY

**THE DEPARTMENT OF ECONOMICS
OF HARVARD UNIVERSITY**

Cordially Invites You To Attend A Reception

In Honor Of

Zvi Griliches, Outgoing AEA President

Amartya Sen, Incoming AEA President

Lawrence Summers, John Bates Clark Medalist

***At The Harvard Faculty Club, Reading Room
20 Quincy Street
Cambridge***

JANUARY 4, 1994, 7 to 9 P.M.