Patrick Allan Sharma, **Robert McNamara's Other War: The World Bank and International Development,** University of Pennsylvania Press, Philadelphia 2017, 240 pages, £35.00, ISBN: 9780812249064

On the second Monday of April 1968, Robert McNamara called a meeting of his senior managers at the World Bank's headquarters in Washington, D.C. McNamara had just taken over as the Bank's president and his colleagues shifted uneasily as their new boss sharply criticized the institution's modest lending performance. As the meeting progressed, the sky outside darkened. Smoke billowed from burning buildings across several city blocks. Arson and rioting had broken out after the brutal assassination of Martin Luther King, Jr. in Memphis. McNamara abruptly ended the meeting by asking his managers to think more boldly about how the Bank could help its member countries.[1]

McNamara joined the Bank after a tumultuous and controversial career as the United States Secretary of Defense. Prior to his government service, McNamara spent fifteen years at the Ford Motor Company. He was one of Henry Ford II's "whiz kids" recruited for his talent in data and statistics. Although he wasn't "a car guy," McNamara's grit, energy, and dynamism helped revive the sagging company's fortunes.[2] He served as the company's president for a brief period before joining President John F. Kennedy's cabinet in 1961. Lyndon Johnson retained McNamara in his administration after assuming the U.S. presidency in 1963.

As Steven Spielberg's *The Post* reveals, McNamara was a leading architect of America's military campaign in Vietnam. In that 2017 film, Bruce Greenwood brilliantly portrays McNamara obsessively micro-managing -- he later insisted he was "macro-managing" -- a war going badly wrong. As casualties rose, tensions grew between McNamara and Johnson. Eventually, they decided that it was best to part ways. It was never clear to McNamara whether he had resigned or had been fired. Yet, anxious to give McNamara a soft landing, Johnson nominated him to become the Bank's fifth president.

At 51, McNamara became the youngest president in the Bank's history. He was the first without a background in either finance or development. Taking the Washington-based institution by storm, McNamara set an exhausting pace for himself and those who worked for him. Serving nearly three terms, McNamara remained in office for thirteen years. As Patrick Sharma vividly recounts, McNamara transformed the "Bank and the field of international development in important and lasting ways." Through his book, Sharma fills a gap in biographical studies about McNamara's life. Those studies, as well as McNamara's own autobiographical reflections and post-retirement interviews, focus largely on Vietnam to the neglect of his much-longer Bank career.

1 *William Clark*, Robert McNamara at the World Bank, Foreign Affairs 60(1) (1981), p. 167, 168.

2 *Angus Mackenzie*, Robert McNamara: Before Vietnam, There Was Ford, Motor Trend, 7 July 2009, https://www.motortrend.com/news/robert-mcnamara-before-vietnam-there-was-ford-2366/ (last accessed on 6 October 2020).

The Bank and the International Monetary Fund were established at the Bretton Woods conference in July 1944. Under its Articles of Agreement, the Bank's principal purpose is to finance the reconstruction and development of its member countries. John Maynard Keynes was among those who were instrumental in the Bank's creation. The institution's early loans were to France, Netherlands, Luxembourg, and Denmark to restore their war-ravaged economies. This business line, however, quickly collapsed after the United States government introduced the Marshall Plan to fund European reconstruction. Unwilling to compete, the Bank turned its focus to "projects of developments" elsewhere.[3]

In the fifties, the Bank financed large dams and railways in Asia and Africa while lending for energy and infrastructure investments in Japan, Australia, and Italy. By the early sixties, the Bank's membership broadened to include many decolonized countries whose development priorities were complex and diverse. Responding to these changes, the Bank shifted its lending strategy to embrace social-sector financing, especially health and education projects. It also established the International Development Association to finance projects in those countries that could not afford market-based loans.

After he took over, McNamara embraced this transition in lending priorities even as he sought to dramatically expand the institution's operations and balance sheet. The Bank's obsession with preserving its capital-markets standing, he reasoned, had needlessly restricted its lending and choice of projects.[4] McNamara also set about expanding the Bank's mandate to cover emerging development topics. Population control emerged as an early priority for him. McNamara argued that, by limiting population levels, poor countries could ensure better development outcomes particularly in health and education. Armed with numbers and statistics, McNamara began canvassing the Bank's borrowers about the benefits of population control and family planning.

Inexplicably, McNamara chose largely Catholic Argentina to open his case for family planning. On a sticky hot day in October 1968, Robert McNamara arrived at Buenos Aires's Ezeiza airport. After dropping-off his bags at the Plaza Hotel, McNamara dived headlong into meetings. But his forceful advocacy of population control did not go down well with his hosts. By his own telling, the central bank's governor nearly spat upon him. Undeterred, McNamara travelled to Mexico where his proposals received an equally frosty reception.[5]But these reactions only strengthened McNamara's resolve to push forward. Determined to succeed, he even considered lobbying the Pope.[6] McNamara eventually found a

3 For a comprehensive, two-volume history of the Bank, see *Devesh Kapur, John P. Lewis, and Richard C. Webb*, World Bank: Its First Half Century, Washington, DC 1997.

4 *Sharma* at p. 165.

5 *John Lewis, Richard Webb, Devesh Kapur*, Oral History Interview with Robert S. McNamara, 1 April, 10 May, and 3 October 1991, World Bank Group Archives ("McNamara Oral History Interview").

6 Draft Letter to Pope Paul VI, 14, October 1968, President's Papers, Robert S. McNamara Chronological Files, (Outgoing), Volume 3, World Bank Group Archives.

receptive audience in Kenya, whose government prepared a five-year family planning program with the Bank's support.[7]

At the Pentagon, McNamara was widely despised for an unwavering certitude in his own opinions and impressions. At the Bank, however, he was assisted by a competent brain-trust. Two persons were particularly influential in shaping his thinking: Barbara Ward, a noted author, and Mahbub ul Haq, an erudite economist from Pakistan. McNamara's advisers convinced him that trickle-down policies do not work. They persuaded him to have the Bank focus, instead, on meeting the basic needs of the poor.[8] McNamara came to believe that a basic-needs approach would improve the productivity in developing countries through labor-intensive work.[9] It would also ensure that governments could pursue economic growth without diluting welfare and equity objectives.[10]

At his core, McNamara was a quintessential numbers' man. As Sharma recounts, in his youth, McNamara boldly resolved to "help the largest number."[11] McNamara's mastery over numbers made Henry Ford hire him. Numbers were at the core of McNamara's war plans for Vietnam.[12] And numbers underpinned his desire to deepen the Bank's size and reach. As he bluntly put it, "we are in the business of dealing with numbers – numbers of people, numbers of dollars, numbers of tons of food produced. How on earth can you run this place without thinking in those terms?"[13] But this obsessive faith in statistics led McNamara to be sometimes intolerant of dissent. The Bank's treasurer resigned after the two men disagreed over the institution's finances, and McNamara handpicked his replacement.[14]

By the end of his first five-year term, McNamara had doubled Bank lending for agriculture, tripled loans for telecommunications, and quadrupled education projects.[15] He also succeeded in boosting the Bank's capital-market borrowing and obtaining a large budget increase. In addition, McNamara worked hard to diversify the nationality composition of the Bank's staff. In 1968, Anglo-American employees accounted for half the institution's strength. By 1972, staff from over one-hundred nationalities worked at the Bank.[16]

McNamara's inexhaustible stamina and drive led his biographer, Deborah Shapley, to call him "the Flying Dutchman."[17] His travel records at the Bank's archives reveal just how

7 McNamara Oral History Interview, note 5.

8 *Sharma* p. 68.

9 Ibid.

10 Ibid, p. 68–69.

11 Ibid, p. 27.

12 Ibid, p. 18–19.

13 *Jochen Kraske, William H. Becker, William Diamond, Louis Galambos*, Bankers with a Mission: The Presidents of the World Bank, 1946-91, Oxford 1996, p. 173.

14 *Sharma,* p. 31.

15 Ibid, p. 41.

16 *Clark*, note 1, p. 169.

17 *Deborah Shapley*, Promise and Power: The Life and Times of Robert McNamara, Boston 1993, p. 598.

far and frequently McNamara travelled the globe. He visited slums, settlements, and sites associated with Bank projects whether in capital cities or in deeply rural or inaccessible areas.[18] Besides presidents and prime ministers who unfailingly received him, McNamara also insisted on speaking to the ordinary people who benefitted from or were affected by Bank projects.

McNamara's relentless ebullience did not, however, go over well with the Bank's resident board. Under the Articles of Agreement, the President is to conduct the Bank's business "under the direction of the Executive Directors." Elected by member country shareholders, Executive Directors are responsible for approving all policies and loans. Pieter Lieftnick, a Holocaust survivor who represented the Netherlands on the board, opposed McNamara's proposal to increase the Bank's size.[19] Undeterred, McNamara stayed the course. He later freely admitted to doing end-runs around Executive Directors by implementing new policies before submitting them for the board's approval.[20] At the same time, McNamara shrewdly managed his dealings with individual board members who were ultimately responsible for his second term despite the Nixon administration's ambivalence.

McNamara enjoyed a less-than-cordial relationship with the Bank's principal in-house lawyer, General Counsel Aron Broches. A well-respected international lawyer, Broches had attended the Bretton Woods conference and worked at the Bank since the Bank opened for business in 1946. In his oral history interview, Broches alleges that McNamara repeatedly ignored legal advice and insisted on doing things his own way.[21]

In 1973, McNamara travelled to Nairobi for the Bank-IMF annual meetings. In his opening speech, McNamara called for an end to absolute poverty, which he defined as deprivation that "falls below any rational definition of human decency." As Sharma suggests, McNamara began his "other war" against poverty as early as 1968, shortly after he took over the Bank's presidency. But it was his 1973 Nairobi speech that firmly placed the fight against poverty on the global development agenda.

At the same time, McNamara and his advisers were nervous that the markets would misinterpret the Bank's embrace of anti-poverty and basic needs objectives. This anxiety may have contributed to McNamara's insistence that the Bank's loans could not have any humanitarian objectives. As Sharma recounts, McNamara pointedly declined to finance a United Nations proposal to improve water supply in a Sudanese refugee camp. McNamara felt that the proposal would not result in a proper development project.[22]

McNamara and his aides sought to draw sharp lines between development activities and humanitarian ones. This orthodoxy was later codified in Bank policy which barred the insti-

18 *Sharma*, p. 36.

19 *Robert Oliver*, Oral history interview with Peter Lieftinck, 19 November 1985 World Bank Group Archives.

20 McNamara Oral History Interview, note 5.

21 *Robert E Asher*, Oral History Interview with Aron Broches, 23 May 1984, World Bank Group Archives.

22 *Sharma*, p. 63.

tution from financing relief items, such as tents and food. Over the past decade, however, the Bank has retreated from this position. Today, the Bank finances food, medicine, and temporary shelters in natural disasters and humanitarian crises like earthquakes and hurricanes, the recent Middle East refugee crisis, and the ongoing COVID-19 pandemic.

In March 1980, the Bank made its first structural adjustment loan to Turkey. It marked the beginning of a new phase in the Bank's evolution as a development institution. Through adjustment or policy-based lending, the Bank supports economic and structural reforms in its member countries by providing their governments with budget resources. Under its Articles of Agreement, the Bank's loans are primarily intended for projects of development and reconstruction. Policy or non-project lending can be made only in special circumstances. When reminded about that prohibition, McNamara insisted that policy-based loans were a temporary feature to help countries tide over the oil crisis. But he privately acknowledged that such loans were here to stay.[23]

Although adjustment lending began modestly under McNamara, policy loans grew in scale and scope during the 1980s and early 1990s; the heyday of the so-called Washington Consensus. The Bank's use of IMF-style conditionality attracted considerable criticism. The Bank was attacked for imposing policies and reforms that were not properly tested or suited to its member countries. The Bank was also accused of foisting sweeping adjustment programs on countries, without properly accounting for their human, social, and environmental costs.

Even as he championed greater Bank lending, McNamara was aware that loans, by themselves, were inadequate to tackle many countries' development challenges. Thus, he advocated technical assistance to help governments better design and implement projects, programs, and policies. Aided by Hollis Cherney, the Bank's cerebral chief economist, McNamara also laid the foundations for the "knowledge bank."[24] It was during his tenure that the Bank began its flagship *World Development Report*, which is a widely regarded publication in the field of development economics.

Despite McNamara's ability to reinvent the wheel and strategize new approaches, some things remained the same. In *The Post,* Greenwood vividly shows us how McNamara deceptively engaged in secrecy and spin during the Vietnam War. He adamantly told the press that America was winning even as he privately admitted that this wasn't the case. Sharma suggests McNamara's personality did not undergo a dramatic change after he came to the Bank. For instance, although McNamara was fully aware of the looming debt crisis in Latin America, he pushed the Bank to lend extensively to countries in that region.[25]

Sharma criticizes the Bank under McNamara for not paying adequate attention to environmental concerns, gender issues, and human rights. While McNamara perhaps could have done more on those counts, it was under his presidency that the Bank began heeding envi-

23 *Sharma*, p. 139.

24 *Ananya Roy*, Poverty Capital: Microfinance and the Making of Development, New York 2010.

25 *Sharma*, p. 133–136.

ronmental concerns through its early pollution control projects.[26] McNamara also pushed the Bank to explore the gender dimensions of development by establishing a dedicated office for this purpose in 1975.[27]

In his final pages, Sharma points to McNamara's population policies as a prime example of where McNamara's attempts to address poverty failed.[28] Yet, as McNamara later noted, although the Bank's population projects may not, themselves, have been very successful, their impact was huge. These projects caused several governments to pay greater attention to family planning in the formulation of their national development strategies. They also contributed to the emergence of public health as a key topic on the global development agenda.

Towards the end of his tenure, McNamara oversaw the People's Republic of China's entry into the Bank after Taiwan relinquished its hold on China's membership. Like Nixon before him, McNamara traveled to Beijing to talk directly to China's leaders. This opening paved the way for the Bank to work closely with China's economic planners whose pioneering work resulted in the country's meteoric economic growth.[29] Understandably, Sharma does not deal much with this topic as most archival files remain closed to researchers.

Sharma leaves the reader with much to ponder about McNamara's complicated legacy. A buccaneering personality with relentless drive and energy, McNamara dramatically transformed the Bank and the meaning of development into what they are today. Like other critics, Sharma holds McNamara responsible for the Bank's "mission creep." It is true that, by expanding conventional boundaries of development finance and pursuing new business lines, McNamara frequently steered the Bank through unchartered waters. Yet, it was this unrelenting effort by McNamara that made the institution much more resilient and adaptable to its members' evolving development priorities. That flexibility has enabled the Bank to remain relevant in a rapidly changing world and an increasingly competitive environment for development finance.

Vikram Raghavan, Zi En Chow[30]

26 McNamara Oral History Interview, note 5.

27 *Sharma*, p. 112.

28 *Sharma*, p. 166.

29 See *Julian Gewirtz*, Unlikely Partners: Chinese Reformers, Western Economists, and the Making of Global China, Cambridge, MA 2017, for a more detailed analysis of the World Bank's relations with China.

30 Legal Department, World Bank, Washington, DC. This review is co-authored with Molly Wheelan and Estefania Murray who did substantial research and wrote early drafts. The views expressed here are strictly personal. They do not reflect the World Bank's policies or positions on any issue.