pg 46 - "Under the leadership of Tom Clausen, it all but abandoned McNamara's antipoverty rhetoric , viewing it as an unwarranted distraction from the challenge of correcting statist economic policies; this shift in the public message of the Bank made it all too easy to paint it as heartless. At the same time, the Bank played into the hands of its critics by lending copiously to America's cold war allies like Zaire, claiming that the loans were to support structural adjustment. These clients knew perfectly well that their access to the Bank's money depended on geopolitics, not economic policy, so they saw no need to implement the reforms that the Bank's technocrats negotiated with them. Mutually assured hypocrisy ensued. The borrowers pretended to promise economic reform, and the Bank pretended to believe them".

pg. 48 - "The cause celebre for these campaigners was a project called Polonoroeste, conceived under McNamara as an effort to develop the poorest reaches of the Brazilian Amazon. Beginning in 1981, the Bank lent nearly half a billion dollars for this highway-building and colonization program; within a few years, fifty thousand square miles of rain forest had been destroyed, an area roughly the size of Wisconsin, and many of the region's indigenous peoples had died as a result of disease or violence. The Bank countered that such projects would have turned out worse if the government had gone ahead on its own: the Bank's project design for the Polonoroeste had called for the establishment of multiple Indian reserves, two biological reserves, and a national park. But the Bank's defense could not change the fact that it had financed an environmental catastrophe; coming on top of structural adjustment, the damage to its reputation was horrible. In 1987, the Bank admitted that it had 'stumbled' on Polonoroeste and, acknowledging the merit of the NGO critique, created an environmental department".

pg. 58 - "The noisiest battle of Preston's term concerned the Narmada Valley development in India, a scheme to provide drinking water, irrigation, and electricity for 40 million people. The Narmada project had been seized upon by critics as the ultimate expression of the Bank's scary 'techno-cult'- it would comprise four big dams and thousands of smaller ones; the construction of the first big dam alone would displace forty thousand households...There were hunger strikes, threats of self-immolation, and battles between police and villagers resisting relocation...Independent review:...'fundamental failures in the implementation' of the project, including inadequate compensation for the relocated villagers, vioations of human rights, and breaches of the Bank's own environmental guidelines...Took another year for Preston to end the Bank's support for Narmada..."

pg. 60 - "...withdrawn from an abusive resettlement effort in Indonesia. The new report, done by the Bank's chief internal critic of resettlement, reported substantial progress...Bank's critics ignored the good news, noting that in between 1986 and 1993 the Bank had approved almost 200 projects involving resettlement, but not noting that the people who were moved had been treated better than in the past, nor that it is often impossible to build necessary infrastructure without relocating anyone".

pg. 70-71 - "After a slow start, the Bank had by the mid-1990s assembled a strong environmental staff; it had helped virtually all its borrowers prepare National Environmental Action Plans; it was producing, in the view of one frequently hostile observer 'an outpouring of high-quality research reports on environmental-development interactions, making the Bank arguably the largest center for such research in the world'. Meanwhile, on questions of development economics, the Bank's research department enjoyed a clear intellectual supremacy over non-governmental aid groups, United Nations agencies, and even top flight universities; it hired some of the best academics in the world, supplied them with copious research funds, and left them to push back the horizons of development thinking...Nobody could match the Bank's concentration of talent, nor could any other research team claim access to the wealth of real-plife development experience that the Bank's lending operations generated...Commentators outside the Bank spent much of their time reacting to World Bank ideas and citing World Bank data".

pg. 72 - "The World Bank had been created for a world of capital controls and infant finacial markets in borrowing countries, a world in which there was a clear role for an institution tha borrowed money on Wall Street and passed it along to developing nations. But now that role had ended, or so the converatives maintained: private capital flows were exploding, and there was no need for public-sector lenders. The Bank pumped out $22.5 billion in loans during 1995, a large number when compared to other aid budgets. But in the same year net private capital flows to developing countries amounted to $206 billion. Naturally much of this money went to corporate ventures rather than the poverty-fighting schemes that the Bank financed. But the right wing critics were correct that developing country governments were borrowing private capital, too– and could use it to construct schools and wells and clinics. If commercial lenders were now willing to finance development, perhaps fifty years of the World Bank was indeed enough...Private capital flows had indeed grown marvelously, but they were concentrated in 'emerging markets' like Brazil or Thailand, to the exlusion of the poorest regions of the world, most notably Africa".

pg. 87 - "As soon as his appointment was public, he began to stage meetings with environmental groups and other critics, and he soon instituted a new approach to answering their correspondence"

pg. 91 - "Never mind that the Bank's prescriptions– free prices, a sound budget– were broadly correct; and never mind that Africa's continuing misery was explained to a large extent by the failure to implement reform faithfully".

pg. 95 - "The defeat of structural adjustment was the defeat of the idea that you could ignore this political context and proceed by technocratic means alone, calling in the finance minister and imposing your program"

pg 104 - "[Wolfensohn] said this couldn't possible continue, this business of pouring out free 'adjustment' money that had nothing to do with education or any other legitimate purpose; the Bank should lend only to countries that would use its resources well, and get out of the rest of them".

pg. 107 - "By the late 1980s and early 1990s, the Bank's so-called structural-adjustment programs were failing to promote adjustment because that was often their real purpose; they were really about getting fresh loans to Africa so that Africans could repay old ones".

pg. 114 - "Siding with the Bank's critics against his [Wolfensohn's] own staff did not always produce the right outcome. The Bank's problems often reflected the difficulty of its mission rather than its own mistakes, and blaming the Bank's incumbent managers was too simple".

pg. 119 - "The Bosnian experience became a model of how invaluable the Bank can be as a tool of enlightened foreign policy, and won it valuable friends inside the US administration. At the same time, Bosnia helped defend the Bank against some of its NGO detractors in the Fifty Years is Enough movement".

pg. 143 - "In its first year in Bosnia, the Bank put together an astonish sixteen loans and accounted for a quarter of all the reconstruction effort mounted by foreign donors. Even the projects the Bank was not doing owed much to its presence, because the Bank had created the blueprint for all donor efforts and was doing more than any other agency to coordinate implementation".

pg. 149 - "Predecessors...the quality of the Bank's projects was often disappointing. Clinics got built, but there were no medicines to put in them. Roads were constructed, but were later not maintained properly. No matter how carefully you prepared your project, you could never foresee how things might change once it got underway, yet there were few incentives to adapt your strategy. So much effort had gone into the initial project design that you hated to tamper; besides it would be years before the Bank's evaluation department reported in how the project turned out, by which time you would probably have changed jobs and nobody would pin the blame on you".

pg. 150 - "For one thing, the report commissioned by Preston exaggerated the Bank's decline: it was a decline realtive to expectations, which had risen sharply as project managers were required to write more and more goals into their projects– environmental goals, gender-equality goals, and so on."

pg. 153 - "To improve project quality, meanwhile, the Bank needed strong technical leaders to oversee its specialists: the water engineers should no longer be scattered among the regions; they should be part of a central department that pooled experiences from all over the world and applied the lessons to all countries. The dual imperative of faster response times and better quality suggested something called a management matrix. In future, the Bank's foot soldiers– water engineers and malaria experts and primary-education specialists– would report simultaneously to two bosses: a country director (who pressed you to deliver for the client fast), and a technical manager (who pressed you to deliver quality)."

pg. 161 - "Private companies begin strategic-planning exercises by asking who their clients are; this helps to bring focus to their work and therefore to generate the profits that keep shareholders happy. But the World Bank cannot streamline itself that way: it must serve many 'clients'– it cannot choose to ignore, say, Latin America– and the interests of these clients are not necessarily aligned with those of its shareholders. Instead, the Bank's shareholders want to be treated as a sperarate category of client as well: they aren't satisfied if it 'merely' relieves poverty successfully. The shareholders want the Bank to serve their foreign-policy interests; they want it to promote a cleaner environment, human rights, and other values that their voters care about"

pg. 167 "By 2003, two-thirds of Bank's country directors had moved out of Washington, and the country offices accounted for half of the Bank's staff, up from just over a third in the year before the launch of the Strategic Compact. Equally, the creation of a new Quality Assurance Group seems to have made a real impact on Bank staff. Unlike the long-standing evaluation department, whose reports appeared belatedly, the new QAG vetted projects in real time, spreading a healthy terror among project managers".

pg. 168 - "At many big companies, each department has a bottom line, and if the profits are good, the team gets rewarded. At the World Bank, the amount of poverty you've tackled won't be clear ever. Measuring poverty is notoriously hard, and statisticians fight over the numbers; it's even harder to estimate how much a certain project contributed to a supposed reduction in the poverty rate. Did the new clinic drive down the rate of child mortality? Or was it the new access to clean water? Or was it that economic growth accelerated, allowing mothers enough money to buy their children nutritious food? It's impossible to be certain."

pg. 175 - "by 1998, with the appearance of a study called *Assessing Aid*, the Bank's reaseach department had demonstrated that putting people in developing countries in control was indeed the key to more successful projects".

pg. 180 - "Wolfensohn's two main insticts on development– that the Bank should listen to its clients, and tha development depended upon non-economic factors such as corruption– were in some ways in tension with each other. The first instinct cast the Bank as an understanding outsider: it should as a client government what its objectives were and figure out a way to help, partly by offering expert advice and partly but offering money. the second instinct placed the Bank in the role of a demanding advocate: it knew that sound governance mattered to development, so it should press its clients to train judges, improve government transparency, and general combat corruption. The first instinct required a listening Bank that trusted developing countries; the second required a lecturing Bank that trusted its own prescriptions. You could never quite tell which instinct would win out".

pg. 182 - Where does corruption rank in this hierarchy of bad policy? Not very high, most people at the Bank argued. Indonesia's policies were lifting perhaps a million people out of poverty each year; how could you argue that Indonesia's corruption was debilitating? If a quarter of the value of a public-works project was ripped off, that was certainly bad; but at least the road or bridge got built, and a lot faster than the equivalent projects in, say, India...This kind of corruption (as distinct from the Suharto cronies' grand scams) amounted to hidden taxation, a way to pay for a civil service that would otherwise had to be financed by formal taxes. Hidden taxes, actual taxes– what was really the difference"

pg. 184 - "Indonesia's cronyism was worse than its neighbors, and economics is not the whole key to development. Because of corruption, the country's macroeconomic miracle had rotted from within. Once financial trouble hit, the national institutions that might have tried to reassert control proved to feeble to do so".

pg. 184 - "De Tray's troubles began almost immediately. A fortnight after his appearance after his appearance before the Bank's board, an American academic named Jeffery Winters showed up at a press conference in a trendy Jakarta art gallery and alleged that around 30% of the Bank's Indonesia loans were lost to corruption. The number was based on casual chats with people from the Bank, none of whom expected their guesstimates to be used this way, but the assertion played into the rising fury about corruption felt by Indonesia's NGOs and journalists."

pg. 189 - "The Bank had been engaged for years in Indonesia, but its economists' world view had left no room for the idea that if you don't get the politics roughly right a lot of development progress may be wiped out in a few weeks. Perhaps corruption did rank right up there with hyperinflation on the list of systematic development problems?"

pg. 193 - "Stiglitz had helped to create a branch of economics that explained the failure standard market assumptions; he was like a boy who discovers a hole in the floor of an exquisite house and keeps shouting and pointing at it. Never mind that the rest of the house is beautiful– that in nine out of ten cases, the usual laws of supply and demand *do* work; Stiglitz had found a hole, a real hole, and he had built his career on it. Naturally, this had consequences for the way he viewed the world. There is nothing more satisfying for the discoverers of holes than to watch ordinary fools tumble down them".

pg. 194 - [Stiglitz] had made much of the fact that IMF-prescribed austerity in Thailand had bankrupted local companies, throwing people out of work, and he frequently implied that the IMF economist were too blinkered to realized that this might happen. This last insinuation was utterly preposterous. The IMF had indeed pressed too much austerity on Thailand and then later reveresed course, but it was slanderous to suggest that the IMF's policy makers didn't know that raising interest rates could lead to bankruptcies. The point was that *not* raising interest rates could accelerate capital flight and deepen a currency's collapse– and therefore trigger even more bankruptcies".

pg. 202 - "[Scott Guggenheim, anthropologist said that] the Bank's role is not to ponder what to build or how to build it. It is to create the institutions that allow poor clients to choose for themselves, without having their money ripped off by a crony ridden system".

pg. 203 - "If the macroeconomists would not believe him, well they could come and trek the countryside with him; he once hauled Dennis de Tray off on a tour of West Java, and every village they visited had a schoolhouse that was falling down because corrupt contractors had pocketed the cash that had been meant for durable materials."

pg. 204 - "Starting in 1998, Guggenheim had begun making grants of up to $110,000 (small sums by World Bank standards) to subdistrict councils, choosing this level of government precisely because it was unencumbered by an existing budget system that was inevitably corrupt. Villages in each subdistrict were invited to propose uses for the money; it could be for anything they thought would promote development. But although Guggenheim did not mind *what* they spent the money on, he care passionately *how* they spent it. They had to get competitive bids from at least three suppliers, and read them out in public at a village meeting then when the supplies were delivered a monitoring committee had to count the planks or bricks as they were unloaded, thereby eliminating a venerable method of ripping people off. Of course, corruption is hard to root out in a society with no strong independent media. So Guggenheim's scheme included a grant to the Independent Journalists' Association (even though this group was formally banned under Suharto), and the association used hte money to send reporters to villages that received World Bank money...Three years later, after the Bank had seized on Guggenheim as its guide out of the quicksand, fifteen thousand villages were included, and the project accounted for fully half of the Bank's lending to Indonesia. The Kecamatan Development Project...became the largest community development project in Southeast Asia, and an important sign of the World Bank's transformation. The Bank had started out in the 1940s and 1950s by building physical capital. Then in the 1960s, it had latched onto the new idea of "human capital". Now in the 1990s, the Bank was building "social capital"– it was teaching the poor how to hold meetings, make decisions, and have their voices heard. This latest thrust was not without its troubles, as we shall presently discover. But the conundrum of Indonesia's corruption had pushed Wolfensohn's institution to a surprising new frontier".

pg. 216 - "As we have already seen, there wasn't much wrong with the conomics of these structural adjustment conditions, but the politics were awful: African governments were too weak to implement the conditions demanded. By the time Wolfensohn arrived, it was clear to him that the Bank need to stop lecturing and start listening: to understand what was politically feasible and to help brink it about."