A CONVERSATION WITH MICHAEL LEJEUNE, I
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OLIVER: Thank you so much, Mr. Lejeune, for coming to the Bank to engage in this conversation today. We might begin by my asking if you would tell a bit about how you came to the Bank in the first place, and about the important positions you had in the Bank?

LEJEUNE: After World War II, when I was demobilized, I had to search for a job, and I didn’t quite know which way to turn. I consulted the fathers of some friends of mine who were important people in the financial world in New York, and two of them suggested that the World Bank might be a place that would be interesting. It was just starting, and, although they didn’t know too much about it, they thought that the fact that it was just starting was an opportunity to get in on the ground floor of a new institution. One might see something rather more broadly of the financial aspects of the world than one would in working in Wall Street. So I came down to Washington to get a job in the Bank.

One of these people, George Harrison, at that time Chairman of the New York Life Insurance Company, had suggested that he would talk to Mr. [Eugene] Meyer about my candidacy. But it so happened, in the end, that I got the job myself by walking into the personnel office, filling out an application form and leaving it. Shortly thereafter I was asked by the Director of Personnel, Bill Howell (later Director of Administration) to come in for an interview for a job in the Personnel Department to help in building up the staff of the Bank in its early days. I joined on that basis.

I continued in that personnel function for two or three years, but it wasn’t something that I wanted to do for long, and I took an opportunity to move to what was then the Loan Department as Assistant to the Loan Director and Secretary of the Loan Committee of the Bank.

In that capacity, I participated in the deliberations of the Loan Committee, which was the top loan policy-making body in the Bank. In those early days, it was considering not only individual loans, but also basic questions of what the Bank’s policy should be on making loans to various countries in the developing world. The scope of the deliberations was quite broad.

I continued in that function for a while, then moved into one of the operating positions in the Loan Department. In those days, operations — all lending operations — were handled by the Loan Department. There was a separate Economics Department which did the work on the creditworthiness of countries and so on. There was a special staff within the Loan Department consisting of half a dozen to a dozen people who were concerned with the technical aspects of the projects. The Loan Department had three divisions, and I went to work in the one that was mainly concerned with European and African countries — well, Europe, Africa and Australasia. I continued in that first as a loan officer and then as a division chief.

Then there came a reorganization of the Bank, in 1952, I think it
was, and the Loan Department was split up into three "area" departments. A new so-called Technical Operations Department was created to handle the project work on the loan applications. The Economics Department had its functions divided, so that the work on creditworthiness went with the new area departments, and the more widely based work on commodity projections and things of that kind were left in the Economics Department.

OLIVER: The title of the Economics Department was changed to the Research Department?

LEJEUNE: Could be; I guess it was.

OLIVER: But the Technical Operations Department, which was a precursor of the later Projects Department, was concerned with technical operations, benefit-cost analyses, technical feasibility studies.

LEJEUNE: And with engineering studies of projects which in those days were of an infrastructural character.

OLIVER: In the early days that you're now talking about, was there any major policy committee beside the Loan Committee? Subsequently, there was a Senior Staff, there was a President's Council, but I take it all of these came much later.

LEJEUNE: These came later. Certainly the senior staff was never really a policy group. Sometimes matters were put to it by way of having a sounding board, but it wasn't a decision-making body of any kind, whereas the Loan Committee was. The Loan Committee reviewed a loan at various stages and made decisions as to what was to be done.

Eventually I became the Assistant Director of what by then had become the Europe, Africa and Australasia Department. The function of Assistant Director -- of which there was one in each department -- was the same as what later became termed Deputy Director.

In those days, of course, Africa was largely colonial Africa, and so it was very natural to put the Bank's African operations in the department responsible for the metropolitan countries which governed the African dependencies. In fact, under the Bank's constitution -- its Articles of Agreement -- a loan could be made to an African dependency -- or any dependency for that matter -- only if the metropolitan country, as a member of the Bank, would put its guarantee on the loan.

Eventually, the Europe, Africa and Australasia Department was split, and all the African work was put into a new Africa Department, but I remained in what then became Europe and Australasia. Subsequently, I moved to be Assistant Director in the Far East Department under Peter Cargill.

It was while I was in that position that the Director of Administration, Bill Howell, died. I was on a camping trip in the Rocky Mountains. I made the mistake of calling my father to ask how he was. I called from a telephone booth, and he reported that someone called George Woods was trying to get a hold of me. Would I call him in Washington? So I did, and George Woods asked me to come back to Washington. He said he wanted me to take over the job that was left vacant by Bill Howell's death. So I came back and after some discussion with him and others around the Bank, I agreed to do that for
three years. So I served for three years under Woods in that capacity.

OLIVER: This was what year? '65, I think?

LEJEUNE: I have to refresh my memory.

OLIVER: Mr. Howell died in the summer of 1964.

LEJEUNE: And I took over in that job in September of 1964, as I remember. When my tour of duty doing that was coming to an end, George asked me at some point if I would be willing to continue for a further period of time in that function. I said, "No." Administration was not my first love in the Bank. I preferred to be on lending operations, and so, when it was convenient to him, I would like to move back to it.

It turned out to be convenient to him in the late spring of 1967 when he wanted to create a new department to deal with the Middle East and North Africa. He created that department and put me in charge of it. Eventually, the department also became responsible for European countries, most of which were no longer borrowers from the Bank, though there continued to be a fringe of borrowing countries along the Mediterranean — Portugal, Spain, Yugoslavia, Greece and Turkey. Also Finland, which was a special case: it was difficult for it to borrow in the market at reasonable rates because it was thought to be vulnerable to Soviet dominance. The amalgamated Department became the Europe, Middle East and North Africa department which still exists as EMEA in the Bank today.

I continued as its director until 1970, when I moved to take on the job of Director of the Eastern Africa Department, which in those days covered the same ground as the Eastern Africa Vice-Presidency covers today, which is to say, the Sudan and the countries south and west, including Zaire, down to South Africa.

I continued with that until 1974. By that time there had been a new reorganization — in 1972 — and the department had been divided into two program departments, both under a single vice president.

I continued as one of the program Department directors until 1974 when the Bank had need to find a new Executive Secretary of the Consultative Group on International Agriculture Research. This Group was something which the Bank was very largely responsible for creating in 1971. The purpose of it was to provide funds for running a system of international agricultural research centers to develop technology necessary to increase the productivity of agriculture, more specifically food production, in developing countries. There was a group of some thirty-five donors made up of all the major donor countries and multilateral aid organizations such as the World Bank, the Inter-American Bank, the European Economic Community, the OPEC Fund, and so on; plus, and most importantly, foundations — particularly the Ford and Rockefeller Foundations, which had established some of these international agricultural research centers initially.

Harold Graves was my immediate predecessor in this job, although the first Executive Secretary of the CGIAR was Arie Kruithof. This was an activity in which Mr. McNamara took a strong personal interest. As is well known, he had done a great deal to increase the Bank's attention to agriculture. At this juncture, I guess the Bank was
putting almost 35 percent, maybe more, of its lending into agriculture; and it was evident that much of this lending would get nowhere if there were not a package of new technology to go with every agriculture project. This technology was hard to find, and so McNamara was instrumental in establishing this consultative group in 1971. The Bank was a strong supporter of it, providing at least 10 percent of the money and providing the Chairman and the Executive Secretary of the Group. I took on the job of Executive Secretary in 1974 and continued with it until just before I retired in 1983. OLIVER: Would it be fair to conclude that the substantial increase in agriculture production in much of the world including South Asia — the Green Revolution and the really extraordinary expansion of grain output — is partly attributable to the work of the Bank and to your own work with this consultative group during these years? LEJEUNE: Well, I think, that would be stretching it. The fact is that the Green Revolution was already underway at the time that the consultative group was created. The Green Revolution stemmed from work done at the International Rice Research Institute — IRRI — in the Philippines even before the consultative group was created to support not only that center but twelve other centers. IRRI and the Maize and Wheat Improvement Center — CIMMYT — in Mexico had developed new high-yielding varieties of rice and wheat. Between them, these new rice varieties and wheat varieties had already got the Green Revolution going before the Bank per se had anything to do with it. But that was only the beginning, and it can be said that the leadership of the Bank, and also, of course, the strong support of the other major donor countries and institutions, has been largely responsible for seeing that the work continued and expanded into other kinds of crops. While these won't produce a Green Revolution as spectacular as the new rice and wheat were able to spark, they will be very important — for example, to the poorest of the poor. In the semi-arid tropics of the Indian subcontinent and Africa, people don't eat wheat and rice; they eat sorghum and millet. The International Crops Research Institute for the Semi-Arid Tropics, which has its headquarters in Hyderabad, India, has a very large program in Africa which will be a very important element in improving the welfare of these deprived "poorest of the poor," as McNamara used to call them. OLIVER: Could we come back now a bit specifically to the years '63-68 in the history of the Bank. I would like to ask two major categories of questions. You must have worked very closely with George Woods during a great deal of this time, particularly after you became Director of Administration. In connection with that, what sort of major new thrusts or enterprises can you think of as being associated with this period of time, either in terms of organization or in terms of a new interest in education or agriculture — that sort of thing? LEJEUNE: If one looks back over the history of the Bank, one can see that it has been an evolving institution since the very beginning; and, although emphasis may have changed from time to time under various presidents, some of the changes that came about started before a particular president and may have come to fullness afterwards. So it
is a little hard to say who was responsible for what and when. George Woods served a shorter time than either his predecessor or McNamara who followed him, so he had less of an opportunity to make as much of an impact on the Bank as they did.

I think agriculture is an important example. The Bank had done very little in agriculture in the early years; and it was only when Gene Black began to make trips around Africa -- he made two or three trips around Africa towards the end -- that he began to understand, as some of us on the staff had been telling him, that the Bank was not going to make any impact on the continent of Africa unless it got involved in agriculture. In fact, on one of the trips I took with him, I discussed this with him, and when he returned he began a new initiative. He got together members of the Board who were concerned with Africa (which in those days meant mainly European Directors because European countries were still the administering powers in Africa or had commercial interests there) and said, "I think we should decide to reach out. Indeed, I've decided to give agriculture a higher priority in what we're doing, and I'm going to increase the staff for that purpose."

Their reaction on the whole was favorable. It is my recollection that the French were not particularly eager, but the others were very favorable. So changes were introduced. One of the things that got started at the end of Black's time was to build up the Bank's capacity to deal with agriculture projects. By the time George Woods came aboard, the capacity was in place so that it was possible under his guidance to really move the Bank forward. This was a very important departure and of course was followed up even more strongly by McNamara after he came into the job. I think Woods can take credit for -- be given credit for -- having seen what could be done and ensuring it took place in the early years. It wasn't allowed to be stalled by obviously very difficult problems -- the initial inexperience of the Bank and so on. That's one aspect of Woods', influence.

Secondly (I cannot speak about this with much personal knowledge because I spent most of my time under Woods in an administrative capacity and so wasn't close to the operational side of the Bank), it was my impression from what I observed -- and from my own experience when I later headed the department dealing with the Middle East and North Africa -- that, although he came from Wall Street and a conservative background financially speaking, he managed to move the Bank away from the rather doctrinaire position that government had no place supporting industry in developing countries. Because of that position, the Bank would not lend for government-owned industry before Woods came aboard. He began to move on that, and the Bank became more amenable to lending money for industrial and other enterprises which were essentially government controlled.

Of course the major problem in his time was making sure that the International Development Association was replenished and expanded, and I know he had many difficulties over that. I was not a party to what could be done about it. There is nothing I can say which is very illuminating on that score, although it is my feeling that he had a
tough time. His relationships with the U. S. Treasury were not particularly good, through no fault of his own, as far as I am aware. Moreover, towards the end of his term, the United States was becoming extremely difficult about granting the Bank, as distinct from IDA, the authority to raise money in the U. S. Market. So the resources of the Bank became constrained, and the growth of the staff of the Bank began to become constrained as a result. This was quite a serious problem during his regime which was hard to deal with and I know went very much against the grain with him, for he was a man who came into the Bank with a strong feeling of what the Bank should do and he took a stand about what it should do. He was thwarted by the United States.

OLIVER: Do you know very much about the personal relations between Woods and the Treasury Department, or between Woods and people in Congress during this time period?

LEJEUNE: No. But I know it was a difficult period.

OLIVER: I understand there was a quite substantial increase in personnel dealing with economics, let's say economists who were brought into the Bank either to work in the area departments or in the Economics Department, and I think you must have had a fair amount to do as an overall Director of Administration, and, therefore, of personnel, with helping to recruit people in this field. Can you say something about the reasons for this quite large increase and how you went about finding the economists that you wanted to find?

LEJEUNE: Well the Bank, of course, from the beginning had been very much concerned with the economies of the countries to which it was lending. But, to begin with, this concern was mainly articulated in the desire to be sure that the countries were creditworthy for the amounts which were being lent to them -- that they would have the potential to repay. Therefore, there was a strong emphasis on their capacity to export and what their export receipts would be. People tended to think of creditworthiness in very narrow terms of the ratio between export earnings and debt service, and so on.

I can remember a very sad occasion when I was a loan officer concerned with France, and it was my duty to tell the French financial attaché at the Embassy in Washington that the Bank, after careful study, had come to the conclusion that France was no longer creditworthy; we weren't going to lend them any more money. That shows you how ridiculous we got at some times.

As time went on our interest in economics became much more sophisticated, and I think Woods was a promoter of the idea that the Bank had a great deal more to consider in the economic area than just the creditworthiness of the countries. We had already started on the surveys of the economies of selected developing countries. A number of these were carried out and the results published by the Johns Hopkins Press. This was, perhaps, the forerunner of a greater interest in a continuing study of countries' development. Not only of their creditworthiness, but their development plans and policies and uses of resources and so on, as well as consideration of some of these matters on a global scale. The Economics Department, especially in
the early years, had been concerned with creditworthiness and commodity studies and things of that nature, commodity studies of course being particularly relevant to the prospects for export earnings. Having this rather narrow focus in the early years and having been broken loose from the operational side of things when the creditworthiness function was taken over by the Area Departments, the Economics Department began to expand its activities to take a wider interest and to look more deeply into matters. To that end, Irving Friedman was engaged from the International Monetary Fund to become head of the Economics Department. This was a departure which was fostered by George Woods, and some of the early good work in these areas took place under Woods. Even though he was not an economist himself, he nevertheless recognized the importance of these matters.

OLIVER: Can you comment on changes in the structure of the Bank, the evolution of things like the President's Council and the Senior Staff? In general, of course, I am interested in how new ideas got expressed in the Bank. Did they always originate with the President and go down, or did they more likely come up from the staff in various ways and get discussed in policy making sessions that might include the President and, therefore, eventually become policy?

LEJEUNE: Well, I think, one must recognize the fact that the Bank was a very small place in those days, and for ideas to be spread around and discussed didn't call for any great structure. Everybody knew everybody else, and the ideas came out very readily. As I mentioned earlier, the body which was certainly preeminent on the lending side and the country relations side, was the Loan Committee -- headed in the early days by the Loan Director and subsequently by the Vice President responsible for operations. This committee met regularly to consider all loan operations and to consider loan policy matters. It also reviewed matters of project policy. Quite a lot of people in the Bank at senior levels were members of this committee. All the Directors from the Area Departments, the Director of the Economics Department, the General Counsel, the Director of the Technical Operations Department -- these were all standard attendees; and I would have said that, within the staff, that was the body where most of the ideas originated or were discussed. The President of the Bank had never been a member of this committee, although in the earlier days the President would sometimes attend meetings. I remember Black quite frequently attending these. I don't remember George Woods attending.

The other body which existed was just a regular meeting of the senior officers of the Bank, the Senior Staff Meeting as it came to be known. George Woods made more of that than Black had, and there were quite a lot of matters discussed, deliberated on, in that group during George Woods' time. I wouldn't say it was a decision-making body, but it certainly was one in which ideas were put forward for discussion. New ideas came up, and I think it was a useful mechanism. It was Woods', principal way of dealing with the senior staff. Of course he dealt with them all individually as well. He used this meeting to put his stamp on the operations of the Bank. I think he used it very effectively.
He created not long after he became President another body which came to be known as the President's Council. This was, I guess, a more obvious way of dealing with the principal senior officers of the Bank than had been the case before. My recollection is that Gene Black met fairly regularly with this group of principal senior officers, but he didn't give it any special name; it didn't have any special function. Woods was intent on creating a layer of senior officers above the layer of the operational directors, and he chose to do it by creating this President's Council, partly because he wanted to have a relationship with this group and partly because he wished to give the members of it some status without in fact giving them new titles. Corporate practice would be to have a layer of vice presidents, but Woods wanted to avoid creating a lot of vice-presidencies. Frankly, I don't know if he just didn't want to do it for his own reasons, or whether he felt somewhat reluctant to push the idea with the Board. After all the Monetary Fund had only one Deputy Managing Director, and up to that point the Bank had never had more than one Vice President, or at any rate one Operational Vice President, although it later had a second Vice President for special activities such as negotiating the division of water rights in the Indus Basin.

OLIVER: Who was that?

LEJUENE: That was Sir William Iliff, (who handled the Indus water right question) and later Mohammed Shoaib and Denis Rickett. They were vice presidents without portfolio, so to speak, though not exactly without a portfolio because Shoaib quite distinctly was responsible for administrative matters at the Bank and liaison with developing countries. But I think it is fair to say that, up until Woods' time, you had a President and one Vice President who was concerned with the operations of the Bank other than, say, the financial operations which were handled by the Bank's Treasurer, who was not a vice president in those days.

Woods felt that there was good cause to give status to certain senior members of the staff, so he created the President's Council. Among the members were Burke Knapp, Vice President for operational matters; Siem Aldereweld, who was head of the Technical Operations Department; Ronnie Broches who was General Counsel; Irving Friedman, The Economic Advisor to the President (i.e. head of the Economics Department); the Vice President without portfolio, whoever it might be at the time. I forget whether at this point the Executive Vice President of the International Finance Corporation was included in that group or not — he was subsequently, if not initially. It met fairly frequently — I think probably at least once a week.

Not having been a regular attendee at these meetings, although I was an occasional attendee when they were discussing matters of direct concern to me as a Director of the Administration, I can't say to what extent policy matters were dealt with more definitively in that group than they were at the Loan Committee, but I suspect not. There were broader considerations, rather than specific operational matters, or operational policies, dealt with in that body. Certainly, initially, status was an important element in the creation of the President's
Council. Each of the members, for example, was given the use of a Bank car. Nobody else in the Bank had the use of a Bank car on a regular basis. Each member of the President's Council was excused from accounting for leave, etc. He was not subject to the Bank's regulations about the class of travel which applied to the rest of the staff, and so on. So there was a definite effort made by the creation of this body to give special senior status to certain members of the staff.

OLIVER: Which members of the staff were entitled to a car in Eugene Black's days? He, himself, and Mr. Garner, I'm sure. Mr. Knapp?

LEJEUNE: I don't know if Mr. Knapp had a car or not. Perhaps he did. Then the Executive Vice President of the IFC had a car. Cars were in short supply. On the other hand, the ratio of cars to senior staff was higher in those days. Almost any director could get a car when he needed one, whereas today it would be difficult, if not impossible.

OLIVER: Would you comment on the work of the Executive Directors of the Bank and the relations between the President and the Executive Directors of these days? It is my impression that there were many more Executive Director meetings after, let's say, '66 or '67 than there had been in the earlier years of the Bank. There began to be more discussion of what might be called controversial issues at the Board level.

LEJEUNE: Yes, that's correct. I don't remember precisely what the frequency was, but in the early days it was my impression that the Board met once a month. One of the items of discussion in the early days was whether directors should be in residence or not. The Articles permitted them to be in residence, but there was some presumption that not all would be. They might come to regular meetings rather than being in the house the whole time. Well, as time went on, that issue disappeared and Executive Directors were in residence. Most devoted full time to the Bank, although there were some then who didn't and continued not to do so, particularly the British and the French who divided their time between the Bank and the Fund and whatever responsibilities they might have as financial ministers at their respective embassies. The Dutch directors served both the Bank and the Fund, but not the embassy. All the other directors pretty well spent full time on the Bank, although there may have been a period when the American Executive Director did not. Perhaps that is only a side issue.

Nevertheless, the Board began to meet more frequently. It began to be customary to meet twice a month. This might be stepped up a little bit towards the end of the fiscal year when there was a heavy amount of business in approving loans. There was, over the years, a change in the relationships between the Board and the staff, between the Board and the Bank's President. Originally it was all very cozy. Senior members of the staff and members of the Board were intimately acquainted with each other. There were regular monthly luncheon meetings of the senior staff and members of the Board, and there was a regular annual party at the President's house for the Executive Directors, Alternates, Bank directors, and other senior staff. But as
the Bank grew larger this intimacy became less; and as the business grew heavier, the relationships between the Board and the management became a little different.

I think these changes began to become more evident in the time that George Woods was President. I wouldn't say that his coming into the Bank was the cause of any change, but I think he happened to come at a time when things were evolving; and perhaps things became a little more confrontational during his regime. Perhaps a difference in personalities between Black and Woods contributed to this change in climate, but I think that was only part of it. I think that mainly it was that the work load at the Board level was becoming heavier and the issues more complicated.

As we had all foreseen when it was created, IDA tended to politicize the Bank so that relationships with Part I countries, as they were called — those that contributed to IDA as distinct from Part II countries which were countries that benefited from IDA — these relationships became sharper and matters were more hard fought. The Executive Directors were busier. Alternates were busier. They began to have technical assistants to help them in their work and to transmit matters to their masters at home. The Board itself became a much larger enterprise. Instead of being a group of 16 or 17 persons, with alternates who didn't play a very large role, they became a group of twenty. Alternates played a large role, and technical assistants or advisors played a large role in relations with the staff. The whole board set-up became more complex and more strained in some ways.

Relations with the staff became different. When an Executive Director wished to discuss something with a department head in Eugene Black's and most of Woods', days, the Executive Director would come down to the department head's office and talk about it, whatever the matter might be. If the director took the initiative to go to see the Executive Director, he went as an equal. Well, this didn't wash later on, and there was a time when certain Executive Directors from developing countries stood on their position and insisted that department heads went to see them, even if it was a matter on which the Executive Director was taking the initiative. Further, they began to insist that the department directors should make a habit of going to see them regularly to report on what was happening, a minor aspect of a change in the relationships which ran somewhat to a change in a relationship between the Board and the President as well as between the Board and the staff.

OLIVER: I have heard that Mr. McCloy, and following him Mr. Black, had the understanding with the United States Government that they would have some control over the appointment of the United States Executive Director. Is this so, and did this continue into the George Woods years?

LEJEUNE: Well, I can tell you only what I have been told about that, and the only person that told me much about it was Gene Black. He described what happened when Eugene Meyer resigned and the Executive Directors began to look for a new president. McCloy, who has by no means the first person approached to fill that office in the Bank, laid
down some conditions.

I should backtrack slightly here. The reason for Eugene Meyer’s resigning was that he felt that the Board was pushing him around. Amongst those pushing him around the most was the American Executive Director, Pete Collado. It certainly is true that Collado, as U. S. Executive Director, felt that the Executive Directors should play an intimate part in running the Bank and that the U. S. Executive Director, the one who voted some 25 percent of the shares, was especially to be brought into matters in the Bank and that his views on issues should prevail. Well, Meyer couldn’t stomach this, so he resigned. I might say this was all at a time before the Bank had made a loan, before the Bank had raised a dollar, and was all very much in the beginnings. Policies and relationships were just being evolved.

McCloy had learned ahead of time about this difficulty with the Board, and he was not about to buy into a situation where this was going to continue. It so happened that Harold Smith, who had been the Vice President, had died shortly after Meyer’s resignation, so the Bank had no Vice President, which of course made it all the easier for the Executive Directors to get into the act of running the place. Mr. Collado considered himself the senior Executive Director and wanted the Directors to consider him the de facto acting head of the Bank.

According to Black, telling me about it, McCloy said he would come only if he could name his own Vice President and his own Director of Administration, a position that was vacant at that point (perhaps it was a new position which had never been filled) and if whoever was to be the U. S. Executive Director was acceptable to him. In fact, a team of four came in: McCloy, Garner, Black, and Chauncey Parker, as Director of Administration. Actually the team was five, because Chester McLain, who was the original General Counsel of the Bank and was still in that job when Mr. Meyer resigned, was an intimate friend of McCloy and, indeed, as General Counsel, had played an important part in developing the policies of the Bank as they were up to that point. He continued to play a very powerful role in the Bank along with the other four until Mr. McCloy left to go as U. S. High Commissioner to Germany and took McLain and Parker with him.

To get back to what you asked me: What control did the President have over the U. S. Executive Director? Gene Black certainly told me, on more than one occasion, that McCloy had set the stipulation that the U. S. Executive Directors should be acceptable to him — this, of course, was to get out of the problems which had been created by Collado’s attempts to throw his considerable weight around. Certainly Collado was not acceptable to McCloy, so he left and Black was brought in; and Black, in talking with me, felt that this prerogative continued with him when he became President as it had with McCloy. I don’t in fact know whether he was in any way formally or informally consulted about the U. S. Executive Directors during his time, but it certainly is true that most of those who served in that capacity were congenial to Black. There was never that I can remember a serious problem of disagreement or confrontation with a U. S. Executive Director. On the contrary, it was Black’s habit to work very closely with the U. S.
Executive Director in all matters, and Black almost invariably had strong United States support for everything he did in the Bank.

Well, that general support of the Bank by the U.S. government, by U.S. administrations, was, perhaps, changing. My impression is that, by the time Woods came in, he had no control over who was the U.S. Executive Director; and it was also my impression that the close relationship, the close and congenial relationship, between the President of the Bank and the U.S. administration began to be less that way during Woods' time. Possibly this was more due to evolutionary change in U.S. administrations, perception of the role of the Bank and their attitude toward it than to anything personal about George Woods.

OLIVER: Do you recall any occasions when there were confrontations of sorts between the President and any of his Executive Directors in actual sessions?

LEJEUNE: No. I think one has to take account here of the fact that during most of this period I was Director of Administration, and, although I was entitled to go to Board meetings, much of the discussion in the Board meetings was on operational matters which were not my concern; and as I had lots to do I did not always go. So I am not a good witness on this subject during much of these three years.

I do distinctly remember that on some occasions, when I was at Board meetings, it was noticeable to me that the tension between the President and the Board was considerably greater under Woods than it had been under Black. I remember one occasion, although I cannot recall what the subject matter was except that it was a Woods' proposal, there was sufficient disagreement between the members of the Board and George Woods that quite suddenly in the discussion, unexpectedly and with a certain acerbity, Woods said, "Well, I'll withdraw the proposal," and took it off the agenda, which struck me as most unusual. I didn't remember ever having seen a President do things that way before, both in the act of taking it off the agenda and the tone with which he did it.

OLIVER: I take it that in Mr. Black's day it was not uncommon for Mr. Black to meet socially with Executive Directors in such a way so that any potential difficulties might be ironed out in advance. Is that a fair characterization of that period?

LEJEUNE: I think that is true, though not just to meet socially. Of course Presidents of the Bank meet socially with Executive Directors fairly regularly. Black's way of ensuring that things would go smoothly in the Board was to consult very widely ahead of time, individually or in small groups, those directors relevant to the success of the passage of whatever it was that Black had in mind. Before matters ever got discussed in the Board as a whole, Black knew very well where he stood with the various directors and from what quarters he could expect support and from what quarters he could expect trouble. All presidents do this. There was nothing new about it, but Black did it to a remarkable degree and with remarkable success. He had a way of charming the Executive Directors so that
there was seldom any tension in the Board about anything. Actually it was very relaxed. People could crack jokes and get away with it fairly regularly in Black's chairmanship.

It wasn't quite the same with Woods. He was all business, and, while I don't doubt that he consulted Executive Directors, this still didn't prevent his running into trouble in his Board from time to time. It's the evolution of relationships. I would have said that in Woods' day, it became apparent that the Board was testing out its power via the President, and that it was seeking a greater role.

This was something for which Woods', successor, Bob McNamara, had prepared himself when he came aboard, both in terms of ensuring that he was extremely well prepared and in his style. Of course McNamara was very well prepared for everything, always. He was invariably well prepared for Board meetings. He was also extremely solicitous of the views of all the members of the Board, most of the time, as I recall, soliciting their views in the Board meetings themselves. He didn't much use the system of dealing with the Executive Directors outside the Board in order to arrive at some consensus before the Board meeting actually took place.

McNamara recognized that there were political divisions in the Board. He worked with it to overcome them, but in the Board meetings themselves. I think that Woods was heir to a situation in which relationships were changing, that it moved from the cozy atmosphere that prevailed under Black, but had not yet got to the more formal relationship which prevailed under McNamara. Woods was perhaps caught in the middle of this.

OLIVER: If my memory serves me correctly — it has been a long time, but in 1961 I'm almost certain Morton Mendels told me that there had never been a single dissenting vote in the Executive Board from whatever was the recommendation of the President. Whether that's true or not, there surely must have begun to have been dissenting votes from time to time in the Woods' years, and there surely must be dissenting votes from time to time now.

LEJEUNE: Oh yes. I think that's certainly true. The clubby atmosphere has changed. There are all sorts of reasons that have already been mentioned: the advent of IDA was an important element in changing this, because it meant that the Bank and its management became the object of criticism by legislative bodies from whom the IDA funds had to be sought as distinct from the Bank's merely having to get permission of authorities to raise money in a member's markets. This wasn't the only reason. The Bank was getting bigger, and the size of the program was larger in relation to the aid programs of the donor countries themselves to the point where the United States Administration in recent times has even been afraid the Bank was too big. Well nobody ever thought that would happen — certainly not in Woods' time, but he came in at one stage in this evolution; he was at the stage in which the Board and the President were beginning to have some trials of strength.

OLIVER: Did Mr. Woods perhaps expect that the Board members would themselves carry the ball in arranging IDA Replenishments from the
countriea they repreaented only to discover that they looked at it rather the other way around in that it is the job of the administration of the Bank to try to arrange for the IDA Replenishment financing?

LEJEUNE: I can' answer that question.

OLIVER: Is there anything to add to what you have already implied about the personalitiea of Woods, Black and, perhaps, McNamara? I have the impression that Woods, as you say, was more businesslike, perhaps not quite as outgoing as Presidents on either side of him.

LEJEUNE: One has to gauge and look upon this in the context of a fairly rapidly increasingly staff in the Bank, so that in Black's day you can justifiably say that he knew personally almost everybody in the Bank. That was becoming difficult under Woods and became impossible under McNamara. Woods was a man who was not only self-made, but had personally created a large and important financial institution in New York, and so he was pretty secure in his assumption that he knew how to administer a growing institution and a fairly large one. He was not well versed in dealing with governments and the other bureaucracies, and so he had to depend to a degree on subordinates in these matters. The same, of course, was true of Black, but somehow he seemed to charm his way through these problems in a way which Woods wasn't able to do quite as well.

Woods', personal style, as you said, was pretty well all business. He liked to deal immediately and quickly with problems that came up. He didn't care to have you take too long. His intuition was very good. Coming out of the business world and not having an academic background, he was sometimes a little skeptical of what the more academically oriented people in the Bank were up to, although, as we have already said he was quite definitely interested in making the Bank an important center of economic study about problems in the developing world. But he didn't himself take to it naturally, and so he sometimes could be skeptical, even rough, with the people who didn't come out of the business-like atmosphere to which he was accustomed. They might be off doing things which were tangential to the main work of the Bank. In Woods', mind, they were wasting their time and the Bank's money.

He would come down hard on that kind of thing. Sometimes he personalized it and came down hard on individuals and would remove them from their jobs, demote them. On one occasion, he went through this process with somebody and called me as Director of Administration in charge both of personnel matters and household matters to make sure that this man was demoted and got put in a particularly small office. He could do that kind of thing once in a while.

OLIVER: Any specific instances of that that you recall and care to reveal?

LEJEUNE: I'm mentioning this particular instance and it did happen, but wouldn't care to say who it was. I wouldn't have said he was vindictive, but it was certainly a very strong solution to whatever it was he was trying to do; and the result was that, while he was usually very friendly with the staff, the staff were in fact a little scared of him because these stories got around. He could be abrupt. He could be unduly abrasive.
I can quote another example that I hope you won't take out of context. The President's Council, on one occasion when I was meeting with them, were waiting in the ante-room outside his office. Woods was on the telephone. There came a point when we had been waiting quite a while, and someone from the group turned to Woods', secretary and said, "Well, what do you think? Even though he is on the phone, should we go in or not?" She said, "Yes go in." So we all went in and started to sit down at the conference table at the opposite end of his large office from his desk. Woods slapped his hand over the telephone's mouth piece and told us all to "get out!" when he wanted us in, he'd ask us in. On the other hand, when he had finished the telephone call, we went back in and he was as friendly as he could be. But it was not something one would have expected Black to do, and it's certainly not something McMamara would have done. It was just a different style, no doubt a style that people were totally accustomed to in the rough and tumble of Wall Street, but some of the people in the Bank were surprised.

OLIVER: I understand that. I have been told that when you were Director of Administration, you presided over decisions about two new Bank buildings. I heard the story that on at least one occasion there was some discussion about the of material that might be used. Do you recall this story and Mr. Woods insistence upon whatever turned out to be the decision as to material that might be used?

LEJEUNE: Well, it's certainly true that in my time we started to put up a new building which is now called the D building, and, therefore, I went through the whole process of acquiring the land, of hiring the architects, approving the plans and deciding on the materials and what have you; and Woods took quite an interest in all this. I don't remember anything particular about the materials, except that the architects recommended the building be dressed with travertine, and we agreed to it; and somebody on Capitol Hill heard of this and thought that most of the travertine would be supplied from Italy, which is one of the principal sources of travertine. Word got out that this was indeed to be the source, and pressure was brought to get the travertine not from Italy, but from Texas. I can't remember who raised this question. There was the fact that Mr. Johnson, who was from Texas, was President; but Woods, on the advice of the architects, came to the conclusion that travertine in Italy was not only better, but cheaper. So we went ahead and got it from Italy. I'm not sure if that is what you are referring to.

OLIVER: It might very well have been.

LEJEUNE: Woods also was very interested in some of the practical details of this building and overrode the decisions by the architects and by the rest of us on certain matters including how much space should be allotted to a cafeteria and how much to an executive dining room and things of that kind. He also, interestingly enough, did not support his original idea, which was that this would be a working building only and that the principal offices, including the offices of the Executive Directors, should continue to be in the A building. It so happened that subsequently, when the Executive Directors saw the
building going up, they decided that they would like to be in it. So Woods reversed himself and plans were redrawn to accommodate the Executive Board and much more money was spent. But any chief executive can and will do things of this kind.

OLIVER: Are there any anecdotes from your own experiences that you would care to relate, significant achievements that you would like to have made part of this record?

LEJEUNE: Well, Woods was extremely interested in developing the staff. Today it's commonplace to talk about staff development. There was no such conscious program, or very little, when Woods came aboard, and he set out to change that. One of the things that he was interested in was training. So he instructed that a task force be put together to study what should be done about training in the Bank, and I happened to be chosen to be chairman of that task force. I was deputy director of one of the operational departments at the time. I and four or five other members of the staff spent several months working on this and came up with a report. Woods was very taken with it. In fact, he later said it was one of the best things he had seen come out of the Bank during the time when he was there.

This, I think, showed that he not only cared about people, because many suggestions in this report had to do with how to improve the prospects of the people in the Bank, but he also cared about improving the way the Bank was run. There came out of that report a whole program -- now called the Young Professional's Program -- for recruiting and developing professional talent. Also a program of language classes. It's not that languages were not taught before, but the whole thing was moved to a new level of importance. Various kinds of in-house training beyond these two examples were recommended and suggested: policies for rotating people from one department to another, for example. All these matters had recommendations made on them, and Woods saw that they were instituted subsequently. He gave over at least two or three meetings of the senior staff to discuss how the recommendations of this report should be instituted. Well, that's one example.

Another example (it seems almost absurd to remember these things now), the Bank had no proper budgeting process when Woods came in. It was a very casual process. The Controller of the Bank, who was also responsible for the budget, would go around with one or two people of his staff and visit the directors. He would spend a half an hour once a year with each of them saying, "Well now, what do you need for next year?" And that would be the basis for completing the budget. Well, I felt in my responsibilities, as Director of Administration, that this was inadequate, so I recommended to Woods that we create a budget unit, or a budget department, in the Bank with a more modern approach to this kind of thing. Well, this struck him as a good idea, and so it was done. So that was progress in a new era of administration. It didn't get off to much of a start, however, until McNamara came aboard, and then it really went.

Another thing -- again, it seems almost absurd -- the Bank didn't even have a computer in those days; it hired time on other people's
computers, but it had nothing of its own. In fact the installation of a computer even for the financial and accounting work of the Bank was resisted. The Treasurer felt he was adequately served by the card punch systems which were in use. I had a number of discussions on this with Woods, and I prevailed upon him to change, and so we set in motion the process of assessing the Bank’s needs. Consultants were brought in and eventually we ordered the necessary equipment that brought the Bank into the computer era which had already started everywhere else, but the Bank somehow hadn’t kept up with it.

Again, I quote this as an example. Just as Woods fostered the idea of economic work in the Bank, he was ready to take on new ideas on how to administer the Bank’s work, and to facilitate things, to expand the Bank’s capacity for doing a good job.

OLIVER: Did the magazine Bank Notes get started at about this time? Was a staff organization also beginning at about this time?

LEJEUNE: There was a staff association beginning, I think, at this time. The Bank had been unhappy about the idea of having a staff association in earlier times. Certainly by the time Bob McNamara came on, there was one so it must have happened during Woods’ time. There were difficulties with the staff, but not so much with the staff as a whole as with some of the professional staff during Woods’ time. One of the principal problems was over the question of travel. The Bank had started with a policy that all the professional staff traveled first class.

OLIVER: Regardless of the destination?

LEJEUNE: Yes. Well, certainly more senior levels all travelled first class. Woods set about to change that, and, under his instructions, we were obliged to think up something new. Now, I might say, I’m not quite sure what was the cause of this, whether it was just Woods’ idea that we were extravagant with travel funds, or whether the IDA Replenishment questions gave rise to doubts about the tightness with which the Bank kept its belt. At any rate, we had to put into effect new travel regulations. These were extremely unpopular with the staff and led to one very, very unhappy meeting Woods had with the whole of the professional staff in the Technical Operations Department, who were the ones who were doing most of the travelling. It was rough. Nevertheless, he stuck to his guns and arrangements were installed. Of course when McNamara came aboard, he made them more far-reaching and while Woods allowed people to travel first class when going a great distance, this was eliminated under McNamara and only restored at a later date.

I think one has to remember in all these things that the pressures on Woods were different from the pressures that had been on his predecessors; the difficulties of raising money for the Bank and for IDA were in his time. The scrutiny given to the interior workings of the Bank and for the Bank was much closer by the principal share-holders. There was even antagonism on Capitol Hill to what the Bank was doing. The relationships with the Treasury were not of the best. These no doubt contributed to some of the feelings of tension which may have obscured in the minds of the staff at the time some of the many good things
which were instituted by Woods and which in later times have been recognized. So that today there is a much greater feeling for the accomplishments of Woods than there may have been while he was in the office.

OLIVER: Well, that's a very good note on which to end our conversation unless you feel there is some question I haven't asked you that I should have asked.

LEJEUNE: No. There are all sorts of things. I haven't discussed all the problems of doing business in the Middle East. Woods was most interested in all that, but that's a different line of discussion.

OLIVER: Let us close today's discussion with my extending to you much gratitude for your thoughtfulness in being here today. Thank you.