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Transcript of interview with

DONALD FOWLER

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Interview by: John Lewis, Richard Webb, Devesh Kapur
FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank’s fiftieth anniversary history: John P. Lewis, Richard Webb and Devesh Kapur, *The World Bank: Its First Half Century*, Washington, DC: Brookings Institution Press, 1997. It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.
FOWLER: There were about 30-40 people in the Bank, I guess, when I came in '46.

LEWIS: And you came in working on the administrative side?

FOWLER: Yeah, I came in as a kind of a--initially as a kind of an assistant to Vice President [Harold D.] Smith, who was the first vice president of the Bank, but he was here only a very short time. You know, he had been previously, you probably know about him.

LEWIS: Oh, Harold. Sure! The famous budget director who wasn't quite such a glorious success here as he was at the Budget Bureau, was he?

FOWLER: Well, he didn't have a chance!

LEWIS: Didn’t have a chance [both speaking at once]

FOWLER: Hell, no. Anybody that makes a judgment on that would have to know all the circumstances.

LEWIS: No, I went to a sort of public administration school, the Littauer school at Harvard, and he--Smith was there.

FOWLER: Well, it was, as you know, pretty chaotic in the first go. [Eugene] Meyer was here for a very short time and probably was doing a number of other things simultaneously in his own business. But--and Smith was sort of left when Meyer resigned for a period in which the Board [of Executive Directors] tried to assume command under a man who later became the financial vice president of . .

LEWIS: Exxon.

FOWLER: No, not Exxon. Standard Oil of New York, which was . .

LEWIS: Oh, Mobil, was it?

FOWLER: Mobil, right. [Emilio G.] Collado. And so there was a pretty hectic period then. In fact, I was with Smith for lunch the day before he died.

LEWIS: Was it a heart attack?

FOWLER: It was a heart attack, yeah. He was very exercised about what was going on. He went out and rode his horse until it practically killed the horse. He was throwing hay
over to the horse—he had a little farm just outside Washington—he was throwing hay to the horse and bang, he had a massive cardiac.

KAPUR: He was still the vice president?

FOWLER: Oh, yeah. He was vice president at that time. So we had neither a president nor a vice president for that short hiatus until [John J.] McCloy came.

LEWIS: I had a classmate, a college classmate from Union College, who must have come about that time, Jim [James E., Jr.] Twining.

FOWLER: Yeah, he was my deputy.

LEWIS: Was he?

FOWLER: Yeah. He and I were both Syracuse people.

LEWIS: I see.

FOWLER: Public administration school. However, I didn't hire him. It wasn't I who practiced “amicism” in that case. It was someone else who appointed him, and then I soon came in as director of personnel after that.

But my first job was sort of an assistant to Smith, and I worked with a guy by the name of Guy Moffitt, who had been in the Civil Service Commission, and what we—and we were working with Dave [Davidson] Summers, the three of us, on the first administrative rules and regulations for the Bank. So it was a rather interesting period in which we were trying to set up a salary schedule and salary policy and various other things for the Bank. And I had done similar work in the TVA [U.S. Tennessee Valley Authority] before that, and so that's one of the reasons why they hired me to work on it.

LEWIS: Right, right. Did you come to the Bank, or did they come looking for you?

FOWLER: No, I was in the organization concerned with displaced persons in Europe and China after World War II. I just got out of the Army in February of ‘46, and then I came to Washington and worked for [Fiorello H.] LaGuardia in the organization for displaced persons . .

LEWIS: UNRRA [United Nations Relief and Rehabilitation Administration]?

FOWLER: UNRRA, for a few months before I came to the Bank. And they called me—Smith called me and asked me to come over and talk to him about salary policy. I didn't know they were looking at me from the point of view of employment, but soon I got an offer of employment from the Bank, and that's the way it happened. I didn't apply for a job at the Bank.
LEWIS: What can you tell us about the culture of the Bank at that time? We hear that some people say it was dominated by the lawyers; we hear some people say that there was--of course, it was a small organization, as you say, so it had to be--people had to know one another; but you get some sense of a quite cordial, informal organization that was dominated partly by bankers, partly by the lawyers, the economists not yet very salient.

FOWLER: Well, I wouldn't say, (a), that it was dominated by any particular group. Quite the contrary. As you say, it was a pretty [small and] informal arrangement, particularly before McCloy came. Before that time, it was largely a matter of trying to get organized, and there was no one big enough or established enough to be dominant, particularly. It was a question of people kind of feeling one another out and finding out what they were made of. After all, it was an international organization. There were people from of several nationalities, but dominated pretty much by Americans because it was important to get people quickly. Other people had just returned home from the war and were not anxious to leave again right away quick and leave their families. So even to get a Britisher was difficult, immediately.

And so up until the time McCloy came there was a kind of a maelstrom. I wouldn't say anyone really dominated except possibly Collado, who tried to but didn’t succeed. So it was kind of a question of relationship between the Board and the executive. And I think that started right back when [Eugene] Meyer came in. The question was who's going to make all the decisions administratively in the Bank. And it wasn't until McCloy came that was a pretty clear-cut proposition that “This is my territory and this is your territory,” that that thing was kind of--the dust was settled and it began to move forward.

So I would say there may have been a dominant personality or two, but I wouldn’t say--in the Legal Department--and when we were working out administrative policies we certainly worked closely with the lawyers, but they were what I would call implementers, helping us to implement without getting into legal difficulties. As the lawyers used always to say in the Bank, “Come to me before you're in difficulty. We don't want to get a problem out of the blue.” And most of us did, I think. But usually the advice and assistance was convivial and a matter of general agreement. None of them were people who forced themselves.

One of the main persons in the legal field on most administrative matters was a man by the name of Elsworth Clark. Elsworth was a “Down Easterner,” who graduated from Bowdoin and Harvard Law School, who was what I would call an academic lawyer. He was very, very self-effacing, but very, very knowledgeable and very, very helpful on various things. I worked with him closely over a period of ten years, I suppose.

LEWIS: Let me ask you another kind of vague question, although it figures fairly heavily in what we’ve tentatively—or I’ve tentatively--been writing a bit, and that's sort of the tension between policy (as a touchstone for the Bank) and projects. The interpretation would go that partly because of its Articles of Agreement mandate the Bank was supposed to be a sort of project-focused organization, and it evolved rather
quickly a culture that was very project oriented, involved technocrats sort of, engineers, you know, agronomists, whatever, and you had the kind of project cycle rhythm in the Bank that Warren Baum has written about and talked about. And they also, the project folks, had sort of veto power over operations. They would--at least, that's been my impression--that you couldn't get a loan made or moved until it got sort of vetted by the—Baum writes this someplace, and he’s also said it to us, I think, in an interview. And it seemed to me that there is a kind of tension built up between this project rhythm and dominance and people working--I suppose primarily in the area parts of the organization, on countries, regions--who were very project-minded, concerned about country policy.

FOWLER: Well, first I would say Baum came to the Bank in about the middle ‘50s, so policies were pretty well established by the time he got here, and we had been through some real organizational battles before--before that.

I suppose the first battle we had was between—what was the question of the position of the economist in the question of country studies, country economic studies, what we called “creditworthiness studies,” long before there was a real battle between the technocrats and the loan operations officers. But by that time--in the early days that was the first battle.

LEWIS: And that was a battle between, you said, the . . .

FOWLER: We had an economics staff headed by Leonard Rist, a Frenchman, and we had a loan staff headed by, well, first a Canadian and then a Britisher, which were separate. And one required the input of the other before they brought a loan to the Board for approval. And there were questions about how we should organize for the economic work. And there must be lots of stuff in the files about that back—because by that time I was head of what we called the Organization and Planning Department, and the purpose of that was to do the organizational studies and to try to get us organized and to go ahead further with the administrative policies of the Bank. It was a small division. I headed that office for about three or four years.

So I was in on all of these struggles, so to speak. And we had lots of common meetings. We would all get together, maybe at a hotel or someplace, and we would try to battle out this question of when should an economic report be initiated, when should it be completed, how should it be done and so forth. And we had lectures to the whole staff on it by the people concerned.

Then later on, probably a year or two later, before we really—and a lot of the technical staff was initially in the economic department because we had a, first, a macroeconomic group and a microeconomic group.

LEWIS: Baum came in as an economist?
FOWLER: He came in as an economist. I remember talking to him as the personnel director at the time. I had a hard time getting Warren.

Anyway, then we had the economic people who were basically commodity people and various other more microeconomic side, and it was in that area that the technical department had its inception. We didn't have a separate technical department initially, but we had an economic department of two parts, one macro, one micro. Then we realized that that was becoming impossible, although we had a few engineer-economists in that area initially. We found it was necessary to develop a lot more technical skill than we had already had.

And it took a long time to evolve. By the time we put the engineers, the financial analysts, the commodity economists, and so forth, all together as a group to make a technical study of a project before the loan officers would agree, would finally put the material together. So the loan officers were really three-way coordinators.

LEWIS: There he is. Hi, Richard. [pause for Richard Webb to arrive]

FOWLER: I remember when you first started. I gave you a little note on my ideas of some of the things I thought ought to be developed, and one of them was project loans and the problem of the evolution of the project concept . .

LEWIS: Right.

FOWLER: . . to what has become less and less project and now, I gather, there’s sort of a reversal.

LEWIS: It looks like it.

FOWLER: And it's about time! That's my own view.

LEWIS: This was going on, then, in the ‘50s, this development of the projects?

FOWLER: Oh, yeah. Right. And it wasn't until we finally set up a project department with an ex-Army engineer in charge, Lt. General [Raymond A.] Wheeler. General Wheeler was a great raconteur and a great personality, and that was his forte, I would say. He once said that--we called him “Speck”--and he said he got that name because he was the top student at West Point; and he said, “They all said that I learned everything on a page including the flyspecks,” which made him “Speck.” [Laughter] So it was Speck Wheeler. But then he came in, and we transferred people from the economic department, we hired additional engineers, and we created a technical department, which gradually developed. And naturally, as it got bigger and bigger, it assumed more and more authority.

LEWIS: You did that about when?
FOWLER: Well, I would say that by 1955 it was pretty well developed because I remember going all over Europe to get technical people as early as 1951 or '2, to start that department. And somewhere in my files I have a number of memos written by people suggesting the establishment of a technical department.

What happened was that it went gradually. As they became more technically competent in analyzing projects, why, they became more and more a source of need before you could get a project approved.

But we had the Loan Committee, and the Loan Committee was headed by other than a technical person. It was headed by, let’s say, Burke Knapp when he was a vice president, but that was quite a bit later.

LEWIS: Who was it before Knapp?

FOWLER: Well, it was [Robert L.] Garner, primarily.

KAPUR: I'm curious. You said that in the beginning there was a macroeconomic group.

FOWLER: Oh, yeah.

KAPUR: Who headed that?

FOWLER: Mr. Rist, R-I-S-T, he was a Frenchman.

LEWIS: Paul Rosenstein-Rodan was there working for a while, wasn't he?

FOWLER: But he was primarily--yes, he was, but he was a kind of a maverick, always—practically all his life he was a maverick. I remember sitting in on him, too, when he first came to the Bank for a job. Anyway, he came in primarily as a commodity expert, and some of his first studies were on coffee and rubber and various things like that. Later on he became a kind of a philosophical economist on the subject of economic development. I mean what are the ingredients of a proper policy for a country to do for economic development. And he may or may not have been right, but at least he had ingenuity and imagination about such things and did write on the subject.

LEWIS: Was part of the controversy about economics, you say, about these big country studies that were done early on?

FOWLER: Yeah. First, it was done, you see, in the economic department, and the economic department was asserting itself with respect to whether or not a country was viable for a loan on general economic grounds. And I remember a whole session we had with all of the professional staff—we used to hold meetings down here in the old Interior Department building because we didn't have anything big enough—at which Rist gave a dissertation on what are the essential elements of a creditworthiness study. And I’ve still got a copy of that. I think, somewhere, but they ought to be around here, too. So the
economists were trying to establish what was necessary, and I think they did a hell of a good job. In fact, I think we had--by the time we really got going—we’d had every organization in the world coming after our economic studies, particularly banks in other countries, merchant banks, with the idea that they wanted the studies before they either went in with us on a loan or went separately on loans to underdeveloped countries.

Later on, I think, as I mentioned in this little article I gave you, I think our economic studies were under-rated in our own operations, to the extent that foreign banks or other banks decided that if we were making a loan, we must have done it right and they didn’t have to look at the economic study. But that was when we got to the point where we were making the kind of loan that wasn’t dependent upon a project and when other factors got into it than actual creditworthiness, in my judgment.

KAPUR: Would you amplify that?

FOWLER: Well, I felt that when we started making—like we’re only supposed to be loans made in extreme emergency or unusual conditions, as almost a regular matter, that the requirement of creditworthiness studies became less and less necessary. And we made—we allowed longer and longer periods to elapse between studies. In other words, a lot of loans may be made, and there hadn't been a study in three or four years.

LEWIS: When did you have that perception? Was this something in the ’60s or . . .

FOWLER: Yeah.

KAPUR: [inaudible] to do with it? [all speaking at once]

FOWLER: Almost the end of the ’60s. I’d say the end of the ’60s. I think it was not until--when did [Robert S.] McNamara come in, ’69?

LEWIS: ’68.

FOWLER: ’68. It was after that.

LEWIS: After that then.

FOWLER: Right. We didn't do that before. See, McNamara was—this kinds of gets not a very concerted approach, but McNamara's first concern was the fact that the cycle, as you mentioned, the loan cycle, didn't come off in a regularized manner. We didn't make five loans a month for all 12 months. We were frequently getting pushed to make the loans in May and June, and he didn't like that situation. I don't blame him. But--so a lot of changes were made in order to try to overcome the pile up, so to speak, in the loan cycle, and therefore various approaches were tried and these among them—there were other economic considerations because, as you know, that was about the time of the oil problem and so forth, too, so a hell of a lot of things happened at the same time.

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LEWIS: You were the first personnel officer to work here?

FOWLER: 1951 to 1964.

LEWIS: Wow. What were the kind of main issues of personnel management, as you think of it, through that long stretch?

FOWLER: Well, there’s a lot that’s in here, I think. And I think you’ll find, in that early period, that covers almost all of that.

Well, of course, the first problem was to get qualified people to work for the Bank. I suppose--I remember early in the game we got in a guy just to sit downstairs and interview people or to take their applications when they came in. And we must have gotten thousands of them. And we particularly got ‘em from commercial bankers, most of whom we thought were not for us. Commercial banking was not the kind of background that suited our needs to do investment banking, so to speak. And there weren’t many investment bankers around! They were few and far between. The heads of the agencies did their own investment banking. If you went to Dillon, Read or you went to Morgan Stanley, you found that was the case: they didn’t have big staffs, either.

And, of course, when we—so you had to relate that, also, to the attempt to get some geographical distribution or a national distribution. And if you went to Germany, you found you could find a lot of micro economists, but you couldn’t find a single one where they had a university that was into macroeconomics. And so we had to look elsewhere for people that we wanted. That was true in France, too, for the most part. We got a few from England, but not many because even Oxford and Cambridge weren’t putting out that kind of person at that time, in spite the fact that that’s [John Maynard] Keynes’ area, too. And so our big problem initially was to get qualified people, and we therefore were--leaned over backwards in many ways to try to find other nationals, but we were heavily U.S. and U.K.

WEBB: Did the Marshall Plan [inaudible] veterans a big source?

FOWLER: Well, the Marshall Plan, see, came into effect after we’d got—after we’d made our first few loans. I think we made four or five loans to Europe, and then the Marshall Plan came in. So when we were trying initially to recruit and get people, the Marshall Plan hadn’t even gotten started, and it took it a long time to get going, too. Eventually we used to get some people from OECD [Organization for Economic Cooperation and Development] and other places, but that was a long time along the line.

I started a system--as you may know, there was an International Institute of Education, I think that was what it was called--which kept track of all foreign students coming to America to study, and so I got listings from them of all the graduate students in certain fields like economics and finance and so forth. I gave them the countries I wanted; I gave them the schools I wanted to get them from in the United States; and they did a printout for me. And then I took what looked like the ones that I wanted, and I went back to the
schools and found out what kind of students they were and found out whether they had gone back home, because we wanted to get them from their own countries. Then I went back to our—we had a kind of a—I had developed a sort of contact point in each country in Europe—and I went back to them and I asked them to try to find these people and to interview ‘em and then to give me the best of ‘em. And then I’d go over and see those, and we got people that way from all the foreign countries.

LEWIS: You said from Europe. Did you do that at all in Latin America?

FOWLER: No, we didn't get around to doing that in Latin America. There were very few Latin American students in America at that time, very few. We tried on a few countries, but there were very few. I think we got one or two from Chile and from Brazil.

LEWIS: When did you start getting Indian staff?

FOWLER: Not until the middle of 1950s or the end of 1950, and then very, very few—very few. I found a few, interestingly enough, because I knew about the Damodar Valley Authority, which was patterned after the Tennessee Valley Authority, and I got in touch with them, and I think we got a couple of people out of their organization, which turned out pretty well. Then gradually we got people who had come to the United States for training or to Oxford and Cambridge. Later on I did the same thing with Oxford and Cambridge and the London School of Economics.

LEWIS: Were you looking, by the way, in the case of Europe, were you looking at current civil servants, people who were working for their national governments at this point?

FOWLER: Well, yeah, we let them know what kind of people we were looking for, our contacts. And we were—our contacts were all in government; they were either ministry of finance or the chancellor of the exchequer's office or whatever in every country. Well, in some cases we went to private banks, like in Sweden the Wallenberg Bank helped us considerably. In Norway it was the ex-prime minister and head of the central bank. It depended on where we could find the kind of guy that we thought could help us. But we had all kinds of people.

KAPUR: Did you not ever seem--to what extent did you have to deal with the governments of the countries [both speaking at once] in the sense of their clearing . . .

FOWLER: We didn't go to them for clearance at all. We went to them to help us to find people, find candidates, or to help us screen candidates. But we didn't say to them, “Do you recommend this person?” or “We would like to have this person. Can we have him?” We didn't do that. And we didn't have any problems. We didn't have any problems. I found through my period up to 1964 I don't think we made a single appointment because an executive director or anyone else suggested we make it. I don't think Black or any of the presidents ever said, “You've got to hire this guy.” Rarely did that ever happen.
WEBB: And were nationals of other countries, in those years, ever here, as it were, under secondment, or were there relationships that they expected to go back to?

FOWLER: We had practically none on secondment. The Fund had lots of them. In fact, we decided that we weren't big enough — this was in 1946, '47, '48 — we decided we weren't big enough alone initially to establish a funded pension plan, but we created a committee of the Bank and Fund together to do it, and I was on that committee. And a man by the name of Ahmed Zaki Saad, one of the very strong directors in the Fund from Egypt (in the early days of the Fund, if he didn't run the Fund, then I am surprised), but anyway, he was the chairman of this committee. The Fund's head of administration wrote an article indicating that all people would tend to come on secondment from three or five years and then go back to their organizations in their home countries and that therefore we didn't need a pension plan but we needed a provident fund or something where they could save the money that they would otherwise put into a plan to buy into a plan at home again when they went back. I wrote one based on my investigation of what had happened with the League of Nations and what had happened in some of the older international specialized agencies and found that people didn't do that. They didn't do that. They came in and they stayed, and they didn't — they wanted a career service. And gradually we came to the conclusion that that's what we wanted.

And then I had worked with a guy by the name of Buck [phonetic] who was a consulting actuary in New York when I was in TVA. We got him to give us a plan very much like it is today, and so we put it into effect. And I think there's no one you could meet at the Bank who isn't happy about that at this point or anywhere along the line. But that was the system.

Does that answer your question?

LEWIS: The question about clearing with governments reminds of one thing we did want to ask you was about the U.S.

FOWLER: Yeah, that's the thing I made notes on.

LEWIS: Oh, okay.

FOWLER: Because that's a rather long story, and I don't know how much of it you want.

LEWIS: Well, I think we'd like to know the whole story and then we see how we deal with it.

FOWLER: Well, I suppose the New York Times would be the best place to go for the beginning. I didn't go back to it now, but I know that's where it began because it began with a half a dozen people in the United Nations who were accused of being disloyal to the United States and practicing espionage and so forth. They were U.S. members of the

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United Nations staff. And in November of 1952 Senator Alexander Wiley wrote a letter to Warren Austin, who was then our UN representative in the United Nations, saying that the UN had to remove American nationals from the UN Secretariat from the standpoint of their U.S. requirement and that the U.S. would help in providing information for that purpose. And his letter or whatever it was--memorandum--to the Secretary General indicated that what would apply to the United Nations would apply to the specialized agencies. So the Secretary General quickly sent Mr. Black a note [both speaking at once]

LEWIS: Wiley had some official . . .

FOWLER: He may have been on the [Patrick A.] McCarran Committee [U.S. Senate Committee on Internal Security]. I'm not sure.

LEWIS: He's from Wisconsin?

FOWLER: I think so.

But anyway the initial letter that we knew anything about came to the United Nations, and the United Nations sent a copy of it to Black, so there must be one somewhere in the files. Then--that was, as I say, in November. So that was the first word we had.

KAPUR: Of ‘52.

FOWLER: In ‘52. That was the first word we had about it. And as I've indicated, I was personnel director at that time, and Dave Summers was the assistant general counsel, and Bill [William F.] Howell was the director of administration, and Lester Nurick was one of the lawyers within the department. And the four of us were primarily in on this then for--it took a hell of a lot of our time over a long period.

Then--so we got information on it the next day, practically, from the United Nations. Somebody who was an assistant to the Secretary General, by name of Martin Hall, sent us a copy of the letter. So we decided that all the staff should know about this, and so we had a series of meetings in early December. I think they were around from the fourth and fifth or sixth of December, and in each of these Dave Summers spoke to the staff [both speaking at once] completely oral situation.

LEWIS: Americans on the staff?

FOWLER: Americans on the staff. And he said to them in general that there was no reason to believe that any of our people were going to be involved in this. We told them what the committee was. It was the—I think at that time it was the subcommittee of the Senate Judiciary Committee, which was known as the McCarran—not to be confused with [Joseph R.] McCarthy—the McCarran Committee. And it was known as the—let’s see, what was it called—the internal security committee.
We said that if anyone is called, however, they ought to notify us and let us know. And they ought to notify—well, we gave them the four names I've just given you: Howell, Fowler, Summers and Nurick. If they were going to be called, let one of us know. We also indicated to them at that time that while we had a section in our Articles of Agreement about immunity, it applied to the institution and not to the individual person in this sense and therefore they couldn't use the Articles of Agreement under which we operated as a basis for refusing to testify, if they were called to testify.

LEWIS: That was Dave's legal interpretation, was it? Or was it . . .

FOWLER: I can't tell you that. All I can tell you is that's what we told the staff. That's what we told the staff.

LEWIS: Was Black in on this, too?

FOWLER: Up to this point I'm not sure. I know that he, if he did anything, he said, “I've received your letter of such date,” period, to the UN. And that was the kind of letter we wrote more or less from then on.

KAPUR: So was that contested?

FOWLER: I'm coming to that. I'll come to that. We also told them that we didn't think—well, we told them that the Secretary General and the International Monetary Fund heads had already decided that if somebody refused to testify, if they were requested to testify before any of these committees, that that would be grounds for dismissal from our organizations. It had been the grounds—what we said was it was the grounds that the United Nations had accepted and it was the grounds the Fund had accepted and that we would go along with that arrangement.

Now, we didn't do anything more at that time. We didn't do anything more. We didn't tell them what they should say or what we would do or anything else, and as far as I know we didn't necessarily go to the Board at that point. We merely let staff know that we had received this request and this was the situation.

LEWIS: Was Senator Wiley's letter public? Was it in the press?

FOWLER: I don't know.

LEWIS: You don't remember. We should check that.

FOWLER: I don't know that. There was somebody else who wrote a letter later from the State Department—it wouldn't have been the Secretary of State, so I'm not sure who it was.

LEWIS: One thing I'm puzzled about . . .
FOWLER: Basically the State Department and the other organizations tended to do it on a verbal basis. They would call [Andrew N.] Overby, the Executive Director, or our executive director, who might have been—I don't know who it was at that time—and say, “We would like to get the Bank to go along with this, this business of getting rid of people who are considered to be disloyal to the United States.” But there was nothing in writing to us directly.

LEWIS: I'm curious, as you talk, just to what extent non-Americans in the Bank aware of this going on?

FOWLER: I just don't know. I'm not sure. I do know that there were some other countries along the way that set up clearances, and I only remember one, and that was Egypt. I remember—it must have been around 1955—I tried to employ an Egyptian, and I was informed that there was a law in Egypt that provided that he had to get the authority of his government to make application to or to accept a position with us. It didn't say we had to do anything, but it said he had—that is, a citizen of Egypt—had to get such a clearance. So we never ever presented anything to Egypt for clearance, but this man went to Egypt—but not only that, he was a student in the United States; he was at Duke, I believe, doing graduate work in economics—and he had to go back to Egypt to get the approval of his government to take a job with us.

KAPUR: And he got that?

FOWLER: Yes, he did. And there was a sanction. If he ever went back to the country, having not gotten that approval, he was under indictment. So whether any other governments had anything like that, I don't know.

But I remember as late as 1976, when I was asked to comment on—and that's where I have kind of gotten this material—comment on my experience on this thing, we were still preparing information and questionnaires and fingerprinting for the United States for clearance. And the question was should we continue doing this. And I made the point then that if we did we should take up action in relationship to any government simultaneously which did make such requirements. Of course, I had been out of the field since 1964 and didn't know exactly what might have transpired. But I doubt that there were—if I had to guess, I would guess that we never ever went to any government for approval to hire somebody, even including the U.S. government.

KAPUR: I'm sorry. In ‘76 what was the occasion?

FOWLER: Well, there was some talk in the press and so forth about reducing the requirements for clearance within the U.S. government, even for government employees, and so the question came up, shouldn't we get out from under this too at the same time. I'll come to that later on.

But anyway, then on January 9 was when the executive order by President [Harry S] Truman came out. That's 10422, and it was amended several times. It was amended in

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'53 when Eisenhower came in and amended it several times. As far as I know, there was no significant change in that executive order after January 9, 1953.

LEWIS: That's at the very end of the Truman Administration.

FOWLER: Right. It was after [Dwight D.] Eisenhower had been elected, right. So that was really a tough period because there was a transition that was going on at the same time. You can feel it right now, can't you? I mean, what would you do as of right now? Who's in charge? And do I want to impose any limitations on my next administration, and so forth? So those things came up, I'm sure. But he did issue it, shortly before he ceased to be president.

WEBB: I'm sorry. And that executive order, was it . . .

FOWLER: January 9.

WEBB: What did it order?

FOWLER: Oh, it was the order which set up the procedures whereby the United Nations and the specialized agencies would obtain clearance of their U.S. citizen staff on their employment or those already employed. Okay?

LEWIS: So this was sort of an executive branch ratification, in a sense, of the Senate subcommittee's initiative.

FOWLER: I guess so. I don't know whether you'll remember--probably you do, but you're much younger than I--but the factor came up in the elections, during the election when Truman was reelected, you know, and there was something, “He’s soft on communists,” was, of course, the Republican harangue at that time.

LEWIS: You mean in ‘48?

FOWLER: No, in ‘52. That was after--Truman wasn't running, but still they were relating [all speaking at once] to the Democrats and their administration. So that was a factor.

LEWIS: I worked for a guy who, Leon Keyserling, who was overwhelmed with this kind of stuff . . .

[End Tape 1, Side A]
[Begin Tape 1, Side B]

FOWLER: . . well, then, of course, we had to do something. We had a number of sessions with people in the State Department, completely informal sessions, about what they wanted us to do. And, of course, they had gotten the United Nations to agree in a more formal manner as to what would happen, but we in the Bank were loathe to enter
into any formal agreement on all of this stuff. We didn't want to establish any precedents or of limiting our own area of independence under the Agreement to employ whom we wished to employ. And so we were concerned with our administrative independence and autonomy. And so we proceeded very, very carefully. I think I'd have to say that Summers was really very helpful in that. He was a very careful lawyer and he had the help of Nurick and others and very diplomatic in handling this. While I might have signed a lot of the acknowledgments--and that's about all we ever did!--we had considerable legal input into any decisions that we made on that.

But the Board had to get in on it. I think it was February 25, I have, although the Board had discussed it a few days earlier, but it may have been in executive session. I don't know. But on February 25 we went to the Board, Black went to the Board, and read a note to the Board saying that we would distribute the questionnaires which were given to us by the federal government to all U.S. staff members with a note that we were giving them this at the request of the U.S. government under Executive Order 10422 and which had asked the Bank to distribute them, the government had asked us to distribute them. They also told us that they would permit--we told them, I mean we told the Board that we would also allow the U.S. government to fingerprint them for identification purposes. We wouldn't do it; we didn't want to be a part of it. But if the U.S. government wanted to fingerprint its own U.S. nationals, it had its own way of doing it, okay, it would do it for identification purposes.

All other questions, we told the Board--that's all we told the Board--all other questions would be reserved. And if we had a problem of somebody not wanting to fill it out or any other kind of a problem, we'd come back to the Board. But we didn't make any prior conclusions; we didn't come to any prior conclusions or take any prior decisions.

LEWIS: So you had earlier said in these informal oral briefings to the staff that you were going to follow the Fund and UN Secretariat in . . .

FOWLER: In one respect, but if they refused to . . .

LEWIS: But you didn't say it to the Board.

FOWLER: We didn't say that to the Board, not at that time, no. We did say that if some staff did refuse, the management would come back and discuss the whole thing with the Board before it took any action.

WEBB: You just said “and would allow fingerprinting”?

FOWLER: Yeah.

WEBB: That was done?

FOWLER: See, there were two parts to the loyalty investigation. One was they filled out a questionnaire which was provided by the U.S. government. The second one was the
fingerprinting so that they would know that the person who had signed the form questionnaire was the same person who was fingerprinted and so that they wouldn't confuse people subsequently.

WEBB: Would this be done in the Bank or . . .

FOWLER: Seems to me they did come to the Bank, yeah. I think they did.

WEBB: Just trying to understand what is meant by “would allow” . . .

FOWLER: Well, all it really meant, I guess, was that we weren't going to do it. We weren't part of it.

KAPUR: But you would make the facilities available.

FOWLER: No, they brought their own facilities. They brought their own inkpad, I think, if they were going to do it.

LEWIS: They could come and do it on company time [all speaking at once]

FOWLER: Yeah, right. That's what it amounted to.

WEBB: And they would allow this to go on in the premises.

FOWLER: As far as I know, it was done on the premises. I don't think we sent anybody to the Civil Service Commission or the State Department to do that.

WEBB: I'm not an American, and I don’t know the legal context . . .

FOWLER: I know you're not. You look like one!

LEWIS: Don't hold it against him!

FOWLER: I won't hold it against him!

WEBB: This executive order allowed the U.S. government to force or to obligate any citizens to be fingerprinted at the government's discretion.

FOWLER: I don't know whether that was under the executive order or not. There were a lot of things that were included under the executive order, other laws and regulations probably, without being specifically included in the order. I can't remember. It seems to me the order does say something about fingerprinting, but I'm not sure.

LEWIS: I think probably that this was an executive order that identified those people who were employees of government agencies or these multilaterals.
FOWLER: Yes, I think this one, 10422, was only for the United Nations and the specialized agencies.

LEWIS: And it asserted the right to require them to be fingerprinted.

WEBB: What I'm trying to understand is, is this something that's absolutely quite normal or was then? In other words, the Fifth Amendment says you can incriminate yourself. You'd have the freedom, the right not to say something. Does that extend to something like fingerprinting?

FOWLER: I think you'd have to say that--at least when it was done with us--that it was done voluntarily, that everybody who filled out a questionnaire and was fingerprinted did it voluntarily.

KAPUR: But I thought you just said . .

FOWLER: Now, I don't think there was any case where--whether they could have forced it is another matter, but as far as the World Bank is concerned, I know of no case in which there had to be the threat of force involved.

LEWIS: The American public at that point was pretty used to fingerprinting. Everybody in the war was fingerprinted [inaudible]

KAPUR: But I thought you just said that the staff were told that if they did not . . .

FOWLER: No, no. That was if they didn't answer a request to appear to testify.

KAPUR: I see.

FOWLER: We didn't talk to them about submitting the questionnaire or submitting the—or being fingerprinted. No, no, that was not so. Okay?

So he went to the Board, and he said that much. And as far as I know, I can't remember that he ever went back to the Board again. I may be wrong, but I can't remember any case where we went back to the Board after that. And I don't recall any case where we had an individual we had to fire because he didn't testify if he was requested to testify.

In about April of 1953 we kind of summarized our position on this thing. And I think Summers or somebody put a memorandum into the file, but I'm sure we were all in on it, which said that we did not accede to the U.S. request to postpone employment of U.S. citizens pending investigation. We never ever said we would not go ahead and employ somebody if we felt we needed the person. We didn't enter into any agreement, written or oral, with the U.S. government with regard to the loyalty procedure. We didn't say we're going to do this exactly or we're going to do that exactly under this executive order. We did accede to the idea of having everybody prepare a questionnaire, and everybody did it voluntarily, so we didn't have any problem. We forwarded these questionnaires to
the U.S. authorities, and they came and did the fingerprinting. So that was the way it worked. We didn't agree to refrain from hiring a U.S. citizen before investigation. We didn't terminate the services of U.S. nationals against whom adverse charges were made or who even invoked the Fifth Amendment, if they did. I don't recall any case. We didn't agree to any of those things. We didn't say, if a guy refuses to testify, we didn't say to the United States government, “If somebody refuses to testify, we're going to terminate him.” We didn't say that. We said to the staff in the very initial phase, before we had had any discussions at all with the United States government, that that would probably be our position, but we never ever said to the United States government that that was our position.

WEBB: And then some did refuse to testify, but they were not . . .

FOWLER: No, no. I don't know of any of the Bank employees who were American citizens that refused to testify. I know plenty of them did testify.

WEBB: Nor any cases that took the Fifth Amendment.

FOWLER: Nor any cases that took the Fifth Amendment. I know of none. We didn't hire U.S. nationals, now, until we got at least a field check from the U.S. Civil Service Commission or the Department of State, as the case may be.

WEBB: I see.

FOWLER: But we didn't say, “We're not going to.” We said, “We may have to.” We may have said something like that, but we didn't enter into any agreement, and they tried to get us to enter into agreement on a number of the occasions. I remember going to the State Department and talking to the people in United Nations affairs and others, in which case they would say, “Well, now, we'd like you to do this,” or, “We'd like you to do that,” and “Couldn't you go this far?” or “Couldn't you go that far?” And we always took it under advisement, but we were never able to agree to that. And so our position was always one of, “We have preserved our independence of action.”

WEBB: But for a time . . .

FOWLER: We didn't even do anything with respect--for instance, we got a new president for the Bank, we didn't submit his name to anybody. If we wanted to hire a company like one of the engineering firms or a consulting firm of any kind, we didn't get any clearance of the firm. If any clearance was done, it had to be done by the firm, and it had to be done through another source than us. We didn't ask whether they were cleared.

WEBB: I may have just misunderstood something you said a few minutes ago, I’m sorry. I thought you said that it became the practice to not hire anyone unless they had been cleared.

FOWLER: For the regular staff?
WEBB: Yes.

FOWLER: Right.

WEBB: So for a time it was the practice.

FOWLER: For a long time. I don’t know; they may still be doing it. I don’t know. [all speaking at once]

LEWIS: In ’76 it was still the practice. They wouldn't hire anybody until they had [all speaking at once]

KAPUR: In ’83, ’84, that's when the landmark case.

WEBB: Who gave the clearance?

FOWLER: What do you mean by that question?

LEWIS: Either the Civil Service Commission and the Department of State.

KAPUR: Or the Department of State.

FOWLER: Well, we had most of our talks with the U.S. Department of—United Nations Affairs in the Department of State, but frequently people from the Civil Service Commission Loyalty Review Board were there at the same time, and we would send our—I think we sent, eventually, first we sent these things to the State Department. Later on we may have sent them—I'm sure we sent them—directly to the U.S. Civil Service Commission, and they in turn coordinated the security review with all agencies of the federal government.

LEWIS: Probably based on a background check by FBI or Civil Service Commission.

FOWLER: Yes, they used a number. They used the FBI. They used the military intelligence. They used—the civil service had an inspection department. They used everything [both speaking at once]

LEWIS: And of course they still do, for the U.S. government employment.

FOWLER: That's right.

KAPUR: Now, of those who did go and testify, were any of them, their careers affected?

FOWLER: Well, I have a little section here I call “general effect.” Maybe that will answer that question. [both speaking at once]
LEWIS: May I first just ask one question? The people who would testify would be those who on the basis of their questionnaire were then called to. Is that right?

FOWLER: The first people we submitted were all of our present staff of U.S. nationals. Then, as applicants came up and were fairly solid for employment, we then got them to fill out the forms and be fingerprinted, and then we had to wait around before we wrote them a letter of appointment. And that was particularly difficult because--not for professional staff so much because--you asked a question about the Marshall Plan. And there was a period, of which this early ‘50s was a part, in which the Marshall Plan was limiting the amount, number of loans we were making in the Bank because--in Europe particularly, it kind of took all of Europe away--and so we were then beginning to concentrate on the underdeveloped countries. So we didn't build up too fast in ‘51, ‘52, ‘53, and so we weren't greatly pressed, but we were pressed on secretarial and clerical personnel. So we decided on a procedure which we would use which was that we would hire them. We would get the clerical and secretarial people to fill out the forms and stuff. Then we’d give them a letter of appointment with a contingent clause in it which said that if for any reason we need to, this appointment is contingent upon future information about you. So I forget exactly, but it was very carefully phrased. So we were able to go ahead and quickly put on clerical personnel. But we still waited up to six, seven weeks sometimes for professional people.

LEWIS: That clerical person would not be subject to a security clearance in terms of what she could work on. I mean, like in the U.S. government, you couldn’t—you had to be cleared—you still have to be--to work with un-confidential documents and so on.

FOWLER: We had--I can remember writing it myself--a sort of a classification procedure in the Bank. It was mostly ignored, at least it was through 1965. We didn't have anything secret in the Bank. We didn't have anything very confidential. We weren't concerned, really, about the information anybody would get out of the shelves in the Bank. There may have been Executive Board meetings where we kept them under lock and key or a few things like that, but, you know, there was very little. We locked our personnel files only because it was only natural that if people gave us information about themselves, we protected it. But there was really no problem of security in that sense with us. We as an international organization weren't concerned about our security, and therefore there was very little in our records that you could call classified. Even later--maybe today there is something; I don’t know--but up until the time I left the World Bank there was very little that was classified, except possibly Executive Board minutes.

KAPUR: But letters do have, say, this thing on top which at times says “confidential” or “strictly confidential.”

FOWLER: I think there may have been some of that done. Well, there were individuals you could take out a—Rosenstein-Rodan (and I use his name advisedly), when he was writing something about a policy issue that he thought he only wanted a couple of people
to see, he might put that on it, but it was his, only his style. There was very little classified data in the early days.

LEWIS: Of course, now they have this whole regime of yellow covers and so on that is for stuff that is supposed to be very closely held stuff. And I think you’re right: it seems to be able to be--you can get at it pretty well.

FOWLER: This stuff, like an amoeba, has a tendency to grow in spite of itself. And we were--if I talk about a guy like Garner, who was a very forthright person, he didn't think very much was confidential around here, but there were people who did. And maybe an economist didn't want the loan officer to see his report before he got it completely cleared, but he did that because he was that kind of person. [inaudible] But I remember we had to have something, and I remember writing one, trying to make distinctions between the various kinds of classifications.

LEWIS: General effects, huh.

FOWLER: But I was in the service for four years and I was in some sensitive positions that were classified, so I had to do that.

Well, as I say, all applicants had to submit that. No Bank member was terminated at the behest of the Bank, as far as I know. I know of only one staff member--and I don't even recall his name--who resigned because I think he thought there was going to be information about him that would be detrimental. And I don't think anybody in the World Bank knew that this happened, really, or knew why he may have resigned because he had been in the Bank since the beginning.

There were delays in recruitment of needed staff, and I have mentioned that to some extent already and what we did as far as clerical people were concerned. But I checked with—I talked to Jim Twining last night just to kind of get his view whether we were really held up seriously in the hiring of professional staff in those early days, and he agreed with me that there were a few cases where it might have been difficult, but they were very few and far between. We really were not inconvenienced a lot by this.

I think there was a lot of anxiety in the staff in the early days of this, a lot of anxiety, and non-U.S. nationals used to talk quite openly about the crazy attitudes and policies of the United States government with respect to this, and particularly those that were in senior positions who wanted to get somebody on the staff the next day, you know, would say, “My god, this goddammed U.S. policy! What the hell? We're not a U.S. government agency!” You hear that now, of course, even to this day, on policies that may be developed because as the host government you do certain things that you might not otherwise do. And it was because we were a host agency in the United States doing business in the United States that we always felt that we ought to subscribe to getting this information to the extent we could from the staff and submit it to the federal government.
The applicants, too, had long waits, and some of them, of course, might--probably were out without jobs in that period and knew they were changing and thought they had a job but they weren't positive. And so there was a lot of anxiety, I'm sure, on the part of those who subsequently came to the Bank. But as it turned out, I can't think of any cases where we put aside the appointment of somebody as a result of the investigations.

There was an increasing administrative load, of course, because several people in the legal department and certainly in personnel and administration, it took a lot of our time to do this, to try to find out, “What's the status of this guy? We want to tell him something. We want to get this going.” And I had a kind of a hot line to the Civil Service Commission and others to try to get some action, and normally they were pretty good to us.

One of the reasons--this is something that may come up in your historical review--Garner was the kind of person who always believed that an organization should try to do everything it needs to do. In other words, he would say, “Do the job in front of your face with the tools you've got to do it with. Don't think in terms of going out and getting people three years ahead of time to do a job you're going to do three years from now. We'll find the people then if we need ‘em, but let's be overworked before we put on new people. Let's not have people sittin’ around twiddling their thumbs.” And that was--we were lean. We were lean in those days, and that's one of the reasons why people had already been accustomed to being, operating in a lean situation and didn't feel too much the pressure of getting people on in a hurry.

Now, that all changed when McNamara came in. He was the planner. He wanted to decide today what we were going to need three years from now and we were going to recruit ahead of time to meet that critical situation. And then we began to pile up people and run into the problems of people wanting, having low morale because people at lower levels didn't have enough to do of a higher order, and we began to run into that kind of problem at that time. It was in 1976. Those were the main factors, I would say.

WEBB: I was wondering if one effect might have been that--to give a push to more hiring of non-U.S. staff. There was a bit of a bottleneck in hiring non-U.S. staff.

FOWLER: I think we were always pressuring to do that. We were trying to do several things. We were trying to find women in professional jobs; we were trying to find minority Americans even; we were trying to find people from the developing countries; and we were trying to find people from Europe. And always we were concentrating on that. And it may have helped us a little, as you say. I don't know to what extent. But it could have helped us because if we had two people of approximately equal qualifications and they were--one of them we would have to wait a long time for and the other one we knew we could get tomorrow, we might take him.

KAPUR: Do you remember Lauchlin Currie?

FOWLER: Sure.
KAPUR: Was his career affected by this?

FOWLER: Lauchlin Currie was never a regular staff member of the Bank. Lauchlin Currie was employed as a team leader for a special general economic study of a country and therefore--and I can't remember what year. Do you know?

WEBB: ‘49 he went to Colombia. ’48, perhaps.

FOWLER: Yeah, right. He went there and he stayed there. We hired Lauchlin Currie right out of the White House, I think.

WEBB: I think so.

LEWIS: I think that's right.

FOWLER: I think he came right out of the White House, and I remember talking to him because we had to hire other consultants and so forth. But we didn't wait on consultants generally speaking for the people with less than 90 days, frequently that's what we were thinking of with the staff. We didn't wait too long on that kind of thing. And normally we also got a lot of them through firms so that it made unnecessary the need to think of terms of individuals.

LEWIS: You just implied that there would have been some--if you hadn't some kind of clearance, but in ‘48-‘49 this just hadn't started yet, this system. It was just . . .

FOWLER: No.

KAPUR: But once the study was done . . .

FOWLER: We didn't do anything until--it was early ‘53 before we did anything. Just from my personal knowledge, I don't know whether Lauchlin Currie was benefited or harmed by the whole thing, the whole procedure. I think he made pretty good money in Colombia if it was purely an economic matter.

KAPUR: I think he had a great life there.

FOWLER: I think so, too. He was a very interesting man, and I thought very highly of Lauchlin Currie. His ability, his intellect was supreme. His willingness to take chances was probably pretty great. His ingenuity and imagination were also great, and he really organized a good team, and he was very fluent when it came to writing. He was a good, fluent writer. He had a good team, too. There were some good people on that team. In fact, we got some good teams for a lot of those general economic studies that we did. [both speaking at once]

WEBB: It's is a beautiful study if you read it now.

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FOWLER: Right.

WEBB: One on Cuba.

FOWLER: Oh, there are a lot of them. Pieter Lieftinck, for instance, did one on Turkey.

LEWIS: Also Syria?

FOWLER: Probably Syria, too. But that's how we hired him in the first place, was to do a study, general study. He was a hard man to deal with at times, but I loved him. He was a great guy. He had been the finance minister of Holland before he came to us, so he’d been in a position of considerable authority, and when we tried to get him to do mundane things it was sort of difficult at times, you know. [Laughter]

We had the same problem with engineers. We hired engineers. Let's take, for instance, one I remember specifically--but it was true of hundreds of them--from Holland. He’d been a city engineer, so he’d been in charge of everything for a large city in Holland. He came here and we put him in a 2x2 office, and we gave him a partial secretary with somebody else. We gave him a slide rule and a piece of blank paper. That was his office and that was his operation. God! He could hardly stand it, you know! He’d had 150 people working for him and he was interested in delegation of responsibility and, hell, he couldn't even delegate to a secretary! [Laughter] He was ready to quit the next day, but he stayed with us a long, long time.

But that was true of many of them. They came to us and they found themselves in an altogether different--because we--our initial idea was we want the best qualified people we can get with a broad qualification because we don't want to hire narrow people who can only do one thing because we didn't know what the span of our operations was going to be or how fast they would come along. So we tried to get versatile people, and to do that they had to have pretty broad experience before they came. And it wasn’t—it was true also in the legal field. This was true in the finance field, and this was true in the engineering field, that when came here they found themselves in a little bit of a straitjacket.

KAPUR: You said that, but even then the YP [young professional] program did start under your tenure?

FOWLER: Yeah, but only barely. 1962, I think it started. But we had training programs before that, too.

LEWIS: Just one more question about this . . .

FOWLER: Well, I was going just--to summarize here. As I mentioned to you, in 1976—in August is the time I have down here--there had been some things that appeared
in the paper about the United States government reducing the requirements for this for its own staff. And so the question arose in the Bank, “Should we try to do something about it?” And the proposal was made to me--I was in another position by that time, and so I was quite a ways, ten years away from it at this time--as to how we should do it. Their proposal was--they were going to write a letter saying, well, “We’ve been doing all this stuff all this time, and now we want to discontinue doing it, and this is to let you know that.”

I said, “I don't think I would do it that way at all. We don't have any agreement with them. We never have had an agreement. We have never written anything to confirm such a thing. I don't think I would go back on that basis.”

I wrote a letter saying that I think the best thing to do is go to see the people in the Civil Service Commission, see what ideas are cooking, go to the State Department, United Nations Affairs, to see if they have done it. They may already have done something, and we didn't even know it. So I recommended that they not take a formal position of any kind, that they keep it just as informal as we had had it up to 1976, and that there be nothing in the way of a formal arrangement between the Bank and the U.S. government.

Now, what they did, I don't know. But I thought that—as you probably know, back in 1953, '54, maybe even '55, there were laws introduced--at least in the McCarthy era--there were laws introduced in the Congress to impose sanctions on those who refused to provide information or institutions that refused to get people cleared before they employed them and so forth, but no law of sanction was ever--no act, and there were several of them introduced into the Congress--but no act became law, so far as I know, and so the U.S. government never did impose sanctions. Now, if that had happened, it might have a wholly different proposition.

LEWIS: I think I understood you to say the only other government that you had any sort of similar encounter with was Egypt. Is that right?

FOWLER: It’s the only one I had. Whether there were other governments that ever had this, I don’t know.

KAPUR: But, of course, Algeria had it . .

LEWIS: Algeria?

KAPUR: . . later on.

FOWLER: Did they?

KAPUR: Yeah.

LEWIS: Because the U.N. had a lot because obviously the . . .
KAPUR: China, and in the ‘80s with China.

FOWLER: Well, I think in one of the first notes I gave you when you started your operations, I was telling you about my first visit to the United Nations. Smith was still then the vice president, and I was just a couple of days on the staff, and I went up to attend the meeting of the Fifth Committee in the United Nations.

And I went to Smith, and I said, “What are my terms of reference?”

And he said, “Throw up a mist of cooperation.”

Well, we did that for a long time. If any of you are studying the information that went back and forth and back and forth and back and forth on the agreement between the United Nations and the specialized agency, meaning the World Bank, you'll find that every time we got a new draft, we eliminated another substantive item. And when it was finally put together, it was the most un-substantive agreement I think you'll ever find! [Laughter] And that was our attitude, and it was too bad in many ways, but it was also an attitude which was developed in the Bank about a lot of things—and for a good reason then.

One of our first jobs, when McCloy came in and he appointed Black as Executive Director, he did it because he knew that the first thing we had to do was issue our bonds, get our bonds accepted. And which market? There was only one market, in the world and that was the U.S. market. So what do we do? We formulate our administrative policies; we formulate our attitudes in terms of an American business. How does American business go about getting accepted to sell its bonds on the market? We kept lean in terms of personnel. We kept lean in terms of benefits that we paid to personnel—which have expanded like the amoeba again since then, I think out of all proportion to what they ought to be in many ways and we have created a rather soft staff. But then, not so. And Garner was the culprit. He was the vicious character that sat up there and had to say, “No, we’re not going to do this” and “We’re not going to do that.” And therefore he was condemned by a lot of people, but he kept a very lean organization, and he had a very keen eye for organization and management.

LEWIS: Do you remember whether [Edward S.] Mason and [Robert E.] Asher ever have gone over this ground?

FOWLER: To the extent of that oral history, it’s in there, to some extent.

LEWIS: Is it?

KAPUR: But they did not mention it.

LEWIS: In the book they don’t.
FOWLER: Well, they allude to it a little here and there, but not much, no. I noticed I was quoted a couple of times, but on very minor things.

LEWIS: I'm sort of puzzled why they didn’t. It’s not the most important thing in the story, in a sense, but it’s pretty significant.

FOWLER: No, no, I agree. But it was a . . .

On the other hand, Garner was also an expansionist in certain respects, you know. I mean, he was certainly behind the creation of IFC [*International Finance Corporation*]—but he would be because he had a private point of view. But he realized we was getting nowhere with it under the Bank's basic Agreement because it required government guarantees, and therefore he wanted a system whereby we could do business without the government guarantee. And Dick [*Richard H.*] Demuth and he—Dick Demuth was the great writer. Dick was a great writer, and I suppose you’ve seen Dick? I hope you have.

LEWIS: Yes, sure.

FOWLER: Dick may not have been the font of ideas entirely, but he was able to put ideas into a form acceptable for various purposes. And if somebody else had an idea, if he didn’t get together with Dick to work it out, he was crazy. And Dick did the same thing on the Young Professionals program. He helped us formulate the program, although we’d a general training program before that.

KAPUR: You just mentioned about the attitudes in the Bank that were created by this idea that, in terms of an American business who has to go out and sell its bonds. That was . .

FOWLER: Well, I think that's—excuse me. Go ahead with your question.

KAPUR: And I was wondering, when IDA [*International Development Association*] was created, how did that begin to affect the Bank?

FOWLER: Oh, I think we came to the conclusion, too, that--almost simultaneously when we came to the conclusion with IFC—that there were areas of the world where the normal creditworthiness factors of the World Bank wouldn't apply, that they were so poor that you couldn't say whether they were going to be able to repay loans or not. Not only that, but to pay at market prices, interest at market prices for the loan, was an onerous proposition for those countries. So we were looking for some escape from that. And not only that, we were also--we didn't want to pay dividends. We didn't want to start paying dividends in the Bank. So we thought, well, there's another avenue to get rid of some of our surplus, right? Part of it--we built up of surplus, of course, as a prudent organization wants to do, but we also maybe have something beyond that. And so we were looking to other governments also to make contributions. And so we decided that we’d come along with IDA.
But I don't think it was in contravention or even inconsistent with a point of view of the Bank as a kind of a lending institution. And not only that, but by that time we were no longer as conscious by a long shot of what the hell the bond market in the United States thought about us as a business institution. We wanted to be known as a good, solid institution, no matter where we were, but we weren’t—at that point we didn't have to prove ourselves, but before we never had issued a bond, we damned well did! And so it was only the first years . . .

LEWIS: What position did you take after ’64?

FOWLER: I became the deputy corporate secretary.

KAPUR: In the Bank?

FOWLER: In the Bank. I dealt primarily with governments and the board of directors, the Board of Governors, and that kind of thing.

KAPUR: And that you continued ‘til . . .

FOWLER: ‘Til I retired--well, I wanted to get out of--just before I retired, I was approaching age 65, and so I decided I didn't want come into the Bank one day and have 75 people under me and go home the next and couldn't even say boo to my wife. So I decided, “What can I do in the Bank that doesn't require that kind of thing?” So I started making a lot of special studies and so forth on my own and getting back to writing and so forth, which I hadn't done much of in a long time. And so for about a year and a half or two years I did that and [both speaking at once] went out to a lot of the countries and made appraisal studies of how well our EDI [Economic Development Institute] training had done for member countries. I did that in Asia. I did that in Africa. I did it in—I guess I didn’t do it in Latin America.

KAPUR: This was in which years?

FOWLER: That was in 1977, ‘76, ‘75, along in there. So I just got out of the whirlpool until I was retirement age.

WEBB: They must be in the files.

FOWLER: Yeah, they are. I did about seven or eight of them, Philippines, Korea. And then I made some other studies like the study of the compensation for Executive Directors. I made another one on a system of--we didn't have a system of (what do we call it?) sabbaticals before that, and I made a sort of study on whether we should get into that kind of thing.

LEWIS: You said you were leaner back in the pre-McNamara days. What was the policy on perks? Did you always go first class?
FOWLER: We went first class in travel right from the beginning.

KAPUR: There wasn't a business class in those days.

FOWLER: No, I don't think so. There was only first class and steerage, I think, basically. Initially, of course, we went to Europe and back by boat. I went back and forth a number of times by boat, and then I also went back and forth by the clipper where you got a bunk! I don't know whether you've ever ridden in a bunk or not. You were too young for that. I don't think [all speaking at once] ever had one then.

LEWIS: Oh, I went to Tokyo in a bunk in '53 on a stratocruiser.

FOWLER: Right. That's what they were, yes. [both speaking at once] Same kind of thing, yeah. We always went first class up until Woods, I think. I think it was Woods who decided we should economize. And also it was a product of costs. Costs for Americans generally all over the world were pretty low up until that point. I can remember, I stayed at the Crillon and so forth for $15 a night, or up above the Spanish Stairs in Rome for $15 a night with a suite! It wasn't costing us one hell of a lot of money up until about the oil crisis, and then everything skyrocketed, and costs went up, and that's about the time he did it.

KAPUR: You said that benefits . . .

FOWLER: Leanness didn't relate to the way we treated people if they were traveling or to new people coming here. We tried to help them get settled and so forth.

KAPUR: You just mentioned that—you had mentioned in passing that the benefits have expanded out of all proportions. How do you . . .

FOWLER: Well, I shouldn't like to be quoted on that. What I should say is that certainly benefit systems expanded as we got older, and I think--my own feeling is they got a little too liberal, and I think the general idea was . . .

[End Tape 1, Side B]
[Begin Tape 2, Side A]

FOWLER: . . . we were in competition with them [inaudible] situation. More and more it got to the point, however, that our comparisons were largely with governments, I think, rather than with private businesses, and therefore the idea of selling ourselves to the private sector became less and less insistent.

I think Bank people were always very well treated. We quickly put in such things as payment for travel and home leave and all kinds of things, and we were as liberal as any other agency, I think, on that pretty much. It was on annual leave and so forth where we kind of went with the business sector before we sold our bonds and became established
on the market. But after that, I think, it was becoming less and less of a factor and there was more catering to group—the Bank’s association.

KAPUR: The Bank’s Staff Association.

FOWLER: Yeah. I was fortunate, I guess. I didn't have to deal with tribunals and staff associations and so forth up to the time I left, up to ’64. I, of course, now attribute it in hindsight to the fact that I was a very good personnel person [laughter] because I didn't have any major problems of any kind that I can cite.

KAPUR: Also, there was a smaller staff too.

FOWLER: Yes, there was about 1500 staff when I left Personnel. But we were increasing, I'd say, by about 10 percent per annum when I left Personnel, in that vicinity; the staff was increasing about that. And we had very limited turnover, particularly among professional staff. We had very low turnover, in fact, in professional staff, which is always a pretty good indication of the morale of staff. We had higher turnover with respect to clerical staff, but much under commercial banks, let’s say, or any other institution that we could quickly compare ourselves to.

LEWIS: Did you, in your time, was there any trauma such as the reorganization in 1986-87?

FOWLER: Yes, we had several traumatic periods. The one was--I think it was ‘52 or ‘53--when we decided to create regional offices. Wasn't it ‘52?

KAPUR: Right.

FOWLER: Because at that time, you see--I mentioned to you earlier that there were these sessions that we had between the economists and the loan officers and the technical people, and we did it on the basis that no basic organizational change was made. But by 1952 our workload had increased considerably, and we needed some specialization in regional areas, not so much from the point of view of regional characteristics as the fact that you had to have a concentration. And so we set up, I think, originally only three regional departments, and we combined the economic staff and the loan operations staff in a single department. And we relegated the researchers, so to speak, in the economic organization to the economics department, which much have been a horrendous adjustment for Mr. Rist, but nevertheless we did it.

And then we still had—we still had a separate technical department. And as it grew it became more and more difficult to integrate, by virtue of having only the Loan Committee as the coordinating device, because it was a little too long, too far advanced in the process to be effective. And therefore we decided--was it ‘55; I can't remember exactly; about ‘55--when we put the technical people in with the regional offices.

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But to me that was a very uneconomic arrangement, even then. I think it was done out of pressures of the loan people more than it was done out of a need to do it. They complained they didn't get their stuff fast enough, but I think a lot of that complaint was rationalization.

But nevertheless it cost us a hell of a lot more money to hire people and put them in each of these segregated units. You needed a lot more specialists, and they were less well occupied, in my judgment. And that's when we began--began getting a little fat, a little fat all through the institution. And less of this character—then, of course, Garner left about that time, too, I guess, so you no longer had that situation in which you did what you could do, and you were stretched before you did anything further.

Now, you can argue against that, of course, but even with our system we weren't completely ready for the fall of the Russian bear, you know, and had all these people already trained and so forth and ready to go. Why? Because you don't know when these special things are going to happen. You don't build up for it. And if you do, you're going to have morale on your staff—which they've had in the last ten years, considerable morale problems. And the reason is because you've got all these people with high expectations who are hired at very high qualifications for young people, and who expect the scene that they saw when we were advancing at ten to twenty percent per annum, what quick advances you could make in this world, and then all of a sudden you find yourself more or less twiddling your thumbs. So morale set in and poor [inaudible] between [Barber B.] Conable and his predecessor .


FOWLER: And I don't think they were very much highly qualified administrative people. I don't think they handled it the way I would have handled it anyway, but the morale seemed to get worse as they went along rather than better. And it still is that hangover of getting rid of so many people with big bonuses and costing the institution a lot of money, a lot of money.

WEBB: I have a really very subjective about—I get a very widespread sense of loss [inaudible] I guess loss of morale [inaudible] I don't know but it always comes out whenever you ask the question. Before I never asked the question as now, but I am surprised by how much--do you have any sense of .

FOWLER: Well, of course--oh, yeah, a very definite sense of it because I keep, I keep in touch. I still work for a living part time because I don't want to sit on my ass somewhere. And I'm doing some work now for U.S. Department of Labor. I have for the last fifteen years done some. I've done a lot of traveling for them within United States.

But I, of course, was brought up with the people who were in that scheme of things in which we made project loans, who were in the scheme of things where you used the economic expertise to determine the creditworthiness of countries, where we put some
emphasis on that and where an economist, when he did his job, he knew it was going to be used as the basis for some of the decision making.

And the same way with the technical people. Technical people like to work with their own kind, and when you--this job of distribution came along, they were working less and less with senior people of their own kind that they respected. They had to take on another level. And a good engineer wants to work with good engineers. He wants to learn something from the guy that's up above him, and I don't think they felt they were getting that anymore. I think that they felt that the qualities had been spread too thin across the institution and that they didn't get that.

Now, the area in which we didn't have any Young Professionals are engineers. We tried to use engineers coming in out of school, and that just wasn't in the cards for us because an engineer had to get his feet wet out on projects. He had to be a construction engineer, be on construction projects, to know how a construction project operates. He can't just come in and be a consultant in the World Bank. So we continued to go outside to look for those people.

But I think the morale factor resulted from the fact that, (a), among the economists that we were no longer a project-oriented organization; we no longer depended entirely upon their macroeconomic studies for determining creditability. We had them do their reports, but they kind of--we had people in the commodities field. We brought over an advisor from the Fund, and the real commodity people had great feelings about him. Because of all of these things, I think the general morale fell.

KAPUR: Was that still in the ‘60s?

FOWLER: I think the morale, by the time I left in the ‘70s--I hadn't noticed it much in the ‘60s--but by the late ‘60s and the early ‘70s I began to feel it. And . . .

LEWIS: You associate it with the McNamara period?

FOWLER: Well, he was president during that time, right. He was president at that time, because he was the one who brought in more people than we needed to do the job, and that's when people began to twiddle their thumbs. And that's when we--he would have even secret meetings with the Young Professionals, so they knew they were a special brand of people. They could have a session with McNamara, and I never--he didn't tell me about it. He didn't tell the personnel director about it. He did it, but I knew it happened. And it gave--it set up a special clique, so to speak, which certainly I didn't anticipate when I was responsible for setting up the Young Professionals. I never ever felt we should get away from lateral entry at all levels because I felt the Bank needed an outside breath of air every once in a while at all levels, and I never expected that sixty percent of the managers of the Bank were going to be from this one group, all brought in young and having no experience, really, basically from outside the Bank. Their whole experience was internal. It was an inbreeding that I wouldn't have recommended. And
recently they have made--I don't know whether you've seen the studies. Have you see the study?

**KAPUR:** Oh, on the YPs?

**FOWLER:** Yeah.

**KAPUR:** Which came out last year?

**FOWLER:** Yeah, ‘91. Well, again, primarily asking the managers what they think of the system they came up under. So you better--you need a little objective review, it seems to me, which I don't think that study is going to give you!

But anyway, it was rather interesting, though, from one point of view. There was always--and I think even now—they do set their sights on high qualifications. And even among the YPs who were employed with very great concern, rigid procedures, there were a lot--if you look at that report, you'll see that the termination rate was pretty high, even among them. Now, a lot have left, not because they “flunked the course,” but because they weren't seeing themselves advancing in the way they expected when they came in. The Bank's reputation on the outside was better than it was on the inside.

[recording ended quite abruptly]

*End Tape 2, Side A*

*End of interview*