

Summary of Oral History Transcript

Chenery, Hollis B.

Interview conducted by Robert Asher, on 1983-01-27

Hollis B. Chenery first served as Economic Adviser to President McNamara from 1970 to 1972, then was personally chosen by him to serve as Vice President for Development Policy. His pre-Bank experience was a Marshall Plan economist in Europe, assistant administrator at USAID, then professor of economics at Stanford and Harvard. He talks of first meeting McNamara at Harvard during the latter's debriefing session before taking over as President of the Bank, then at a conference in Williamsburg to discuss the Pearson report. Chenery elaborates on McNamara's interest in 'quantitative' economic research, and the Bank's evolving focus.

Chenery's efforts in adopting an overall Bank research program, identifying outsiders working in the field, conducting "management seminars", and internal discussions of individual countries instrumental in sharpening analysis and, in some cases, changing Bank policies as well as internal debates focusing on various sectors, especially the design of agricultural projects. President McNamara's and Monty [Montague] Yudelman's (brought in from the OECD as Director-Agriculture Department) significant contributions. The results of the Bank's research and the subsequent evaluation of loans made in this area showing outstanding rates of return, thus illustrating the lack of need to change the Bank's evaluation criteria in order to accommodate a shift in emphasis in helping the rural poor.

Chenery discusses the program review and research functions of his department, Development Policy, the functions of Mahbub ul Haq's department, and Policy Planning and Program Review which brought

together the research findings and applied them in country discussions where research and policy judgments were subsequently extended to the Research Committee and eventually produced as policy papers. He talks of the joint Bank and ILO activity on the development of the 'basic needs' concept and its effects on the Bank's development strategy, the in-house task force he chaired on the Bank's poverty focus established in '81 and its report. Recruiting economists, the advantages and disadvantages of hiring prominent spokespersons from developing countries, the desirability of a full spectrum of views and, in that context, talks of hiring Mahbub ul Haq; known then as the Third World spokesman in the Bank.

Chenery then discusses building up research capacities within the Bank, the early statement of objectives first published in '71 or '72, and the recommendations of Sir Arthur Lewis, chairman of the main advisory panel in his report published in '79. According to Chenery, the Bank's best research is in the field of comparative studies, with its diversified research portfolio where operational work research tends to be micro-oriented and theoretical speculative research covers macro-economics, and the Board's acceptance of the mix. The lack of gaps between researchers and operators in the Bank due to the existence of a strong mechanism in place rotating its staff, amply illustrated by the composition of its senior staff. Chenery then discusses the function of the Research Committee, the publication and dissemination of research findings, and briefly talks about the Pearson and Brandt commissions and the advantages of an outsider's view.

Chenery discusses the origins and process involved in the preparation and design of the World Development Report, beginning with him initiating the Prospects paper on the occasion of the rise in oil price in the fall of '73, Ernie Stern's invaluable contribution, however, no longer as his deputy but as Vice President of Operations. He credits McNamara for his "brilliant insight" into what the world needed, addresses the merits of program versus project lending, the

advantages of decentralizing economic work, and his contribution in democratizing the selection process of his successor. He concludes with a personal view on his years of service at the Bank, and opines on the workings of the current Bank.