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Transcript of interview with

BAREND DE VRIES

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By: Charles Ziegler

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Memorialist's name: Barend de Vries

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Interviewer's name: Charles Ziegler

ZIEGLER: Today is January 21, 1986. My name is Charles Ziegler and I have with me here at the headquarters of the World Bank Mr. Barend de Vries. Mr. de Vries joined the International Monetary Fund in 1949 and remained on its staff until 1955, when he joined the World Bank. During a long and distinguished career in the Bank Mr. de Vries served in a diverse array of positions. He retired in 1984.

Thank you for joining us today Mr. de Vries. You were an economist in the Fund and you then joined the Bank in 1955. Could you draw some comparisons between the position, prestige and methodologies of economists in the two institutions during the mid-1950s?

DE VRIES: I would like to begin by saying that much of the historical material covered in this interview has been treated in a paper that I recently completed. I wrote this paper, entitled <u>The Future of the World Bank</u>, at the Brookings Institution as a guest scholar in 1986.* About half of the paper gives a retrospective look at the Bank with the purpose of determining the strengths and weaknesses of the Bank in dealing with the most important issues in the developing countries at the present time. This study has gone through several drafts, and of course the statements in this study will be more careful than the ones I can make in an oral interview this afternoon. I will therefore confine myself, in answering these questions, to some of the highlights. The study is available in the library as a Brookings Discussion Paper in International Economics. It is of particular interest to those interested in the Bank's approach to the international debt problem in 1982-86, the interrelation and mutual advantages of project and program lending and the Bank's role in economic policies of its borrowing members.

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The first question concerns the relative position of economists in the Fund and the Bank in 1955 and in subsequent years. There is no question in my mind that going from the Fund into the Bank meant a very distinct and significant downgrading in my professional status and responsibility. In the Bank economists had at that time a severely subordinated position, while in the Fund economists had the function of formulating country policies and reporting on their analytical findings straight up the line, directly to the Managing Director. Before I came to the Bank, the Managing Director of the IMF, Ivar Rooth, urged me to stay in the Fund because of the importance he assigned to the work I was doing. Once I came to the Bank, all that was ended. I did continue to have a relationship with Eugene Black and, of course, Burke Knapp, but my role in economic policy was much more informal than it would have been in the Fund.

One may ask why I came to the Bank, after all. This is a question on which I have speculated much in the past and which I need not pursue at this point. I would only like to say that the Bank attracted me because of its wide perspective and the opportunity one had to explore all phases of an economy. Moreover, the work of economists in the mid-1950s in the Bank was subordinated to that of the operations staff. People at the time would hide the fact that they had economic training, and division chiefs or operations officers would often chide economists for the work they were doing. My own division chief, Albert Waterston, who later had a career in the Economic Development Institute, made fun of the work of "his" economist.

As far as methodology was concerned, there was no significant difference between the Fund and the Bank at the time, except that the Fund was more concerned with balance of payments and

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* This paper will be published as a book Re-making the World Bank, to be published by the Seven Locks Press (Cabin John, Md.) in the fall of 1987.

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financial policies in the country, while the Bank was more directly concerned with the economics of growth and resource allocation, particularly in the public sector. But I don't see a sharp difference in analytical work between the two institutions. As a matter of fact, the analytical training and experience that I had was definitely welcomed by the economic advisors in the Bank who interviewed me.

ZIEGLER: Could you trace, Mr. de Vries, in general terms, some of the major evolutionary stages of Bank thinking about economic theory and methodology which you have encountered, or have even helped to create, during your years at the Bank?

DE VRIES: In the fifties and the early sixties, Bank economists were working on the economics of growth. I would say this was a primary interest of Leonard Rist, who was then the Director of the Economic Staff, and of [Paul] Rosenstein-Rodan, who had been a deputy to Leonard Rist. The second topic of importance was commodity fluctuations, as illustrated by the work on the coffee problem by Drag [Dragoslav] Avramovic. Third was the interrelation between debt and economic growth which culminated in the important
book by Drag Avramovic and his associates, the analysis of which had been preceded in the doctoral dissertation written by Gerald Alter in 1951. Fourthly, the work on public investment programs was of central interest to the Bank's operationally oriented and advisory economic work. This was, for example, the focus of my work as an advisor in Colombia in 1959-60 and of the work by people like [Roger] Chaufournier and [Mervyn] Weiner who were stationed in Peru and Ecuador. Finally, a major area which was still in its early phases was the use of economic resources, spearheaded by Herman van der Tak already in the late fifties and early sixties. In 1965-1970, the work on import substitution and export promotion came to the center under the guidance of Bela Balassa, who continued his work for 10 or 15 years, and Ian Little at the OECD, whose project on the study of industrialization policies in various countries was coordinated with the work in the IBRD.

ZIEGLER: Would you describe the changing roles of Bank economists over the years? For instance, up until President Woods' time, I believe, lawyers were the dominant policy innovators, while Woods expanded the role of the economists.

DE VRIES: During McNamara's term--1968-1981--income distribution work became more important. More emphasis was given to poverty analysis and rural development, while simultaneously the work on sector economics proceeded. However, it is interesting to point out that the work on income distribution started before McNamara, and that John Adler had repeatedly drawn attention to the importance of this work. Similarly, economic work on rural development, education and small industry entrepreneurship was started before McNamara. See, for instance, the work of John de Wilde.

As to your question, I have already commented on the subordinate position of economists in the early years of the IBRD. President Woods wanted fresh thinking on Africa, on education, on social projects such as water works, on the problems of debt and growth, and on how to deal with inflation. He tried to uplift the status of economists. He elevated the status of the Staff Economic Committee--presumably it was supposed to get the same status as the Loan Committee, which dealt with operational issues--and the greatly expanded the Bank's Economics Department.

The Economic Advisor to the President, both under Woods and under McNamara, found himself in a very difficult position. He did not have line authority over country economic work, although he had to supervise economists and he often had to exercise some supervision over the work of large economic missions in the area departments. Regional Chief economists had to be supervised by both the regional Vice President, on the one hand, and The Economic Advisor to the President or the Vice President for Development Policy on the other hand. The ambiguity of the position of economic advisors highlights the unresolved and subordinate position of economists in the heirarchical structure of the World Bank. As I have written in my paper on the World Bank, this subordinate position of economists has continued up to the present time. It is, in my view, one of the reasons why the Bank has trouble linking operations with economic policies and maintaining effective relations with the IMF. I have developed this point further in my study of the Bank.

ZIEGLER: As the Bank has grown, more and more countries with socialist and even centrally planned economies have joined. Could you discuss the impact which this has had on economic analysis and methodology in the Bank?

DE VRIES: Since planning in socialist countries necessarily involves the planning of large industries and large infrastructure projects, Bank economics, which had much to contribute to project economics and helped develop project economics, did not have great difficulty in adapting itself to the requirements of economic work in socialist countries. This is clearly evident from the work now going on in Hungary and earlier in Yugoslavia and also in the work going on today in China.

Bank economists have never really been very sympathetic to central planning of the command economy type. The Bank has always been pragmatic in its approach to planning, emphasizing more the importance of sector work, sector planning, and project preparation. In this area, the Bank has had much to contribute to the economic work in socialist countries. I do not believe that socialist countries becoming members of the Bank have, in turn, had a great impact on the Bank's economic work.

A special problem is raised by the functioning of the banking system in a socialist economy. Both the Bank and the IMF have made studies of how the banking system might work in socialist countries, and I believe this would be an area of new development for the Bank's economic work.

ZIEGLER: It has been said that Bank economic work has been heavily dependent upon neoclassical economic theory, the more so in that most of its economists, especially in the early years, were products of British and American universities. Has this neoclassical theoretical underpinning changed within the last decade or so, and has there been a greater recruitment of economists from non-Anglo-Saxon universities?

DE VRIES: The national origin of economics is not a really important issue in a highly integrated world. I wish it were true that a greater input into the Bank's economic work for non-Anglo-Saxon universities were now taking place, but this is not so. What we have is many more Indian and Pakistani economists who have been trained at either British or American universities, and likewise we have some Africans coming in who are trained, again, by either the British or the French universities.

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One distinction between neoclassical economics and other economics is reflected in the emphasis on the role of prices in the economic system as against the use of input-output techniques in planning. Of course it was [Hollis] Chenery [Economic Advisor to the President 1970-1972, Vice President for Development Policy 1972-1982] whose main interest was the application of input-output analysis to economic planning and economic analysis in developing countries. Chenery's work proceeded parallel with that of Balassa. I do not believe that Chenery's input-output work made much difference in the Bank's applied economic work. Input-output analysis did provide a basis for comparative analysis between sectors and countries and, as such, it has been valuable. In my experience, you need the input-output analysis and the sources of economic growth analysis as an introduction to an industrial sector report. The next few chapters are necessarily concerned with an analysis of the protective system and are based on neoclassical theory and price theory. The last chapters provide an analysis of economic and technical issues in specific industries and lead up to a discussion of investment priorities within the industrial sector.

One should also keep in mind that among American universities there is considerable difference in emphasis on various aspects of development economics, and some of this is reflected in the Bank's work. At some universities, for example Yale, there is more emphasis on employment effects and the importance of rural conditions in economic analysis and policy, while at Harvard, under Chenery's guidance, there is more emphasis on input-output analysis. At Harvard, at the Center for International Studies, one also finds useful work in economic incentives and industrial development. The fact remains that Bank economics, as economics in most other places, for example at the Brookings Institution, is predominantly Anglo-Saxon. It is of course true that the Bank has made an effort to bring in non-Anglo-Saxon staff, and this has been very good for the nationality diversification of the staff, but I do not think it has had a major impact on economic thinking in the Bank.

ZIEGLER: The creation of IDA led directly to a 1964 decision to build up the Economics Department and Bank economic work generally. Could you, from your experiences, describe this buildup, and the role of President Woods in it?

DE VRIES: Like any President coming into a new organization, Woods wanted to leave his mark on the Bank and took several new initiatives. One of his initiatives was to be open to the role of debt buildup in the development process, to which I have already referred. Another initiative was his interest in opening up the Bank's relations with Brazil. Third, he was interested in enhancing work on economic policy issues in India, something which subsequently happened under the Bell mission. Woods was also instrumental in the Grand Assize, which subsequently developed into the report of the Pearson Commission and served as an underpinning for the expansion of IDA.

Now, remember that Woods was President in the mid-sixties. He had first been proposed as head of AID [Agency for International Development], under [President John F.] Kennedy. That had gone afoul because of some conflict of interest during his years at First Boston Corporation. He then became head of the World Bank. The sixties was a very exciting period for the growth of development economics and for the experimentation with new tools of development aid, such as the consultative group. The idea of having a consultative group or a roundtable for countries other than India and Pakistan had been rejected by President Black in 1959. It took the administration of President Kennedy and the imagination of George Woods to bring the idea of having roundtable meetings of this kind, as envisaged under the consultative group, into reality.

In order to bring his ideas into reality, Woods needed more independent economic thinking and a larger economic staff that had a more central role in the Bank's work. At the time I came into the Economics Department there were 30 positions, and we had a mandate from the President to build this up over a period of two years from 30 to 100 positions. It was a very rapid buildup, and we had to improvise and use all kinds of sources and connections in order to do this well. [Irving] Friedman, [Andrew] Kamarck an I used our academic and government connections in order to bring people of experience and good analytical training into the Bank. It was during this period that some highly

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qualified economists entered the Bank, including Bela Balassa, a number of people on Friedman's staff--such as Paulo Lira, who later became head of the Central Bank of Brazil--and Louis Goreux who is now one of the principal movers in the Fund's Africa Department, but who before that was head of the Bank's Basic Research Center. Also Guy Orcutt, one of the top economists at Yale University, spent a short time with us in the basic research at the Bank.

The various topics of analysis in the Economics Department were those that I already mentioned: commodity economics, country projections, debt analysis, as well as resource allocation and comparative analysis among countries, something that is now done by a whole separate department like the Country Policy Department. It was also at this time, between 1965 and 1970, that we began to systematize macro-economic country projections. The first country for which we prepared such projections was Brazil.

I'd like to make a further comment on the change in the role of economists in the Economics Department. The best example is Brazil. The Brazil mission of 1964 was at that time the largest economic mission the Bank had ever sent, composed of 20 economists, many of them the top economists in the Bank, under my leadership. Incidentally, both the role of the economic mission to Brazil and the innovative idea of the consultative group in Colombia are things which I believe have not been highlighted sufficiently in The World Bank Since Bretton Woods by [Edward S.] Mason and [Robert E.] Asher.

I'd like to mention briefly the role of the Bank economists on the Brazil mission, which I headed. This mission was received in a joint meeting by the Brazilian Finance Minister, [Octavio Gouvea de] Bulhoes, and the Brazilian Planning Minister, Roberto O. Campos. The most junior person on the mission was Shahid Husain, who later became chief of the Brazil Division in the Latin America and the Caribbean Region and a Vice President. On this mission we reviewed many aspects of Brazilian economic and investment policy. The work on the fiscal side was undertaken by Richard Goode, who subsequently became the head of the Fiscal Affairs Department of the IMF. He was, in effect, between a job at the Brookings Institution and the IMF. The work on the transportation

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sector was spearheaded by Hans Adler, who had a special transportation team for that purpose. The work on agriculture was done by Shig [Shigeharu] Takahashi, who at that time was one of the foremost agricultural economists in the World Bank. At the end of the mission's visit I had a rather unique two-hour interview with the President of Brazil. Subsequently, the analysis and recommendations of this mission became the basis of a large lending program in transportation, steel and electric power.

Another general point of interest is the fact that the work of the mission ended up in a letter of agreement on economic policies between the Bank and Brazil. Anyone who argues today that such an agreement is not possible unless the Bank undertakes program lending may benefit from our experience with Brazil. In an attempt to bring economic considerations more into focus, George Woods conducted a day-long meeting of the Executive Board on the economy of Brazil, using the mission's report as a reference. This was an experiment, and it was basically an innovative idea in which economic policy discussion was brought into the center of Bank operations.

ZIEGLER: President McNamara further expanded the role of the economists, giving them, amidst a good deal of controversy, a significant share in policy making. Could you describe some of the changes in the role of the economists as a result of this expansion?

DE VRIES: I don't agree that McNamara increased the role of economists in policy making. McNamara was interested in social aspects of development, income distribution, and poverty alleviation, all of which are basic concerns of development economics and development finance. However, I do not believe that McNamara wanted economists to have a direct operational influence on economic policy or on discussion of economic policy with countries. Moreover, I doubt that in many of his country visits he himself conducted economic policy discussions with the highest authorities in the countries concerned. For example, I do not believe that McNamara conducted macro-economic policy discussions with the Prime Minister of India, but instead discussed questions of poverty alleviation and agricultural development. Some of McNamara's senior staff appointments also confirm my view;

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for example, the way he removed Gerald Alter from a senior operating position, that of Vice President for Latin America and the Caribbean. Gerald Alter was by far the best economic officer the Bank had in dealing with Latin America.

Before McNamara the Bank had built up considerable in-depth knowledge of the evaluation of public investment and public finance in countries like Brazil, Mexico and Colombia, in which I was directly involved. The idea in the days of President Woods was to set up a separate fiscal policy division in the Economics Department of the Bank, and this was done with participation of Marto Ballesteros, who is still in the Bank, and later of Stanley Please. Strangely enough, the Bank did not pursue this effort even though it is natural for the Bank. The activity was transferred to the IMF, which now has a Fiscal Affairs Department. Richard Goode, who for many years was the Director of the IMF Fiscal Affairs Department, recently told me that in his view that department should have been set up in the Bank. Under Chenery and McNamara, the fiscal policy group was disbanded and abolished. Further, it was characteristic of the fact that McNamara did not strengthen the Bank's work in the evaluation of public investment programs. Today, under Clausen, the Bank is paying a very large price for the fact that the Bank neglected this work during McNamara's term.

Another example of how economics had little influence on McNamara's lending decisions is the fact that in Brazil the Bank went ahead with a large number of loans for very capital intensive industries which were highly subsidized both by domestic interest rates and pricing, despite the findings of the economists that import substitution emphasis of this kind was very harmful to the development of a country. So, on the one hand, the Bank's economists and the Bank's economic research program were elaborating the advantages of labor intensive industries and export development while, on the other hand, the Bank was proceeding with lending for capital intensive import substitution projects. Similar things happened in other large countries, such as Mexico and India.

So I do not believe that the research program had a significant impact on certain areas of policy making, in particular export promotion and import substitution. On the other hand,

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research was designed to have a much greater impact on the orientation of development policy towards poverty alleviation. McNamara also encouraged the Bank's lending for small industries and, without his affirmative action, such lending and the supporting research on small industries could not have happened to the same extent as it did.

ZIEGLER: McNamara and Hollis Chenery greatly built up the Bank's research program. Could you comment on the impact that this research program has had, both within the Bank and on development thinking in general?

DE VRIES: I have already commented on the impact of development economics research in the Bank on the Bank's lending for poverty alleviation and the Bank's concern with income distribution. There is no question that the Bank's research program was in part designed to deal with these questions. Overall, much of the research program under Hollis Chenery had an impact on development economics. All one has to do is to look at the outline and literature of the courses on development economics at Harvard University or some of the books that have come out in recent years on development economics. Indeed, the Bank is now the principal source of development literature and was, under Chenery, the principal center on development economics. As such, the Bank has been a moving force in bringing economists into the development field and in stimulating certain types of research. Moreover, I can testify that the Research Committee, of which I was a member for three years, was a very well-managed committee, and that the staff work on the research program was of the highest caliber. Mr. Chenery deserves very high marks for his ability to manage economic work. I do not believe that Chenery was very much interested in influencing country policy. It doesn't mean that he would not have been able to have a very sensible influence on country policy. It was simply his relative interest, influenced both by what McNamara wanted from him and what he himself wanted to do in expanding development research and his contribution to it.

ZIEGLER: Would you care to comment on the apparent retrenchment in Bank research which seems to have occurred since Mr. Clausen became President?

DE VRIES: I am not sure there has been any retrenchment. There may have been a slowdown, and certainly there was a change in orientation. By the way, do you mean retrenchment in economic work or in general?

ZIEGLER: Basically in research.

DE VRIES: The work under Anne Krueger [Vice President, Economics and Research] has become more policy focused. At least this is the open statement that Anne has made on a number of occasions and that is the line the Bank takes in its published material on the research program. I have not evaluated the research now going forward under Anne Krueger. I would only want to say that what is important for the Bank today is that economists of high analytical caliber and experience are placed in the Bank's operations and not necessarily in the Bank's research. What is important is that the research people are brought into the Bank's operations and that economists are given clear authority to relate economic policy thinking to operations. I have elaborated this point in The Future of the World Bank.

ZIEGLER: Finance and Development recently celebrated its 20th anniversary. For almost all that time you were an advisor to the editor. Could you discuss the evolution of this journal, its changing emphasis over the years, and what you perceive to be its impact on the development community at large?

DE VRIES: Finance and Development has been the one tangible element of collaboration between the IMF and the Bank. The journal was set up at the initiative of Frank Southard when he became Deputy Managing Director of the IMF, and it was at the Bank's specific request that the Bank joined in this venture. Incidentally, there was also a question at the time of the Bank joining in the work of the IMF Staff Papers. Unfortunately this did not materialize, and only now is the Bank in the process of setting up a research periodical of its own. The first years of Finance and Development were very exciting and creative, mostly because of the initiative and imagination of John Scott, the first editor of Finance and Development. The two subsequent editors, Ian Bowen and Samuel Katz, did their jobs in a more routine manner. At the present time, the journal is once again taking off since the present editor, Mr. [Bahram] Nowzad, is more open to new ideas and has, for example, gotten permission to let outsiders make contributions.

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I mentioned the fact that F&D is a joint effort of the two institutions. Sometimes this leads to conflict, and I think worthwhile conflict. For example, one of the important articles published was the article in which Stanley Please elaborated his Please effect: the thesis that imposing additional tax revenue is not always desirable because much of the revenue gets wasted in unessential non-developmental expenditures. This article was drafted in the Economics Department of the Bank and was bitterly objected to by some of the economists in the IMF. However, the Bank economists prevailed and the article got published without much change. There must have been other similar examples.

In recent years, F&D has become much of an official organ of the two institutions and little scope is left for new thinking and new ideas, especially by younger staff. I believe this is an unfortunate development. From anything I can judge, F&D is a very worthwhile undertaking and has had a large impact, particularly in the academic community in developing countries, but also in the United States and Europe.

ZIEGLER: Is there anything else which you would care to add to this interview which we have not covered? One thing I can think of is whether there are any individuals whom you encountered in your years at the Bank who particularly stand out in your mind, and why.

DE VRIES: I'd like to mention two people. One is the late Sam [Samuel] Lipkowitz, who was what we would call today a sector economist but who was really an economist on commodities and industries in the fifties and the sixties. He had excellent judgment on the economics of Bank project decisions. The other, of course, is John de Wilde, who did work on African agriculture and African entrepreneurs. He was the acting chief of economic work toward the end of President Black's years in the Bank. I would also mention that Andrew Kamarck stands as a major figure in the Bank's development. Dragoslav Avramovic was a very beloved and valuable economic analyst and adviser in the later years of Black and the early years of Woods.

I would like to mention a little bit about the Bank's work on China. My wife and I made a private visit to China in 1980 and at the time, through our own personal contacts, we

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recommended that China create a development bank to help medium-sized industry. Fortunately, we were in touch with some of the most influential economists in China through whom this idea was quickly put into operation. Shahid Husain was in China at the same time in his capacity as regional Vice President, but he did not really push this idea and he thought it would be difficult and complicated. I'm very happy to say that within a few months the China Investment Bank [CIB] was created. I believe the Bank is now in the process of negotiating a third loan to the China Investment Bank. The idea was, in effect, to channel World Bank finance and know-how to medium-sized enterprises in the decentralized sector of this large Chinese economy, and it was an early example of the Bank's involvement in the process of liberalization of the Chinese economy.

The Bank economists have, of course, considerable contributions to make to the thinking in China, not so much in telling the Chinese what to do, but in letting them have an understanding and knowledge of how things are done elsewhere. The Chinese were very interested in learning from other socialist systems, and for that reason the Bank's China Division arranged for expertise on Hungary and other Eastern European economies to be made available to the Chinese.

Another example is Leslie Helmers' paper on the application of classical economics in a socialist economy. This book was translated into Chinese and discussed by the high command of the Communist Party.

Another example was the work done in the course of the preparatory work for the China Investment Bank. As a result of this work, the Chinese wrote a project preparation manual which, after review by a working group of the CIB, was subsequently discussed by the Communist Party Secretariat and then issued to all government agencies with the instruction that the methodology developed in the paper had to be followed in the appraisal and evaluation of projects in the government sector.

On a subsequent visit to China, I had a meeting with the research center of the Ministry of Trade in which I reviewed with them the problems of trade in principal commodities. I was impressed with the economic intelligence which the ministry had accumulated in export promotion.

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When China joined the Bank, Mr. McNamara welcomed the People's Republic to the fold of the Bank, and put some of the best operations officers and economists to work on China. As a result, I believe the economic and operations work on China in 1980-85 has been very good and was one of the very strong points of the Bank in that period. It would be good for this work to be reflected in the Bank's public relations.

The Chinese took, I believe, two years before they agreed to publish the Bank's first economic report on China. One reason was that the report's macro-economic projections showed a large buildup of external debt. At the time this report was written, the Chinese high command had not yet decided that it wanted to go for large scale external borrowing. It was only later that the Chinese agreed to start borrowing abroad, with caution, and to publish the report.

Another point, perhaps superfluous, is that, looking back, the Bell mission to India in 1964 was not particularly successful. Not so much, I believe, because of the substantive work that the mission did but because of the way the economic conclusions of that mission were publicized and discussed with the Indians. There are still economists in India who feel very sore about the way that Bank mission handled itself at the time. I think this is not one of the Bank's success stories.

I want to make a point about the relationship between the Bank and Colombia, in which I was directly involved. Over the years, the Bank has had a very close relationship with Colombia. Again, that has not been adequately written up. The Bank was instrumental in introducing Lauchlin Currie to Colombia. Virgilio Barco, who became President of Colombia in 1986, once told me that there are two kinds of economics in Colombia: that before Currie and that after Currie. Currie was an eminent economist during the Roosevelt administration. He was in effect the economic doorkeeper in the Roosevelt White House and brought many young economists into the Roosevelt administration. After Currie got into trouble with McCarthy, I believe it was Dick [Richard H.] Demuth who got Currie to go to Colombia. He is now in his eighties. He still lives in Bogota and has been a top advisor to Presidents of Colombia.

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Jack [Robert L.] Garner, who ran the Bank in the 1950s as Vice President, had a close rapport with a number of Colombian businessmen and farmers, all in the private sector of course. He had a close understanding of what the Colombians wanted to do. I was stationed in Colombia in 1959-1960 to help write a four-year public investment program. When that was completed and we added up the foreign borrowing requirements of that program, we were astounded at the large amount of financing needed.

In 1960, when the President of Colombia [Aberto Lleras Camargo] visited President Eisenhower, the Colombian President asked [World Bank President Eugene] Black, who was present at the dinner at the White House, whether the Bank wanted to organize a roundtable meeting like it did for India. Mr. Black said no, we only do that for countries like India and Pakistan. However, a few years later, after there had been a change in administration and the Alliance for Progress was under way, Colombia became the first country to have a consultative group chaired by the World Bank.

Consultative groups like that continued for Colombia until today, when the nature of the group has changed. I have described this in somewhat more detail in my study on the future of the World Bank, because the mechanism of the consultative group, as it was developed in Colombia and subsequently in other countries, could still be an important tool in the implementation of the Bank's contribution to the resolution of the external debt problems of Latin America and other countries like the Philippines and Nigeria.

Another point of interest in the case of Colombia is the fact that the Bank negotiated the transfer of a state-owned steel mill into the private sector. This was an early example of the Bank's having a hand in the privatization of a state enterprise, and it is worth studying this case.

ZIEGLER: Do you recall what year that was, approximately?

DE VRIES: I think it was 1961-62.

ZIEGLER: Mr. de Vries, is there anything else you'd like to add? Those additions were extremely valuable I think.

DE VRIES: I like to add my comments on the way the Bank handled the international debt problem in 1982-85. This is reflected in my The Future of the World Bank, already mentioned.

ZIEGLER: Thank you very much, Mr. de Vries.