Transcript of interview with

Donald D. Fowler
Preface

This manuscript is the result of a series of tape-recorded interviews conducted by Professor Robert Oliver with Mr. Donald D. Fowler in Washington, D.C. during the summer of 1961.

Mr. Fowler has read the transcript, and has made corrections and emendations; the reader is enjoined, however, to bear in mind that he is reading a transcript of the spoken rather than the written word.
Q: Now, sir, will you give your name and identify yourself for the tape?

Mr. Fowler: I'm Robert D. Fowler, and I'm currently the Personnel Manager of the Bank. My association with the Bank began in November of 1946. At that time I was Personnel Policy Officer with the Relief and Rehabilitation Administration of the United Nations, which was close to winding up its work here in Washington.

I first learned of the Bank through Bill Howell, who was its first Director of Personnel. I think it was in October of '46 that he invited me over to the Bank to talk with him and Mr. Guy Moffatt, who was one of the first consultants to the Bank on administrative matters, about a salary and classification plan for the new agency, the new organization. In order to do this I prepared some ideas about the policies I thought should be adopted and came over and talked to them. I don't think they were very convinced of my ideas, though they employed me subsequently, because it was not until about ten years after I came here that some of those ideas were put into effect.

But it was through this meeting and a subsequent one with Mr. Smith, who was then the Vice-President, that I was brought to the Bank as an assistant to Howell in the personnel field.
Q: Had you known Mr. Howell before you came here?

Mr. Fowler: Yes, I had. I had worked for him in UNRRA and had known him several years before that. I had known him when he was at Syracuse University, and I had known him when I was employed in TVA where he worked for a very short period of time. So I knew him and his family before joining the Bank.

Q: Could you say a bit more about Guy Moffatt? Is this an outside management consulting firm?

Mr. Fowler: No, Mr. Moffatt was a man about 65 years of age at the time, who had been a long-time specialist in the field of administration in this country. He had been employed by the Rockefeller Foundation, in the Spelman Fund, and had therefore been very closely associated with the Public Administration Clearing House in Chicago and with the various organizations of professional public employees that was created through this organization. He was also for many years a member of the Civil Service Commission, where he worked with one of the very early creators of a system of classification of employees in the Federal Service. He undoubtedly knew Mr. Smith from his work in the Bureau of the Budget and from his work in the Michigan Municipal League, where he had had close associations. And he was brought to the Bank by Mr. Howell and Mr. Smith to advise the Bank on various administrative policies which it might adopt as a new organization. And while he was here, he was quite closely associated
with Mr. Smith, in the office right next door, and enjoyed a very full and complete liaison with him.

Q: In those days almost everybody's office was next door to everybody else's, wasn't it?

Mr. Fowler: That's quite true. We were in one another's offices a good part of the time. In fact, my first assignment on coming to the Bank was to work very closely with Moffatt on the initial development of the personnel policies of the Bank. And with Moffatt and Mr. Howell and with Mr. Davidson Sommers of the legal department, we composed the original statement of policies, which was, if not approved by the board, at least accepted by them as a basis for initial action.

Q: Was this a written document which can be found in the files?

Mr. Fowler: I think so. In fact, I think I may have a copy of it. It's a document which tended to cover all personnel policies, administrative policies, in one fell swoop. It was only about ten pages long, but it set forth the general principles, I would say, that it was expected would be followed.

Q: I'd like to have you say a bit more about it. But, first, you mentioned submitting it to the board. Did the members of the board join in discussions of this policy?
Mr. Fowler: My recollection is not entirely clear on that. I would have to go back and take a look and make a determination. I rather think it was, which would have meant that probably it was considered by the board at a time even before December of 1946.

Q: I have heard that even before Mr. Meyer became president, the board sat in almost constant session and discussed among other things the administration policy of the Bank. I'm just curious as to whether when you came, you were aware that the board had any preconceived ideas along these lines.

Mr. Fowler: I think I was aware of that. In devising some of the initial policies, we had in mind the possible board reaction to this or that or the other thing and whether it would be considering them in too much detail before the staff would have time to really study them thoroughly. Would we be making the policy too definite before we had sufficient experience? And what would be the normal reaction to an internationally constituted board to this or that policy? I think, too, in this regard we tended to look to the United Nations preparatory committee. We tended to look to published policies that had been sponsored by the old League of Nations, to the International Labor Office, which had had a much longer existence--since 1923; and other international organizations which would give us some clue as to how these problems were met.
Q: Perhaps you could just tell a little bit about some of the issues that were involved and perhaps relate the question of the American civil service standards and procedures to your adaptations of that or anything else in the policy which emerged.

Mr. Fowler: I think this is an interesting point. I would wonder whether having the policy document in front of me wouldn't be worthwhile, because it would bring to my mind some of the items of interest.

Without this document I might talk about some of our early thoughts about a retirement plan in the Bank, because it relates to our sister organization, the Fund, and it relates to the idea of a career service versus a service which would depend upon a rotational staff. In the early days of the Bank we decided to create a committee, which was a joint committee between the Bank and the Fund, which would consider the type of retirement plan we should have for the Bank and whether we should accept the proposed United Nations retirement plan. I think the feeling was particularly strong in the Fund, much more so than among the people in the Bank, that we could anticipate an average tour of duty of nationals of various countries in the Bank in the professional staff of from three to five years; that therefore there would be quite a constant turnover of staff; that the staff would be largely composed of people from governments; that they would retain some rights in their positions in the governments from which they were employed and would return to their positions after a period of service in the Bank or the Fund, as the case may be.
This, of course, was not in my estimation what we could anticipate. I thought we should build our policies to encourage a hard core of the staff at any rate which would be permanent civil servants. I certainly felt that this turnover would not give any great strength to the institutions, that people would have other loyalties which were more basic than their loyalty to the Bank, and that to develop an expertise in this field of economic development and international banking; it had to be done over a much longer period of time.

This question was dramatically focused by the question of whether we should have a retirement plan or whether we should have a provident fund system. The latter is a plan whereby you pay in so much money during the time you're with the organization, and then you get that money back plus some the employer may put in plus interest at the time you leave. An annuity system is not involved at all. This was favored at the time by a number of people on the assumption that people who would come for short periods of three to five years could use that money to buy into the retirement plan of their government or their former employer when they returned. Therefore they would not be out of pocket or lose coverage during their absence.

Q: Could you identify any of the people who were in favor of this?

Mr. Fowler: Not in the Bank, but in the Fund there was Mr. Oscar Altman, who was then the Director of Administration. I think to a lesser extent, Mr. George Ingram, who was then an assistant of
Altman's, felt that way. I, of course, got the information largely from people who were members of the Joint Committee.

On the other hand, I think Mr. Ellsworth Clark of the Bank; Mr. Said, who was chairman of this committee and on the board of executive directors of the Fund; and others felt that we should consider a career type of service and that therefore we should have a retirement plan.

Q: The latter course has been followed in both the Fund and the Bank?

Mr. Fowler: Yes, it has been.

The question then came up as to whether we should become a part of the United Nations staff retirement plan or whether we should have a plan of our own. Now, this undoubtedly had implications, too, beyond the confines of the retirement plan, just as the career principle did. I can't personally, from my own knowledge, say much about what the management of the Bank felt about this. But this committee, on which also Mr. Mendels served, I believe, and a man by the name of Mr. Calvert, who was early a member of the economic department, Ellsworth Clark and myself, decided that we should be autonomous. I should say that at that time I don't believe we had signed an agreement with the United Nations under the United Nations charter. Nevertheless, I think it was clear that organizations like the Bank and the Fund would become associated with the United Nations. But here was one basic factor, I think, that tended to cause us in the Bank to decide against the United Nations plan. We knew that we would have to go to the market to sell our bond issues. We knew that the type of management and the type of
personnel policies of the Bank would be closely scrutinized. We knew that people who would buy the bonds would be looking at our organization in relation to their own, and the kind of benefit schemes and related factors that reflected good business policy. This caused us to feel that 21% of payroll for retirement was a high figure, that it went beyond what private employers were doing. We felt we wanted to get the maximum benefits for our staff at a somewhat reduced cost. We thought the cost ought to be at least three percent and maybe more below the total percentage of payroll figure that the UN was expending for retirement. And, as it turned out, we did establish a plan which cost initially 18% of payroll. The Fund went along with us for reasons of their own which I can't state.

Just by the way, some of our other policies had a relationship to this same point of view. For instance, the United Nations gives 30 working days per year of annual leave. We in the Bank give 20. The International Monetary Fund, which was less concerned with this problem of relationship to private employers, gives 24 days a year. This is just another example of our thinking in terms of what our policy should be.

Q: When you were formulating these policies did you have conversations with people in New York to find what their reaction might be?

Mr. Fowler: On this particular issue I certainly did not, and I don't know whether anyone did. We had conversations with people in terms of the details of their own plans for covering these benefits. In other
words, we didn't look only at civil service; nor did we look only at other international agencies. We tended to look to see what the common standard of benefits and practices were in the community in which the headquarters was located, and we took that to mean this eastern seaboard area.

I think it might just as well be noted now that this is not necessarily a controlling element in our thinking at the moment; nor does this mean, however, that our policies still aren't fairly well integrated with those of the best employers in this area, because I think there has been a general improvement in security benefits that go with employment among all good employers, and that's certainly true among New York banks, the federal government and other institutions with which we might compare ourselves.

Q: Did the question arise as to what might happen to people who were not American citizens who came to work for the Bank and who made a career with their service in the Bank in terms of where they would live when they retired or what might happen to their citizenship status and things of this sort?

Mr. Fowler: This has certainly been a problem with which we have been concerned since the very beginning. We tried to get some clue from what had happened at Geneva in the League of Nations. We found that they also began with the assumption that personnel would come and not stay very long. But they found, too, that the average turnover was relatively low; that people did tend to make a career of the League;
that they did tend to become very closely associated with the community in which they were living; that their children grew up in a new environment; that they had to make basic adjustments in their own concept of what they would do. In the early days of the Bank it was difficult to tell what would eventually occur. We knew at the outset that the environmental conditions in which people lived, the living conditions, were much better in the United States than they were in Europe, which had been wrecked by the war, and that therefore people were more prone, let us say, than they are today to pick up stakes and move themselves and their families, at whatever point they were in their careers, to a new country and a new job. There were advantages in it to them which were quite obvious and which no longer exist. And initially, we didn't impose limitations on people if they wished to come to the United States on an immigrant or permanent type of visa, and the visa status was fairly important. Initially people just took it as a matter of course that they might as well get the visa that gave them the most permanent status in their new location, and a great number of them, therefore, where they were able to under our immigration regulations, got an immigration or permanent type visa at the time they came to the United States, not necessarily believing that they were going to make their homes here forever or that they were going to become U.S. citizens. Their opportunities for employment in the U.S. with another employer were made more likely if they had an immigrant type visa.

Subsequently this has been changed by a rule which has been approved by the board. It says that if a man is going to become a
professional staff member, he must change to an international organization type visa or what under the U.S. laws we refer to as a G-4 visa. We have not asked those who were already on the staff to change to a G-4 visa; we have many professional staff who are on the permanent type or immigration visa.

Q: What was the reason for the change in Bank policy? Can you say about when this was?

Mr. Fowler: I would say this was in the neighborhood of 1952 or '53. I'm not positive I could give you all the reasons, or what the reasons were of each person who was part of the thinking on this. But at about that time I suppose that a good 55 to 60% of our staff were U.S. citizens.

Q: You mean that foreigners had become citizens?

Mr. Fowler: There were several reasons why so many were U.S. citizens. But in a number of cases citizens of other countries had become U.S. citizens after joining the staff. In almost every case like that, especially if it were a fairly senior man, it was a very obvious thing to people. This, of course, tended to increase the number of U.S. nationals on the staff rather than to reduce it in relation to other nationals. At that time or before that time, we hadn't done as much positive recruiting abroad as we do now. And this situation has
changed quite drastically. Now a total of the whole staff is around 40% U.S. citizens as opposed to about 60% in 1951 or '2.

This does create a problem, I think. I can think of a man like Cyril Davies on our staff, who came in late '46 or '47 with five or six children--maybe one or two were born after he came to the United States. Fifteen years later he has two children who are married to American citizens. One of his sons, I know, has served in the U.S. Army and probably has changed citizenship. His grandchildren will be born in this country. When he comes up for retirement, he will wish, I would assume, to make his home here. Yet during the time of his employment we wouldn't permit him to change from G-4 to an immigrant type visa. Now, for a U.K. citizen this may not be a difficult problem. It isn't a difficult problem now because the quota system is not a difficult hurdle. For the people from southern European countries this may be much more difficult, and they may not be able to have an easy choice at the time they retire. And I don't believe there's any easy answer to the question. There may be cheaper transportation between the United States and the rest of the world that may help the matter. But it isn't an easy question, and I don't think we have any final solutions.

Q: Do you feel that America's laws with respect to people coming into the country are or have been a hindrance to the Bank in its recruiting policy at any time?
Mr. Fowler: No, I wouldn't think so. As far as I know, we have had no cases where a non-U.S. citizen was offered a job that he could not come to the United States to accept that position. I write letters to the consular officers all over the world asking them to give expeditious treatment to the issue of visas to people coming here for temporary consulting assignments, for permanent staff or to visit members of our staff, for maids to come here to work for staff members in their homes. I must say the U.S. consular offices certainly do treat our requests promptly, and I have never had a serious problem.

Q: I understand that along about in 1952 the Bank adopted a policy of establishing permanent screening committees in various western European countries to look at potential Bank employees. Was this related to the question we've been talking about? Was this all part of an attempt on the part of the Bank to get a greater international representation?

Mr. Fowler: I think the answer to that is yes. In the initial days of the Bank there was a terrific concentration on getting started. There was a great emphasis put, I would say, on finding additional people through the good people we already had. This was possible. On the other hand, there were many problems in the countries that were just coming out of the war in Europe which required the good people to stay home. In addition, we hadn't had a chance to really probe the less developed countries' people. The organization having been located in Washington, you tended to take the people who were handy, and they were U.S. citizens who were here and worked in this field, or they were non-
U.S. citizens who may have already been in the United States and were readily available to shift to new assignments. There were governments that had technical missions here during the war and immediately following. I would say there were a considerable number of staff that came from such employment.

In addition, there were some who might be called stateless persons or refugees from Europe who couldn't return home, who looked to the international organizations for employment—and some were very good employees, I would say.

There were additional persons in these categories that developed after the coups in Czechoslovakia and Poland.

So, as I say, in the early days we tended to get people where we could find them easily. We didn't have a large administrative staff, which is definitely required if you are going to do a positive job of recruiting. We hadn't had the time to find people in the countries to help us in this recruitment. And it wasn't until about 1952, I would say, that this was done.

Another thing was that it wasn't until about 1952 or '53 that we had developed our administrative policies to the point where we could say: This is a stable thing, and this is a career service, and this is what we have to offer, and this is what you're likely to do. And, as you know, organizationally we were in a fluid state until about then. I think it's been fairly stable since about 1952 or '53. So it was about that time that we could decide: this is what we need specifically in terms of people, and this is what we ought to do to get them. We weren't sure in the early days what kind of people we really
needed to do our job. And, as our job changed, the qualifications that we required changed.

I think you will notice if you see an organization chart of the Bank or a chart showing growth of personnel that we had a fairly rapid buildup up to 1948, and then in 1948, with the Marshall Plan and better knowledge of the area in which we would be working and a better knowledge of the kind of people we needed, we found that there was a drop of personnel for several reasons: One, because there were a number that did not fit and that we had recognized didn't fit and that we decided should not stay. There were others who felt that they did not fit and that they would rather not be a part of it, and they left. There was sort of an idea that perhaps we were overstaffed in terms of what we were doing, and so we cut down. So we had an actual, positive reduction in staff, which began to build up again about 1951, '52, and which has grown rather gradually but steadily since '52. So it was about that time that we said, "Well, we're stable enough and solid enough; we've won our spurs so far as getting money from the market is concerned; we know where we fit in terms of reconstruction loans versus development loans and so on," so we could go out positively and say, "There's a career for you in our institution."

Q: Do you say anything about the factors that you took into account in deciding that some people didn't fit and how people like this got into the organization in the first place?
Mr. Fowler: I can't very intimately say that because for the period from early '47 when Mr. McCloy came to the Bank and with him Mr. Chauncey Parker, who became the Director of Administration, and 1951, I left the personnel area and became chief of what was called the Organization and Planning Division. My job during that period was to develop an administrative manual for the Bank, which would set forth in much greater detail than we had had before the administrative policies, including the personnel policies, of the Bank, and which would describe the organization and chart its functions and lay them out in some kind of a schematic form which everybody would understand. In addition, there was the problem of working out procedures, a job which had not been done before. So my concern during that time, from 1947 until 1951, was almost exclusively on organization and management problems and not on personnel in terms of recruitment, placement and so forth. And I didn't therefore become the Personnel Manager until, I think, around early 1951. I think Bill Howell could give you a much better view of that period, of sloughing off of personnel and then starting to build up again for the second time.

Q: I wonder if you could say in general what sort of things had been started by the time Mr. Meyer resigned and before Mr. McCloy came to the Bank.

Mr. Fowler: I think that can best be done, too, when I get this document that shows about how far our thinking had gone by December of 1946.
Q: There had been some things decided, though.

Mr. Fowler: Oh, yes, there had been some things decided, and I think you can see the germ of our present policies there. But they were changed, too. The concept was changed after March of '47.

Q: But I take it that it had at least been decided that the Bank would try and develop a career staff even before Mr. McCloy arrived.

Mr. Fowler: No, I don't think there was anything that had been done that you could say was a definite decision in this regard. That doesn't mean that people in the management didn't have the idea that it should be. My own feeling, from my early talks with Mr. Smith, was that he thought it should be and thought it would become such. I know that Mr. Moffatt and I thought so when we were working on the policy statements. You don't think of longevity increases for people, increases which go beyond the normal level of a salary scale unless you think you're going to have a career situation. And we were thinking in these terms. But that didn't mean that it had full acceptance, and I don't know what would have happened if it had come up for board action at that time.

Q: What sort of things began to happen after Mr. McCloy and Mr. Garner arrived on the scene, particularly as far as personnel was concerned?
Mr. Fowler: First I think it was quite obvious--looking at it entirely from my administrative point of view--that one of the first concerns that they had was how should the Bank be organized. If I remember correctly, I saw some papers that showed some of their ideas about organization even before they arrived here: of whether or not there should be a Department of Administration, of what should be the status of an Information Office, of what the general organization of the Bank should be. And I think they very quickly decided on a Marketing Department, and so on. I think these were ideas that were given fairly early priority by Mr. Garner and Mr. McCloy.

Q: When they arrived there was already a loan department and a treasurer's department and a legal department and an economics department at least.

Mr. Fowler: That's right. And there was a Personnel Office and a Secretary's Office. There was an information man, but just how he fit in, I'm not sure. There were several assistants to the president, one of whom was Mr. Demuth. Basically I think that was the organization.

Q: I understand that one of the first things that Mr. Garner did was to ask an outside management consulting organization to work with the staff in drawing up job descriptions. Do you recall anything about this?
Mr. Fowler: Yes, I do. I would say before that even. Mr. Garner, as you probably know, had come to the Bank from General Foods, and General Foods had, through its president, given very strong support to modern administrative methods. They were very definite that any organization ought to describe in some detail its organization units, the functions that they're to perform, and make this knowledge available to everybody. They also, I would say, were pretty forward looking in their personnel policies. So one of the first persons that we got in touch with was Mr. Spaith, who was the director of personnel and management of General Foods. The head of their organization and planning division, a type of position which we ultimately created and in which I worked, came here, showed us what they had done; I went up there to see in more detail what they had done. We borrowed to the extent that fit our circumstances various techniques that they had used. One of the activities, when you carry out this concept of organizational relationships is that you describe in detail the jobs within the organization. And General Foods had carried it to this level, using the democratic process of a committee system for determining how jobs fit vis-à-vis one another, which are equal, which are above, which are below, and going across departmental lines, so that there would be a uniformity of action within the organization. You wouldn't have an economic staff that was built on one system, a loan department which was built on another. And it happened that they (General Foods) had a consultant who helped them devise this system which they called "position classification and salary determination." This was a man by the name of Hay from Philadelphia.
Initially it was decided that even though I wasn't in the personnel office, I would be the liaison with the consultant on setting up and carrying out this system.

I was not one who was particularly enamored of this system of Mr. Hay. I felt that this new organization had to borrow or at least would be influenced somewhat by the European system of administration as well as the U.S. system of administration. Now, Mr. Hay was very definitely carrying forward the newest techniques of the U.S. system. The concept of classification that he had in mind was that you pay for the job that's being performed. A man may have the qualifications to perform an altogether different job or a job of much higher or much lower level, but if this is the job he is doing, this is what you pay for. In other words, the classification is in the job, not in the man. I don't disagree with that. The European concept for the most part—I don't know how general it is—is more of the same concept that we have in our foreign service system; that the man develops a level by virtue of having been in the organization over a period of time, and therefore the question of level is more in the man and what he is capable of doing than it is in the job he may at the moment be required to perform.

Now, a problem was created by virtue of trying to use a system which all the people in our organization were not accustomed to.

The second thing was that Mr. Hay carried this to a highly scientific level by a system of "point factor analyses," by which you would make a composite judgment on each task by a committee: you would find out at what level of the point scale each man reached in terms of
his job. And you did this by looking at the separate elements or tasks in the job, but not the elements of qualities in the man himself.

Well, there was a considerable disagreement therefore, a very understandable one, and a very honest one, I would say, among people in the Bank as to whether this was a system we should use. So it wasn't long before Mr. Hay knew my view. And so he went to Mr. Parker, who was then my boss, and said he didn't think I was in agreement with his system. And so I went back to my other work in relation to organization and planning, and other people were assigned to carry out Hay's survey.

I wouldn't say it was all bad, quite the contrary. I would say that it did sharpen up the organization in the process. People did realize that this was the thing Mr. A was supposed to do, and this was the thing Mr. B was supposed to do, and it brought out into the open areas of conflict that had to be resolved. This it did, I think. Second, it did give people the idea that, after all, salaries ought to have some relationship to the contribution that the man makes, and that in a new organization that is probably more the case than in an old organization which has already developed its system of values and standards in relation to the work to be done. So while I wasn't in wholehearted support of the system, because I thought it was too scientific for our purposes and too detailed and that a series of small judgments may be distorted as easily as overall judgments, I felt it was carrying scientific classifications to too fine a degree for our purposes.
Q: I have heard that there were a number of people in the staff who were quite annoyed by this whole business and felt that Mr. Garner in particular was trying to make the Bank into a typical American corporation. Could you comment on this?

Mr. Fowler: I think there were people who did think that. I would doubt that that was Mr. Garner's desire. I think he merely wished to create a team of people who knew what they were doing. I think he believed very honestly in a system of equal pay for equal work, and that if one organization had found that it could do this by a rather democratic system of committees, why couldn't one like this? It would at the same time allow people to get together and talk over their jobs so that they could see what was being done. And in that regard I think he was right.

I think the reaction was one of the other basic concept, which is that you decide how good a man is and you pay him for that; rather than that you decide what you pay him for what he is doing at the minute. And I think they could be just as right in that concept. But Mr. Garner drove a hard bargain, and he was definitely in the driver's seat. Is it no wonder then that some people would develop feelings about this? This doesn't make it right or wrong. Nor do you necessarily give the right reasons for why you feel the way you do. The feeling was perhaps one of emotional reaction rather than one of deciding what was wrong or right.
Q: Where did Mr. Parker come from? Mr. Howell was here before Mr. Parker, was he not?

Mr. Fowler: Mr. Howell was appointed as the Director of Personnel in either September or October of 1946. Mr. Parker did not come to the Bank until March or April of 1947. He definitely came in at the request of Mr. McCloy and as a Director of Administration. It was felt that a number of independent administrative units should be confined into a single unit. So some of the functions which had initially been in the Treasurer's Department, such as the payroll and the budget functions; some of the functions which had been separate, such as building management and administrative services functions. There was nothing definite determined at that time about archives, filing systems, and so forth. And so when he came in there was a question of creating a single organization of these formerly separate functions. So Mr. Howell continued to be Director of Personnel, and sometime in 1947 I was made Chief of the Organization and Planning Division; Mr. McCorkle, who had been chief of the building services and related functions--printing and drafting and messenger services--, continued to do that under Mr. Parker. There was an archives division created later and so on.

Mr. Parker had been a friend of Mr. McCloy's for some time, and I believe had served under him during the war in some capacity and had been the director of administration in the Selective Service System under General Hershey during a part of the war. And so he was invited by Mr. McCloy to come into this position.
Q: When did Mr. Howell succeed Mr. Parker as director of administration?

Mr. Fowler: There was a position created as Assistant Director of Administration, which must have been sometime in '47 or '48. Mr. Howell occupied that position. Then when Mr. McCloy accepted the position of High Commissioner for Germany, which was in early 1949, I believe, Mr. Parker went on leave from the Bank to assist Mr. McCloy in Germany, and Mr. Howell became Acting Director of Administration. Then Mr. Parker came back for a short time. Subsequently he accepted a position as a mission chief of EC.A in Italy and resigned from the Bank (I believe that must have been either 1950 or '51). Mr. Howell became the Director of Administration.
Interview with Don Fowler by Robert Oliver

Washington, D.C. July 26, 1961

Session 2

Q: Mr. Fowler, welcome back for session number 2. I see you have an impressive paper in your hand. Perhaps you can tell what it is and what the significance of it is.

Mr. Fowler: Well, you may remember, Professor Oliver, that when we first talked I mentioned a report which had been prepared early in 1946 and which set out general policies related to the Bank's administration.

Q: Early in '46?

Mr. Fowler: That's right. In fact, it was a report of the committee on administration to the Board of Executive Directors of the Bank. I hold before me the second draft of this report, which is marked "confidential" and which is dated June 21st, 1946.

I am not at all sure what the ultimate fate of this document was as far as the formal action of the Board is concerned. I don't know whether it was ever approved by the board in any final form. I think it might be well for us to check with the Secretary to see whether or not it did have any formal status at any time.
There are several points about the report that I think might have an interest and a bearing on the history of the Bank's operations. One of the statements made in this report relates to the relationship of administrative progress and policies of the Bank to those of the Fund. It was recommended in this document that both institutions closely cooperate in the arrangements for the appointment of their personnel. It certainly has been true that we have given full information to one another over the period of the last 15 years, where it was requested by either of the organizations, concerning candidates that were proposed to either. However, we both have separate files of candidates; we do our separate recruitment; we rarely check with the other organization to determine whether the qualifications standards we're using are commensurate with the ones that they are using. While we are both interested in getting people on as wide a geographical basis as possible, the Bank has found that it can do this only by rather aggressive and positive forms of recruitment, which includes setting up contacts in the various countries as a means of seeking out candidates, of making fairly frequent trips--particularly to the European area--to obtain people, etc. I don't believe the Fund has ever had a mission go abroad for the sole purpose of seeking candidates. This may be partly due to the fact that the Fund has not been expanding over the past ten years like the Bank has. But otherwise I really don't have too good a view as to how they are able to maintain their position in this respect as well as they do.
Q: Is it possible that the executive directors of the Fund take a more aggressive role in recruitment than is true of the executive directors of the Bank?

Mr. Fowler: I think that's possible, but it isn't obvious. My relationships with Mr. Kenneth Clark, who is Director of Personnel of the Fund, are frequent, and I know him on a personal basis as well over a long period of time, and I've never heard him indicate that there is any particular pressure from the executive directors as far as appointments are concerned, certainly not for the great bulk of the staff. I think that the members of the staff themselves in the various positions and departments may take a greater initiative in the recruitment process than is true in the Bank. And this may in part be due to the fact that we in the personnel division here, I think, take a more active concern for recruitment than perhaps the Fund is able to do.

A second point that was made by the committee back as long ago as June of '46...

Q: Incidentally, are the committee members identified?

Mr. Fowler: Not, not in this document. The second point was that insofar as possible there should be a common scale of salaries for the personnel of both institutions. There was a provisional scale which this committee suggested be considered for adoption, and I believe the scale was identical to one the committee of the Fund proposed at the
same time. It is interesting, I think, historically to note in terms of inflationary conditions that the initial salary rate for a secretary in June of 1946 which was proposed by this committee was $1380 per annum net of taxes. Our current rate for the same journeyman secretary today is about $3400 to $3500 net of taxes.

We have never had, even on June 21st, 1946, an identical scale between the Bank and the Fund. As far as our secretarial and clerical staff have been concerned, we have been close. But the Fund probably has been slightly higher, enough so that they have normally been able on occasion to inveigle people from us. At the present time we are about on a par. They aren't identical rates, but they certainly are similar rates, and we experience no difficulty in this regard as between the International Monetary Fund and the Bank.

Q: Could you make any other comparisons like with the United States government or United Nations organizations?

Mr. Fowler: Yes, I'd like to do that, because our general principle is that for locally recruited people we should pay rates at least equal to, if not better than, current rates paid in the community where we're working. As a result we frequently make comparisons with the Pan American Union, the World Health Organization, the small offices of the Food and Agricultural Organization in Washington, with the U.S. government, and any other organizations from which we might draw personnel, such as the embassies. Since we are able to get just as good a geographical distribution among our clerical and secretarial
staff as among our professional staff, largely due to the fact that we recruit directly from the embassies or from other organizations in Washington from other countries, we must be competitive as far as these institutions are concerned. And normally, as you know, embassies are able to pay their own nationals net of tax salaries in the United States. If they have non-U.S. nationals who are on an immigrant visa working for them in the United States, it is necessary that those persons pay income taxes on their salaries received from embassies. But their own local nationals here on diplomatic or related type visas are on a net of tax basis, at least as far as the U.S. income tax is concerned. It may very well be that they have to pay taxes in their own countries.

We at the moment I would say are paying for clerical and secretarial jobs more than the federal government does for commensurate jobs. Nevertheless, it's necessary for us to be pretty positive in our recruitment for secretaries as well. In recent months we have visited various places in Canada and in this country, in England and in France to seek secretarial candidates. Particularly we have had some difficulty in finding bilingual secretaries in the Spanish, German, and French languages. There is normally a slight premium paid for those who are bilingual as far as secretarial scales are concerned.

For the professional staff, too, we have operated on a different scale from that of the Fund. I would say, however, that our rates are not far different. For a period of some ten years, I would say—from about 1947 or '48 to '58—our top positions were paid at a slightly higher level than the Fund top positions. And as a result, there was a
commensurate difference at the lower levels because our ceiling was higher. Over the period of the last five years, I would say the Fund is closing that gap right up to the top positions. We still may have a slight preferential position but only slight.

The scales, however, have always been different. The Fund has worked on a greater number of grade levels and a greater number of salary rates within any grade level and have operated on a more regularized, definite rule basis for granting increases. We have been more flexible, I would say, in the establishment of salaries than the Fund. We have tended to reduce the number of levels and have considered that basically below the assistant department head level we really only needed to consider about three major levels--a junior professional, a middle-level professional and a senior professional. Within that general range, we would pay salaries commensurate with the level of professional attainment that the individual had gained, and this would be based upon the common judgment of the personnel office and the man's supervisor, with the personnel office supplying the comparative information as among departments.

On infrequent occasions, possibly once every two years or so, we have also included a review by the Vice-Presidents. The report would be made by the personnel office in conjunction with the departments, and then there would be an overall review of all salaries with the Vice-Presidents. This, too, has proved very valuable, I think, in assuring everyone that full consideration is given to salary problems, and that the judgments are not only those of the professional man
trying to do a personnel job, but by the administrators at the top level as well as to whether their comparative information makes sense.

I think also we assure all staff that there is a semi-annual review of the performance, the status, the salary of every professional staff member of the Bank and every non-professional, for that matter. This doesn't mean that we give salary increases once every six months, but it does mean that everyone's status is reviewed that often, so that there can be no doubt that someone has made a judgment with respect to all persons concerned.

Q: Are the persons concerned appraised in the judgment involved?

Mr. Fowler: It is certainly the intent of the personnel office--and we make this position clear to the department heads at all times--that we feel they should inform their staff members periodically of the success with which they are meeting the requirements of their jobs. We don't insist that they inform them of their judgments which they have given us so long as there is nothing detrimental to the staff member in those judgments because we do make a record of what is said. If there is a detrimental statement made about a staff member, then we ask the department head definitely to see the person, inform him at least orally of what the problem is, and on occasion that is done with the personnel officer in attendance and frequently there is a report by the department head or his deputy after the interview with the staff member. It would be better, of course, I think, if each staff member had a chance to have his supervisor talk to him about his work once
every six months or at least once every year. We don't ask for a written report from the department more often than once every 18 months unless there is some special reason for it. But department heads do, of course, when they give salary increases, call the man in and hand it to him and tell him what his status will be; and no doubt there is some discussion of his work. So this is done.

Q: It's conceivable, though, that a person might go, say, a couple of years even with no salary increases because he's not doing brilliant work, but yet there are no criticisms necessarily of his work because he's performing adequately.

Mr. Fowler: That's possible. Normally, for more junior professional staff, an increase can be expected as often as once every year. For those who are more senior and where the increase is somewhat larger, we tend to suggest about once every 18 months provided there is no reason to think otherwise. This is not a firm rule that cannot be changed, however. We may give an increase earlier than a year in some cases and we may give an increase certainly earlier than 18 months in other cases. A man may go two or even three years without an increase, but if it goes longer than 18 months, I think he knows even without being told that he is not doing a job beyond just barely satisfactory.

Q: Are these grades--junior professional and so on--firmly established grades?
Mr. Fowler: No, these are not formalized grades. They are judgments as to where a man stands in the scheme of things and how independently he is operating in the work of the Bank.

Q: So you don't have a title like senior economist or junior economist?

Mr. Fowler: No, actually we have been very informal about titles. Organizational titles we need. Therefore, there is a director of a department and an assistant director. There is only one other title in each area department, and that's the economic adviser, who's really about the third-level man in the department. All the rest, even though they're top loan officers and dealing independently with governments and working out all the negotiations, merely sign "John Doe, Western Hemisphere Department." We do not use the title of "economist" within the department, nor title of "operations officer" except as an informal designation within the organization to know about whom we are speaking. There are no formal titles at that level. Engineers are engineers normally, but again we really don't use titles within the technical operations department beyond the chief of a division or the assistant chief.

Q: Would you comment on the question as to whether or not the salary structure of the Bank is such that it is relatively easy to recruit personnel?
Mr. Fowler: This is a question which varies depending on circumstances at any one time. In the early days of the Bank when Europe was largely destroyed by the war, it was relatively easy—that is, after about 1948—to entice people to come to the United States where no destruction had been wrought and where conditions of living were relatively easy. Also, salaries in the United States at that time provided a higher standard of living than these same people could enjoy at home. So I would say at that early period our difficulty was more in finding people qualified by professional ability to meet our requirements than it was one of enticing people who did meet these requirements to come to the Bank.

By early 1950, '52, '53, 54, this became more difficult. By 1960, I would say it was quite difficult. If you compare our professional salaries with federal government in the United States, I would say we have a plus advantage of 5 to 10 to 15% depending on the types of jobs. If you think of engineering positions, of which we have some 50 or 60 in the Bank, in relation to the salaries paid to engineers in private industry in the United States, we are probably at the same percentage disadvantage—not in all categories, but in many categories. We don't compete specifically with those who are wanted for highly scientific endeavors. We do compete, for instance, with the salaries paid by big utility companies to their best engineers. We do compete with what a private investment banking concern would pay for an engineer who was looking into various aspects of investment propositions. We have a problem in this regard, I think.
Donald Fowler

If you compare our salaries with European salaries using the rate of exchange as a basis, we are far ahead of anything these people are obtaining at home. If you compare our salaries with European salaries in what the Europeans, for instance, currently think their purchasing power in relation to a standard of living is worth in their home country as compared with the salary they would get at the Bank in the United States, they would say it was 15 or 20% below what they are getting in their own country, particularly when they think of moving their families to a new environment, going through the problems and expense of changing their way of life, their children's education, etc. In other words, it now takes a bigger margin of difference to bring people from the European area to the United States than it ever has in our past history.

Q: Does the Bank pay the full moving costs?

Mr. Fowler: Yes, we do. But still you can't cover all items of expense. Let's take, for instance, a man in London who doesn't buy a suit of the light weight required for wear in a Washington summer. He starts buying a wardrobe of four or five suits, you're up into the money for that. And when you assume that they may have a wife and three children besides, if they're in a middle level position in the Bank, this is a problem--and only one of the many problems of readjustment.

In the past we have had fewer of what you might call the international benefits than some of the other international agencies,
and these are side issues with respect to salary but fairly important ones. Recently we have helped that by two important changes in our rules. The one is to pay some part of the costs of educating their children in the United States in schools which teach in the language of the country from which they come. This will help particularly French citizens or French-speaking people. It will help possibly German-speaking and even perhaps Spanish-speaking peoples, although there are not, so far as I know, schools teaching either in German or in Spanish at this moment. It will not help the Norwegian or the Swede or the Dutch or any one of a dozen other nationalities, the language of which is not German or French or Spanish; the possibility of having schools in their languages in the United States is very remote indeed. But an education allowance has helped.

In the years in which the staff member does not go home on home leave at the expense of the Bank, if he wishes to send any of his dependent children home for their education, he may do so by our paying the round trip cost in that off year. We don't pay any part of the tuition, however, for the child going to school in the staff member's own country.

Q: Would you say that there are any relations between the apparent increasing difficulty of getting personnel and the decision--I take it reasonably formal--made in the middle '50s that the Bank would attempt to fill its top positions by promotion from within rather than recruitment from without?
Donald Fowler

Mr. Fowler: Before I answer that question, may I just make a statement with respect to the other factor which has helped? Just to bring it together here; the other factor is that we have decided instead of providing for home leave of a man and his family at our full expense on a once every three-year basis, we have now proposed to do this on a once every two-year basis. I think this has also been a great help to the staff member who has come from abroad and it has added to the compensation factor. There may be a couple of other things which we might do which would help this still more. One of them would be to give a slightly longer period of annual leave than we do now. As I think I mentioned earlier in our talks, we give 20 days per annum, whereas the Fund gives 24 and the United Nations gives 30. It seems to me that we might come closer to the International Monetary Fund rule in this regard.

Now, to your question: This rule of the Bank is again an informal rule and not a hard and fast rule. There probably is no better builder of internal morale than a rule which states that "you have an opportunity to get to the next higher position if you're qualified to go there." And, as you know, in the Bank at the present time the two Vice-Presidents, all of the department heads who were not initially recruited at the beginning of the Bank to their present positions, have come from positions of lower grade within the organization. I believe it's true in almost all cases, if not in all cases, of the second man in each department as well. But the Bank has always considered that if there is a man from the outside who is especially well-qualified for the job and would improve our geographical distribution position, and
if circumstances otherwise indicate it; we would recruit from the outside. And I think we would today for some positions. I think it would probably be a mistake, in fact, for the Bank to go on the assumption that no lateral recruitment would be done.

I don't see how this has necessarily affected getting people. Certainly there have been occasions when we have offered people from abroad top positions, and we might have just as great difficulty getting people for those positions, the people we really want, as we do to get people at lower levels on the assumption they'll have to work up to these positions. Only in the last three months we have made several offers to top-level people for top positions without success. This could happen at any time in the Bank's history, I would say, because if you are seeking the best people for top positions, they are going to have equally good opportunities in other places. And it may very well be that the choice is made on altogether different grounds than what the Bank pays, what the position in the Bank is or anything else related to the Bank as an employer. In fact, I think when you consider top people, that is very often the case.

Q: I take it these recent difficulties are due not primarily to salary schedules, for example.

Mr. Fowler: Not as far as I know, because, after all, the department head salaries are not as high as you would find in private industry in this country. But when you think of the tax structures of most European countries, I would say that the net of tax salary they would
obtain in the Bank would be equal to most any salary these people might obtain at home.

Q: Given the fact that the Bank does try and promote people from within to presumably the maximum extent possible, this clearly makes whatever training program the Bank has, a matter of considerable importance, particularly our supposed review levels. Would you like to talk about training programs?

Mr. Fowler: Yes, I think it does. I think it even affects the recruitment. I think about a year ago Mr. Rist, the head of the economic department at that time, and myself traveled to some 11 European countries, and we found that the kind of people who are more ready to pick up stakes and leave home are the younger people, and they are doing an increasingly good job of educating the younger people in the field of economics in Europe—in the kind of economics at least of an international character in which the Bank is interested. We were successful in recruiting some 15 to 20 young economists between the ages of 26 and 33 who now have come into the Bank—two or three of them in each of the major program departments and in the economic staff. And I would say that these people have an excellent opportunity of working up in the Bank, and they come I'm sure in part by virtue of the fact that they could see that prospect.

Our training programs for people within the Bank have not developed as far or as fast as training programs in other organizations. This is something we feel that we should push in the
very near future. We began early in the Bank's history—in fact, the proposal was first made early in 1948—that the Bank use a junior training program as a recruiting device. So we created what has been known ever since as a general training program. Each year we notify all member governments that we are seeking some eight or ten young men between the ages of 25 and 32 to come to the Bank for one year of training in the operation and work of the Bank. We did not accent the recruitment factor, but I think it was obvious to many that this was a factor and in the first two or three years it was very much in our mind. We didn't intend that we would take all ten of these people or all eight of them, but that we would take a significant number of the best.

We got excellent candidates, from all over Europe particularly, and in the first years a greater number were from Europe, although we always had in mind a geographical distribution of these people. And out of the first class, I suppose there were four or more who were chosen as members of the Bank staff, and out of that number I can think just quickly of three that are still either in the Bank or the IFC and are currently in senior positions. This is the class that began in January of 1949. So they have been 11 years in the Bank since the completion of their training program.

Q: This was four out of how many?

Mr. Fowler: Seven or eight or nine. Maybe there were even ten in that first class. Up to now we have had a class every year since 1949, but
early in the 1950s we decided that the emphasis should be primarily on training a limited number of people from the underdeveloped countries who would return to their countries where they would become a sort of liaison between the Bank and their countries. So we accented the program entirely on the basis that they would come to the Bank and would return home. They should, we thought, be strongly sponsored by their current employers. And we felt at that time that it would be best if their current employers were the ministries of finance, the central banks or any other organizations--planning boards and so forth--which had an established working relationship with the Bank on loan operations. So our program, beginning in 1951 or '52 was accented more on giving these people pretty complete information on how the Bank went about making loans and getting acquainted with Bank staff.

The program then was changed only in terms of length since that time, and that probably was in 1956 or '57 when we decided that since it was difficult to keep them for long periods of time within any one of the departments for what we called a long attachment period, we would cut the program to seven months and concentrate more on providing information in class work and case studies and various other devices. And we have done that since. I suppose in this program 125 or so people have been trained.

Since changing the nature of the program, we have recruited some of the people. But we have insisted that they initially return to their home countries for a period of work in the jobs and organizations which sponsored them before we would take them on in the Bank. I
suppose at the present time we must have five, six, seven or eight ex-
trainees on our staff from this program.

Q: Is this training program you're now talking about separate and
distinct from EDI?

Mr. Fowler: Yes, it is. It was inaugurated some eight or nine years
before the EDI and is completely separate from the EDI. It's
administered by the personnel division. We have a training committee
which is composed of the Secretary of the Bank as the chairman and
members of the four area department heads and the technical operations
department and the economic staff as members of the committee. The
committee works with the training officer in the personnel division in
selection of the trainees from the candidates who submit their
information and on review of program. Many of these people are now in
senior positions in their home countries. A good number of them have
returned to the Bank or the Fund as the case may be as alternate
executive directors or executive directors, as alternate governors to
the board of governors; some have returned to us as staff members of
senior rank; others are doing top level jobs in other international
organizations. At any rate, we feel that this has been a very good liaison with the member governments, particularly in some from which we
do not have many staff, and it has formed a very good alumni
organization, let us say, of people who know about the Bank all over
the world. They're sort of ambassadors for the Bank. We try to keep
them informed of what's going on in the Bank. We write to them and get
reports back from them from time to time to find out what they are doing. My only regret is that we couldn't train two or three times as many in the same manner. But it's necessary to use the Bank's staff as instructors for the most part. This is a great imposition really upon the individual departments because they are not staffed for this purpose, and they don't have personnel specifically designated for the purpose so that we can anticipate that they're putting in extra effort when they do work on the training programs.

Q: Are the formal classes held during the daytime or at night?

Mr. Fowler: All during the daytime, formally operated.

[Whereupon, the session was concluded.]