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Transcript of interview with

William F. Howell

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PREFACE

This memoir is the result of a taped recorded interview by Mr. Robert Oliver with Mr. William F. Howell in Washington D. C. on July 7, 1964 for the Oral History Research Office of Columbia University.

Mr. Howell has reviewed the transcript of his interview and has made corrections and emendations which have been incorporated in the other copies. The reader is enjoined to bear in mind that he is reading the spoken rather than the written word.

Howell: I'm William F. Howell, Director of Administration for the Bank and IFC. I've been with the Bank since August 26, 1946. I came here from UNRRA in a rather nebulous position. I was actually called Acting Director of Personnel for about a year. At that time there was considerable thought that the Director of Personnel would be a non-American. And then I became Director of Personnel and subsequently Assistant Director of Administration under Mr. John C. Parker, and, since 1954, Director of Administration.

Prior to coming with the Bank I served for two years as Director of Personnel at UNRRA, United Nations Relief and Rehabilitation Administration. Prior to that, I was in the examining division of the U.S. Civil Service Commission, and prior to that on the staff of the University of Southern California, and prior to that with the Michigan Municipal League in personnel work.

Q: Were you a friend of Mr. Meyer?

Howell: No, I actually was a friend of Harold D Smith's and that had something to do with my coming to the Bank. In the spring of '46 I was loaned on several occasions to the United Nations in New York by UNRRA to work on some of their early personnel matters. And I felt I wanted to go with an international organization, and when Mr. Smith came over here to the Bank from the U.S. Bureau of the Budget, he asked me to join the Bank staff, and I did.

Q: Did you know anything about Mr. Smith's own appointment as Vice President of the Bank?

Howell: I don't know a great deal about it. I had worked for Mr. Smith at the Michigan Municipal League and knew him personally well. I have been told that there was some surprise on the part of the executive directors that Mr. Meyer appointed him Vice President. I do know that Mr. Meyer had a very good opinion of him, and of course, Smith had an outstanding record as Director of the Bureau of the Budget during the war--the U.S. Bureau of the Budget. I don't know much beyond that about it.

Q: When Mr. Smith came here, what in general were the functions that he performed as part of the staff management?

Howell: I would say in many respects Mr. Smith served more as the Director of Administration than say an Executive Vice President. I think that was partially because of his background and experience and partially because in the formative days that kind of work was needed--recruiting and establishing some administrative policy and procedure.

Q: Who were the people in the management of the Bank who were particularly influential in the development of loan policy and borrowing policy and so on?

Howell: Well, I would say in the early days, certainly one thinks almost first of all of Chester McLain, who was then the general counsel. I think Dick Demuth had a great deal to do with early policy. Leonard Rist in many respects did. The directors, of course, had more influence in many ways in that sort of thing then, or at least had a

good-sized influence. Amongst those, one thinks of Mr. Collado, the U.S. executive director; Mr. Beyen, from Holland; Dr. Machado and others who were quite influential.

Q: I wonder if you could tell us a little bit about the period of Mr. Meyer's presidency, his planning for lending and his development of relations with the executive directors and the staff and so on.

Howell: Well, I will have to tell that somewhat from the standpoint of perhaps once removed or more in terms of having seen it from an administrative and personnel standpoint rather than from more of the substantive standpoint. I remember the days of Mr. Meyer as sort of the days of the architecture of the Bank. It certainly was not without its gains from an organizational standpoint, though it seemed to me that Mr. Meyer's concept was that he wanted to name his department heads, keeping in mind international representation, and he had the concept, I'm sure, of leaving it up to the department heads to a considerable degree to staff their own departments. The board was more active on a day-to-day basis in those early days--I think quite understandably so--by committee work on the form of organization of the Bank, on administrative practices and policies, which of course were referred to the management--to Mr. Meyer.

Q: The board of executive directors had actually been in session, had it not, for some time before Mr. Meyer even came?

Howell: Yes, I believe so. I was not here at that time, but that's my

understanding. When I came Mr. Meyer had been here a couple of months, and Mr. Smith had been here about six weeks.

Q: Were you aware of any policies that had been formulated by the board even before Mr. Meyer arrived?

Howell: I couldn't speak on that in any definitive terms. I heard about them. My own impression would be in memory that they were not too well firmed up at the time I came. I remember some stories that I heard such as a letter from a Latin American country stating to the board that they understood that the board was going to receive applications on an alphabetical order and wondering when applications for countries beginning with "C" would be accepted, which would indicate a rather lack of policy, as I think of it now, or lack of understanding of it.

Q: Were there many people on the staff here at the time you came?

Howell: Yes, there were a number of people loaned, some from the U.S. government. There was a staff of about 30 people when I came. Dick Demuth was here when I came. Leonard Rist was here when I came. Johnny Ferguson, who is no longer here, was quite active then as assistant to Mr. Meyer. McCorkel, who is our office manager, was here, although he was still on the U.S. payroll. Mendels came about the same time I did, although he'd been down here on a part time basis prior to that. Mr. Pineo, who was the first loan director, came almost exactly the same time I did, and so did Stanley Hoar, who was at that time

assistant loan director and subsequently became loan director. There was a staff of about 30 or so, counting secretaries. We occupied a relatively small part of the 1818 H Building.

Q: What did you do when you got here in the way of finding additional staff members?

Howell: Well, as I say, when I came I didn't know whether I was going to be in personnel or what. It was sort of catch-as-catch-can in the way of most early organizations. I was advised by Mr. Smith first of all to spend some days going through the applications already received by the Bank to get some appraisal as to their quality, and to be sure that letters were acknowledged. I always remember one of my first decisions was looking at the classifications of personnel applications then in effect and as discreetly as I could informing the man who was loaned over here by the U.S. government as personnel officer that in a national agency you didn't break a classification down into U.S. citizens and foreigners. That's the way they were classified. There wasn't a great deal there quality-wise in my opinion. A number of the early people employed were recommended by the directors or by friends of Mr. Meyer and others, and there were some very good people recommended, not in any great spread of nationalities. The general concentration in the early days, I would say, was U.S., British and Dutch--in part because there were people available obviously from these sources. Many good people like Siem Aldewereld, who came in the early days of the Bank, had been in this country for their home country--in that case Holland--on a wartime assignment and were interested in Bank

work and came with us. And we picked up in the early days--say, in the first year of the Bank's existence--a number of good people in that way, many of whom are still with us: Norman Jones, Mr. Gellat, and others.

Q: I'm particularly curious about the reason for the Dutch representation in contrast with say Belgian or French. Was there any particular reason for this?

Howell: I would only speculate on it. I would say two or three things: one, the Dutch had been international bankers for a number of years; secondly, they started early after the war having a surplus of good people because of the Indonesian situation; thirdly, they had a very intelligent, aggressive executive director in Jan Beyen, who was interested in seeing Dutch nationals on the staff.

Q: So that the executive directors themselves were proposing people for staff positions.

Howell: Yes, they were. There was some resistance to that, I'd say, by Harold Smith in the early days. But, after all, it was a source in many instances of well-qualified people. I think it was a matter of establishing, which came later, that in effect the executive directors suggested them--they didn't nominate them--and the management had the discretion of decision in each case.

Q: Do you recall whether you had many nominees from countries other

than in the immediate western European countries?

Howell: No, not many. We had French nominees and others from western European countries, not a great many from the so-called underdeveloped countries. I remember, for example, I was asked by the management in the early days--probably in the winter of '46--to try to come up with some names of Latin-American candidates, and I talked with the Latin-American directors. I talked around town at a few places, like the Pan-American Union, and I can remember specifically running onto the name of a man from a Latin-American country who was very highly recommended in the economics and banking field, and I wrote to him and told him that his name had been suggested to me, asked him if he'd like to submit an application if he would be interested. He wrote back he would. He spoke in quite interesting terms of what he'd been doing, and he ended up by saying he thought I'd understand he wouldn't be interested in any job that paid less than \$30,000 a year net of taxes. Well, that happened to be the exact salary of the president, so I had to write to him regretfully and say to him that I didn't think we had a job at that level for him. We didn't have many real serious candidates in the early days, I would say, other than from the western European countries and North American countries--some but not many.

Q: Did an issue arise at all as to whether the Bank would try and get representation from its member countries in any kind of quota or proportion?

Howell: Yes, it did. I think I can say that our board on the whole

took a pretty firm stand against any preconceived quota system, and certainly the management did. And I also think I can say that one of the contributions in the management field that Mr. Smith made was taking quite a firm stand against the preconceived quota, but at the same time stating as a matter of policy that the Bank in accordance with its bylaws would recruit on as wide a geographic basis as possible commensurate with qualifications. I do recall being given a letter from an eastern European government in the fairly early days of the Bank listing about three or four names and saying, "Here are the people that we want you to appoint against our quota," and I explained to the executive director that in my understanding the Bank was not establishing a preconceived quota, and with his blessing I wrote a rather firm letter along those lines for Mr. Smith's signature. I can't cite many cases, however, of that kind, where there was a great deal of movement on the part of governments to establish a quota. And I think our early board deserves credit for that.

Q: What sort of positions were you seeking to fill in the early days?

Howell: Largely on the substantive side, of course. We had not yet built up the concept of engineers or many engineers. I would say there was a heavy emphasis in the early days on looking for people with investment banking backgrounds, probably a heavier emphasis on that than later was the case. We also were looking for economists and of course supporting staff in the treasurer's department--accounts--and lawyers for the legal department, but a heavy emphasis on staffing the loan department. Again, there was quite an emphasis there on the

investment banking type person who in the pre-war days had had some international investment banking experience. And we did employ a number of people of that kind, some of whom worked out well and some of whom frankly didn't work out so well.

Q: When was it that you began to be interested in engineers per se?

Howell: This was in the McCloy days really. Mr. McCloy brought to the Bank soon after he came, General Wheeler, who had just retired as the chief of the Corps of Engineers, and we established a little cadre of engineers in our then loan department; and when the reorganization came along a few years later, of course the technical operations department was set up, and it was really after then, getting into the Black days, that we emphasized the technical and engineering side of the personnel picture as much as is now true.

Q: I wonder if we could sort of summarize the Meyer administration with reference to the types of people and also his general activities.

Howell: Well, general activities; obviously not much on the lending side, a formative stage, certain actions taken to work out a modus operandi between the board and the management, not altogether successful perhaps; but at least, as I said, the ground work and sort of the architecture for what was to come; the department heads named on the whole were, I would say, well known and well-qualified people: Mr. Crena de Iongh, , Chester McClain,, Charles Pineo, among others; then a search for a minimum of personnel in numbers of 50 to a hundred of for

the most part investment banking types, but under Leonard Rist a good sprinkling of qualified international economists.

Q: Did any of the people who were executive directors or alternate executive directors come over to the staff?

Howell: Well, there were some that wanted to in various capacities, heaven knows. Well, yes, in the very early days Leonard Rist was an alternate executive director and then came over to the staff. That was even almost pre-Meyer days. And Mr. Crena de Iongh had been with the Dutch delegation. So had Aron Broches at Savannah and Bretton Woods. I don't recall any others right now except Leonard Rist. As I say, there are others who might have liked to have done it.

Q: About how big was the staff when Mr. Meyer resigned?

Howell: Well, by December of '46 perhaps a hundred. I think when McCloy came in the spring of '47 our staff must have numbered total 150, perhaps 175.

Q: So you were still adding.

Howell: Yes. We recruited right up through that interregnum period. We had a number of people in the pipeline, as it were. Yes, we kept right on recruiting.

Q: And the departments at that time were what?

Howell: The departments at that time were the loan department, the economics or research department, legal, treasurers--a small information office really under Drew Dudley; we did not have an administration department. That was about it. No marketing department at that time. That was established under McCloy and Black.

Q: Well, now, let's discuss the McCloy period somewhat. From an administration point of view what were some of the significant changes or major events of Mr. McCloy's years as president?

Howell: Well, one of the most significant from my standpoint and I think from the Bank's was the very early establishment, practically before he came here, of a department of administration, which pulled together the personnel functions, the office management functions, file functions, translation functions and took from the treasurers' department the budget, the administrative payroll and administrative expense function and established as a new function administrative planning, which Mr. Garner took a great interest in. That was one of the first things.

The second was an obvious increase in the administrative policy discretion authority of the management itself, with McCloy taking an active interest in it but with Mr. Garner really the leader in that sort of activity,

One of the important, significant things, it's always seemed to me--it's a little intangible perhaps. By its nature the Bank did not have the impetus from the outside for what I'd call administrative discipline. I mean they didn't have an annual budget appropriation

like other international agencies, which means that a general assembly or something is looking at their administrative expenses before and after they make the appropriation, and they didn't have stockholders in the usual commercial sense looking at the dividends. Therefore, it has seemed to me that the Bank had to create, as it were, a great deal of its administrative discipline internally, and I've always felt that one of the biggest and somewhat intangible contributions of the McCloy-Black regime was just that, and I think most of the credit for that goes to Mr. Garner.

Q: What do you mean by discipline here?

Howell: Well, I mean that if you can do something for \$500, don't spend \$700. If you need six people, don't hire ten. I mean it on that side, and then I mean it in terms of organizational discipline in which there was established, I think, more firmly a hierarchy of administrative responsibility from the president down through the department heads and the division heads. It was only natural, particularly after Mr. Meyer resigned and Mr. Smith died, that we sort of got a cabinet form of government, with department heads becoming the cabinet. And once a president and vice president was brought back in, that superimposed a hierarchical structure over that, and I would say did bring about a more cohesive and tight organizational structure. So I mean it both in terms of expenditures, of personnel and of organizational structure.

Q: I understand that during Mr. Meyer's term in office it was not

uncommon for the executive directors to request the staff to do papers for them, for example.

Howell: That is true. I was requested to do several on administration for the administrative committee of the board.

Q: Did this procedure continue after Mr. McCloy became president?

Howell: No. In the first place the number of committees was greatly reduced. In fact, I think it was reduced to one or two. And secondly, I think there was a very well understood principle, at least within our field, whatever papers were prepared--and at that time we did prepare a complete administrative manual--that these were cleared up through the management and then information on them given to the board. Certainly that was true the way we prepared the pension plan.

Q: Can you tell us a little bit about this manual that you drew up?

Howell: Yes. It's still in existence and is still the basis of our administrative management of the Bank. Mr. Garner had had an experience of being responsible for organization and planning in General Foods. He brought down on a loan basis a man from General Foods who had worked on administrative manuals. Don Fowler, who is now the personnel manager, became the first head of our administrative planning section, and we drew up a manual consisting of three parts--one a part on organization which defined the responsibilities of the several departments as well as charted them. The second part was the

administrative policy, which covered such things as staff responsibility, leave policy, pay policy, and similar administrative matters; and then the third part was a forms manual. We worked on this pretty incessantly through, say, April to December of '47; had it published, and it's still in use. Of course, it's brought up to date from time to time.

Q: So it would be fair to conclude that one of the important innovations of the McCloy-Garner management team was that the management itself dealt directly with the executive directors but the staff did not.

Howell: That's right. I don't mean to imply that there are any iron curtains put between the staff and the executive directors. That isn't true. But the channels of communication certainly were established that way insofar as official business was concerned.

Q: I have a note here from our previous conversation that along about the spring of 1953 something of a policy was established in the internationalizing of the staff of the Bank. Could you tell a little bit about this?

Howell: Yes. At that time the staff was growing, not at a rapid rate but rather steadily. There was more activity at the Bank; we were expanding the engineering side of our staff as well as our other operational sides. And it became apparent that if we were really going to have as broad a geographic basis as possible we would have to do

what I would call positive recruiting. We would have to go out and get people. I think there were several reasons for this: one, with the success of the Marshall Plan, Europe was becoming more prosperous, and there were therefore better and more challenging positions available to nationals of our member countries in Western Europe. Secondly, we had to think in terms of what I'd call career people that we could recruit, say, in their early thirties or thereabouts and whom we could hope would make a career with the Bank. And thirdly, we needed to establish better day-to-day contacts not only with source of supply in our member countries but with people to whom we could turn for references and evaluation. I had talks with the now Sir William Iliff about that, who was then assistant to the president. He agreed that we ought to do some recruiting trips in our member countries, particularly in Western Europe. I wrote up a paper on it, which Mr. Garner agreed with, and about that time we started what has been a series of recruiting trips to Europe by someone from the personnel department, usually Mr. Fowler, and some of our operating department heads. Mr. Fowler and Mr. Aldewereld plan to go to Europe within the next few months on such a trip.

Now, the successful part of that has been through the cooperation of member countries, especially in Western Europe, the establishment of what I'd call in most instances semi-official committees to work with us on the seeking out of qualified staff and evaluating them. In most instances the staff work for these committees is done by a branch of the government, foreign office or treasury or ministry of finance, and the committees themselves consist of people from business, education, government and so forth.

They have been most helpful in screening out applicants and in tapping good sources of supply for us. In the past, say, five or six years I think I'm right in saying that we have recruited in the professional line, say, five non-Americans for every American we have recruited.

Q: Was there a specific time when this policy began?

Howell: It began in the spring of '53. There was nothing magic about the time except, as I said, an increasing awareness that we needed to be more aggressive in seeking out good candidates, and there was agreement by the management at that time that we would take positive steps to do it.

There is one thing that I would say somewhat as an aside, but I think it fits into this whole thing. It's always seemed to me, and I think others here, that in international recruitment particularly there are a couple of obvious extremes of people you have to avoid. I think obviously you have to avoid what I would, call the super-nationalist, and on the other hand in international recruitment (I've learned this not only here but in other international agencies) an awful lot of people who were sort of romantic about the whole thing of international employment are a little bit like some pro-football players on college campuses that drift from campus to campus. I think you have to hit somewhere in the middle on that from a personality standpoint, and I think to get those kind of people you have to go out and get them. They don't come to you. The wrong kind come to you in too large a number.

Q: What were some of the consequences of having people who were superinternationalists, let's say?

Howell: Well, I don't think they adjusted to the work of the Bank. The work of the Bank, as the McCloy-Black program developed, became a very well-conducted, business-like operation, in my opinion. I think some of the super-internationalists simply could not adjust to those kinds of policies. There weren't any great numbers because I think we avoided getting them in any great numbers. But I think it could have become a pattern of recruitment that would have been quite different than what I like to think of, perhaps erroneously, as a staff that has high professional qualifications, a high esprit de corps for the Bank, and is in sympathy with and had a role in developing its practices and policies. I think we could have gotten a type of person that just would not have done that.

Q: Did this policy in the spring of 1953 of actively seeking people in Western Europe imply any criticism of former policies?

Howell: I think it implied more the lack of former policies rather. I think prior to that time--and I think I'm as much to blame for this as anyone--we had relied too much on applicants coming to us rather than our seeking them out.

Q: Well, what sort of people do you seek in terms of their personalities, their skills and so on?

Howell: Well, let me put it this way: We've had to let a fair number of people go from the Bank on what is I suppose rather facetiously been called by many "negotiated resignations." I say "many". I've never counted them up, but I suppose 40 or 50 high-paid people of the Bank we've had to let go. I don't think in many cases--I perhaps could say in no cases, although that may be too strong--has it been a matter of their professional qualifications being the reason for their failure. It's been more in my judgment their personalities and the kind of work they are conditioned to do, are interested in doing. And there you get into the intangibles of personality. I think the way we work with our working parties, staff loan committee and so forth, the overused expression of good teamwork is important, and some people can't do that--they're individualists as far as their work is concerned. But more important it takes that sort of intangible sophisticated social intelligence in dealing with member countries. After all, when somebody is out from the Bank he may not be a very high-ranking engineer here, but if he's in the back hills of one of our developing countries, he's Mr. World Bank; and he's got a very real responsibility and has to act and behave accordingly. That's what I would term the kind of person we seek out. There's a chance element in it. We never attempted any Rorschach test or anything of that sort. But I think we have had enough experience with it so that we know intuitively what we are looking for.

Q: I think you told me once before that you like to have people who are good negotiators.

Howell: That's right. That's very important. Obviously, first of all, they have to know their stuff professionally, whether they're economists, lawyers, engineers or what they are. Obviously, that's the first thing to look for. But so many times that isn't enough. It's that extra something where, as I've said before, I think our failures have been.

Q: And you also said, I think, that it helps to have a few gray hairs.

Howell: It helps very much. One of our problems here over the years that we're now trying to deal with more constructively has been our inability to employ and successfully use younger people, for the reasons that there are obvious limitations on how much independent negotiating and project appraisal work you can give them. And many of them became understandably very restless, not having much more than routine desk work to do. We now do have a program whereby over the past 18 months we have recruited a number of young (by that I mean 28 or 30 years of age) economists and engineers. We have a training program for them now, and we are trying to use them more constructively than we did. But it doesn't come naturally in this kind of work.

Q: But you are anxious to develop people who will stay with the Bank.

Howell: Absolutely. And I think we have had an amazingly low turnover. Our professional turnover in any one year certainly doesn't run over five percent, and sometimes it's been less than that. In the early days of the Bank, in some of the talks I had with Mr. Smith and

others, we had the feeling that people, particularly from countries other than the United States, would come and stay three, five years and then return. And we thought we ought to set up our recruiting and staffing accordingly. Well, we were wrong. That hasn't happened. If you look at the 15th anniversary issue of Bank Notes you see quite a page of people from all countries that have been here 15 years now; certainly the number that have been here ten years or more is a significant percentage of our total staff. So they have stayed as careers.

Q: And they develop, I suppose, a loyalty to the Bank that is unusual perhaps for an international organization?

Howell: Well, I would think it would be going too far perhaps to be too proud of that. I think it's certainly been as good as that of any other international agency. I know some of the other international agencies. The leadership of the Bank has perhaps made it easier for us to develop that kind of esprit de corps than in some of the other agencies. When your UN is trying to lick a Congo, that's pretty rough. But I certainly would say without fear of contradiction that the loyalty of our staff to the Bank and its energetic, tireless participation in the work has been as good as that of any other international agency.

Q: What sort of policy have you with respect to their maintaining their own nationality?

Howell: We want them to retain their own nationality. As a matter of fact, at the present time a non-American is here on what is called a G-4 visa, which is the proper visa from U.S. policy standpoint for a non-American staff member of an international agency to possess when he's in this country. We do not let them change that G-4 visa without our permission. It has to be a good reason why we would give permission for it. Now, I think frankly as time goes by we have many staff members now in important positions who have been here quite some time, say between the age of 40 and 55 or 52. In another ten years, many of them will be reaching retirement age. I think it's natural that some of them are going to want to retire and stay in the United States. Their families have grown up here. Many of them are married and living here. And we'll have to watch that policy some that they at that time are allowed to get immigration visas so that they can stay on. But to get back to your basic question, we want them to keep their nationality.

Q: Is there any particular reason for this and was there a date, so to speak, when this became a matter of policy?

Howell: Yes. The reason is that we want an international staff. We don't feel--and I've heard [inaudible] express this particularly--that employment in the Bank should be a stepping stone to the change of nationality. He thinks that's inconsistent--and I agree--with the concept of international employment. As to dates, it's always been a sort of general policy, but in some respects it was forced upon us by the so-called McCarran Act of a few years ago, which recodified and

made some changes in U.S. immigration practice. It didn't make it mandatory, but it made it more evident that it was U.S. policy for non-American staff members of international agencies to be on G-4 visas rather than on immigration visas. In the early days of international employment in the United States--say, in the UNRRA days--there were only diplomatic visas, which few international civil servants were entitled to, or immigration visas. But the International Agency Act of 1947 set up a special type of visa for international employment in this country.

Q: Does the Bank run into any problems in connection with nationals of a given country working on projects which relate to that particular country?

Howell: No. I think not. I think we've had a minimum of that. I'm sure you've been told about the early example of working on the French loan and Leonard Rist saying he disqualified himself from doing it. I don't think we ever think about that anymore. I have some feeling that maybe some nationals are rougher on their own country than they would be on others. As a matter of practice and policy generally speaking we have not had nationals working their own countries. That, like a lot of policies, has its gray-shaded matters. I expect some United Kingdom subjects have worked on Trinidad loans or Nigerian loans or something else. We don't think about it much anymore. But in general we felt it best that nationals not be closely associated with work on their own countries. Now, that's contrary to the Fund practice, and I don't say that derogatorily of the Fund practice. I think their situation has

differed in terms of the kind of work, but they have had nationals working on problems of their own country in the monetary and fiscal research field. We have felt that it's best for the staff not to force them in that position, although I hasten to say I think we have long past overcome any fear that a national would be very favorable or unfairly favorable to his own country.

Q: Does this imply that in the Middle East department, for example, you try actively not to employ people from that area?

Howell: No, we may employ them from there. But if they're a Jordanian we probably wouldn't have them working on Jordan. They might work on the Sudan or Ethiopia or something else. I know a Pakistani in that department. I don't think he's ever worked on Pakistan. He certainly has worked on Ethiopia, Iran and Iraq.

Q: I wonder if you could just amplify a bit your illustration about Mr. Rist's wanting to disqualify himself in connection with the French loan. This was perhaps an important precedent.

Howell: Amplify it in what respect?

Q: Well, what were the circumstances?

Howell: I'm not too familiar with them. Mr. Garner can probably tell you more about it than I. I got it more by hearing it secondhand. But, as you know, the French loan was one of the first large loans--I

guess it was the first--granted and one of the first large considered. Leonard was in a very key post as economic director, and made a statement, I understand it, to the management and to his colleagues that he did not want to work on the details of the French loan. I think that was important in terms of a responsible and leading person going on the records, as it were, that a national should not be associated with lending matters to their own countries. I think perhaps more significant was that it did not become a cause celebre in one sense and did not form a rigid pattern. We soon forgot about that sort of thing. But I'd rather you talked to Mr. Garner about more details about it. He knows more about it really.

Q: I take it that a very large proportion of the staff has in fact been recruited from North America and Western Europe. Does this imply any policy against employing people from other parts of the world?

Howell: No, policy, no. But a practical matter, I think. We do obviously have people from other parts of the world, including now an assistant department head from Iran. And we have many qualified people, both from the Bank and the IFC, from Latin America, from the Middle East, from the Far East. Certainly one of the ablest economists we have is from India, who's now on loan as an economic adviser to the government of Nigeria. I think that it shows or what it implies more is the scarcity of the kind of people we want in the developing countries and our recognition of the fact that they have a great need for these people themselves. That has to be coupled up with the policy that the Bank has had generally with some exceptions of not recruiting

people for short-term assignments. One might say, "Well, why don't you bring somebody in from one of these developing countries for three years in the Bank and then let him go home?" Well, we have done that to a limited extent, but I don't think it's generally good practice for the obvious reason that a person is neither fish nor fowl in that situation. He can't develop the kind of esprit de corps and loyalty to the Bank, I don't think, in that short a time, and particularly when he knows he's going back home on x date. His loyalties are bound to be a little divided. And it takes two or three years to really fit into the work of the Bank and learn all of the mystique there, too. So I'd say it's more recognition of the needs of these countries for their good people. I think as time goes by we will have more from these countries. As a matter of fact, about two or three years ago we did purposely increase our staff from the Far Eastern countries, South Asia--India, Pakistan and a few from the Middle East.

Q: Do you have any screening committee set up in these Asian countries?

Howell: No, we don't. We have talked about that, particularly for India and Pakistan. We may some time--I don't know--but we haven't as yet.

Q: Have you any policy with respect to promoting people from within as opposed to bringing in, say, department heads?

Howell: Yes, indeed, we definitely do. This has grown out of the

Black phase of the Bank's history and was at about the time as a definitely policy (although it had been practiced before that) that Mr. Garner left to become president of the IFC in '55. I remember a talk I had with Mr. Black at Paris. We were both there at the same time. He asked me to make suggestions on some department head vacancies that would be coming up. We were losing D. Gregg at about the same time, a French national, who had been here not too long as head of our Far East and Middle East department. Mr. Black planned to promote to the vice-presidency Mr. Knapp, who was head of the western hemisphere department, and Mr. Sommers, who was general counsel. He asked me to make suggestions on people within the staff that could fill these vacancies. Some of the suggestions I made were then assistant department heads, so that created assistant department head vacancies. And I drew up sort of a chart of those for him, and in talking with him he said that when he got back to Washington from the trip he was on he intended to tell the board that it was going to be the Bank's practice to promote from within to higher level posts in the belief that we then had a sufficiently qualified group in sufficient number to fill those kind of vacancies and do that kind of work, and we have definitely pursued that policy since then.

Q: This meeting in France that you and Mr. Black attended together: This would have been 1955 about?

Howell: Yes.

Q: I understand that the organization of the Bank was changed somewhat

in about 1952. Can you tell us some of the reasons for this?

Howell: Well, I think the main reason was...our operational activities were really carried on at the most by two departments--loans and the economics department--and in many respects by one department, the loan department. The loan department covered the world negotiation-wise, and it also had the small group of engineers we had as part of the loan department. I think the feeling grew up that that was rather an unwieldy organization in the early days of the Bank when we weren't doing so much business. It could be done that way. But we thought it would result in closer operations with our member countries and bring about a more manageable span of control if we organized on a geographic basis insofar as our relations with member countries were concerned. And, as you know, it resulted in establishing four area departments and the separating out of those departments of the technical engineering side activities into a technical operations department. I think it was a matter of judgment of the best kind of organization for our work in the belief, as I said, that the overall tent we'd had was getting a little unwieldy, as I said.

Q: Have you made much use of consultants?

Howell: Yes, we have, particularly in the technical field. We still do some, although I would say less so than we did a number of years ago. About five years ago, if I'm right in my memory, Aldewereld and I had a talk about his budget for the technical operations department, and we agreed and recommended to the management, which was accepted,

that his number of positions be increased quite sizably, with the understanding that this would diminish the use of outside technical consultants, in the belief that having permanent staff members gave us more of the kind of people we wanted than the use of consultants. And the use of consultants, while it still continues, is not the easiest thing in the world, particularly in the technical field. They're in great demand and great shortage all around the world, and they're expensive.

Q: It sounds to me like the present organization and staffing policy of the Bank had been pretty well established by 1955.

Howell: Oh, yes. I think so.

Q: I'm wondering if sort of concluding this discussion of administration we can pin down some dates a little more precisely. Could you just sort of summarize what we've talked about so far and hang some dates on events?

Howell: You mean going back to the beginning? Well, I'll try from memory. I'd hate to testify to them. Number one: In '46, and to put it more specifically, October, November, December, '46, there was a great deal of initial recruiting with a good deal of recognition of international recruiting. More importantly in that phase the decision was taken not to have a preconceived international quota. I'd say in the spring of '47, with the arrival of McCloy-Garner-Black, the administration department was established in April of '47. The

administrative manual and what it signified in terms of administrative structure and policy was created between April '47 and December '47. I'd say a positive recruitment effort started in 1952-'53 with aggressive recruiting trips to Europe, certainly starting in the spring of 1953. I'd say the promotion from within policy was enunciated, although it perhaps had been followed in spirit before in the summer of 1955. And, of course, the reorganization under the Iliff Committee was in 1952. I can point out two other things--the beginning of our training program way back in '49, and perhaps more important in the long run, the decision taken only about 18 months ago to recruit a younger group of economists and engineers with a specific training program for them after they came in.

Q: I don't think we've talked much about training programs as such. Could you say a little more about what these are?

Howell: Well, there are several. They take two different forms really: one obviously being in-service training or training for staff, and the other is more training for the outside. We had some pressure from member countries from the very first that the Bank should assume responsibility for the training of nationals. It was never very clear to what extent this was training them to become staff members and to what extent it was training to return home. We had the first group, I think, in '49 of about ten junior trainees--the average age perhaps 27. We've had a group ever since of about that size. Now, out of the first two groups we selected some staff members. Some are still with us: Neil Patterson, who holds a very key post in IFC; George Gordicus, with

the western hemisphere; Doug Fontaine of the legal department were all three in our first training course. But when we got to about the third training course--that is, the third year of it--we decided this would not be a recruiting device, but that we would train particularly younger nationals from the developing countries with the understanding that they would return home. And that program has been in effect ever since. We've trained some 185 to 200 nationals from most of our member countries, and some of them hold pretty key spots now.

We added a sort of a flexible device to that in about 1952 of what we call the public finance training program, whereby we took more senior people from our developing member countries, where our own staff observed them; felt they were able, promising people, good education background, where in terms of the environment where they were working they hadn't been able to keep up on new techniques in their own fields, whether it was budgeting, tax collection or what it was. And we tailor made special courses for them. We'd take six or eight a year. We may send them to a state in this country to observe budget practices; we may send them to Denmark or another member country. More and more they've stayed here in the Bank as kind of trainees, particularly in the field of project appraisal administration, but on a tailor-made specialized basis. And then, of course, there's the whole other subject of the development of Economic Development Institute a few years ago.

Q: The Economic Development Institute was a complete separate thing.

Howell: A completely separate thing. It was set up completely

separate by a committee, and of course in those early days had some financial support from the Rockefeller and the Ford Foundations.

On the in-service training side we've always done quite a little bit in language training. We give courses regularly in French and Spanish and more recently some in German, partially paid for by the Bank, partially paid for by the staff. We've given courses in English composition, in speech in English, particularly for people who do not have English for their mother tongue. We have held seminars, so-called economic seminars--for our staff, and we're now doing a series of those particularly for our new juniors. I'd say as part of our training program we organize through about nine months of the year an average of about once a month a professional staff meeting to which all professional staff are invited to attend and usually do, where we either have outside speakers on some subject pertinent to the Bank work or on many occasions have people from within the Bank to speak about new developments--such as one we had, for example, on the development of IDA. All of these activities with the exception of the EDI are conducted by a training officer in the personnel division.

Q: It sounds to me as if there are three categories of training programs in a sense. There's training for people who are with the staff who intend to stay; there's training for people who are in a sense being recruited for the staff, and there's also training for people who have no intention of becoming part of the staff but who will go back to their own country; and all three of these are distinct from the Economic Development Institute.

Howell: That is correct.

Q: And the whole training program stems back to as early as '49, did you say?

Howell: That is correct.

Q: But it really started as a device to recruit people.

Howell: Well, it wasn't very clear whether it was a device to recruit people or not, and therefore it did result in recruiting a few people, but that was mixing our metaphors. Somebody who wasn't recruited could have some reason to feel he'd failed. It really sort of spoiled the purpose of the program. In '51 it was enunciated very clearly that it was for people who would go back to their member countries.

Q: We have perhaps five minutes left on the tape. I wonder if you would care to use for summarizing the development of the Bank as a whole with respect to things other than administration.

Howell: Well, I don't know how competent I am to do that having looked at it from the worm's eye view of administration. One thing occurs to me that we perhaps have not touched on from an administration standpoint in this is the development of and the use of budgeting in the Bank. And perhaps one thing is significant there in terms of the question you asked me.

In 1947 or '8 the Bank's meeting of the board of governors was in

London. It was the first time we had the meeting abroad. At that time, as we are required to do, we reported to the board of governors on our budget for that fiscal year. Mr. Garner made the statement that he could never see where the Bank's administrative budget would go over \$5 million a year. The budget we had at that time was about \$4 million. The budget of the Bank is more than \$12 million. Now, the reason Mr. Garner was off base on how much was simply hindsight being better than foresight. Anybody would have agreed with him, I think, and did agree with him generally at that time. But the Bank's activities have increased so much that the budget is a measurement in that instance--the difference between a ceiling of \$5 million and where we are now at \$12.2 million of the increase in activities of the Bank, which have meant more people and more expenditures. And certainly no one saw us spending over a million dollars on a Suez negotiation at the time Mr. Garner made that statement. No one saw us spending what we do on an Economic Development Institute. No one could foresee that lending from \$6- to \$700 million a year requires a travel budget of over a million dollars. At that time our travel budget was \$336,000. So I can cite that as at least some measure of the growth of the Bank's activities over that period of time.

Q: The actual amount of lending the Bank does, has not increased in the same proportion, I think.

Howell: No, it's increased obviously, but there's another built-in expenditure there that we can't overlook, and that is what I think is a significant part of the Bank's activities--its end-use supervision.

You don't run out of business on these loans after they've been made. You have expenditures to make for personnel and travel and so forth to follow up on these loans. The more you get on your books, the more you have. But I think what you say is pertinent. The expenditure's increase has in part been for what I'd call the development side of the Bank's functions, not as opposed to its lending but as a complement to its lending services. And those have been a good per cent increase represented between \$5 million and \$12 million.

Q: Would it be proper to infer that the loans the Bank are now making are probably better thought-out in advance and better supervised than they were in the early days?

Howell: I think so. That would be my judgment. For one thing we've just worked with these countries over a period of time. There have been these technical studies made; there have been these survey missions. Countries have had help from other sources like the UN and the U.S. and so forth on program planning and can do a better job on it on the whole.

Q: Would you envisage that maybe ten years hence so much ground-work would have been done on the individual countries that it would take less time to develop good loans and good projects?

Howell: I'd think so in the more sophisticated developing countries-- say in India. Whether that would be true in Bolivia or Afghanistan, I don't know. I think that's one of the IDA problems that we're going to

get into by the nature of things with the less sophisticated countries where there are fewer people who have had the opportunity for education and so forth, and I think IDA's work will be expensive.