

**THE WORLD BANK GROUP HISTORIAN'S OFFICE**

ORAL HISTORY PROGRAM

Transcript of interview with

**STEPHEN D. ECCLES**

April 5, 11, 18 & 25, 1995

Washington, D.C.

By: Jochen Kraske



STEPHEN D. ECCLES INTERVIEW  
THE WORLD BANK  
April 5, 1995

I am Jochen Kraske, the Bank's Historian.

I am Stephen Eccles, just retired from being Vice President and Controller of the Bank.

Q: Welcome, Stephen, and thanks for participating in our Oral History Program.

Perhaps we can start by having you talk a little about your education. I suppose you grew up in England and went to school there.

A: That's right. I was educated as a scientist rather than in the more traditional fields common among people in the Bank, finance or even economics. I had focused very much on mathematics, theoretical mechanics, that kind of thing. When I entered the university it was with the intention of becoming a scientist. The only issue that was still uncertain at that stage - you must remember that was in the fifties - was whether I wanted to be an aeronautics engineer, designing jet engines - I used to spend my summer holidays at Rolls-Royce, who were the big manufacturers even then although making jet engines was still in its infancy - or whether I wanted to be a nuclear scientist which was then of course the field. It's all a bit jaded now, but it was very much the up and coming thing at that time. It was a hard choice, because if one went into nuclear science one had to do physics and natural sciences at the university. On the other hand, if you wanted to go into aeronautical engineering, you had to do engineering, which was taught in a way totally different from

the pure sciences. The common thread, of course, was mathematics. Both options relied on a highly mathematical approach. So I decided that while I made up my mind I'd go and do mathematics. I entered Trinity College in Cambridge for that purpose and with the intention of doing as much applied mathematics as possible, and very little pure mathematics because I was obviously interested in the applied end. The syllabus required one to devote a third to each subject; you were free to choose how you were going to allocate the remaining third. I planned to take a third of my courses in pure math and two-thirds in applied mathematics. But, you know, I ended up doing two-thirds pure math and only one-third applied math because I found it more fun. By the time I finished, I really knew I didn't want to be a scientist at all. I was a pure mathematician, but pure mathematicians are not saleable quantities. Mathematics is great fun, it is intellectually highly satisfying, but you can't really do anything with it, except teach other people to be as useful as you are, or become an actuary or something similarly uninspiring. So I decided to make a clean break with mathematics and spent my last year doing French. So in my last year in college, I just packed my bags and did French.

Q: Was there anything in particular that turned you away from jet engines?

A: No. It was just a general shift in interests. Mind you, I'm still interested in the subject; these things still fascinate me. I still follow aeronautical engineering fairly closely. It's not that I got turned off. Physics and mathematics still interest me. I still spend countless hours on cosmology and mathematical puzzles and things like that, I still have

those interests. It was just a question of how one was going to spend one's life. And the idea of being an engineer sitting behind a desk and designing jet engines or being a nuclear scientist involved in research, or being a research mathematician, just ceased to appeal to me. It was not that I did not like the substance, it was more a question of how you spend your days. I'd become much more interested in people and politics. I became very active in university politics.

Q: Was this one of those virulent periods at Cambridge?

A: Not really, although perhaps in one sense. My entry into Cambridge in October 1956, coincided with the Suez crisis in November 1956. That was a polarizing event. I was a right-wing extremist at that time in my life. Not quite an extremist but certainly a solid conservative.

Q: So a supporter of Eden?

A: Well, definitely a supporter, except for the fact that he failed. I would have been a whole-hearted supporter of Eden had he succeeded, but having made such a mess of things, he was difficult to support. Of course, I didn't really think things through at that early stage. One was born a conservative and therefore one espoused conservative issues because that's what one was brought up to do. But I had not really started seriously thinking about those issues by then.

So I became secretary of the Cambridge University conservatives or something of that sort. This was very useful in broadening my interests and it helped me to break away

from the mathematical crowd. There were now two parts to my life. It is always nice to have more than one set of interests. It allowed me to form many long-term friendships in that period which still exist today. It also led me to travel. I travelled much more during my time in the university than I had done previously.

Q: Within England or overseas?

A: I had always travelled within England, but I had not spent much time abroad. My father was in the merchant marine and traveled a lot. But by the time the war ended he finished going to sea and he didn't want to go abroad. The idea of going to London was terrifying, fishing and spending time in Scotland was his idea of fun, which I also enjoyed. But visiting London he found awful, and the idea of travelling abroad, which used to be his metier, became just something that he'd had enough of and he just didn't want to do any more of that. My mother continued to travel, but her idea of a good holiday and mine wasn't quite the same. So I tended to go on my own long vacations abroad, sometimes alone and sometimes with friends. In 1957 I attended a Communist Youth Festival in Moscow which was my first long vacation. I went there because I was interested in politics, although I must admit that my visit was largely inspired by a notice on the Common Room Notice Board which announced: "Three weeks in Moscow for £47," which wasn't very much then, and is now a ridiculous small amount. This covered travel to Moscow and accommodations and food for three weeks. This was just something that was within my budget, at a time when very few things were within my budget, and I thought

that would be a terrific experience. Because I was thinking very much of becoming a nuclear scientist, which was of course a high security item at that time, I decided I better make certain that everybody who ought to understand these things understands that I was going out of curiosity and not for the wrong reasons. This was at the height of the cold war, just after the Suez crisis and the Hungarian uprising type, although the Burgess, McLean and Philby scandal had not yet happened.

Q: Was the festival as enjoyable and entertaining as you had imagined it would be?

A: Oh, it was far more. I didn't think it was going to be entertaining at all. I thought that the whole thing was going to be rather dour and glum. It was just giving me a chance to see it, a new experience and I thought, three weeks you can survive. In anticipation of my future career I wrote three letters at that time. I wrote to the head of the U.K. Atomic Energy Authority telling him that I was disappearing off to Moscow for the Communist Youth Festival, but that I was seriously thinking of becoming a nuclear scientist. I told him that I thought he ought to know that I am doing this in case I applied for a job, because I didn't want to be blackballed from doing work of that nature, simply because I'd visited the Soviet Union. I wrote a similar letter to the U.S. Ambassador in the U.K. because the U.S. were of course the people who got most upset about things and I didn't want to cut myself off from traveling to the U.S. And the third letter, I think, I must have sent to the Foreign Secretary, which was quite amusing since I had no intention of being in the Foreign Service at that stage, but that's where I ended up later. I got letters back from all three of

them telling me: "Don't worry, my friend. Go and enjoy yourself. This isn't going to affect your U.S. visa, if you ever want one. It's not going to affect your going into any job. Just go out there and have a ball and educate yourself." Which is what I did.

So we spent three days on the train to the Soviet Union. It was quite interesting to see how vast the steppes were, the vast extension of the flat country from Poland all the way through Minsk and Smolensk to Moscow - enormous distances for somebody used to think in terms of the dimensions of the British Isles. When we got there there was a contingent of about 1,600 from England. This was a very large festival, something like 48,000 students from all over the world attending, which the authorities could not possibly control. And this was one of the most interesting aspects, the Russian agents trying to follow people and imposing all sorts of restrictions. But they totally fell down on the job and people more or less ended up by doing what they wanted. Some people, for example, went on the Trans-Siberian Railroad and went all the way across the country even though they were not supposed to leave Moscow. I was not quite so adventurous so I took a bus to Tula, which is the country town, or I suppose it is a city, really, near where Yasnaya Polyana was, Tolstoy's estate. I visited Tolstoy's estate and thought that was quite interesting.

Of these 1,600 English conference attendants, about 1,000 were supposedly actual communists, members of Communist Youth groups, who were there for the glory of the event. About another 500 were British Labor supporters, not communists, whose main interest in all this was that they could really see why there was a difference between being a European Socialist and being a communist. They became probably more virulently anti-communists as a result of this experience; they were just horrified by what they saw. There were about 50 or maybe 100 people who like me had just gone there for the hell of it, and they had a good time. We saw a lot of Moscow and a lot of what went on, but also a lot of cultural things from all over the world because of all the other people and their dancing and music. This was my first exposure to Latin American music on a big scale, for example. In short it was a lot of fun and I was very happy that I went.

After my return, I organized regular annual trips to Moscow which went on even after I had joined the Foreign Office. Every year, for about five or six years after my visit, the Conservative Association, the right-wing student group in England, took a party of 30 undergraduates from Cambridge on a visit to Moscow. The Soviet Union only allowed about two or three U.K. student groups a year to visit Moscow, and we took one on a regular basis, much to the upset of the Socialist Club in Cambridge. When they wanted to do the same, they were denied visas by the Russian Ambassador in London because we had already taken the trip from Cambridge and he did not care a damn whether the actual

visitors were socialists or conservatives. In fact, he'd probably rather have the conservatives than anybody else.

Q: And you organized these trips?

A: I organized those trips, yes, although I didn't go myself. I was intending to go on the first trip, but then I got distracted by other matters.

Q: So you also did not know what the program was on those trips?

A: No. I just knew they went and that the trips were very popular and they continued after I had left the university. Meanwhile I was travelling to different places: I went on a holiday to Greece and to Italy, and then when I started doing French, I went off to the Sorbonne for a part of that year and became more human. I shifted from being a very typical product of an English school that was brought up in sciences, having given up all the humanities at age 15 and for the last three years done nothing but mathematics, theoretical mathematics and physics, and came back to the mainstream, so to speak. As a science major, you really divide completely away from those who are doing the Classics or those who are doing Modern History or Modern Languages, and that was so even though I probably read more widely at Cambridge than I had done when I was at school, simply because my interests broadened.

Q: I suppose if you are kept away from a subject, there's a certain reaction that brings you back more vigorously.

A: That's right. Most people that were at Cambridge in my time had done their National Service, two years' National Service, before they went to Cambridge, because that was the normal sequence. For some reason, I was allowed in before I did the National Service. I think I persuaded somebody that because I wanted to be an aeronautical engineer I should do my National Service in the Air Force and that it would obviously be better if I did it after I had some training in the subject and without wasting the time before. That seemed to have convinced somebody. But, of course, when the time came I was no longer interested in the Royal Air Force or anything of that nature, so that presented me with a problem.

Q: So when you completed your Cambridge education you had to go into the military initially?

A: Right. But before I did that I started looking obviously for a job, and applied for the Civil Service, the British Civil Service, which you could enter directly from university. There were two methods of entry. One was through examinations of the same kind you had passed at the university. There were also a few interviews, but basically you would be trying to show that you were a better mathematician than any of the other mathematicians taking the test. That didn't interest me at all because my object in applying for these exams was not to join the Civil Service. I had no real intention of doing so, but looked at the exam as part of a strategy to build up some diversified curriculum vita. I felt I needed something that was not purely mathematics. I thought at that stage that I wanted to go into industry,

and as a pure mathematician, compared to the arts graduates, I just wondered how successful and useful that would be. So I thought, if I take these Civil Service tests and get into the Civil Service, which is fairly prestigious if you get in, then that would be very helpful in getting jobs outside the Civil Service. In other words, I was thinking more of using these examinations without any intention of joining the thing. So I applied, but I didn't go the exam route. I chose the other method of entry. I went the purely interview-type route, which is longer but is more testing of one's general abilities, not one's narrow academic abilities. I only just scraped through the first stage, which was writing an essay, the first weeding out of those people who could not write essays. I think that I received just one mark above the cut-off point because essay writing, with my history in math, theoretical physics and mechanics, was not a highly developed skill. Once you have passed that hurdle, you have this one week in isolation with eight of your colleagues, and it's very intensive. It is like the Assessment Centers we now have for the selection of certain types of people. It worked like the military selecting the people for commissions, trying to determine whether they are suitable for commissions. We spend the whole week being interviewed, but most importantly working as a committee with the other seven people in your group. On four days you spend mornings and afternoons in different committees. So there were eight committees dealing with particular problems. You are chairman of one of these and a participant in the other seven. You have proper papers, just like you might have in the Civil Service, giving the background and pros and cons of issues. You had to show

how to chair this committee and bring it to some conclusion, whatever the problem was that one had to solve. And this was observed very carefully by the people who organized the exam. The committee that I chaired had something to do with a tricky problem related to apartheid in South Africa, some educational charitable foundation faced with a difficult decision. By the end of the meeting, there was no clear agreement; there was like seven of us who were quite clearly wanting to do something on one side, and there was one person who was holding out on the other. I could not get him to be very specific about his objections, I could not get the real facts out of him as to what was worrying him, and it was not clear what he was disagreeing with. In the end I had to say, we have spent enough time on this and we will just have to leave one colleague behind, no point in beating our heads against the wall. We will go this way. Bang. And this other chap just simply said, I can't really express myself properly but I just feel very uncomfortable with this decision and will not go along with it. The only two out of that group that got through were him and me, which I found quite entertaining. It clearly didn't hurt to stick to your guns, even though you couldn't articulate your position very well. On the other hand, were not supposed to go on arguing and arguing and arguing forever, but reach a point where you take a decision and move on to the next thing.

It was at this point where I suppose my route to the Bank really began. I was a bit of a dodo at foreign languages. I had done my little bit of French at school and I had made some desultory attempts at the French language during my last year in the university, but

while I was officially studying French I spent more time with girls and politics than in my academic pursuits in my last year. So I knew that I didn't have an aptitude for languages and when I had to express a preference for assignments in the context of the Civil Service examination, I indicated preference for the Treasury. I thought if I was going to join the Civil Service I might as well go for the best. Furthermore, it was something which had to do with mathematics, although I didn't know any economics at all.

Another, quite separate option was to apply for the Foreign Service which relied on the same type of examinations. The Foreign Service came up with a different final list of candidates because they ranked them according to different criteria, but the examination process was identical. I had not applied for the foreign service. I had left the particular entry on the form blank. It turned out to be an extremely effective tactic, if you wanted to get a particular job, to express absolutely zero interest. It puzzled the people on the examining board a great deal why I had not applied for the Foreign Service. I told them that I did not have an aptitude for languages and thought it was pointless to undertake something where my inability to learn foreign languages would put me at a disadvantage right from the start. Whereupon the person concerned said: "If we can demonstrate to you, that I did have a reasonable aptitude for languages would I change my mind and give them the opportunity to show that I did have an aptitude for languages." This took me out of a number of boring parts of this exam, all the interview stages. I was really very happy.

So they shipped somebody down from the Foreign Office, who was a French expert, to show me that I had an aptitude for languages. He was very clever, I must admit, I remember this incident so vividly because he was really an extraordinarily smart guy. He gave me a piece of dictation, and I told him: "Look, you know, this is going to be all blank pages. Whatever you dictate you'll just get nothing." And that's the way it turned out. He dictated something and I could pick up only a few words. My ear wasn't really very good, I could read French, but picking up spoken words was not easy for me. So I would capture a phrase here, a word there, very few if any complete sentences. Maybe one complete sentence in the whole thing. So I thought that was the end of that. I turned the paper over to him and said: "Well, there you are. You see?" And he replied: "Now let me study this a half an hour." Half an hour? I mean I could only have written about 20 words on the damn piece of paper. He said: "And when I come back and we will talk in French." And, lo me, in half an hour the guy had looked at what I had done and he started talking to me in a way in which I could actually understand him. I felt it took quite a smart type of person to be able to bring himself down to my level of French.

Q: He could figure out how much you would be able to understand?

A: That's right. He could figure out just how bad my French was and how simple he had to put it for me to understand him. He could talk to me in French in a way that I could understand. And so I could reply, because once I knew what I was talking about, replying

really wasn't a problem. I made mistakes, of course, but that was not causing problems then.

At one stage he'd asked me a question and I replied using a wrong word. I realized that it was the wrong one because it was one of these English words that end in "ation," I can't remember something to do with training or education, I had simply taken the English word ending in "ation" pronounced it in a French-sounding way. It turned out it was not the French word. But, of course, my mentor was not in the business of correcting me. What he did was he replied to me using the right word and just moved on. He didn't say anything. He just simply used that word. And we talked for about five minutes about other things. And then he brought the subject, unknowing to me how machiavellian he was, back to the same topic where I had made used this one wrong word. He asked me a question which required me to use it again, and, of course, the second time I used the right word because I had noticed when he used the right word speaking to me. The moment I used the right word, he stopped the interview and simply said: "There you are, you see? Don't let anybody tell you that you can't pick up foreign languages. That's how you pick up foreign languages. You do it not from books, you do it by listening and finding and then using the right word. That's how children learn, that's how you learn, and you did that straightaway. You could learn any language, just the same as anybody else, but you just got tied down by the English system of teaching languages which is insistent on grammar and perfection and

all these stupid, unhelpful things." It turned out that he was right. So I replied: "All right. I'll join the Foreign Office if you wish. I'll put my name down for the Foreign Office."

As it turned out, I came out first or second in the exam on both sides, and they wanted me to choose between the Foreign Office and the Treasury. Because I was going to do two years of National Service in the Army, I did not want to choose. Knowing how my preferences had changed over three years at Cambridge, I thought I would make the wrong choice if I made it at that time. I was allowed to appear on both lists of approved candidates while I went off to spend my two years in the Army. In the end I chose the Foreign Service and that moved me in the direction of my eventual involvement with the Bank.

Q: I take it your period in the Army was uneventful but long enough to teach you that you wouldn't want to be a professional soldier.

A: Oh, well, no. I mean, I had no intention of doing that. I went to Germany for two years. We had an accelerated way of getting a commission in those days. I joined in November and by January I was in Germany as a Second Lieutenant. I went to an Armored Regiment in Germany outside Dortmund and spent the whole 21 months there. It was the end of National Service, and I was the last officer in the regiment who did National Service. After that the National Service was abolished and there was no longer any compulsory military service.

I think my service in the Army was very character-building. You were given command of people and had to rely on your sergeants who knew far more about the substance than you did, and never would in the time that you had available. Yet, you were supposed to command them and get their respect and lead them because educationally you were much better equipped than they were, even if they had the technical knowledge. It was quite interesting to see how all that worked. I enjoyed myself in the Army in a way that I never expected to do and the time flipped by in no time at all. This was quite an eventful period; in the course of my service in Germany the Berlin Wall went up, as I recall in 1961, just as I was coming to the end of my National Service. The American Forces went on alert had their planes in the air at all times. The British Army did not go on alert because the Prime Minister was away from London, shooting grouse in Scotland, and that was inconsistent with declaring an emergency. So we were not on emergency. I happened to be the only subaltern of my regiment in Germany at the time the Wall went up. It was a holiday period, almost everybody was away. I was responsible for my troops, trying to keep them busy. The biggest problem you have in the Army is keeping the troops busy because you couldn't do very many exercises, yet you cannot let them sit around idle. Now, here was our opportunity. I was sent up to the front line to defend the Western world against the Soviet attack. I had to patrol the area between the American Zone and Holzminden which is a quite large patch of territory. This was the only time I was ever

issued ammunition outside of the firing range. After three or four days, the so-called active service was called off; nothing had happened of any sort. Then I left.

Q: You returned to England and joined the Foreign Service?

A: Yeah. November '61 I entered the Foreign Service. I arrived on a Monday and went through all the formalities of signing papers. By noon that was all done, and then somebody asked me, since I was so ignorant about languages, whether I would like to learn French, German, or Spanish as a grounding language base from which to move on. I had indicated my attempts to study French, but because I had learned so much French grammar I thought I would never be able to speak the language because I would be too frightened of making mistakes. So I decided to go for one of the others, and since I had done a bit of German while in Germany, I thought let me try Spanish. Their reaction was, could I get down to the Embassy in Madrid by Saturday. My answer was yes, so I was given some money and instructions to report to the British embassy in Spain by the following Saturday. I walked out of the Foreign Office at one o'clock assigned to spend three months in Spain to learn Spanish. I drove leisurely through France and down into Spain and arrived in Madrid on a Friday. I reported to the Embassy the following morning and started intensive Spanish lessons. The casual decision to learn Spanish marked an important shift in the direction of my life.

Q: Apart from your language training, did you have any assignments in the Embassy?

A: No. Actually my program was quite badly arranged. The idea was that you went down there and lived with a Spanish family, generally with a Spanish family who did not speak English, and you had a private tutor on the side. Between living with the Spanish family all the time and having this tutor who was giving you private lessons every morning for an hour or two, you would indeed end up, at the end of three months, with a passing knowledge of the spoken language, the emphasis always being on the spoken rather than the written language. But as I went down there on short notice, the Embassy found that the families which it usually turned to were all busy with other students. So they ran around and eventually found an impoverished noble family in Madrid who they thought would be very willing to take a guest for a few months. However, the disadvantage was that the family members all spoke English. So I spoke mostly English rather than Spanish. But this family was quite interesting, they had a genuine Velasquez hanging in the dining room and they were dining on beans and bread or rice watched over by a genuine Velasquez on the wall. They were very involved in the restoration of the monarchy and conservative causes. They had children who were my age, four of them, all of whom spoke English. All of them were very friendly and we had a real good time together. The question for me was, did I join in with them and their friends, and most of their friends spoke English, and speak English to participate actively, or did I on being spoken to in nothing but Spanish and boring the hell out of these people. Unfortunately I took the wrong decision. I did my classes in the morning, but in the evening I spoke English. As a result my Spanish

progressed less than it should have and I was barely able to converse in Spanish when I went back to London.

Back in London I was sent to the Disarmament Department because I was the only mathematician in the Foreign Office, and they wanted to have somebody in that department who could actually understand the technical terms and the issues involved in the debate. The big issue at that time was whether you could distinguish between an earthquake and an underground nuclear test, and whether you needed on-site inspection to be able to verify what was happening. The generals on the western side insisted that they could not tell the difference with any certainty, while the Russians maintained that you could. So the people in the Foreign Office thought that they better have somebody who could follow the debate, and that a mathematician would be a good person to have. As the nuclear disarmament conference in Geneva was getting under way, they decided that it would be a good idea if I joined that Department. So in fact I had to cut short my stay in Madrid by a couple of weeks so that I could get back to London in time to join the London end of the British delegation to the disarmament conference in Geneva. True to the practice of bureaucracies, when I actually got there my assignment turned out to be different again. There were two sides of the department, one on disarmament issues and the other was on nuclear testing. The nuclear testing section was full of people and had no vacancies, but there was a vacancy on the disarmament side. So I never worked on nuclear tests at all. Instead I worked on general disarmament issues and had my first brush with economics

there. I had to conduct a study for the U.N. on the economics of disarmament which was all the rage in those days. I had meetings with the Treasury and with economists from some of the more important universities to pull together some study on what the economic effects of disarmament would be. Specifically, I tried to project what the on the British economy.

I should have stayed in London, and if I had I would not be here now in the Bank. Normally I would have stayed in London for four or five years before I would be assigned to one of the embassies abroad. The idea was that you needed to be molded into some decent shape before they would let you out. But the salaries offered in the British Civil Service in those days were something on the order of £1,000 a year which even with the favorable exchange rate then was only \$2,500, the same salary that a bus driver was receiving. It was very difficult to live on this salary and so at the annual review at the end of 1962 when you are asked to indicate your preference form for future assignments, I put down that I wanted to go overseas. I really didn't mind what I did as long as I didn't do it in London. I simply couldn't afford to remain in the Foreign Service living in London, because life really wasn't very pleasant at all. My only other comment on the paper was: "Please, take this seriously because I do mean it." The net result was that the following March I was simply told that I was going to Havana as the Secretary of Economics, and so I went to the Embassy in Havana. I wasn't given any choice in the matter. I think this is where the Bank offers a huge advantage by relying in its staffing policies on the wishes of

the staff and the free market. I could have made a fuss, of course, but you do basically what you are told and somebody else is looking after your career in terms of whether you are going to get the experience needed to assume eventually more senior positions. So unless one had some strong objection, which they would entertain, you generally did what you were told. And I had no real objection to this assignment at all. I was very pleased to get out of London, and off I hobbled to the Embassy in Havana in March 1963, just after the Cuban Missile Crisis. I had followed the Missile Crisis very closely in the Disarmament Department, because we were privy to all the goings-on between the U.S. and the Soviet Union, and between the U.K. and U.S. I became the Third Secretary of Economics because we had just withdrawn all our commercial staff there as a result of the U.S. embargo, which of course the U.K. and most of the Europeans did not honor. There wasn't much trade that we had and therefore it was a waste of time having commercial representation.

Q: You did import a lot of cigars, of course.

A: Except for cigars, right. But there were no exports since the Cubans had no money, and what little they had was all spent in the Soviet Union. So we closed down the commercial section. I think there had been three commercial staff, and I was sent down, one lonely person, to replace all three of them. My title referred to economics rather than trade because I was to follow the economics of the Cuban revolution and report on what happened to the economy. This brought me my second brush with economics. Because I

hadn't had any training in economics, I was given a crash course in international economics and trade. This is when I learned all those nice things about the balance of payments and the subjects covered in Economics 101, and maybe even 102, but centered very much on what I needed in my assignment. In the end, of course, we did more trade than economics. One thing that I did while I was there was negotiate a major business deal, which caused grave upset to a number of people in the U.S.; our consulate in Miami got attacked because of that deed. I upset my own Foreign Office. Although I worked for them and they knew what I was doing, they did not want to upset the Americans. But the Treasury and the Board of Trade were very happy with what I had done. \$10 million was a large deal in those days, a considerable chunk of trade, not insignificant. It went to the Cabinet and the Cabinet decided that the \$10 million worth of trade was worth more than the upset of the Americans and therefore the deal was allowed to go through. However, it didn't please my own bosses even though I must say they never took it out on me at all. That was in a sense what I was supposed to do, hence it was appropriate that I went ahead and did it.

But in the course of my assignment and my exposure to the problems affecting developing countries, I became personally attached. Sending a bachelor with a white sports car to a tropical island not unknown for its attractive women had a rather predictable result. The natural thing happened and I ended up by getting engaged to a girl who I had actually met at an embassy dinner party. We got engaged to get married, and of course that caused all sorts of problems. In essence, it meant that I could no longer remain in the Foreign

Service because by this time Philby and MacLean had become an embarrassing experience, and nobody was prepared to say: "Well, there is no security risk in having a Foreign Service officer married to a Cuban whose parents are living in Havana." I knew the Cuban authorities were perfectly capable of exploiting that situation, so I didn't have any problems with the conclusion that if I got married, I would have to leave the Foreign Service. Being young that didn't worry me at all. The only one to argue with that decision was my ambassador who took the matter up with London. In fact, the Foreign Service people were really very nice and arranged meetings for jobs and tried to ensure that it was understood that this was a genuine case, that I hadn't failed in any way in my assignments. So I got interviews and job offers all over.

It was at this point that my Ambassador told me: "Well, the place that you ought to work at is the World Bank." I'd never heard of the World Bank. My economic training did not reach as far as the World Bank, and I didn't know anything about the World Bank and what it did. But the ambassador said that it was, from what he'd seen of me and the way I worked and operated, where I ought to go. So he arranged for me to be interviewed in Washington. So that my wife would not be left alone, we went on our honeymoon, second honeymoon, to the U.S. On the way back, I dropped into Washington to talk with people at the Bank about the possibility of a job. They'd just introduced the YP program, and the YP program in those days, if you'll remember, was very rigidly organized. You had entry dates for batches of recruits with everybody in a particular group joining at the same time. There

was a six months period during which the Bank decided whom of the many applicants to hire. So the lead time was really very substantial and when I got there in June of '64, they had just started to focus on the group that they were going to hire in October of '65. They agreed to put my name on that list but no decisions would be taken until probably June of '65 for entry in October '65. So I got a bit huffy and said that I thought that that was too rigid. I couldn't sit around doing nothing. I wouldn't mind if I was assured that I would have a job in October '65 because I could just go off and take off a year and do something, but I couldn't afford to do that if I didn't know whether I would eventually be selected or not. So I just finished my interview, walked out and never gave the World Bank another thought. I then went up to New York where I had arrangements for interviews with the U.N. However, I was told that the quota system made it impossible for a U.K. citizen to be hired by the U.N., except in specialist assignments as a statistician, which I found unacceptably boring, so I didn't want to do it. But someone told me that the UNDP did not have quotas. I was sent off to have an interview with David Owens, a Welshman, who was the head of the UN Technical Assistance Board. I walked into his office at ten o'clock in the morning and I came out of his office at eleven o'clock appointed as Assistant Resident Representative in Mexico. That way of doing business was much more to my liking. So I signed on for the job and then went back to England where I did other job interviews in case the UNDP job did not come through for medical or procedural reasons. I had been told in Cuba that I had an ulcer and there was a question whether that would prevent me

getting through the medical. As it turned out the Cuban diagnosis had been a misdiagnosis so that by September of '64 I was back in Mexico as Assistant Resident Representative of the U.N. Technical Assistance Board, a special fund in those days. The UNDP as such did not exist until sometime later. That assignment gave me my second exposure to developing countries, although of a totally different order because the level of economic development in Mexico was totally different from the situation in Cuba; quite apart from the communist influence, the basic level of development was quite different.

Q: Much more advanced?

A: Mexico? No, no. Much less. Obviously there were parts of the Mexican economy that were as advanced as those of Cuba, but the level of poverty and the mass of poor people were much more predominant in Mexico, as well as the contrast with the elite who were fairly well off. You had some of that in Cuba too, but the poverty in Cuba was just of a totally different nature, rural, almost bucolic, whereas in Mexico you had just vast masses of poor people with little prospects of any improvement.

My experience with the U.N. system and the U.N. bureaucracy was something else. The person that I reported to, the Resident Representative, was somebody that I came to consider an intellectual and financial crook. I found that it was all politics. Relations between the U.N. and the ILO and the U.N. and the FAO, all were personalized and this was getting in the way of a straight professional job. I would have survived this if it had been an isolated incident. After all it can happen anywhere that you come across a boss

you don't like. But your boss changes, you move; in the end you only overlap maybe for a year or so, and then you may never see the person again. I assumed it would be the same in the U.N. I thought, well, fine, it's just one bloke, what the heck? I'll do the best I can and learn as much as I can and I'll be leaving off somewhere and he'll be leaving off somewhere. But then we had a meeting of all the Resident Representatives in Latin America. It took place in Mexico, after I'd been there about six or seven months. Although I was too junior to participate if the meeting had been anywhere else, this being the host country I was allowed to participate. And of the 19 or 20 people that turned up, by the end of the week I'd reckon there were only about two or three of them that I would actually care to work for. That horrified me because chances were if I wanted to stay, particularly given my Spanish background, that I would be left by the U.N. in Latin America. Although I had no reason to believe that Latin America was any different than other parts of the world as far as the U.N. was concerned, the chances of me landing up with somebody that I respected looked a bit too thin to me to build a career on. So I began to get a bit of cold feet about making this into a life career.

At the same time I had begun to see other World Bank people. Walter Armstrong, for example, who was somebody who'd come through quite regularly because he was involved in a major water supply project in Mexico City. He would just pop into the office to see us, and I was struck by the much higher degree of professionalism of these World Bank people. So I thought, well, obviously I made a mistake and ended up with the wrong

bit of the U.N. System, and that the World Bank would indeed be a much better place to be. So I wrote back to the World Bank and told them exactly what had happened, what my experience had been, and that if indeed they were still interviewing for this October '65 entry I'd be very glad to throw my hat in the ring again. I fully expected, of course, that somebody would write me back simply saying: "You had your chance, you made your choice, and too bad, we've moved on and bye-bye." And why not? The letter I got back, though, was quite different. The Bank people had obviously been impressed by my testimonial and concluded: "Anybody who can figure in as little as six months that the U.N. System was such a crappy set of organizations must have something going for him. Why don't you come and work for us?"

Q: Who was that?

A: Who was that? You would remember his name, he was either German or Austrian, Horst Eschenberg. He wrote this little letter, but he said the only problem was that the decisions for the October '65 group had been pretty much made and that it was too late to inject my name into the process. However, he would be very happy to put my name down on the list of people to be interviewed for the March '66 entry. As I actually had a job at that stage that didn't worry me anymore and I accepted. Then I was interviewed by a visiting Bank mission who were asked to meet me, and following those interviews I was invited up to Washington for further interviews. I was meeting van Wagenen and his crew and then I spent the morning with a bunch of very entertaining types who were in the

middle of their YP program. Bill Humphrey, Shinji Asanuma and Alberto Favilla, a most irreverent group, were all sitting together in one big room in the agriculture department doing the slave-labor type things that people did in those days. They were just about the worst advertisement for the Bank that I could imagine because they were all up in arms about everything from salaries to the lack of responsibility given to them. I thought they were very of entertaining and amusing. I had a number of interviews which I thought I had blown because I talked only to economists, and, of course, I was not an economist. My principal question of them was whether there was any career here for somebody who was not an economist which is a question which I would ask now more seriously than I did then. I was told by Mr. Van Wagenen that the one person that I ought to address this question to was one Raymond J. Goodman, who was at that time Deputy Director of the East Asia Department. Putting two and two together, I assumed that he was not an economist. Why else would one pick out Raymond Goodman to ask this question? So in the course of the interview with Raymond Goodman, he asked me whether there was anything I wanted to ask him. I said, in effect, as one non-economist to another, what did he think of the chances that I was really making a good career in the Bank as somebody who wasn't actually trained as an economist? Of course, it turned out that he was an economist, and in fact an economist who thought fairly highly of himself as an economist. He proceeded to tell me that he had been to the LSE and he was an economist and as I came from Cambridge and didn't think very much of LSE, I saw my job prospects sinking

at a very fast rate. I drew a line mentally in the back of my mind and thought you live and learn, but as it turned out, he offered me a job. Many later I tackled Ray about this and he professed not to have any memory of this conversation whatsoever. So I came to the Bank with the fifth group of young professionals in March '66.

Q: I suppose you had to go through the usual series of training assignments over a one year period?

A: It was 18 months when we did it. The idea was to do one assignment in a Country Department, one assignment in a Project Department, and one other assignment where you could do all sorts of things, administration, IFC.

Q: You started with India?

A: I started in the India division and worked with Bilsel Alisbah. That was very instructive for a number of reasons. It was instructive because Bilsel, although he was on the country economic side, knew more about project economic analysis than most of the project people. He taught me how to do rates of return, which was a concept that I'd never come across. Generally, he was just highly professional and would review projects in a way that seemed to be far more analytical than was the norm even in the Projects Department at that stage. We were dealing basically with agriculture and water supply. I was involved in the Bombay water supply project, a huge delivery system. However, principally I worked on agricultural projects. I was working with Bilsel on a major tube well and drainage project in the Punjab. We were unable to turn it into a project because of

disagreements with the government over procurement procedures. We were insisting that contracts be let on the basis of international bidding, while the government was still on the force account- public works department kick and didn't want any competition. The government was concerned that major U.S. construction companies would come in and take over these jobs. Although we never made a loan for the project, it was very interesting to work with the Punjab engineers on it. I worked closely with Philip Kirpich, the principal engineer from the Projects Department. I believe we had quite an impact on the project because we worked out a methodology for picking out what were the principal drainage priorities in Punjab based on the relative economic damage caused by floods in various areas. There were extremely good historical records, both of rainfall and of crop damage. Rainfall data were available on a daily basis for over 100 years, so that you could see whether you had a huge storm that lasted one day, two day, ten days, and what the extent of the floods had been. Since there were also statistics showing how many claims they'd paid out you could estimate the extent of damage caused by the floods. No doubt, the claims involved a lot of exaggeration, but there was no reason to believe that the degree of exaggeration changed over time. So you could in fact work out a very good correlation between the amount of rain and the extent of damage caused by it. On this basis we worked out a model for the Punjab, which the Indian engineers accepted and used to determine drainage priorities and design for the various areas. So we had a major impact on what the Punjab actually did. But we never financed it, because by the time the

Government and the Bank had resolved their dispute over the bidding, the project was finished and all the work had been done.

I must say, I was very impressed by the engineers and the very considerable engineering skills in India. This was my first experience with India, but it was interesting to see the impact of those professional individuals in a context where the economic problems were overwhelming and the regime of regulations and controls was limiting real progress. I worked in the India division for six months, and then because my work on the agricultural projects got moved into the agriculture department for my second six months. I objected strongly, because I wanted to do something else, like transport or something that I had not been exposed to. In the end they told me that they were looking for mission leaders in agriculture and that further work in agriculture might be of interest from a career point of view. Not that I would be a mission leader immediately but that's what they were looking for. They were not necessarily interested in economists, because although they took YP economists, they were now finding that the economists were as parochial in their field as the engineers were and the agriculturalists were. They had been hoping that the economists would bring everybody together but in fact they were so busy on their optimizing stuff, so what they really wanted was some generalist mission leaders who would look at the whole of a project proposal and bring all these people together. For this reason they were after people like Amnon Golan and people like that to come into agriculture.

Q: Of course, agriculture was not only growing very fast but had already become the largest of the Projects Departments.

A: It was certainly growing but it wasn't very big yet. This was before the big crunch of growth which did not come till McNamara came in '68. This was in October '67, but by the time I came back to agriculture on a full-time assignment, it must have been October of '68. Agriculture was growing from practically zero as a result of George Woods' interest in the sector. He worked out the arrangement with FAO to build up a pipeline of agricultural projects. The foundation for the growth of agriculture was certainly being laid in that '66 to '68 period, otherwise McNamara would never have been able to do the things he did when he came in. Q: Actually, if you look at the growth of the staff of the Bank, it was never faster than in the early 1960s.

A: Possibly proportionately. When I joined the Bank there were 360 professional staff, so the rate of growth could have been very high because the base was so low. When McNamara came the Bank was somewhat bigger already, nonetheless after he came growth was sustained over an extended period of time. In fact in agriculture we limited expansion to some extent, even though McNamara wanted us to do much more. However Jim Evans, the head of the department, was saying: "I will not allow this department to grow by more than 25 percent a year on a continuing basis, because otherwise we cannot keep control of the quality of the staff." So we grew at 25 percent, even though McNamara would have given us more resources if we'd wanted to do more. But 25 percent is a pretty

solid rate of growth, and we did that for about four or five years. Once I joined there, almost every month there would be an announcement of a new division. The Livestock Division was broken into two, and things like that. So there were jobs everywhere, both managerial and otherwise, and you really didn't care if you lost out on one job because two months later there'd be another one.

Q: Now let's go back. So you went there for your second YP assignment. What exactly did you do?

A: Well, what I worked some more with Phillip Kirpich, but I was soon involved in much more general things. I did some work with Paul Goffin in Tunisia, and I started my involvement with East Africa by going on a mission to Uganda with George Darnell. Generally, it was mainly a matter of checking other people's figures, as everybody did. I had my first real serious arguments with other people at the Bank. I nearly came to blows with Amnon Golan. We had this little feisty relationship. And also with Bob Picciotto who I had a love-hate relationship with ever since. Although I always respected his thoughtfulness and education, he was one of the indeed very strong characters in that department. So life had its humdrum side; it wasn't as focused as it had been before, although I must have learned something there was nothing that really stood out during that period.

Q: In that period the agriculture department did not exactly stand out for the intellectual environment it provided or the brilliance of its principal representatives. Still you had no hesitation to settle there?

A: Well, I wasn't an economist, of course, so I thought this would be a good assignment in practical terms, they told me they were looking for mission leaders and generalists, and I hadn't decided yet what I was going to do with my time. I suppose I had also expected to go back to country relations, not having any technical skills, and relying on my background as a diplomat. So it was really quite a surprise in the end to find out that my career would be spent totally outside the country departments. But I agree with you that at the time that I was in my YP assignment, one didn't get much intellectual gratification being in the agriculture department. There was more thinking about agriculture by Bilsel Alisbah in the country department at that time. But I must say that I later came to recognize how lucky I'd been in the choice of my first country department assignment because I found most other country departments just didn't live up to that standard. Maybe it was that India tended to spawn a much more intellectual approach to the solution of its problems than most anywhere else. But I was not at all impressed by the country people I dealt with in Tunisia at the time, and the people dealing with Kenya and Uganda were not at all impressive either. They all seemed to be more interested in pleasing their clients than in doing good analysis of what was the right thing to do. They were more interested in getting things through and make people say that they had good relations with

the country. This was of course, in my mind, one of our huge failures, particularly in Eastern Africa, where this attitude set us off on a very bad path by not being rigorous in our analysis and correcting problems at the very early stages. So we very much lost an important opportunity, and through our assistance did possibly more harm than good in the end. We were on the kick then, which got worse in the '70s, and I'm now going to be inconsistent with something which I will say later on, of accepting the policy framework provided by the borrowing country. In those days we were very much on the country side in our decisions. It was very much a question of: "We know that we don't like the way this government is running things, but it is its sovereign right to do so. We will not interfere and limit ourselves to fit our project into their policies. We think they are bad policies. Well, too bad, but it is their country and they are independent." It was just as bad to be so hands-off as it was to behave dictatorially by prescribing: "This is the way we think it ought to be and you do it our way, otherwise you don't get our money." It was one thing when I dealt with India where we really did have a lot of arguments about where you were before you decided where you actually came out. In this fashion we were paying due attention to both ends of the spectrum. But this was not the way we proceeded in East Africa, and I felt at that stage that we were really not doing our job by not leading the country, which needed us more. Of course, we really didn't have very much to offer. It wasn't as though, we thought we knew what needed to be done. But we did not convey to the Kenyans what we knew, having discussions of an intellectual nature with the Kenyans

to decide what should be done. We didn't have that dialogue at all. We would have a project which, of course, was almost independent from the established set-up in the country side. We would argue for it to be done technically the way we wanted, but we didn't have any problems about how it fitted into the development plan of the country or whether it had some policy implications. The problem for the country department was just to see that whatever it was that we wanted was okay with the government. If the government didn't like it for some reason or another, then they'd try and persuade the project team to modify our approach so that the project would get approved. So the projects sometimes they were reasonable and sometimes they were not, but the linkage to the overall development of the country was usually missing, despite the economic analysis carried out by the country department. So one did not at that stage get any real, positive vibration out of the country department, and one looked at the India group as being rather an exception to the norm. But I rather enjoyed doing project work, so I went back there again after my next Y.P. assignment.

My intervening six months were just spent in the Development Services Department with Michael Hoffman and Shirley Boskey. This turned out to be a disastrous assignment, and they never got another Y.P. after me because I called the Y.P. administrator and told him that they didn't know how to use YPs in that department.

Q: Although Wilfried Thalwitz went there on his first assignment and that seemed to have been quite a success.

A: Did he go there? The job I had there was potentially quite interesting. There were two people, Arnold Rivkin and Vince Riley who were in charge of the Bank's relations with the U.N. One of them was going on extended leave, on sabbatical leave or something of that sort. So they got a Y.P. to stand in for him, which would have been a very interesting job to handle those relations all over the world and you could learn quite a lot in the process. But what they did when I arrived there was that they had decided that they couldn't possibly trust the Y.P. So they rearranged the job and Vince Riley instead of looking after half the world in total, was now looking after the whole world and dealing with only what was interesting. All the routine drudgery would be left for me to do. So when I arrived I was assigned piecemeal this correspondence and that correspondence. This was probably the right thing to do in the normal way of doing business and in some ways very safe, but of course as a Y.P. I found that most irritating and unreasonable. I just couldn't find enough work to do. So I talked to Michael Hoffman and his people and to Dick Demuth. They were always promising me that they would give me something else to do, but they never did. I found out that it was very easy to organize one's life so that I did the work that was assigned from nine until eleven in the morning. It was just about two hours' work a day to keep track of the things that I was supposed to deal with. In despair I went and moonlighted, in fact I went back to the Agriculture Department, I spent my afternoons doing what I'd been doing as a Y.P. in the Department before. So I spent the

morning working for Development Services and the afternoon working for the Agriculture people.

It was quite natural then that I went back to the Agriculture Department for my first permanent assignment when the six months were over, working in the general agriculture division with George Darnell and Roger Rowe, who was the deputy division chief. And I worked there for a while.

Q: So this was not really a difficult decision that you had to make, it more or less grew naturally out of your earlier work?

A: Absolutely. By the time I had accepted my second Y.P. assignment in agriculture, which I'd objected to at first because I wanted to do something different than agriculture, the die had been pretty well cast. They were looking for people to join the department on a full-time basis as mission leaders and they were very pleasant people to work for. It was a natural drift to end up there, and I wasn't unhappy about that at all. In those days, of course, you had the whole world to deal with. You went to Papua-New Guinea one time, then Indonesia, and then Brazil. The pace was quite hectic; I would often find myself on a plane going out to look at a project and that was the first opportunity to open any document on the country, never mind the project. This was when I took my first trip to Kenya to look at a project. On the plane over from Washington to London, that was the first time I started reading anything about Kenya, where it was, and what it was, and what it did and what it didn't do. This was representative of the faults of the projects people in those days and a

result of the rapid growth of our program. You never learned the same thing twice, which was fine with me because you never got bored. On the other hand, you didn't build up any expertise either. You became an instant expert on Kenya, an instant expert on Papua-New Guinea, an instant expert on Indonesia. But you never gained the experience which you could refine and re-apply, and you really did not learn as much as you might have learned. Of course, in those days one didn't think in those terms and didn't worry about it. It was really rather fun, but definitely not a good way to run a development business.

Q: You were working as a financial analyst then, I presume?

A: I was called a financial analyst. Jim Evans asked me, when I first arrived in the Department, whether I would mind being called a financial analyst. I told him that I was a mathematician, of course, and that I was neither an economist nor a financial analyst. I had no more financial training than I had any economics training - and I certainly wasn't an agriculturalist. He told me that they had difficulty in fitting me into the available slots, and it just so happens that we have a vacancy among the financial analysts; it would be far and away easiest solution to put me into this position than make much fuss about what I really was. I said I really did not care what they called me, so I became a financial analyst. The only real impact of that decisions was that since that time I have received everything to do with accounting standards in automatic distributions throughout the rest of my career in the Bank. I got into some computer as being a financial analyst and that has survived for some reason. I still do not know the mechanics of this. Even after I became a manager and

moved out of that stream, I continued to receive all this material because I was typed as a financial analyst. Of course, I didn't do financial analysis any more than I did anything else. I was a generalist which meant that I did economic analysis of projects, that I did financial analysis of projects, and I did generally what was required to move my projects. Now, to be sure, financial things I found very easy. Therefore that was probably what I should have become if I had ever bothered to be trained in anything practical, but I never was.

Q: So you more or less learned on the job and on the run?

A: Absolutely. No training of any sort.

Q: As you look back, would there be any people that influenced you and taught you valuable skills?

A: I think so. Bilsel, of course, was the one that would always come to mind because he taught me how to calculate economic rates of return and stuff like that as we were travelling together on planes or driving around India. One also learned a little bit as one went along in performing that Y.P. chore of checking other people's figures. So I picked up information and learned by discussing and arguing with other people. Bill Wapenhans was head of the Economics Division at that stage, and they did what little sector work was done in agriculture on the economics and the methodology of our analysis. I remember discussing with him quite often why we did what we did in our economic analysis. But mostly I picked up things very slowly by doing and, of course, sometimes that method of

learning was embarrassing because you would learn on the second project something which, if you'd only known it before, you would have followed the same approach in the first project. And that is really quite an expensive way of going about training your staff, not so much in terms of the Bank, but in terms of the countries that you were supposed to advise and help.

I got a lot of the informal kind of advice particularly from George Darnell. George Darnell was quite a character and some people didn't take him terribly seriously, and he was certainly no financial analyst or an economist. But he was an expert when it came to who could smell corruption, who could tell you when things were not right. He would walk around a processing plant, and he would know exactly what was wrong with this plant, not just in a technical way but whether the money was being wasted and what appeared to be the nature of the problem. He was nearly always right. He could literally walk out of a plane and sniff the air and sort of say: "I don't like the smell of this." I went on quite a few missions with him and I came to respect his judgment. Of course, he was a disastrous manager and not diplomatic at all and he did not have good relations with his country department colleagues, but on the substance he was usually right. And therefore I must say I did pick up a lot from him which was important, particularly in the agricultural area where the economic analysis was often a little iffy because the data were lousy. But he could teach you to determine whether the projects were actually going to work. I picked up a lot about what were conditions under which more people would actually participate in the

project, or what made a good extension service. He demonstrated the value of getting out into the field and not being stuck in the capital city, which I'd taken as being absolutely normal based on my work in India with Bilsel. This is what happened in my work with George Darnell. We would spend a day in the capital and then if we were doing a tea project we'd be out in the tea fields and talking to farmers and the extension people asking them what they thought was needed. And that therefore just became a habit for me. I wouldn't even consider it as being learning, but in retrospect it was very important and not everybody followed the same approach. There wasn't uniformity on this. There was a whole generation of people who rarely went down to the field and yet that was where we got most of their stuff from. To me the compiling of figures at the end was totally incidental. In the end somebody had to determine the loan conditions and put the package together but that was not central to our work. But occasionally we got a surprise and found that it didn't pay to do what we were doing. This was very unusual. The biggest question was always: Is this something that's actually going to benefit the farmers and is there an organizational capability to actually put it into effect? These were the determinants of whether the project would succeed, not the economics.

Q: Now, what kind of projects did you deal with at that time? You were in the division that dealt with general agriculture. What did that mean?

A: It meant different things as time went on. Everything was changing so fast. The main thing I can say is that irrigation projects were done separately. The big irrigation

projects were done separately. There was a livestock division headed by Don Stoops. Lester Bartsch used to run the irrigation division. I don't think agricultural credit was separate at that stage, I think credit was done under General Agriculture. Then there were more than one irrigation division, that was where the first split came. Then general agriculture split. Initially there were two general agriculture divisions, then it began to organize by sub-sectors and there were agro-industry projects and fishery and forestry in one division. General Agriculture covered tree crops, smallholder schemes, some dairy projects, and some credit projects. Roger Rowe at that stage became the division chief. He was a very professional person and very different from George Darnell. One of the things I remember about him was the totally different attitude he took to technical expertise in those days. I was fairly close to him and I can remember him telling me, even though I was still fairly junior, I'm not sure I was even a mission leader at that stage, he would tell me that he earned something like \$18,000 a year and that was considered to be good. I was in the \$8-10,000 range at that time and was getting this huge increase to \$13,000. It was then that he told he was \$18,000 and that he had two people in his division who were paid \$34,000 because that's what it cost to get them. But he said this really did not matter to him because if he disappeared tomorrow there'd be five people who could take over from him as division chief because there were lots of people around who were perfectly capable of doing that, but one of these highly-paid guys knew more about smallholder dairy in tropical and semi-tropical conditions than anybody else in the world, and the other

guy was just as outstanding as a credit expert. So as long as they didn't any problem working for him, he didn't mind what they were being paid because he thought they were worth it. I thought how sad it was, when we started introducing grades for the first time - because we didn't have grades, you may remember - and when we moved to a system where the division chief was superior in grade to all the technical people. How many years it took us to get to the point, and we are still not out of it totally, at least in theory to accept the fact that we have technical people at the highest salary levels. I think one of the big problems in the Bank has been the reluctance to do what has been done in most civil services that you have a technical stream where the salaries are linked with the market for professional services. Not that I would have minded if division chiefs should be an A or 26 or whatever it was they were with the technical streams fitted into the same scale, but this hierarchical arrangement was not a good sign for the Bank at all.

Q: I suppose that was the influence of McNamara in the organization?

A: I'm not sure. I think it came in just before McNamara. There were a number of things like that grading exercise which were introduced in the period when we knew McNamara was coming but before he actually arrived.

Q: In other words between the end of November '67 and came April '68?

A: That's right. There was a gap. I remember that we did a number of administrative things in that period because people were just too horrified to think that this guy was coming from the Pentagon with zero intellectual leadership, but as the outstanding

management wizard - which was the way that he was commonly talked about by everybody - and would find us without a proper organizational structure. The idea that he would come from the Pentagon and find that there were no ranks whatsoever, that there was no grading was just appalling. Now, this may have been purely fortuitous. The changes may have been in the works for months and months and just came to a head at that time purely by chance, but I was amused by the coincidence.

Q: I agree certainly that the character of the organization changed at that time from what earlier had been more like a large consulting firm or even a bit like a university to a much more bureaucratic organization.

A: That's right. I can remember the earlier informal character of the Bank. At one point I was called by Burke Knapp, who was of course the power behind everything in the days of George Woods. It was on some Tanzanian project and he'd been reading the appraisal report. There was something he raised about the Tanzania Development Corporation; he had some problem in the past on the industrial side with this Corporation. So he called me up to his office and he just sat me down and said: "I don't understand all these references in your green cover report to the TDA. I thought we had some really big problems with this output in the past, and here you want to lend more money to them again?" And I replied: "Well, I don't know about that but this isn't the Tanzania Development Corporation, this is the Tea Development Authority and that's the tea development project." He had just got his initials mixed up. And he said: "Oh, that's a

great relief. Thank you very much for coming by." He was the top man then and he wouldn't think he'd go through the hierarchy to get the answer he wanted. He did not call in the Vice President, which is what would happen today, he'd go right to the source. That was the way it was and very comfortable, because as you say that was when the Bank was like a consulting firm, I wouldn't even say a large consulting firm, but a relatively small consulting firm.