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A CONVERSATION WITH BAREND DE VRIES

WASHINGTON, D.C.

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CONVERSATIONS ABOUT GEORGE WOODS
AND THE WORLD BANK

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ROBERT W. OLIVER

OLIVER: This is Bob Oliver about to interview Barend de Vries. It is June 28, 1990.

DE VRIES: I came to Washington in 1949 as a student from MIT. I started as a summer student with Jacques Polak in the Research Department of the IMF. There, I wrote a number of studies. At the end of the summer in 1949, I was offered a permanent position in the Fund. I became a member of the Research Department, which is a very powerful group in the Fund. Then, after a short while (I believe in 1951), I went over to work in the Exchange Restrictions Department with Irving Friedman. In that Department I worked on multiple-currency and foreign-trade problems--tariffs in particular, and I made two missions to Iran and several missions to Western Europe, including to Sweden, Denmark, Netherlands, France and Germany. I met with Ludwig Erhard, among others. I also went on missions to Latin America, particularly Nicaragua. The first head of state I met was Anastassia Somosa of Nicaragua. I also went to Ecuador and Costa Rica. As I already told you in our preliminary chitchat, I was moved by Merle Cochran without being consulted to work in the Middle East which was a dead area at the time. When I was told about it, I immediately informed my associates I wouldn't take such treatment; I was a free Dutchman. I moved to the World Bank, after consultation with Andy Kamarck.

OLIVER: Before we leave the Fund altogether, do you have comments about Irving Friedman and Eddie Bernstein?

DE VRIES: You mean the relationship between the two? No, not really. I have the highest regard for Eddie Bernstein. He worked with me. Understand, I came from working in the universities, at the University of Chicago, where I worked with the

Cowles Commission. I worked with T. C. Koopmans and Laurence Klein, both of whom later got Nobel prizes. I also knew Ken Arrow at that time. So I was very well introduced to mathematical economics. By the time I came to the IMF, I was able to do econometric work and fit it in very well with the work of Jacques Polak in the Research Department. Working with Irving later on was particularly exciting because he gave me the opportunity to apply my economics and to work with a wide variety of policy situations in different countries. Irving had a very exciting group of people, including, of course, my later wife, Margaret Garritsen, and a small group of eight to twelve very bright economists who were working very closely and informally and with whom Irving was in close contact.

OLIVER: Can you say any thing about a feud?

DE VRIES: Well, Irving had a feud in particular with Jacques Polak. Irving was not quantitatively inclined, and he felt that this was a disadvantage. On the other hand, in the Treasury, he had done some very important work. Looking back, I think that this was unfortunate. These were exciting days, all with very bright people who had done very good work. By far the greatest economist, the leader of this, was Eddie Bernstein, who was an outstanding monetary economist. Some of his work predated Lord Keynes in his approach to monetary problems. He is still alive, over 80, working at the Brookings Institute, sitting as straight as an arrow in front of a typewriter. It is a beautiful thing to see.

OLIVER: May we come back to the Bank.

DE VRIES: Yes. In the Bank, I joined the Latin America department. I was implored by the IMF Managing Director, Ivar Rooth at the time, not to go to the Bank. He would find me any kind of position in the IMF. In retrospect, I am sorry I didn't listen to him. You shouldn't leave a place when the Managing Director begs you to stay. (You have a similar story about Nat McKitterick in your book about that. Nat McKitterick just died you know.) Anyway I joined the Latin American group for only

one reason: it was the fastest stepping, most-exciting group, under the leadership of Burke Knapp. We had a very good, active group of economists and operators working. Unfortunately, Burke Knapp left very shortly after--I think it was in '56. (You mention it in your book). I joined in 1955, and Knapp became a vice president.

I went to the Bank and worked in Latin America, and, in 1959, we adopted a baby. Margaret was an active professional person, a division chief in the IMF, the head of the Asia Division, when we adopted a child. At that time, she was forced to stay at home for awhile. Meanwhile the Bank needed somebody in Colombia. I became an advisor in the Colombian Planning Office which worked closely with the President. They wanted me to stay for a long time, but Burke didn't want me to go for a long time, so we compromised and I stayed for only six months. It was a very tough time. I was an advisor in the Planning Office. I became thoroughly familiar with that country. This was when Colombia had again become democratic. The dictator, Rojas Pinilla, had been thrown out of office, and the Bank worked very closely with Colombia. Colombia had always been a critical test case for the World Bank. The Bank tried many new approaches in Columbia.

I worked with President Aberto Lleras Camaigo, who, I believe, is still alive today. In those days, a country economist would write an economic report, assessing the economy. I would take it to Colombia and bring it straight to the President so as to give him the critical conclusions of the work. This was in the late '50s. I was in Colombia in '59-'60 and got to know all the key politicians, bankers and other economic leaders of the country. It was interesting. In those days, a Bank staff member could work almost a lifetime on one country and know it in depth. Today that is no longer the case. We now have a system whereby, after two or three years, we get moved somewhere else. Today, in the World Bank, nobody can get to know anything in depth about a country. I have known every president of Colombia for over a period

of twenty, twenty-five years; by personally, I mean I have known his background, I have talked with him and so forth and so on. I mean that is a very unusual situation.

When I came back, I was asked shortly thereafter to become an operating division chief for Brazil, Colombia, and Ecuador. After that, at my request, I became an economic advisor. By the time Woods came to the Bank, I was an active economic advisor, participating in what was called the Economic Committee which you deal with in a particular chapter. That was a very lively group. No such group exists anymore in the Bank today. It was not a group with high status, but it was definitely a free-wheeling group that had a lot of influence. It was composed of the economic advisors of all the area departments at the time. They were called the economic staff. They were the remnant of the Economic Department, and Woods from the start was very interested in working with them. Even before Woods came, it was a very active group. I want to comment on that, because you have a chapter there on Woods's first year. What you have *not* mentioned in that chapter, which I think is very important, is the work that was done on creditworthiness and the debt problem.

The World Bank made a real breakthrough on the analysis of the debt problem in the late 50's and early '60s. Of course, just as an aside, what you are dealing with in that chapter in your book, *George Woods and the World Bank*, was a very exciting time in general. The '60s were a very exciting time, not because you and I were younger, but because Kennedy was President and Development Economics was coming into its own.

We had a very positive attitude towards India. Working very closely with India, which Black had already done, but, as you described in your last chapter, the Bank was placed in a very different policy context. We had the Alliance for Progress in Latin America, so we had changes in the economic and political relationships with the developing countries. We had changes in the analyses, in the way we thought about development, about the role of planning, and, in particular, what was important at that

time, about the view that debt service could go way up in the process of debt accumulation because of countries' external borrowing. This was described in the book by Avramovic, *Development Debt and Growth*,¹ something like that. It is quoted in my little book. It was a very basic book, and it was very basic to deal later on with the Brazilian debt problem.

OLIVER: Was this before '63 or after?

DE VRIES: This work was done in the early '60s and the late '50s. It had come to fruition by the time George Woods came to the Bank. George Woods had senior staff meetings which became very exciting. Woods was willing to open up the Brazilian problem. As I told you the other night, Black had put Brazil in what we call the deep freeze, so we couldn't deal with Brazil any more. No more lending to Brazil.

And then, for the first time, Woods opened up Brazil.

OLIVER: How did he open up Brazil and why?

DE VRIES: First of all something had happened in Brazil. There had been a change of government. Goulard was a populist President in Brazil, and he had been thrown out of office by the military. Castelo Branco had become the President of Brazil. He was a general. (I think that happened in '63.) At that time, there was an economic team to prepare a new Economic plan, of which Roberto Campos was the key player. The other person was Bulhoes, the minister of Finance. These two people were very well known to Burke Knapp and Orvis Schmidt, who was the Director of the Western Hemisphere Department at that time. He had been the Treasury Representative in Brazil, and Burke Knapp had been a member of the joint Brazilian-American Commission earlier that had set up, during the Vargas regime, a whole list of projects for joint financing by Brazil and the United States, which became the basic project list

1. D. Avramovic and Associates, *Economic Growth and External Debt*, (Baltimore, Maryland, Johns Hopkins University Press, 1965.)

for World Bank operations. Then Brazil went into an inflationary spin, and Black pulled the World Bank out of Brazil, because the Bank obviously could not do serious business on a safe and sound basis under the circumstances of rampant inflation. Fortunately at that time, when Woods became President, Brazil had had a major turnaround and had managed to stabilize. At the end of the Goulard administration, inflation in Brazil had run to 88 percent per year. That was very high at that time and was unacceptable. Today it is over a 1000 percent, but that is another story.

OLIVER: Well, was Roberto Campos part of the turn around?

DE VRIES: Yes. Roberto Campos was the pivotal person that brought more rational conditions to Brazilian economic planning and Brazilian financial policy.

OLIVER: Was that under the generals, or was that subsequently?

DE VRIES: It was under the generals. That was when Castelo Branco was the president. Castelo Branco relied very heavily on his economic team in the management of the economy. They had a totally free hand. It was entirely a civilian team, different from Geisel later on. (President Geisel was of German extraction and made the economic decisions himself.)

OLIVER: Were you involved in helping to advise at that time?

DE VRIES: Well, we were given a totally free hand. This was before Irving came to the Bank. I remember going with Irving to the Tokyo Annual Meeting. In Latin America, it was the economic advisor who would go to the annual meetings with the department director. (Bank economists are not as well treated as in the IMF, but in the Latin America it had always been a little different.) When I went to Tokyo at that time, my mission to Brazil had been organized. Woods had given us great freedom to organize. This was a mission of 20 people. The Bank today wouldn't send a mission of senior and experienced persons like that. We would cover all the major economic, fiscal, monetary, and balance-of-payments issues plus the major sectors:

transportation, agriculture, industry and education.

OLIVER: You are going too fast for me. I'm confused about the Tokyo meeting. Did that occur before Irving came aboard or after? I'm confused about the way the mission got set up.

DE VRIES: I organized the mission in the summer of '64. By the time I went to the annual meeting in Tokyo in September '64, it had all been put in place. Everybody knew what he should do. Irving, at that time, was between jobs. He was still in the Fund, but he had agreed to come to the Bank. He was a free man, so to speak. He was between jobs so he could just talk to everybody and was very relaxed. I had a lot to do, because we had to meet with all the Latin America finance ministers and discuss policy issues.

OLIVER: So you and Roberto Campos were both on the larger team simultaneously?

DE VRIES: He was my counterpart in Brazil; he was the planning minister. On the way to Japan, I had with me the economic plan which Campos had written. This was not a socialist-type plan, or command-economy-type plan. This was a plan that prescribed and analyzed policies that the planners would follow: how they would deal with financial stability, with fiscal policy, and with the allocation of resources within the public sector; how they would bring back some sanity to the Brazilian economy. The Bank had developed a freedom for key economists to organize missions and analyze in-depth country situations. We had the term the "in-depth mission." You mention one of those, I think--Drag Avramovic going to Algeria. George Woods let these people be very free. Drag Avramovic no longer had a managerial job after Irving came, so he may have done it after that. George Woods used to call these large missions the "Howling Herds." They became even bigger. I don't think he referred to my mission ever that way, because it was compact and we delivered very fast.

OLIVER: What was your position at the time, your technical title?

DE VRIES: I was the economic advisor for Latin America. That was my only title.

OLIVER: Was there an operations officer?

DE VRIES: For Brazil?

OLIVER: No, for the whole of Latin America.

DE VRIES: Oh, that was Jerry Alter. Jerry Alter had become head of the department after Orvis Schmidt had moved into another position as the liaison with the Organization of American States. As a matter of fact, Orvis had become the Bank's representative to the Committee for the Alliance for Progress--the Inter American Committee--the CIAP--the Inter American Committee for the Alliance for Progress. George Woods would pick good economists with a lot of substance and guts and put them in operational charge. That was an entirely new approach at the Bank. He did that in the running of the key departments. He did that in Latin America. Jerry Alter had previously done an excellent job as economic advisor and was able to apply economics to policy issues in an independent way.

OLIVER: Was Jerry Alter chosen in part because he was an economist?

DE VRIES: He had a very good flair for discussing economic policy issues as they could be tackled in the World Bank context.

OLIVER: Perhaps you would say a little bit more about this "Howling Herd".

Is that what you called it?

DE VRIES: When Drag Avramovic got involved, he had many people around. Drag was a very good manager of substandard teams. My mission consisted of 20 persons and was in the field for two months. When we got through, we produced a major report, many volumes: a volume on macro-economic policies, a volume on agriculture, a volume on industry, a volume on transportation. It became the basis for what eventually became the Bank's largest operating program in any country. Today, of course, it is relatively much smaller. That time, there was a very rapid build-up in lending to Brazil--not only lending, but also in technical assistance. We identified that

Brazil needed a lot of help in the organization of its transport: highways, but also ports, and as a result, as a follow-up of my mission, there was a major collaboration between Brazil and the World Bank for the organization of the transportation system of Brazil.

OLIVER: Would you say that the Brazil team was in some sense a counterpart of the team that later went out under Bernie Bell to India?

DE VRIES: Yes, I think that these two were very comparable.

OLIVER: And several volumes were produced about this report?

DE VRIES: It was a very major report. Unfortunately, we didn't publish it. Jerry Alter had major operational control at the time, and I didn't follow up on the Brazilian's interest in publishing the report. The Brazilians wanted to publish it, first, in Portuguese. We could have done it. If I had taken the time at the time, we would have had a published book, but it was not conceived as a survey report like the ones that the Bank had done earlier in many countries. You mentioned, by the way, in your book the survey reports. I think this was one of the responsibilities of Dick Demuth to organize the surveys. You don't mention it in your book. You also didn't mention IDA. Demuth was the one who wrote the *Articles of Agreement* for IDA. My report was not published, but it was very actively discussed between the Brazilians and the World Bank, and for the Bank it became the basis for a whole new era of collaboration.

Here is where George Woods was really innovating: not only did he break the deadlock between Brazil and the Bank, it was a very God-given situation for him, very similar to what McNamara later found in Indonesia in 1968 when he could deal with a new government. Sukarno was thrown out. Even before he came on board, McNamara went to Indonesia and had exploratory discussions. Two things were unusual. Based on this comprehensive economic report, a new assessment was made of the Bank's lending possibilities in Brazil. It was treated like a comprehensive economic report for discussion by the Executive Directors of the Bank. This was the first time that the

Board was invited to have a meeting solely on the economy of the country based on the report's findings. It was the first time ever that this was done. It was a new thing that Woods had started.

OLIVER: Did Demuth have any part in this?

DE VRIES: No, he was just an observer. He told me at one point, the Bank had never sent such a strong and large team. The most junior man on the mission was Shaid Hussain who was a very bright guy. He later became vice president for East Africa. After Warren Baum left, he became head of the Central Project Staff. Now he is the Vice President for Latin America.

OLIVER: In what sense was your Brazil report different from the economic surveys that Dick Demuth sponsored earlier?

DE VRIES: It didn't do a basic review of the economic potentials of the country. It was focussed on the policies of the country and was written with the purpose of sorting out what the Bank's program should be and how it should react to the Brazilian program. It also became the key document for the Alliance for Progress's evaluation of Brazil.

OLIVER: Were most of the staff from the Bank?

DE VRIES: Yes. The macroeconomic team was headed by Irving Sirken, who later became a lecturer at the EDI and who was one of the economists that I had picked from the Western Hemisphere department staff. Heinz Vergin is a department director in the World Bank today. Another person on the team was a macro economist; he is now a V. P. Hans Adler handled the transportation team. He became the Director of Transportation Projects in the Bank later. You also mentioned Shig Takahashi in your book somewhere. He was in charge of the agriculture team. It was not entirely from within the Bank. We had an agricultural economist from Portugal who wanted to visit every single agricultural station throughout Brazil. This is a major job. He did go to

Manoa and he did go to the South.

OLIVER: What was his name?

DE VRIES: Laines y Silva.

OLIVER: Well, you were telling about your career in general, and we became sort of side tracked.

DE VRIES: When Irving Friedman came in '64, I moved.

Irving had two things in the Bank. It is not quite clear from your book. He had a personal staff to write his policy proposals--in particular the work he did on the Supplementary Financing Scheme. Some of the people you mentioned like Bimal Jalan, David Kochart and Ravi Gulhati were on that special team. In addition he had the economics department that he kept at arms length. He didn't really manage it. That was Andy Kamarck's and my job. Of course Irving had the purpose of elevating economics in the Bank to greater importance.

OLIVER: Let me get this transition. How did you move from chief economic advisor to economics?

DE VRIES: Irving wanted a team. That happened in mid-'65, after I had completely finished the work on Brazil. (The Brazil mission was done through the Fall of 1964 and was completed by January '65; we went back to Brazil to discuss it in early '65.) I, in effect, asked to join Irving's team. It was probably because I was interested in doing some research. Also I got the title of deputy director. The Bank did not have a formal rating structure. You mentioned in your book at one point that Irving thought that an economic advisor should have the same level as a deputy director. The truth of the matter is that when the Bank finally set up a formal rating structure (I forget now when that took place; it took place during McNamara's presidency), at that time economic advisors and deputy directors were given the same status. But McNamara abolished the post of economic advisor. (I became Chief Economist.) He also abolished the post of deputy director. He believed that the department director should

be there and be his own man and should not have a deputy. In my view, and I think Irving would agree, the economic advisor in the Bank, although that post no longer exists, should have had the same rank as the deputy department director.

OLIVER: Well, but you retired as the deputy director, is that what you called it?

DE VRIES: Oh, later on, I did. My purpose in going over there was a substantive reason, i.e. to do research. I wanted to be free for awhile from the burden of country economics and get a more general view of the world, and so I actually wanted to do research for awhile. I wrote a little book on exports -- the exports performance of developing countries. It is called *The Export Experience of Developing Countries*, which was well received. I did a number of articles, and, in my spare time, I took up teaching at Johns Hopkins University. Andy Kamarck needed an administrative person next to him, because Andy Kamarck also wanted to do writing himself and attend conferences. He and I just were not the right kind of team. I was a substantive person. I also did an econometric model on Brazil. I was invited to present it to the Econometric Society in San Francisco. This was at the time that the American Economic Association meeting was going on in San Francisco. Well, Andy Kamarck would have loved to go there, but I was invited, so he had to let me go. We couldn't both go together.

OLIVER: What was your title when you changed positions?

DE VRIES: Senior Advisor. Bureaucratically, it was the same position. It was a very nice position actually, and I was totally free to do research. I was called in by George Woods to explain this move, because at that time it was a very important move. I was taken out of a managerial position and put into a substantive position. George Woods said, "Bob, you are too professional to be a Deputy Director. If you want to do purely economic work, you don't want to be in a managerial position and run that department." Mind you, at that time, as you say in your book, we were building the

economic staff very rapidly. When we took over the economic staff, we had 30 slots. In the next year, from 30 to 60, and in the second year, from 60-90. In undertaking this expansion, we had no administrative backup. I was the only administrator in the department. I would have dozens and dozens of slips to sign. We didn't have an administrative officer to whom we could assign this. I had to approve expense accounts. I had to approve people's religious leaves. I developed a stamp of my signature, and I remember that I would just tell my secretary, "Stamp the expense accounts that come in." I remember receiving a visit from Francis Poore. Francis Poore had to approve and act on the expense accounts. He said, "Look at this man. He doesn't personally sign the expense accounts. We cannot run the Bank this way."

OLIVER: He had an E on the end of his name at least.

DE VRIES: Yes he did. He had to approve our expense accounts. The Bank had to have what George Woods called austerity with dignity.

OLIVER: How did you get back into Latin America?

DE VRIES: That was a long story. In 1970, after Woods left, I was still working with Irving as Senior Advisor. For some years, Irving went on after McNamara came. He was then deeply involved in the Supplementary Finance Scheme and conducting many lay seminars on the commodity problem. I remember McNamara sitting in the back when he was holding these commodity seminars. (I don't know whether McNamara had organized it or George Woods.) He had organized a new Africa department. We had the West Africa department and an East African department. Roger Chaufoournier, a Frenchman, with whom I had worked closely as a fellow division chief in the Western Hemisphere department. (Chaufournier, DeVries, and all the people who had worked very closely together in the Latin American department all became key persons under the guidance of Burke Knapp.) Chaufoournier had become the head of the West Africa department. We had a big problem with the debt of Ghana. Ghana was one of our key countries in Africa and was the first country to become independent in Africa.

Here we were in a situation where Nkruma had been chased out of the country. We had a newly instituted democratic government in effect. The Minister of Finance and Planning was Joe Mensa, a very important guy, and they needed to have their debt refinanced. This was one of the early cases of debt rescheduling. It was chaired by the U.K. Treasury. I organized a large mission to go to Ghana and study the Ghanaian economy and the prospects of the balance of payments. This became the key study the U.K. Treasury used in the discussions with Ghana. We also at that time organized a consultative group for Ghana so we had two things going, one was the debt negotiations and the other was the consultative group for Ghana.

OLIVER: What year was this?

DE VRIES: This was in 1970--1970 and 1971. This mission was in 1970. Once I had done that, John de Wilde, who was the economic advisor at that time, wanted to get out of that job. He wanted to do his agriculture study. So Chaufoournier asked whether I could take on that position. That is the way I went into West Africa. I had severe misgivings, because a) I didn't work in French, and in West Africa many countries are French speaking, and b) for personal reasons, I didn't want to travel as much as Chaufoournier. Chaufoournier actually undertook personally the negotiations on the restructuring on the Ghanaian debt. He spent an enormous amount of time on that.

OLIVER: So you became the *de facto* economic advisor to West Africa?

DE VRIES: I remember a meeting that Irving was still chairing as the Chairman of the Economic Committee where we discussed the Ghanaian problem. This was 1970, and Irving was phasing out. Chaufoournier came to the meeting, which was interesting because he was a department director. He was one of the people who would come to the meeting and was sympathetic. He shared this with Jerry Alter. Certain people wouldn't come. They were not members of the Economic Committee. You described that department directors were members. *The key members were the economic*

advisors. They were supposed to be there all the time. But then when Ghana would be on the docket, Chaufourmier would come if it was important enough. We were negotiating with the British about how to handle the Ghanaian debt.

OLIVER: Then you got back to Latin America?

DE VRIES: By 1974, I went back. From '70-'74, Drag Avramovic was the Economic Advisor for Latin America. He went to UNCTAD to do a study on the commodity problem in 1974, so that position became open. I used the opportunity to make the switch from West Africa to Latin America. I was fluent in Spanish. I didn't really feel comfortable working in French. I had done very interesting work on Ghana and Senegal and Nigeria in particular. We had started a consultative group on Nigeria in 1972, which was an important departure. Nigeria is a very important country in Africa. The actual chairman of that was Abdul El Emory. El Emory was the head of the Africa department for awhile after Pierre Mussa left. An eminent Egyptian, he stayed on as one of the advisors to President Woods. Then he was actually the chairman of the consultative group meeting, but I was the man doing the economic work.

May we go back? There are still two things I wanted to say. Maybe they answer the questions you have in mind. What you say about the role of the economists, particularly the role of Irving in the years he worked for Woods, '64-'68--what Irving did was to initiate new economic work and insist on a "new status for economists". He did so quite emphatically, and that was not very well received by the existing old-line staff. He was the new man on the block, and he obviously made a lot of waves. (Today his new viewpoints are entirely accepted in the operating approaches of the Bank!)

From an historical point of view, what he started was to put the country operations into an overall economic framework that became standard operating practices later on in the Bank. In the framework of the country program that McNamara initiated and from an historical point of view, that was very important. Basically it was his

approach, which became totally accepted in the Bank. He was beginning to do it on a Bank-wide basis. Mind you this was already going forward in Latin America before Irving came in, but he tried to do these things for the Bank as a whole. Jerry Alter and company were already doing it in Latin America.

The other observation I have on your chapter is the enormous effort that Irving spent on the Supplementary Financing Scheme. He went into that whole-hog. Basically the idea behind it was that you use macro economics in the analysis of what the Bank should be doing in the country. That was fine. But to hinge it on the Supplementary Financing Scheme was, in my view, the wrong idea, because it would get the Bank into the kind of balance-of-payments financing which is essentially carried out under the IMF Compensatory Financing Scheme. *Today the Bank in effect provides balance of payments financing all over the place. It doesn't call it that, but that is what it is.* But you have program lending of this kind (which is suppose to be the exceptional operation for the Bank) once you make it a very important element in your total lending posture. The economists play a key role in the Bank's operations. That, of course, is exactly what has happened.

OLIVER: I understand they are cutting back a little on Structural Adjustment Loans.

DE VRIES: That's the idea. I've just been working on that problem in the Bank. I don't recall whether Woods ever advocated that, although, as an investment banker, Woods was probably very interested in doing things on an investment project basis. However he would not shy away from program lending when needed and emphasized the importance of over all Economic assessment.

Woods conceived that IDA would become the more important institution. I think that was already conceived under Black. Certainly Dick Demuth mentioned it. That has never happened. It had already turned around under McNamara, who wanted to expand all operations. He obviously could expand the Bank much faster than he could

IDA. So the Bank grew and grew and grew, and IDA never caught up. When Woods came to the Bank, the most important outside economic advisor to the Bank was Ed Mason. I don't know whether you talked to Ed Mason. Ed Mason was very deeply involved in the reorganization of the Economic Committee.

OLIVER: What year would this have been?

DE VRIES: This would be in '63 when Woods came. He was already coming regularly, and then he got an offer to come regularly in the economics department. But Ed Mason, before I made the move from the Latin American group, had done a rating, giving advice to Woods as to who were the key economists in the Bank in his view.

OLIVER: Do you know who they were?

DE VRIES: John Adler, Andy Kamarck, myself, Drag Avramovic, John de Wilde-- those were the key economists in the Bank. Of course, there were other very good economists, but these were the ones that he envisioned as the key persons in the Economic Committee. The Economic Committee, by the way, existed before Irving came. It was a very lively group. I remember many lively situations where we debated important issues.

OLIVER: Why do you think Irving was invited to come at all?

DE VRIES: I think that Woods wanted to do new things. Gene Black was an international economic statesman. He did great things, like the Kariba Dam, the Indus River Basin, and the Suez Canal. He went way beyond commercial banking. McNamara never did anything like that. McNamara expanded and expanded and expanded, but you know that McNamara was a linear man. Woods was less linear primarily because he was an innovator.

At the end of the Black administration, Black had gotten ill and was not personally involved much any more. Burke Knapp in effect was running the Bank. Jeffrey Wilson was also V.P. but not as strong and substantive. What Woods wanted to do was to break the stranglehold of the project people in the Bank, and that's what he did.

He wanted Irving because Irving had been in the Fund and had top-level contacts in Finance Ministries. That was very important to Woods in expanding IDA. The other thing is that Irving was himself an innovator. He could make the economic complex a more important factor in the Bank.

Woods never destroyed the project complex. That was still strong and continued to be strong, but it didn't have a stranglehold on the Bank any more. The project complex no longer exists after the reorganization of 1987. If you listen to the engineers, you know that the project complex has ended, which, by the way, I think is unfortunate. The ability of the project complex to provide technical assistance to countries and help them organize large projects was a very essential contribution of the World Bank. But it shouldn't become a stranglehold on the way the President of the Bank wants to run the Bank, and that is what happened under Black.

OLIVER: This has been a very interesting conversation. I appreciate your time and effort. I have your book, *Remaking the World Bank*. I will read it more carefully now that I know that I should. Thank you very, very much.