

Summary of Oral History Transcript

Bell, Bernard R.

Interview conducted by Professor Robert W. Oliver, on 1988-01-28

Bell talks mostly about his relationship with McNamara at the time of his assignment when he was asked to establish and head the resident staff mission in Indonesia, at the request of its government in 1968. The Bank's only connection with Indonesia had been in the late 50s, when it sent an economic mission and prepared a report which was duly put into the files. The speculation that McNamara's main interest in Indonesia was connected to his feeling about Viet Nam, the belief that at some point he had a change of mind about the U.S. policy in Viet Nam which led to his leaving the U.S. government and accepting the presidency of the World Bank, and his decision, even before the Indonesia request came to him via the Loan Committee that the Bank needed to establish a resident staff in Indonesia. Also, that he would strengthen the authority and responsibility of that staff by making it report only to him. It was almost the first action he took.

Bell's experience in Indonesia dated back to December 1949 when he worked for several years as a confidential advisor to Dr. Djuanda, who had been the Prime Minister in the latter years of the Sukarno regime. In 1960 or '61 when Bell was partner in a private economic consulting firm, he was contacted by AID telling him that Dr. Djuanda had agreed with their suggestion that a combined staff of engineers and economists be set up on Jakarta, on the condition that Bell supervises that staff, and, at the same time, act as Djuanda's personal advisor with a proviso that he made no report to AID on what he did in that last capacity. The AID people were ordered to agree to the proviso by the assistant Secretary of State for the Far East at the time, Averill Harriman. In 1961 or '62, the office was set up, headed by Bill gates who had been on Bell's economic staff at the

Export-Import Bank until the time he left in '53. This also explains why the resident staff operation was very successful as the Indonesians trusted its staff. From the very beginning they worked as part of the government, among other things, becoming the principal means of communication between the ministries, since there was a lack of communication within the government. The resident staff also worked closely with the IMF who had a resident representative at the time. During the period that Bell was there ('68-'72) there were several devaluations as well as a unification of exchange rates.

One of their first recommendation to McNamara and the Board was that "Technical Assistance Credit" be established, the purpose of which was to finance the employment of experts to do studies of particular problems and recommendations for action. Initially, there was considerable focus on agriculture involving the rehabilitation of irrigation facilities which had been very poorly maintained. Some of their first looks at the rice production problem was modeled on the program recommended in India. As a result, rice production doubled in about 10 years and, FAO gave a special award or honor to President Suharto in recognition of what was achieved in the rice production program. Together with the government of Indonesia, they sponsored a series of studies looking toward the expansion of the electric power system. The outstanding project in Bell's memory was the expansion of the original Pusri Urea Fertilizer Plant whose production jumped from 100,000 tons/year to over one million a year.

According to Bell there were no program loans in that period, only project loans to finance specific projects. This, did not preclude extended and continuous discussion with the government of their overall economic policies and program, and agreement on them. Action was taken by the government pursuant to that agreement, helped by the economic assistance the Bank was providing in the form of IDA credits, which, in '74 was substituted for by Bank loans, and by long term, very soft credits by other of the IGGI [(Inter-Governmental Group for Indonesia)]. Bell elaborates on the issue of debt

rescheduling in which Widjoyo, the head of the Indonesian delegation, stood firm. He characterizes the cooperation between the Bank and the government of Indonesia throughout that initial four-year period as absolutely perfect.

Bell talks about the reorganization of '72 and the decision to establish regional offices, McNamara pressuring him to become vice president of the East African region, his brief tenure as such (1972-'74), his comparisons of East Africa and East Asia. In that context, his impressions on agricultural development in Tanzania, and his involvement in Zaire and dealings with Mobutu. His return to work on East Asia in July '74 until his retirement in 1977, and describes his experience in Indonesia as being a very good example of the way in which institutions such as the World Bank can provide constructive assistance.