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Summary of Oral History Transcript

Cope, Sydney R.

Interview conducted by Professor Robert W. Oliver, Brookings Institution, on 1961-08-09

Cope covers briefly his background prior to joining the Bank's Loan Department in December 1947 at the invitation of then assistant director, Walter Hill, to serve in its Northwest European Division. This was at a time when the Marshall Plan had just been formulated [June'47 and introduced in April '48] and the Bank was uncertain as to how it would adjust its operations. Policies were being formulated and, in 1948, tentative steps were being taken towards a policy of development lending. The Research Department was renamed the Economics Department and Cope talks of overlapping between the work of the Economics and Loan Departments and its effect on staff.

Also, policy issues concerning assessment of creditworthiness of a country at a time when most major currencies of the world, apart from the U.S. dollar, were inconvertible and saddled with exchange restrictions common among the principal trading nations. He elaborates on the implications of judging projects in terms of only their direct impact on the foreign exchange earnings of a country as in the first loan to Yugoslavia, and briefly talks of the gradual release of the 18-percent subscription funds and the relation to international competitive bidding.

Cope addresses the policy problems involved in the Bank's lending for local expenditure, the Articles of Agreements being obscure on the matter and P.N. Rosenstein-Rodan--then on the economic staff--advocating the Bank take advantage of the "exceptional circumstances" provision. He continues with the Bank's attitude toward local expenditure financing and the many discussions this prompted over the years including impact lending. He elaborates on a series of related loans undertaken by the Bank in the 1950s in the light of these discussions some of which included: loans to Belgium and the Belgian Congo in 1951 for $70 million, loans to the Italian Cassa per il Mezzogiorno in 1951 and 1954 for $20 million, as well as loans to Australia totaling $308.5 million between 1951 and 1957; carried out as Australia's economy was considered by the Bank to be mature, however, these were subsequently seen as a precedent by other prospective borrowers. In stressing the importance of the policy of financing projects, Cope covers various aspects of project/program approach including stabilization loans, general-purpose loans, specific loans with part of the Bank's emphasis directed at satisfying market confidence, as well as the disbursement of loans.

Cope resumes discussing the negotiations for the release of the 18 percent subscription funds by member countries, the difficulties encountered in obtaining the release and Mr. Black's persistent efforts. The Bank's interpretation of the Articles of Agreement and the 18 percent subscription release as intended to provide it with usable funds. Various phases of the 18 percent release, Cope's involvement and the relatively successful drive of 1957 with most, not all, of the remaining countries considered unable to make the release.

Cope concludes in commenting on the staffing changes during the McCloy presidency ('47-'49) between the Economics and Loan Departments as due to the inevitability of trial and error when starting something new such as the World Bank.