

WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

BERNARD R. BELL

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Interview by: John Lewis, Richard Webb, Devesh Kapur

*[Begin Tape 1, Side A]*¹

LEWIS: . . . one from the Japanese perspective. Catherine Gwin--I know you know her. She's with the Rockefeller Foundation, very, very good. She's going to do a sort of a U.S. perspective. Then we have one that's going to look at the Bank as an intellectual shop, a thinking organization. Nick [*Nicholas H.*] Stern at LSE [*London School of Economics*] is going to do that, and one is going to look at it as a project engine—looking at it's—sort of round up project record in two areas, East Africa and South Asia, and [*S.*] Gouhan is going to do the South Asian part of that one. A fellow at Oxford is going to do the East African part. We're going to have one, we hope, on all of the series of Africa reports in the '80s that have been focusing attention—Phil [*Philip*] Ndegwa is probably going to do that, and some more of this—about, well, ten in total of these things.

And we've started to do--we've done a fair amount of interviewing, but you're still fairly early on the list. And we've got to get--we've had one interview with [*Robert S.*] McNamara only so far.

BELL: You have?

LEWIS: Yeah. We're going to have a series with him, but we haven't gotten back to him for a second one yet. We've talked to--one good interview with Burke Knapp. We've seen Ernie [*Ernest Stern*] a couple of times, not at great length. We've--we talked with Dave [*Davidson*] Sommers. We have read your oral history that you did for the chap whose book is focusing on Woods, and so you talked about the Bell mission in India. And I know that story, I think, pretty well. And . . .

BELL: I barely remember the . . .

WEBB: Robert Oliver.

BELL: Oh, yes. Yeah, I've got a draft chapter of his in front of me now, which he's asked me to go over.

LEWIS: The thing that I would particularly like to hear from you today, if you're willing, is about Indonesia, because as we think about big important countries where the Bank has played a very major role, Indonesia probably comes to mind first of all and maybe Colombia, maybe India but I think not so clearly India, but Indonesia is outstanding and also your particular status in that exercise and the different kind of, degree of autonomy that you got while you were there is a very important part of the story. And one thing--we've been thinking some of trying to get an Indonesian to write that story from an Indonesian perspective, and so far we haven't been encouraged to think there's anyone who really knows it who's in a position to sort of tell it like it is. Maybe that's not so, but . . .

¹ Original transcript by the Brookings Institution World Bank history project; original insertions are in []. Insertions added by the World Bank Group Archives are in *italics* in [].

BELL: The person I think of immediately is Widjojo [*Nitisaastro*].

LEWIS: Widjojo? Well, he's a member of our advisory committee. As you may not be surprised to hear, it's very hard to get his attention. He so far hasn't come to either of the two meetings we've had. We can't get him to answer his mail.

But anyway--but really, if you could just—how did that get--you came back from the—I know about the Bell mission period, I think, and you came back to join the Bank full time at that point, did you?

BELL: Before that mission was really completed.

But before we go into that there's a little story--it may not be of interest, but very few people know about it and it always amuses me when I recall it--which was my first contact with the World Bank, and that was in September 1946. At that time I was the chief economist of the U.S. Export-Import Bank, and Bill [*William McChesney, Jr.*] Martin was the president and chairman of the board. And one of our eminent borrowers was the government of Chile, represented by the Demanto [*ph.*] Corporation headed by a man named Roberto Bergara [*ph.*], and he used to come in with loan applications to the Ex-Im Bank each year. And in anticipation of his coming in September '46, the national advisory council considered the question of whether Ex-Im Bank should lend them money or whether we should put the World Bank to work. And the decision was that World Bank, which had been winding up and winding up, ought to be put to work. So when Roberto came in, Bill Martin and I saw him, and Bill told him, "You have to take your application over to the World Bank."

And Roberto said, "Why do we have to be the guinea pigs?"

And Bill said, "Well, you're such experienced borrowers it will make it easier for them."

So he said, "Well, okay." Went downstairs, got in his car, drove over to 1818 H and saw Eugene Meyer, who was then the president of this institution.

Half an hour later Bill Martin's phone rang--I was in his office at the time--and Meyer said, "We just got a loan application. What do we do now?"

And the conversation ended with Martin agreeing to lend me and the chief engineer of Ex-Im Bank to this institution for three or four weeks to help their staff figure out what you do now. We did.

WEBB: This guy's name was Roberto?

BELL: Roberto Bergara. I don't know whether he's still alive or not.

WEBB: I don't know his the name.

BELL: He had to leave Chile when [*Augusto*] Pinochet came in.

LEWIS: So that--and then your next contact with the Bank was when [*George D.*] Woods got you into the . . .

BELL: No, it was prior to that. In--sometime around 1960 or so the Bank sent a national economic mission to Colombia. And they asked--I was in a private consulting firm at the time; I had left Ex-Im Bank--and they asked me if I would go on that mission as the transport economist or something. And I did and wrote a report. And then . . .

WEBB: Was that the Currie mission, Lauchlin Currie?

BELL: No. It was . . .

LEWIS: It was after that. It would have been--you say it was about 1960?

BELL: '60, '61, something like that. It was after Currie. Currie was living in Colombia at the time [*inaudible*].

And I'm not sure of the sequence, but either prior to that mission or just after it, there was a--the Bank commissioned a national transport survey of Colombia. And they gave the contract for it to an engineering firm whose name will come to me in a minute but on condition that they associate themselves with an economic consulting firm, specifically with me--which they did. So I was there on that.

And then the next thing that happened was just about the same time AID [*U.S. Agency for International Development*] persuaded the then prime minister of Indonesia--who was called first minister because Sukarno liked to call himself president and prime minister--a man named [*Raden*] Djuanda, to accept something that they had been flogging for, the AID, which was the establishment of what they called a project planning group, engineers and economists. And Djuanda said okay, provided that the man who supervised that mission was me and that I was also to be responsible for acting as an advisor to him.

LEWIS: He knew you by reputation or . . .

BELL: We had met originally back just after independence when he came to Washington. And then we'd met again briefly in 1957 when, for the government of Indonesia, together with Oscar Gass, we'd done a study of what they ought to do about fertilizer production which resulted in the recommendation that they build a urea plant, which would have been the third in the world at that time, with a production capacity of 100,000 tons a year.

LEWIS: That was a big one!

BELL: Indonesia now produces over two million tons of urea per year. And we did that. And Djuanda and the head of this planning bureau took the report to Ex-Im Bank and asked for a loan to finance the urea plant and got it immediately. So we'd had some contact.

Then—oh, I recall; I forgot this--sometime in the early 1960s Sukarno had set up a planning commission to develop a five-year plan, and the head of the technical staff of that mission, who was the education minister of Indonesia, had asked AID to supply somebody to review their draft. And two names were proposed by AID, and I'm flattered to say that the two consisted of [*David E.*] Lilienthal and myself and they decided on me. Lilienthal was probably too high-powered. But anyway, I went out there for that purpose and of course immediately found that there wasn't any draft. What they wanted me to do was sit down and write it, and I spent about ten weeks in Bandung writing a good part of that.

And in the course of that, the U.S. embassy said that Djuanda had heard I was in country and wanted to see me. And so I went to see him, and it was then that he and AID worked out that scheme for this project planning group with myself as Djuanda's economic advisor on the side. And that lasted until September '63. And we had worked out a stabilization program which they started to put into effect which was going well until September of '63, when I came into the office one morning--Djuanda's office--and he was looking very glum and he said, "It's all over. You might as well go home. You'd be wasting your time to stay here."

And I said, "What happened?"

And he said, "Well, last night Sukarno had made a confrontation speech" (confronting the British and the newly established Malaysia). And he said, "It's all over now. It's hopeless."

So I did go home, after a few Pollyannaish tries of saying, "Well, maybe we can salvage something."

Djuanda said, "No. It's finished." Djuanda died, as a matter of fact, three months later.

LEWIS: Naturally? Of natural causes?

BELL: Well, the story was that he had a heart attack during a dance at the Hotel Indonesia. His daughters, whom I know, tell me it was no heart attack--he was poisoned by Sukarno and the then foreign minister.

I had no contact, then, with Indonesia for some time until--this is when your question comes in--early in the spring of '64 I got a telephone call from George Woods, whom I'd never met, asking me to come and see him. And he said, "The aid consortium is getting pissed off about India and the aid is threatened. But," he said, "we really don't know much about the economy of India. Of course, we've got a lot of people here in the Bank

working on it, but they don't know much. And I want a--I've agreed with T. T. K. [*T. T. Krichnamachari*] that we could send a mission to India to really examine the economy and make a report which would be by--we agreed--only for his eyes and mine." He said, "Would you head that mission--and join the Bank?"

I said, "Well, I'd like to head the mission--I'm interested in that--but I'm not interested in joining the Bank."

And he said, "Well, think it over and we'll talk about it in the coming months. But," he said, "now just go out and get yourself some good people. You know a lot of people outside the Bank. Don't take any of these Bank people. And first of all write terms of reference for that."

I did, and I gave him my draft, and he said, "Well, I want you to take a draft to each member of the president's council and let them read it and discuss it with them before we have a meeting on it." I did and was greeted with phrases like, "This is the most shocking document I've seen in the twenty years I've been in the Bank" from most of the people, including Burke Knapp and Dick . . .

LEWIS: Dick [*Richard H.*] Demuth?

BELL: Yeah.

LEWIS: What was shocking about it?

BELL: Well, it provided--and Woods had suggested this; well, he suggested it when I had provisionally said "no" to his proposition, and when he asked, "Why?" I said—well, wait a minute; I'm getting confused here. That was later on the India one. I'm sorry I'm confusing this; my memory is lagging. Forget that part.

We went over the terms of reference, and the only thing Woods took—Woods took exception originally to two things in it: one, that I suggested that our study in India should cover the issue of family planning. The Bank had never touched that subject up to that time, and first he thought it was inappropriate but then was persuaded that it was a good idea. The other was that I mentioned that we would have to consider the question of devaluation, and he said, "That's not our business; that's the Fund's [*International Monetary Fund*] business." I said I thought it had to be ours, so he asked the head of the Fund, I think it was Pierre-Paul Schweitzer, and Frank Southard to come over and told them this mission was planned and that I had proposed that we look at the rupee devaluation question and he thought it was inappropriate. And Schweitzer said, "Of course it is. They have to, and you've got all the leverage anyway." So that took care of that.

I think we started that, as I recall, in the summer of '64. And sometime later, in late '64, I had finished a draft of the summary which I gave to Woods, and he did some very good editing on it and he gave it to T. T. K. Not long thereafter it appeared in three

installments in the *Hindustan Times*--not thanks to the Bank, but thanks to somebody on the other, the Indian end.

And in the course of those months we kept discussing the question of whether I should join the staff of the Bank. And finally in December of '65 I agreed to do so when he finally said, "Well, this is the position you'll have." Up to then I had said, "I don't join churches. If you tell me what the job will be, I'll consider it." And he finally did, and I was appointed the assistant director of economics for the projects department.

I still remember the first day I reported for duty in that capacity, and the two older--well, it was the head of the department, Bernard Chatenet and Hugh Ripman were his deputies, and they took me to lunch that first day and handed me the operating manual of the Bank and said, "Well, the first thing you have to do, and it will take you four or five days, is to read this." Well, as I said in the little talk I gave at a retirement dinner some eleven or twelve years later, I haven't yet read it.

Well, you know the history of that India thing . .

LEWIS: Yeah, I know that.

BELL: . . better than I do, but . . .

LEWIS: You went out and you led a second mission on the fourth five-year plan, as I recall, in '66 or something like that, '65?

BELL: '66, early '67, yes. And that produced a rather conventional Bank report. Incidentally, as members of the mission, as you may recall, the first economic mission, I had a number of people from the Bank plus a number of people who were not in the Bank, notably John Crawford and Dave [*W. David*] Hopper.

LEWIS: The agriculture group was all from outside the Bank, if I remember. It signifies the Bank was not that heavily into agriculture in those days.

BELL: No. And Woods had--the relations between Woods and the Bank staff were very odd. He despised most of the people on the staff, especially those who had British accents. I think Woods had never graduated from high school.

LEWIS: Really?

BELL: Yeah. And he had just no use for academic pretensions. He had no hesitation about letting the Bank staff know that he despised them. As an illustration, in the course of that India mission there was a consortium meeting presided over by Sir Geoffrey Wilson, who was then a vice president of the Bank, and he asked me to be present at it and I was, although, like the Indian delegation, I was excluded from meetings which included just the consortium members. Well, we finished that consortium meeting in Paris, as I recall on a Friday afternoon, and Geoffrey Wilson called Woods and told him,

and Woods said, "Well, be in my office at nine o'clock Monday morning to tell me what happened."

We went to Woods' office at nine o'clock, Geoffrey Wilson, Escott Reid, Sandy [Alexander] Stevenson, myself, and Geoffrey Wilson started to tell him about the consortium meeting. After just about ten minutes Woods said, "Okay. Sorry. I've got somebody waiting to see me. Thanks very much." And we started out the door, and as we got to the door Woods very deliberately yelled, "Hey, Bernie. Would you come back here at eleven o'clock and tell me what really happened at the consortium meeting?" That was the way he treated Bank staff.

It was too bad, too, because he had many of the same ideas which [Robert S.] McNamara later had, but he was totally unable to put them into effect because—well, partly because of this terrible relationship between himself and most of the Bank staff. He liked the two or three people that he had brought in. He used to say to me all the time, "Now, Irving Friedman--he's good, isn't he? Don't you think he's good?" And he'd say about Burke Knapp, "Well, he's been in the Bank for quite awhile, but he does a very conscientious job." I'm not running Woods down. I had great respect for him. He was a very intelligent, capable guy.

But anyway, I worked as assistant and deputy director of the projects department, then from '65 until--in March of '68 I went on a trip. I hadn't been overseas for some time; [Siem] Aldewereld had been pushing me to get out and look at some of the problems. I went to Malaysia and thought I'd like to see what's going on in Indonesia.

I went down there, and just at that point they were having a meeting of the top economic people, this economic group of economists sometimes referred to as the "Berkeley mafia," who, after Suharto became president he first used as a sort of informal group of economic advisors. They were all on the faculty of the University of Indonesia. Suharto recognized he was confronted with all kinds of economic problems that he hadn't the slightest idea how to deal with, and he asked his then--the man who was head of their staff college--"Who could I get that can advise me on these things?" Well, unknown to Sukarno [Suharto?] the people on the faculty at the University had been lecturing at the staff college. It was kept very quiet because Sukarno had forbidden all contact with these people.

LEWIS: Oh, I see. He was hostile to them. They'd been trained by Ford [Foundation], is that right? I mean, Ford had sent them . . .

BELL: Ford--it was one of the best things Ford ever did. They picked out a group of undergraduates they thought were the ablest and told them, "We'll send you to universities in the U.S. to get your Ph.D.s in economics. If it takes three years or five years, we'll finance all of that." And they did send a group, many of whom, but not all, went to Berkeley--hence, the nickname. One went to MIT [Massachusetts Institute of Technology], one went to Yale . . .

LEWIS: [*Mohammad*] Sadli.

BELL: Yeah. I think it was Mohammad Sadli who went to McGill. And Suharto, on the advice of the man who ran, the general who ran the staff college, invited them to come as an informal economic advisory group. Then he formalized it, and then over the course of the next year or so he gradually appointed each one of them minister of something. Widjojo was the leader of that group and their major spokesman. He and Suharto communicated extremely well, and, see, Widjojo was head of BAPPENAS, the planning commission, and informally the head of this group. And originally Sumitro [*Djojohadikusumo*] was the minister of finance. I've forgotten; I think it was Mohammad Sadli who was--or maybe it Radius [*Prawiro*], who was head of the Bank of Indonesia and originally Mohammad Sadli was on his staff. Subsequently Radius was moved to the ministry of trade.

And there was a regular pattern. This group, the "Berkeley mafia," would meet each Thursday and come to discuss issues on which decisions had to be made. Friday they would meet--Friday or Monday; I've forgotten--they would meet with Suharto to try to persuade him that their analysis was correct and that he ought to act on their recommendation. Generally he did. Tuesday he would call a meeting of the economic ministers of the cabinet, some of whom were not members of this group, and he would tell them what he had decided. And then the next day they would have a full cabinet meeting, at which there was no discussion. He just announced what had been decided. And this went on for years and years, this pattern of Thursday meeting followed by the Friday or Monday with Suharto and then the cabinet meeting.

Oh, I had started to say that in March I made this little trip down there, and they were just in the course of meeting to frame guidelines for the first five-year plan, and invited me and Bill Gates, who was then head of the Ford team in Malaysia and had been head of my team in Indonesia, in between chairman of the department of economics at Williams [*College*], they invited us to join them in this discussion, which we did. Then the very last day before I was to leave, Widjojo asked to see me. And he said, "You know, it would be very helpful to us if the Bank had a staff here that could help us. Would you propose that to McNamara?" I said I would. He said, "Would you head it?" And I said, no, I couldn't because of a lot of personal and family problems that would prevent my being resident in Indonesia. He said, "Well, okay."

I came back to Washington and wrote a memorandum with this proposal that the Bank establish a resident staff. It was discussed at a meeting of what was then called the Loan Committee, which was the top staff meeting at that time in the Bank. And everybody was in favor of it except two people, Burke Knapp and myself, for diametrically opposed reasons. Burke was opposed to it because, as I had outlined it, it would detract from the authority of the Washington staff. I was opposed to it on the grounds that it would be impossible to get really good people to go on a resident basis to Indonesia and to send people who weren't tops when there was such a good group there of Indonesians would be just a waste. Burke said--but everybody else on the Loan Committee was in favor of it. Burke suggested that he and I meet with McNamara and tell him why we were opposed.

Bernard R. Bell
November 21, 1990 – Verbatim

But after a couple of days Burke called me and said, "We don't need to meet with McNamara. I've had a private meeting with him, and there's no further discussion required."

But about two days later I got a telephone call from McNamara, whom I had never met up until that time. He had taken office on the first of April, and this must have been about two weeks after that, three weeks after that. And he said, "I am going to establish a resident staff in Indonesia, and I'd like you to head it."

And I said, "Sorry, but the answer is 'no'."

And he said, "Well, without commitment--because you'll think this over--what are your reasons?"

I said, "Well, I can think of about eight offhand. About four of them are personal, about four relate to the Bank. On the personal side, both my mother and my wife's mother are quite old and ill, and we don't want to be away from them at this time."

He said, "I can take care of that. You and/or your wife can make as many trips back here as you think are necessary."

And I said, "Okay, that should take care of that." And I said, "The next thing is that I have a daughter who is not a great student and has just completed her first two years of college locally and wants to transfer to Boston University because she's interested in working with handicapped people, especially handicapped children, physically or psychologically, and that's what she's good at, but her grades are poor and the first response from Boston"--to which she'd applied—"was rather negative."

He picked up the phone and he said to his secretary, "Get me Eunice [*Shriver*]." And she got Eunice, and I could hear him say, "Eunice, I know you and Sargent [*Shriver*] are very busy. You're leaving for Paris tomorrow"--he had just been appointed ambassador to France--"but there's something I'd like you to do. I have a little girl who wants to get into Boston U. and . . ." and there was more conversation. And he hung up and he said, "Well, that's taken care of. She's in."

And I said, "Well, on the Bank side, the Bank is so heavily Washington-centralized that the mission there is going to be sabotaged by every department in Washington. I know this because in my job in the projects department"--at which time the Bank had two regional resident missions, one in East Africa and one in West Africa—"I've noticed that the Bank staff here considers it their religious duty to ignore or contradict any recommendation which comes from those missions. And it just won't work. I mean, whoever heads that mission is going to be fighting rear-guard actions all the time."

He said, "I'll take care of that." He said, "You put in the terms of reference which you're going to write for this that nobody on the staff can ignore or contravene any recommendation or decision of the resident staff without my personal approval."

Bernard R. Bell
November 21, 1990 – Verbatim

I said, "That sounds pretty good." Then I said, "It's going to be very difficult to get some of the really good people in the Bank to go"--Jakarta at that time had a very bad reputation as a place to be and live--"and the department heads won't agree to release people even if they want to go."

He said, "I'll take care of that. You put in the terms of reference that anybody who you want and who is willing to go goes, no matter what his department head says." And he said, "You will report to nobody except me."

And, well, I said, "Given all that, okay."

LEWIS: Gee. Let me just ask one question. Burke had said everything was taken care of. Then McNamara calls you and said, "I'm going to establish this mission." Now, how did the second follow from the first? Did he . . .

BELL: I really never discovered what happened in the conversation between Burke and McNamara. I think it may be that McNamara told him he had decided he wanted to do this, and Burke did not [*inaudible*]

Anyway, that was when at McNamara's direction I wrote terms of reference incorporating these ideas of his, and at his direction showed them to each member of the president's council, some of whom made remarks such as the one I have mentioned. And then we had a meeting of the president's council with McNamara, and I saw develop there the pattern which persisted throughout McNamara's stay at the Bank. Most of the people wouldn't say anything if it was not in agreement with what McNamara had already said or was thinking. They just kept quiet. That wasn't true of Burke Knapp. It wasn't true of one other person; it might have been Dick Demuth. They spoke out. But he argued . . .

LEWIS: Was Peter Cargill on the president's council at that point?

BELL: No.

LEWIS: I guess Dave Sommers was not, either.

BELL: No. I've forgotten. Let's see. There was Burke Knapp, Walter Wells, Dick Demuth . . .

LEWIS: The general counsel was there? [*Aron*] Broches?

BELL: Broches, yeah. I've forgotten.

Anyway, McNamara said, "Now get your staff together and get out there."

And I did get a staff together, people in the Bank, although curiously with a very pronounced division. All the people in the projects department, the technical people, were

anxious to go, and I made some enemies by choosing one instead of another. Most of those people had had experience at some point in their careers working in the field, and they liked it. On the economic staff, nobody wanted to go. They all had excuses: well, uh, maybe next year they could go, but there were particular reasons why they couldn't go at this time. They, in contrast to the technical people, had rarely had any experience in the field and didn't want it. They wanted to work in Washington, but I did finally get a few people.

LEWIS: How big a staff did you recruit?

BELL: There were nine people, including myself.

LEWIS: Let me lodge one question with you--you may want to take it now or later--but this was a very extraordinary thing for McNamara to do at that time or at any time. Do you know why he made such an exception of Indonesia? Was it you or Indonesia or what?

BELL: It was Indonesia and his concern with Indonesia. I've never been quite sure, although he and I discussed it a little but I've never pushed the discussion too much, why from the beginning, the very first interest he expressed--no, it was the second--in the Bank was Indonesia. The first was the one he announced his first day on the job at a 9 a.m. meeting of the president's council when he started the meeting by saying, "We've got to have a plan of what it is we want to do" and asked Walter Wells and me to put together this plan, working with all the divisions. I remember when we left that meeting many of the department heads said, "How do we know what we want to do 'til we do it?" Which was the way the Bank had operated up until that time, and McNamara tried to convey the idea that, "Well, we ought to know what we want to do and think we ought to do and staff ourselves and budget ourselves in order to accomplish it. And we may not, but we ought to have some idea what we're trying to do." That was a totally new idea in this institution.

I left something out about contact with the Bank, but I'll come back to that.

But anyway, I put together this staff and . . .

LEWIS: And he was just grabbed by Indonesia, then?

BELL: Yeah. I've always thought that in part it was a kind of expiation of the guilt he felt about Vietnam. Here was a neighboring, similar, poor, underdeveloped country which really needed help. The Bank had never done anything in Indonesia. It had, sometime in '58 or '59, sent an economic mission, which had written a report which was promptly consigned to the files. I don't think anybody ever read it. And that was the only contact the Bank had with Indonesia. And McNamara was--next to the idea that the Bank ought to have some plan as to what it was going to do--his interest was, first of all, in Indonesia. And the first place he ever visited--and it was only two and a half months after he took office--was Indonesia.

[Mohamed] Shoaib, who was then a vice president, and I went out there about a week or so before he did to make some arrangements for his visit and meetings. And he had meetings with, of course, Suharto and the top economic people, and at that time the Sultan *[Hamengkubuwono, Sultan of Jogjakarta]*, who was the vice president and was the coordinating minister of the economic ministries, made the formal proposal to McNamara that the Bank establish a resident staff. And McNamara immediately agreed, and there was a memorandum written which specified what this staff was to do. And the Indonesians asked that the memorandum specify that the staff was to help them and advise them in developing their economic policies and programs and in the day-to-day execution of them. McNamara immediately agreed, of course, since he had the idea in any case. They had a big press conference in which the Sultan and McNamara spoke and announced that the decision had been made.

Then, about two months after that, we were there with our mission and began to work very closely with the Indonesians. I used to meet with Widjojo almost every day for a while. And they gave us offices in the BAPPENAS building, and others on the staff worked very closely with particular departments like PLN, the power agency, and the agriculture department. Initially we were really doing all kinds of things for them, even drafting letters for them to other consultants . . .

[End of Tape 1, Side A]

[Begin Tape 2, Side A]

BELL: . . . the first time I said to General Ibnu *[Sutowo]*, "Well, now, look. It's clear these are the government receipts. Now, most of your production-sharing contracts provide that you get 60 percent of the profits, some of them 65."

He said, "Yeah, and I'm willing for the government to have 20 percent out of the 60 or 65."

And I said, "That's ridiculous."

And he said, "Well, how about 40?"

And I went back Widjojo, and Widjojo said, "Well, let's stick to 60."

LEWIS: He wanted the higher number?

BELL: Yeah. And I went back to Ibnu, and he finally said, "Okay, 60." At the point where Ibnu agreed to the 60, he said to me, "Look. Why don't you tell Widjojo that he and I haven't talked to each other for a long time, and I'd like to have lunch with him."

I went back to Widjojo and said that. And Widjojo said, "That's silly." He said, "He and I have never had a conversation in our lives."

Bernard R. Bell
November 21, 1990 – Verbatim

LEWIS: Now this was all, in this, up through--this happened before, while you were still there in residence, right?

BELL: Yeah.

LEWIS: Hell of a lot happened in that four years, didn't it?

BELL: Yeah, it did.

LEWIS: It certainly did. Was Richard Gilbert there any of that time?

BELL: Yes. I'll tell you a story about that. Ford, or Harvard, rather, proposed to send Richard there as the head of the H-A-I-D-T [*Harvard University Development Advisory Service*]. The IMF people argued to the Indonesians that they shouldn't. That was because Richard had said something publicly quite critical of their position vis-à-vis Indonesia. And that time in April, when Bill Gates and I were there and before McNamara's visit, I remember we were standing outside on the steps of the BAPPENAS building and Widjojo said to me, "Do you know Richard Gilbert?"

And I said, "Yes."

And he said, "Harvard's proposing him. The IMF is arguing against it. What do you think?"

And Bill Gates was standing behind Widjojo, and I said, honestly, "Richard is a very able man, and I think it would be an excellent suggestion."

Bill was waving and saying, you know, "It's not going to work." He said to me later, he said, "The personalities just aren't right." And he was right; it didn't work out.

LEWIS: They had quite a group in there for . . .

BELL: Well, let's see. When Richard was there, there was Bill [*William*] Hollinger, Dave [*David C.*] Cole . . .

LEWIS: Yeah. But they also got some ringers. I think Dick [*Richard N.*] Cooper went in for a while, did some work, didn't he?

BELL: Yes, he did.

LEWIS: And Larry White, this young fellow who came from Harvard? He was at Princeton afterwards, and he has now become a big wheel--he was head of the, member of the Federal Home Loan Bank Board? I'm not sure that's was a credential or not, but he has been. He's been a NYU [*New York University*] business school professor.

BELL: Richard was there only about a year. It didn't work out. The personalities didn't

jibe. Richard is very able but inclined to be somewhat dictatorial.

LEWIS: He becomes very early on sort of--he made his reputation as a price-controller, but then he became in Pakistan a sort of early gung-ho neo-classical let-the-markets-get-the-prices-right kind of fellow, didn't he?

BELL: Yeah. I remember once a conversation with Ed [*Edward S.*] Mason. We were talking about India and Pakistan, and I was saying I thought really the Pakistan development was much overrated compared with India's, that India's had been at least as good but wasn't getting the public acclaim that Pakistan was. And Ed said, "Well, that was under the dictatorship."

I said, "You mean Ayub Khan?"

He said, "No, I mean Richard Gilbert."

LEWIS: Exactly. They had an amazing celebration of Pakistani development at Harvard in the middle '60s.

BELL: Well, but again, going back to the members of this Indonesian economic team, it was a very able group. For instance [*Adrianus*] Mooy, who was the chief economist of BAPPENAS under Widjojo, is now governor of the central bank. He did his graduate work at Wisconsin. I remember talking to some members of the Wisconsin faculty, and they said he was the ablest student they'd had in 25 years.

LEWIS: Now that's just an extraordinary case, because the ground laying that was done by Ford picking up all these people and sending them out for . . .

BELL: That was really a brilliant move.

WEBB: They did that in lots of countries, but in Indonesia they really . . .

LEWIS: They hit the jackpot somehow.

WEBB: They did that in Peru, Latin America.

BELL: And it was a big contrast with what AID was doing. AID was financing graduate studies or undergraduate studies for hundreds of Indonesians every year, but it was only for one year.

LEWIS: "Participant training," they call it.

BELL: It took 'til the end of the year before the Indonesians could handle English very well, so it really didn't amount to much. Ford took an entirely different tack, very wisely. I've forgotten the name of--who was head of the Ford group there at the time . .

LEWIS: I don't think I know.

BELL: . . . who was responsible primarily for their--his name will come to me.

WEBB: In the oral history I saw a comment that I thought very interesting. When you joined the Bank, the Bank was then, even in Washington, something almost trivial.

BELL: I'm sorry?

WEBB: The perception of the Bank was of something very low-key, very . . .

BELL: Well, the perception in the U.S. government, not elsewhere. The Bank had a very good reputation, I thought, outside, with Gene [*Eugene R.*] Black being considered a great international statesman at the time. The Bank, this Bank, was lending about 500 million dollars a year. Export-Import Bank was lending for development projects about twice that much at the time with--we had a total staff of 120 people, 35 professionals, 5 economists. This institution had over 1,000 people staff at the time.

Oh, and this is one of the things I meant to mention. When Black became president of this institution they instituted a series of weekly meetings between the top management of the World Bank and the board and top staff of Ex-Im Bank at which there were discussions of what each was doing. And that was the first contact I had into--one of the early contacts with the World Bank. But that was discontinued after a while because there was antagonism which developed between the then head of Ex-Im Bank, Herbert Gaston, who succeeded Bill Martin, and Gene Black. Gaston was, had come, had worked in the state government of New York under Franklin Roosevelt, and when Franklin Roosevelt was elected President, Gaston became Undersecretary of Treasury. And he despised Black, used to refer to him as "that bond salesman."

LEWIS: Bond salesman, huh!

BELL: Thought he was much too conservative and he wasn't really doing what the World Bank ought to be doing.

LEWIS: Yeah, I think we forget what a big role Ex-Im really played back in those days.

BELL: Well, particularly in Latin America. Not so much elsewhere, although the first loan to Indonesia after independence was the Ex-Im Bank loan. You know, the independence agreement was signed, I think it was December of '45, in The Hague, and the day it was signed the Indonesian delegation cabled to Martin asking if they could meet with him the next day. He cabled back immediately saying, "yes," and two members of the delegation came. As a matter of fact, one was Djuanda and the other was Sumitro. They came to Washington, asked for a loan of what was at that time a lot of money—I've forgotten; it was either 50 million or 100 million dollars. And Bill Gates and I stayed up for about 72 hours in the libraries and files of the State Department writing a very learned economic report on this country we'd never heard of before and ending with a

recommendation that the Bank make the loan, which it did promptly.

Incidentally, that--when I was back in Indonesia on that assignment to help the planning commission, Djuanda heard I was in the country and asked Howard Jones, the ambassador, to have me come and see him. I did, and he greeted me with great enthusiasm. And that was when he developed the idea that he would accept this AID proposed project planning staff if I was the head of it.

And I asked him one time afterward, "Why did you want me?"

And he said, "Don't you realize how many millions of dollars you saved us in those early years of the '50s when every carpetbagger in the U.S. was bringing our embassy staff proposals and propositions, and they always brought them to you and Bill Gates at the Ex-Im Bank for advice, and you gave it to them? And you saved us millions of dollars." He said, "That's when I realized what a friend you were."

LEWIS: Very good, very good.

I don't know whether you ever knew Bill Gates.

LEWIS: I'm trying to—almost as you talk about him this afternoon, I feel as though I should, but I don't know that I . . .

BELL: He died some years ago.

LEWIS: I was aware of the group that he headed at Williams. They had quite a--and still have--quite a cluster of development economists there for a small school.

BELL: He was a great fellow.

LEWIS: I don't mean to--if you guys want to go ahead and talk for awhile longer, I would be--some of you know I couldn't get a Metroliner reservation because of this holiday, so I need to go out and get in line to get an ordinary train.

WEBB: Yes, I think we have gone on rather long for one conversation.

BELL: Well, I hope it was of some help.

LEWIS: Oh, it was of tremendous help, Bernie! I never—you know, this is a very, very crucial . . .

[End of Tape 2, Side A]

[End of Interview]