

**Summary of Oral History Transcript**

Baum, Warren C.

Interview conducted by Professor Robert W. Oliver, on 1986-07-23

Baum earned a PhD in economics from Harvard University. In 1959 he joined the Bank after working in the Marshall Plan of the US Government for four years as the French desk officer and writing a book for the Rand Corporation on the French economy. As a country economist in the Department of Operations (Europe, Africa and Australasia), he worked on France, Algeria, Spain, and Portugal. He became a Programs Division Chief, then was invited by Aldewereld (Director of Projects) to join the Projects Department as head of the Transportation Division in 1964, thus becoming the first economist in a managerial position of an Area Department to bridge the chasm which separated the Area and Projects departments.

Baum elaborates on the organizational structure and separate functions of both the Area and Projects departments within the division of responsibility. Their separate management resulting in poor relationships, due to the inherent tension in Bank operations between the country and project focus and, the many issues having to be resolved either in the Office of the Vice President (B. Knapp) or in the Loan Committee deliberations. Baum moved from head of the Transportation Division to Associate Director of the Projects Department under Bernard Chadenet, when Aldewereld became Vice President of Projects and Finance. He discusses McNamara's introduction of the five-year projection plan soon after becoming President (April 1968); his interpretation of McNamara's motives for the '72 reorganization; the introduction of the Country Program Paper (CPP); the organizational structure of the newly-formed regions; the structure and function of the Loan Committee; and the existence and function of the Economic Committee.

Baum depicts in detail the McNamara era in terms of its more ambitious and expansionary concept of the role of the institution than during either of his predecessors; the increase in capital subscriptions and IDA Replenishments; and the effect of the five-year programming increasing not only the volume but the quality of lending, thus generating tremendous pressure within the institution to reach lending targets which were not only met but were exceeded. During the '72 reorganization, Aldewereld who had been Vice President of both Finance and Projects became Vice President of Finance only, and Baum became Vice president of Projects. He covers in detail the staffing structure and functions within the new organization.

Baum talks about McNamara as the quintessential leader, but a poor and indifferent manager and, in that context, describes the management and leadership styles of the presidents he served under mainly Black, Woods, and McNamara. He covers briefly their relationship with the Board and in detail McNamara's relationship with the Board and attributes the strains that developed, aside from his personality and management style, to the increased complexity of Bank operations as well as the increasing importance of IDA Replenishments requiring government approval. When Clausen came the continued strains had already reinforced the Board's desire to be more independent of Management.

According to Baum, in contrast with McNamara the quintessential leader, Clausen was the quintessential manager, given that he did not lead the institution on the operational side leaving it in the hands of the senior operational management, he was, however, a leader on finance. Clausen established the Managing Committee early on in his tenure--a concept believed to have been imported from the Bank of America--comprised of the vice presidents reporting directly to him. Baum elaborates on the structure and function of the Managing Committee; the President's Council under Woods, McNamara, and Clausen who renamed it the Senior Management Council; the discontinuation of the senior staff meetings; McNamara giving the Regional vice

presidents sole responsibility for the working party and negotiation teams at the operational level; Clausen's relationship with the Board, specifically, in prolonging the polarization with Management.

Baum gives a brief description of specific personality traits of the Presidents he served under: Black, Woods, McNamara, and Clausen. He then covers his own personal career in the Bank including the major projects he was closely involved in. Mainly, the Spanish railways and the innovation he introduced to a covenant in highway projects, his great emphasis on the quality of Bank operations and his active participation to the broadening of the whole project approach. He discusses cost-benefit analysis, methods for ordering projects, the Bank's increased review of a country's investment program as a whole, structural and sector adjustment lending, Irving Friedman and the proposal from UNCTAD, and serving as the Chairman of the Consultative Group on International Agricultural Research for 10 years as the thing he enjoyed most and the Group's function in relation to the Green Revolution. Finally, his appreciation of the unique experience given him to write two books on the work of the Bank: Investing in Development: Lessons of World Bank Experience; and Partners Against Hunger.