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Transcript of interview with

William Diamond

Michael Hoffman

Oral History Research Office

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Interview with William Diamond and Michael Hoffman

By Robert Oliver

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Q: Mr. Diamond, would you identify yourself for the tape?

Diamond: I'm William Diamond. I'm now the assistant director of the department of operations for the Western Hemisphere, just ending my 14th year in the Bank. I joined in August 1947. I was recommended to the Bank by someone I knew a bit while living in London in 1947 and was invited to join the Bank at that time. I did, in fact, in August of that year. And then in October of '47 I went off on a year's leave of absence. Since my return, I've been here all the time. I started in the old Loan Department and then went over after the reorganization of 1952 into the newly organized area departments, and with the exception of two and a half years in the EDI and a year as an adviser in India in 1959, I've been in the Bank ever since. I've been in the Western Hemisphere Department since September of last year.

Q: Mr. Hoffman?

Hoffman: My name is Michael L. Hoffman. I joined the Bank in December, 1956. Prior to that for nearly 11 years I'd been living peacefully in Switzerland minding my own business and that of the New York Times in the economics sphere. For various reasons I had in mid-1956 about come to the conclusion that I should return to the United

States for at least a substantial period of years and had gone so far as to negotiate with a firm in Wall Street at what then looked like a very fancy salary to me. In some manner Mr. Black, whom I had known for many years as a correspondent and whom I used to see regularly in Europe, discovered this and called me to Berne. I remember shortly after announcing his acquaintance with this situation, he said, "You'd be bored to death in Wall Street. Why don't you come and join the Bank?" That's about all there was to it. I did then decide to come to the Bank and not in connection with the position of the directorship of the EBI--that was decided later, so to speak. He asked me to take over from Professor Cairncross, who had been the first director and who was determined to leave in early 1957. So I did come in the beginning of December, '56 and overlapped for a few weeks with Professor Cairncross and then rather hesitantly took over with the help of Mr. Diamond and Dr. Adler in particular and rode out the second course of the EDI, and I've been there ever since.

Q: I'd like to discuss a little bit the origins of EDI and then something about its relationship to overall Bank policy. Mr. Diamond, I wonder if you'd tell me about how EDI got started?

Diamond: Well, I'm afraid I can't tell about where the idea originated or precisely when. Beginning in the very early '50s, probably as early as '51 and '52, there were two twin streams of thought gathering momentum in the Bank, which ultimately developed

into the nucleus of the idea for EDI. At least this is my interpretation of what happened. One of these was the feeling on the part of many people in the Bank, particularly on the part of Paul Rosenstein-Rodan, that the Bank was missing out on an important part of the function it could perform by not engaging in substantially more economic research than was then the case. He also felt, I believe, that the people in the Bank did not have sufficiently close contact with people in the academic profession and in other institutions, both national and international, who were engaged in this study of economic development problems. It was his thought, and it was the thought of others in the Bank, that some kind of institution should be established in the Bank which could become a center for research in economic development problems. So much for that train of thought or trend of ideas.

In the meantime, others in the Bank were becoming increasingly convinced that one of the important bottlenecks to development was the relatively low level of economic management in the governments of the countries with which we dealt, and gradually the idea developed that the Bank ought to do a great deal more than it was doing in the way of training, particularly in the training of medium and higher level officials of governments of underdeveloped countries.

Now, there is no necessary and certainly no close connection between these two trends of thought, these two evolving ideas of the Bank, but gradually the idea for the establishment of an institute which would do some of both of these, which would deal to some extent

with both of these, emerged in the form of the EDI.

In '52-'53 various memoranda were written by staff members recommending the establishment of an institution. There were widely differing ideas about how it should be set up. Some of the memoranda naturally stressed very much Paul Rodan's thought of developing research facilities, of expanding the frontier of knowledge in economic development problems; others stressing primarily the training aspect and particularly the practical training of government officials.

Q: Who were some of the people involved in the latter?

Diamond: Paul Rodan, on one side. On the other side, people like Demuth, and people in the operational departments primarily.

In early '54, I guess it was, Mr. Black, I gather, decided that the time had come to have an outsider take a look at the ideas that were gradually being formulated for the establishment of the Institute, and called Alec Cairncross in as an independent consultant, if you will, to review the proposals that were being made, and especially put to Cairncross the question: "No matter which of these you think we ought to undertake or if we should undertake both, what is there that we can do better than any other institution in either of these fields? That is, assuming that you think we have some role to play in the development of research and the expansion of the frontiers of knowledge of economic development, what makes you think that we can

do this better than, say, Princeton or MIT? Why shouldn't we simply give the funds to it? Similarly, with respect to the ideas of those who feel that training is the more important job for us to undertake, why shouldn't we turn the funds over to some outside institution to carry on the job?"

Cairncross spent some weeks here discussing the question with various staff members of the Bank. It was at this point that I first met him and first began to hear something of the details of the ideas that were in the air on this subject. I was one of many that he interviewed.

He also wandered about the country speaking to people in universities to get their ideas on whether the Bank had a role to play in these fields by itself or whether it could do the job better through them. The upshot was a memorandum from Cairncross to the management, which was also discussed in the Staff Loan Committee, espousing the idea of the establishment of an institution by the World Bank rather than the World Bank's providing funds for somebody else to establish it or to expand its own activities in this field.

The heart of his argument and of his response to Mr. Black's question was, I think, that the one important thing which the Bank had to offer which no other institution had to offer was close and intimate day-to-day contact with the real development problems abroad. He felt that the use, particularly of Bank staff and Bank documentation, would lend a reality to both the research and the training program, which no other institution outside could provide.

This was in mid 1954. I was not present at the senior staff level discussions of this. I confess that for a few months thereafter I heard nothing about the matter until I was in Bangkok of all places in November, 1954. There Mr. Garner made a statement and asked a question. He told me that the decision had been made to go ahead and asked me if I would join the Institute.

Q: I'm a little curious as to why Dr. Rosenstein-Rodan would have thought it necessary to set up a separate institute or center for doing research when there was already an economic research staff in the Bank itself. Were there any discussions that you know of making this an expanded economics research department in the Bank?

Diamond: I am afraid, Mr. Oliver, I don't know the answer to the question. I can make a few guesses. I think it may have had something to do with the position to which the economic department and then the economic staff had by that time been relegated in the Bank. The economic staff had at the beginning loomed much larger in the activities of the Bank than it ultimately became after the reorganization of 1952. I think probably that Mr. Rodan felt that within the regular organization of the Bank it wouldn't be possible or it might not be possible to carry out the kind of research studies that he thought were desirable.

Hoffman: He was by then still with the Bank?

Diamond: I'm just trying to remember.

Hoffman: I think Paul left the Bank just about 1952. I think he left just before the reorganization, possibly in the expectation that this was going to happen.

Diamond: Possibly.

Hoffman: But he remained very close to the Bank, and, for that matter, still is today. I was only last week spending a day consulting with him. He's been very close to our work since.

Diamond: It's even conceivable that there are closer relations between Paul Rodan and the people in the Bank today than there were in the days when he was a member of the staff.

Q: But, at any rate, what was contemplated from a research point of view was studies in perhaps more detail and depth than were possible or at least were being carried out by the research staff.

Diamond: Yes. You'll find if you go back to the first documents on EDI, the memoranda that preceded Cairncross's examination and his own memoranda and many of the papers issued afterwards, including the first publicity given to the EDI, that a considerable amount of stress was placed on the research work that it would be possible to do in the

Institute, not only by members of the staff but by outsiders from universities around the country or from other noneducational institutions who would come to spend time in the Institute, partly to carry out the piece of research that they were interested in, partly to participate in the seminars of the Institute. This second--the invitation to outsiders to come and participate in the seminars--has actually happened. I think we haven't quite done as much in the field of research as was originally expected, not that I'm sure it would have been possible to do so. It may have been a false expectation. But I think it probably hasn't come off to the degree to which people originally thought it would.

Q: How about its activity in bringing together people on the Bank's staff and outsiders? Has this been done in fact?

Hoffman: This part of Paul's original train of thought has survived. I think EDI does bring in outside economists and other people with ideas about development problems that are heretical sometimes or at least different from those that are prevalent in the Bank, and a good many Bank staff people do come to listen to these people or they meet in other ways. They come to seminars or sometimes we have evening lectures or outside lectures to which numbers of staff people come. So I think this part of that strain has persevered. But Bill is certainly right about the research. There are several reasons for this. I know that when I came it was still fondly hoped that the

teaching part of the work, the instructional part of it, would not by any means occupy the full time of the staff and that the staff would have a substantial amount of time to put down its thoughts on paper and do research or what have you.

This has not turned out to be the case. The instructional part of the work has been more demanding than was perhaps anticipated. But the main thing is that the staff of the Institute has been very much more intimately involved with other Bank functions than had been anticipated, and in fact at this moment the Institute has no staff except a director, who's comparatively unimportant, and Ashok Mitra. The rest of the EDI staff are doing operational jobs of one kind or another for the Bank or are otherwise detached. This isn't anybody's fault, and I personally do not deplore this. Since the Institute was set up, there's been very substantial expansion in the amount of money and facilities available for research and development of research of various kinds elsewhere. I don't regret the fact that the Institute didn't develop into a research institute. We have one major research project afoot and that is the Waterston Study on Planning organization, but that's intimately linked with the Bank, because the point of the study is to extract from the Bank's information and experience the facts about development of planning and planning organization in certain of our member countries. Here again this is justified to my mind (and, in fact, everything we do has to be justified as far as I'm concerned) by saying, "Is there anybody else to do this?" and the answer is "no." This is something that's

peculiar to the Bank. If only we can do it, therefore we ought to do it. But most other research is not in that category, at least not anymore. So we haven't done as much of that as was contemplated and perhaps as we should have done. But if we were going to do more, it would simply mean that we would have to have a much greater staff. We've operated the EDI, in comparison to other things of this kind, with a ridiculously small staff. And therefore, there hasn't been the flexibility in the staff time for much except keeping ahead of the work.

Now, we still hope this will change eventually--that we will have more flexibility. We are expanding the staff to take care of new functions which we'll talk about later. But we still hope that there will be time for staff research, at least some staff research. But we simply won't, I don't think, ever become a place where outsiders will come and do research except insofar as the outsider joins the staff of the Institute for a year or two and may then do some.

Diamond: May I add a word on this? I agree with Mike's views on the research expectations of the Institute and frankly doubt that there has been any great loss, because I'm not sure that the Institute has ever been of any particular significance in this field compared to other institutions. What I do regret, though, is something else. Mike has mentioned Al Waterston and his job and the work that he's doing now in distilling or trying to distill and put in writing some of the Bank's experience in the field of the administration of

programs and in programming.

Another one of the expectations when the Institute was first set up was that members of the Bank's staff especially who were assigned to work in the Institute for a short while would do exactly the kind of thing that Al Waterston was doing so that the Bank's experience could be passed on down not only to the relatively limited number of people who were participants in the Institute, 20 or so each year, but through the written word to a broader audience. In fact, I think Al is really the first person who has had such an opportunity. Whose fault this is or why we haven't been able to do more of that, I don't know; but I do regret that that part of the original expectations, except in Al's case, hasn't quite developed.

Hoffman: That isn't quite true because some of the more substantial outlines that we have produced do in effect do that. I mean if you take the power outline that Sadove and Bohr have done, this in effect is that. And, as you know, in the library that we're putting out we're using some of these things. Unfortunately, as you also know, it's all very well to say that you distill the Bank's experience and put it on paper. Having done that, you still have to run the gauntlet of the area department, and nine times out of ten the area department doesn't want your distillation launched on the waters, which is not a very good mixture of metaphor. But Ben King's project appraisal paper, for example, is in this category. That's one of our more substantial outlines. But I agree with you that we must do more of

it.

Q: I take it that the idea initially was that the EDI be a center where people who had been in the operations of the Bank for quite a while might go for extended periods--maybe six or nine months, something like that--and be free from the everyday concerns of Bank operating policy in order to do some studying and also some writing perhaps about their own experiences.

Hoffman: Well, actually when people from the Bank come, it's for much longer periods than that--a minimum of two years--and then they take part in the teaching operations and in effect run the Institute.

Diamond: Once again if you look back into the old documents on this subject, you will find the statement oft-repeated that a member of the Bank staff who goes to the EDI for two years or more will then be given four to six months before coming back to the staff during which he would write something.

Hoffman: I never saw this.

Diamond: On the one hand, it's splendid. On the other hand, it was also rather preposterous.

Hoffman: It's completely impossible.

Diamond: It was rather preposterous to think in terms of a given period of time, three to six months was the phrase usually used, during which the staff member would write on something. It didn't make any difference what, but the expectation was that he would record his experience for posterity.

Hoffman: This had to be done in the work that goes on. But I still think the main difficulty has been that the Institute as it turns out has been given a lot more of what from our point of view are operational jobs to do than was originally contemplated, because somebody in the Bank wants it or because some member government wants it. We've set up extra courses; we're doing more of it now; we'll probably have to do more. We've sent staff out to take part in sessions, lectures, conferences, other institutes that were working in the field, things like that--universities even. We've been called upon to participate in a lot of general Bank work, committee work, working party type of operations, missions. The staff has been pulled into missions much more than I like and much more than was contemplated. So we haven't been left alone, so to speak, as much as we hoped or at least as much as the founders had hoped.

This has been both bad and good. It has its bad aspects, but it has some good ones. It means that the Institute staff is certainly not living in an ivory tower.

Q: I thought that initially one of its purposes was to make it

possible to live in an ivory tower for a while.

Diamond: I think that's not the right phrase. I would prefer to use the expression that it would provide them an opportunity, aside from their teaching, to think a bit about what it is they've been doing for years without being able to catch up on the literature of the subject that they've been dealing with, which they haven't been able to keep up with because of the day-to-day pressure of work. But I doubt if it's an ivory tower.

Hoffman: Incidentally, the only place in which this other idea does persist, Bill, is in the fact that the Bank now normally sends a participant to the Institute. A Bank staff member, in other words, is given six months out to take the course. Now, the idea of this is to get him away from his work and give him (it's the same theory on which we bring our member government people in) a chance to reflect and take a look at it from the outside, test his ideas against those of other people, catch up on the literature--this kind of thing. So it does persist in a sense there. Unfortunately, we're now so crowded we're having to not have a Bank participant because the demands are too great.

Q: How many people from the operating departments of the Bank have been at EDI for an extended period?

Hoffman: You mean for more than one or two sessions a year?

Diamond: Excuse me. You don't mean as members of staff but as participants, don't you?

Q: Yes, I mean people who have been in the operation of the Bank and who are freed from these obligations for several months at a minimum.

Hoffman: As a participant or as a staff member?

Q: Either one.

Hoffman: We've had four participants, I think.

Diamond: Ernesto Franco was there, though, for only three months and Harold Folk for only three months.

Hoffman: Arie Kruithof, Bill Fraser and McKitterick-that's five.
Then on staff there have been Diamond--

Diamond: Adler, King, Waterston, Lipkowitz.

Hoffman: You've got to count, I think, Orville McDiarmid, and Loreto Dominguez, both of whom put in periods on the staff. That would be seven.

Diamond: Plus, of course, one should take into account the fact that aside from the Bank sending regular staff members--that is, people to become regular staff members of the Institute--there are some members of the Bank staff who really have played a very large role in individual seminars and in individual courses.

Hoffman: Who are regular performers at the EDI and for purposes of one or two areas of the world are almost regular staff. Avramovic to an increasing extent is playing this role, spending a very considerable amount of time. And I would say that Ken Bohr and Bob Sadove in recent years--

Diamond: These are more than casual guests.

Hoffman: Yes, they're more than one day a year operations. And then, of course, we've had staff from outside. The principle has always been (anyway the practice) to have one staff member who is not a regular Bank staff man. Up to now it has invariably been an Indian economist, but preferably an economist from some developing countries.

Diamond: Javier Marquez from Mexico--

Q: I don't think it's necessary to be concerned with individuals here so much. What I'm trying to get at is what impact has EDI had on the broadening of the thinking of the staff of the Bank. And from the

orders of magnitude we've been discussing here, it sounds to me like something less than five per cent of the Bank's staff would have been directly involved in any sort of extended way.

Hoffman: In an extended way, yes. But if you take regular contacts, two or three times a year, or something like that, there has been more. And, of course, they have contacts with participants even though they aren't directly involved.

Q: I'm just trying to compare what happened with the original idea. I don't get the impression offhand that it has been vastly significant in bringing the people of the staff of the Bank into contact with people outside the Bank for purposes of contemplation on what I would call deeper research questions of economic development.

Diamond: I think you're right on that. Those of us who have participated in an extended way in the Institute I think are extremely glad of the experience. We've felt that it has had an impact on us. This is true of myself, and I feel pretty certain from what they've told me that it has been true of other staff members of the Institute. But so far as the Institute's having an impact on the general staff of the Bank, I doubt that this has been very important.

Hoffman: Not in a net way, but it certainly was never contemplated that any very large numbers of staff would be up there at any one

time. I don't know. But I've never assumed that it was contemplated that it would be a lot bigger in terms of staff than it has been. The original plan didn't involve more than a small fraction of the staff being subjected to this rotation.

Of course, the rotation has now broken down, Bill. Ben King is now there indefinitely, so to speak. He came up on rotation. He got interested. He's been named assistant director and seems to want to stay with it. He's not rotating back after a given period. Albert has ceased to rotate because he's involved in this big extensive project that's become quite an operation on its own. So that part hasn't worked either in practice as it was intended, so not as many Bank people have been passing through as would have done. The two-year rotation, frankly, from the point of view of the director, was a terrible pain in the neck.

Diamond: He had to spend a year negotiating.

Hoffman: Yes, and then when the guy is really digging in and producing some good papers and so on, back he goes. So the two-year rotation is not very efficient. Now we're on a three-year basis insofar as is humanly possible.

Diamond: Starting with myself.

Q: This suggests that the training nature of EDI is to some extent in

conflict with the leave from operations aspect.

Hoffman: There's no doubt that there is some conflict there.

Diamond: Just a moment. The training of whom? This was not conceived of as training for Bank staff primarily. I think that nevertheless Mr. Oliver's comment before about impact on the Bank is a fair one. It was not designed to develop the Bank. It was designed to develop outsiders. But it would be reasonable to expect that what is to me a lively and a stimulating institution, so closely attached to the Bank, so intimately connected with it, might somehow or other be expected to exercise a leavening influence on the Bank in a broader way than simply through the individual staff members who are passed over. This wasn't the intention, but I think your question implied that this was a reasonable expectation. The directors, who have played a role on the Staff Loan Committee, for instance, could have that kind of impact. I wish somehow or other members of the Bank staff would have an opportunity, for instance, to read your outlines. They might be educated that way. This to a great extent hasn't happened.

Hoffman: In project appraisal.

Diamond: Especially in project appraisal.

Hoffman: Of course, we're now joining in the training program for the

junior economists, and to that extent it's being used. But I agree with you. I think there should be more. I don't know what we can do about it. It's very hard to measure.

Q: You understand I'm not asking questions in any attempt to criticize. I'm merely trying to find out--

Hoffman: I do think, though, from my experience in talking with people who have been up there that the interplay between the participants and the Bank staff members who take charge of seminars does have some leavening effect. At least people say that it does. They say they learn from their experience with these fellows. They find out things about their ways of thinking and so on which are at least useful to them. But in an intellectual sense I agree with you. There's not been much. Maybe in the field of project appraisal we've had some impact.

Q: I don't want to prolong this particular aspect of our conversation. I wonder if you would want to make a quick comment. I have been told that in the relatively early days of the Bank that there was much discussion on the part of the staff members themselves with such leavening influences as Mr. Rodan and Davidson Sommers and Dick Demuth and others, who were constantly putting forth new ideas of things that might be done by the Bank, that to some extent less of this goes on in the staff now than was once the case. I'm curious as to

whether EDI was able to perform a function in helping to keep intellectual ferment going within the Bank.

Hoffman: I don't think to any considerable extent. Do you, Bill?

Diamond: I'm not sure that I would agree with the assumption on which your question is based, that there are fewer ideas now than there were ten years ago.

Hoffman: I don't know any bigger idea than IDA, which has developed in the Bank in the last five years.

Diamond: Or the Development Advisory Service. And God knows the same views with respect to the greater role that research ought to have in the Bank and the building up of a proper economic staff and so forth are as prevalent today among the minority as they were a few years ago.

Q: One question on another aspect of the idea: Have people from the outside been invited to the EDI who have given fellowships or anything like this in order to allow them to study the operations of the Bank?

Diamond: Outsiders were to study the Bank?

Hoffman: Come into the EDI for periods and do research--

Diamond: Yes, but not for the purpose of studying the Bank's operations. Let's say that Mr. Tinbergen was fed up with Holland for a while and was working on a particular monograph or what not. Because Tinbergen was the kind of man who would be of some use in the Institute, the thought was that he, for instance, and I've just picked his name out of the air, might be invited over to spend a year during which he would give (as in fact, he has done) a series of seminars, which might take a week or might spread, six or eight lectures, over the course of a year, but could have an office and some facilities for a year during which he would proceed with his monograph. That's the kind of thing. But never for the object of studying the Bank's operations.

Hoffman: We've never done that. We've never had any money to do that.

Diamond: You said something in passing that's worth a comment. I think it was Mike who referred to the problem of the Bank's files. This was quite an issue at the time the Bank was set up. A major reason for setting up the Institute, as you gather already, was to make use of the Bank's experience. It's rather difficult to see how you could make use of this without the use of Bank's documents, and we had quite a fight in the course of 1955, the second half of '55 when the plans were being laid out, the detailed plans for the first course, about the use of Bank files. And there were people taking the

view that everything should be made available and people taking the view that nothing should be made available, nothing either in a gray cover or a green cover, to use our jargon. But we won that because it was very easily realized by the management that if nothing was made available to them, it was nonsense to speak of giving them a view, not only of how the Bank works, but more importantly our methods of appraisal and how decisions are reached and how decisions ought to be reached with respect to projects, for instance, and country analyses--economic analyses. We won that battle at the beginning and I think, Mike, that there's been no trouble on the use of documents inside the Institute ever since. The trouble is in making documents available beyond the Institute.

Hoffman: We have really excellent relations on that question now. I can't remember when I've been told by the department that they would rather we didn't do something. Even in green covers: we sometimes, because a thing is current, will want to use a green cover edition. We have had very good success in this. The only thing is, of course, in each case we have to get the permission of the originating department. If we slip up on it--as we may sometimes--we get called to account.

Q: We might talk about the training nature of the EDI for a bit now. What again was intended here and how has this worked out in practice? That is to say, the people who were brought to the Bank from outside,

the senior level people from the various member governments.

Diamond: It's hard to say anything about this without using words that I think have become clichés in the Bank documents by this time. As I said, the EDI was supposed to give medium- and high-level officials of governments--especially the governments of underdeveloped countries--a broader appreciation of the problems that they need to deal with in the formulation of their development problems and in the execution of their development policies.

Q: Can you appraise the success of this?

Diamond: Well, I have had intimate contacts, of course, with only three courses--the first three of the Bank--up until 1958, and I don't know, except for a few individuals, the people thereafter. Of those whom I saw almost every day of the week for almost six months in the course of three years (and with many of them, by the way, I have maintained contact), I have had the impression that the courses had a very important impact on them. There are some gross exceptions to this generalization that I can point to, and it would be awfully hard for me to document my conviction by pointing to a particular issue, one on which Mr. X took one position when he came to the Institute and then a substantially different position at the time he left, although I could give an example or two from the case of the famous Indian that we asked. But by and large I've had the impression that the fellows

have left at the end of six months not with answers to the questions that were bothering them but with a greater awareness of the complexity of the questions and the ways in which one question ties into another.

Hoffman: Let me say that we are making our first attempt at evaluation in a formal sense right now, the usual type of effort through a questionnaire. I haven't totted them up yet. I've read about two dozen or so. We've sent this out to the members of the first four courses, various questions. What you get back, of course, is a self-serving document to some extent, but at any rate we'll get their opinions after a substantial lapse of time. I don't myself attach nearly as much importance to whatever we get out of this (this I'm doing frankly because I feel obligated; everybody asks the question you ask and I'm tired of saying we haven't made any effort to evaluate it--I'm doing this for the board of directors and I will ultimately give them a report) as to the fact that people like Bill and I and others in the Bank see and have contacts with a great many of these chaps after they've returned to their home countries, and I may say that in the Bank even some of those who have been most skeptical about the EDI in recent years have taken the trouble to tell me that they have found even in some of the participants that on intellectual grounds we would have washed out as hopeless: "You know, that man is a very much better man to deal with. He's much more in command of his problems than he was before." I think this is

undeniable in a great many cases, and I attach more value to this kind of an evaluation than to any formal questionnaire type of thing. As Bill says, there are some monumental exceptions. Some have left public service altogether; one is in jail--that's a revolution problem; we have had several who have suffered from political change. Those were mistakes, if you like, on our part in the selection more than any other single factor. In some cases this is not our fault at all. With the political change it was inevitable, and it doesn't mean that the man wasn't a good man. But I think in most cases the participants themselves tell not only me, which would be quite understandable, but tell other people from whom we hear it that they think that the period was valuable, and they themselves can't tell you exactly why because it isn't susceptible to evaluation in that sense. It isn't like going to a university and then saying, "Yes, I learned this much of calculus and I learned it damned well." Things aren't that way. But this is the way in which we have to try to evaluate.

Our participants are invariably extremely critical of the course by the time it's over, and we always give them at least one whole day to cast their arrows, which in some cases turn out to be boomerangs-- suggestions for improving it, suggestions for change. And we get an extraordinary number. Oddly enough, they tend to be exactly the same suggestions year after year, unbeknownst to the individuals concerned, and they reflect the prejudices and the educational background. But many of them are helpful, and we don't by any means dismiss these. We take them very seriously, and the staff reviews them all. When we get

a persistent criticism, we tend to attach importance to it. Some of the things we can't do anything about. That is, we work in the English language, for instance. We should do something in another language. Well, the Bank works in English. This is not a matter over which we have control, although, as you probably know, we are working on special short courses in other languages. But many of these suggestions reflect some importance that the participants attach to the Institute, to what they have done and to others.

An important feature of the thing now is that we are getting second-generation people. In other words, the chaps who are sending present participants are previous participants in quite a number of countries--countries like the Sudan, where we have had a continuous relationship; I mean our chaps are running the ruddy place now. It's almost true in Pakistan. We have had so many of them here that we tend to develop successive generations, so to speak. This to me is another significant indication that people take it seriously.

Now, a case where we know the man didn't get anything much out of it and where we didn't get much out of him and we knew it at the time, we both knew it and so on was Chile. We've never had any further inquiry from Chile. Now, I'm pretty sure that this is the reason for it. In other words, the man we had himself didn't get much out of it; he didn't like the way we did things; he didn't like how we did it. He was not happy for a variety of reasons. Ninety per cent of it, I think, was because he never understood a word anybody said. That isn't always a barrier to happiness. But we haven't had any reply

from Chile.

Now, in a case where we had a successful or a good man, shall we say, we'll get more nominations. If not the next year, we'll get them the following year. This to me is very interesting, and I think it means something.

Diamond: You asked for anecdotes, Mr. Oliver. I'm not sure, Mike, that you're aware of the discussions during the first course in the meeting of the Board of University Advisers and of the problem of the evaluation. One particular member of the Board of University Advisers fought hard through two meetings for our giving examinations at the end of each course for the double purpose, first, of giving us a check on our effect, and, secondly, because of his conviction that the only way in which you can get people to study hard and think is by telling them that they don't get a diploma unless they pass an examination. This was a friend of yours on the board, Ted Schultz. He fought hard on this. But the rest of the board and the management of the Institute overwhelmed him.

Hoffman: We're coming back around to this, though, Bill, and I tell you how we're doing it. Not examinations. But we're coming back around to the idea that we need to have an occasional session in which the participants are forced to articulate about what they've been through. But we're doing it through the syndicate approach. We're using the syndicates as a review mechanism, deliberately abandoning

the other idea of the syndicates--that it's primary training in procedure in reaching agreement. It has that virtue also. But we're using it this year (I don't know if it will cover all participants) quite frankly partly for our own benefit, because we discovered from this syndicate thing that one thing a syndicate is awfully good at is revealing what they don't know. It's not an examination, if you like, but it's a good way for us to find out who really has grasped ideas and who has not. It's a very good one. So in a sense we're reverting to the idea that something of this kind is needed if only to keep us abreast of what a chap is or is not doing. A syndicate is a wonderful way of doing this. It's very effective for that purpose.

Q: Do you think that EDI indicates that management of the Bank feels that education is an important element in an economic development process?

Hoffman: I wouldn't jump to any conclusions about that in general, but it certainly indicates that the management of the Bank feels that it's part of the Bank's function to do as much as it can to help member governments train the kind of people they need in managing the kinds of affairs the Bank is concerned about. In short, the management feels very strongly the importance of trying to educate, train, if you like--this is the more proper term in this connection--people who will have responsible positions in public service. I don't think you can jump from that to any conclusions about management's

views on education as a factor in development, because this is a very complicated question.

Diamond: Well, I would jump to the conclusion, I think, I suspect the management does feel this. Now, this is a long way from saying that the Bank or IDA or IFG should take any role in the financing of education. That's a different subject. There I wouldn't want to jump to any conclusions. But I would guess that this is one of the evidences of the management's conviction or belief on this point. And I suspect that on this question you raise, Mr. Oliver, the management is probably ahead of many members of the staff.

Hoffman: You mean the management of the Bank.

Diamond: The management of the Bank is ahead of many members of the staff of the Bank on the importance of education and training.

Hoffman: Well, the management is ahead of the staff on many things.

Q: Has there been any consideration of vastly expanding the operations here, so that instead of dealing with a couple of dozen people per year, you're dealing with hundreds?

Hoffman: Yes, quite a lot. I have always resisted expanding it in the sense of bringing in more people at one time, because the methods

that we use and the nature of the relationship is such that when you get very much above 20 people, it doesn't work well. Even last year we had 24 and we were all conscious, staff and participants, that it was a shade over the mark. We wished we had not had quite so many. You're not dealing with a situation where you can have 300 people in a room and lecture to them. It isn't that kind of an operation at all. So I'm against having more people at one time. We could increase the size of the operation in other ways, which is what we're trying to do, but I don't think we can ever increase it by multiples, because you're dealing with a very limited resource--at least to do the kind of thing we're doing. Now, we might be able to do something else on a larger scale, but to do the kind of thing we're doing--we're drawing on operational staff of the Bank and Bank materials for the real meat of our work--you're dealing with a scarce resource. You can't multiply Drag Avramovic by ten. There's only one of him, and he's running a big operation in the Bank. You're only going to get him three or four days a year for this kind of a thing. This is also why you can't do this kind of operation anywhere else. It has to be done at the headquarters of the Bank physically. People have to meet here so that they can meet with the participants and interchange and all that.

Now, we can do other things. We can do regional courses using our material, our staff, expand our staff, duplicate in short some of what we do here, but of a lower quality, because you will not have the man who did the Dez project present it and debate it with the participants. You'll have one of us telling about him, which is a

very different thing--it's a lower quality type of training. But this we can do, and we're probably going to have to do. Now, as you know, we're giving a special session for the FAO people this year. We're working on a session in the French language for Africans who can't speak English, and this will be a much lower level of sophistication altogether. It's experimental. We were doing one session in the West Indies to people who felt that they couldn't come to the whole course and might come to a short course. We're certainly going to do the same thing in the Spanish language primarily on questions of project appraisal, to get Latin-American administrators who can't work in English. So we can expand in this way. But it's never going to be a volume operation. I just don't think we're able to do it. Actually, we can only expand slowly to do these other things. I've got to get more staff. This staff has to understand the operation; it's got to be able to interpret the Bank's experience. You don't do this overnight. I'm only getting to the point where I can speak with any real confidence about the Bank. For the first time next year, incidentally, I'm going to talk about Bank policy. It's been three years, and up to now I wouldn't have dared do it. I think now that I can. So you can't make this a big volume operation. You just can't do it. And I don't think it's necessary. We don't turn down an awful lot of people even now.

Q: I guess I was curious again about the Bank's attitude toward education as a necessary preliminary step in the role of economic

development as such. I understand you're saying now that as long as the Bank's staff is going to be concerned with discussing Bank's policy with these people, there's obviously very little Bank staff available for doing this.

Hoffman: No, not simply Bank policy.

Diamond: The devices that Mike and his staff use require not knowledge of Bank policy, but knowledge of Bank experience.

Hoffman: What did you do and why did you do it? This is the question we try to answer from the Bank's experience. What did you do in this case and why did you do what you did? Why didn't you do something else? That is the approach.

Diamond: That can only be done in a limited way and with only a limited number of people at a time. But if you want to give a lecture on how one should appraise a project, a lecture can be broadcast to a thousand people. But this isn't the EDI. It's another animal.

Hoffman: I don't think the Bank would ever want to get into that other kind of business, because I don't think it's necessary. We can help in it. We might even ultimately help to finance--I mean under technical assistance if it's necessary. I can conceive of our doing that, but I don't believe we'll take operational responsibility for

education in the classical sense of the term. I just don't think the Bank's the appropriate agency to do it.

Diamond: For that more broadcast variety of training, if I may use that expression, Mr. Black's and everybody's old question arises: What is there that we can do in the field that somebody else can't do equally well? And the chances are that we couldn't.

Hoffman: We lend staff to universities. We'd do more of it willingly. We lend staff to other international agencies who are engaged in training work. We lend staff to regional agencies. I've offered to lend staff to an institution in Pakistan and India. Those are standing offers. I haven't been taken up on them yet. We will be someday. They're starting one in Nigeria.

Q: I wonder if either of you have any comments in general that have not been made on account of my questions about the development of EDI and its relationship to the Bank?

Hoffman: I'd just like to reemphasize--I don't know what the original ideas were--that my policy and my feeling from my frequent talks with Mr. Black, who continues to be very much interested in EDI although I don't think he understands very much about what we actually do here in terms of substance, is that we ought more and more to concentrate on things that the Bank is peculiarly competent in. And in fact, we are

changing the course this year, Bill. We're cutting off George Garvey's sessions. We're reducing it to two sessions or so. There's good literature in the field today which didn't exist. There are half a dozen places in the world where people can go and get training in central banking, banking institutions in underdeveloped countries and so on. This is a field into which we had been bringing in outside expertise anyway. There's a Federal Reserve representative in New York who has done this for us for years. Why should we do it? Let's take the time and the men to do something that the Bank can do. So I'm shoving in Tony Basch from the Bank staff. This is something the Bank has done. It's peculiar to us. So again, we will not have a comprehensive course now in banking problems of underdeveloped countries. We're cutting it down, concentrating on things that the Bank itself has something to say on in particular and leaving the rest to the universities, to CEMLA and the like. And as far as I'm concerned, I'm going to do more and more of this. So the EDI course will look less and less like a consistent course or a comprehensive course on economic development the way it would look in a textbook if you sat down to write a book about economic development. It will look less and less like that and more and more we will concentrate on what we think year after year are key problems and problems on which the Bank itself has some special interest or something special to say. Now, this does not mean that we always use Bank people to do the seminars. We don't. But we're doing a lot of seminars this year on the growth experience of countries. We used to do one seminar. We're

going to do four this year. We're going to do one on Latin America, one on Asia, one on Africa and a general one in addition. Because we find this is something that our participants look to us for, and we think the Bank knows as much about this as anybody.