

Summary of Oral History Transcript

Black, Eugene R.

Interview conducted by Professor Robert W. Oliver, Brookings Institution, on 1961-08-06

Eugene R. Black, in his third term as President of the Bank from July 1, 1949 to December 31, 1962, talks about how he first came to the Bank from the Chase National Bank in New York in response to McCloy's request, as American Director for two years. The conditions under which McCloy accepted the presidency of the Bank, and how until their arrival in March '47 the Bank had made no loans and sold no bonds, McCloy bringing down R. Garner as Vice President, and their work as a team in getting the Bank to be a functional organization. He talks about the initial task of acquainting people with the Bank's intentions and the policies it was proposing to follow, setting up policies to safeguard the Bank against defaults on foreign loans, obtaining the required legislation to be passed through the U.S. Congress; giving institutional investors permission to deal in Bank bonds, his decision to sell Bank bonds outside the U.S, and the Chilean Government as the first to apply for a sizeable loan.

Black elaborates on the function of the American Director in the Bank. Talks about the Bank maintaining its objectivity in remaining independent from the political influences of various member governments and, therefore, not inclined to make loans for political advantages. The governments' veto power in preventing the Bank from making loans such as in the case of the Czech and Polish loans, when both countries declined from becoming members of the Marshall Plan after receiving orders from the Russians not to. In the case of the Yugoslav loan--the only case in which the Bank had ever made a loan to a Communist country--the U.S. government did not react against it as it had with the Polish loan because the Yugoslavs had broken with the

Russians. Management's lukewarm attitude towards a prospective loan when a) a government is thought not to be following sound policies, b) it had failed to do what was agreed upon with the Bank, or c) that the project is not good. The importance of a country's creditworthiness in loan negotiations as in the case of Brazil and Turkey, and the technical assistance services offered by the Bank.

Black mentions how he was able to double the Bank's capital, why he favors multilateral aid, and the great emphasis placed on making high-quality loans to a country.

Also, his personal experiences in involving himself in mediations, limited to when situations reached an impasse and/or a breaking point, such as in the case of the Indus River-dispute between India and Pakistan; the settlement of the Suez Canal dispute and his relationship with Nasser-dispute between the British and the Egyptian governments; and a mediation--of a personal nature--between the French bondholders' committee and the city of Tokyo.

Black discusses the circumstances which led to him becoming President. Coming to the Bank initially for two years on leave of absence from the Chase Bank and serving as American Director in a rather unusual capacity--spending his time on management issues and trying to establish a bond market. And, when soon after his return to the Chase Bank in March'49, McCloy was offered the High Commissionership to Germany and pressured him into accepting the Presidency of the Bank which he had initially refused.