

Summary of Oral History Transcript

Broches, Aron

Interview conducted by Professor Robert W. Oliver, California Institute of Technology, on 1985-11-07

Broches talks about one of the first things George Woods did as President, considered to be an accomplishment, and that was opening the way to more cordial relations with the U.N. Another, in 1964 when he was instrumental in obtaining authority for Bank transfers to IDA eventually authorized in '64 at the Tokyo Annual Meeting. Woods very active in emphasizing education and agriculture lending, Woods' favorite country India, and the first President of the World Bank who knew something in advance about it as he had been head of one of the Bank's principal underwriters, First Boston. He had been on one or two missions to India and considered himself an expert. Broches mentions Woods' efforts, around '65 or '66, in offering to reschedule the Bank loans to India, the ensuing unpleasantness at the Board, and his own (Broches') legal opinion on the matter.

Broches talks about his work in establishing the International Centre for the Settlement of Investment Disputes (ICSID) in '62, and Woods' help in bringing the Centre about; considered to be one of his achievements. The importance of the IDA transfer to Woods and the difficulties encountered in the Second IDA Replenishment. Broches elaborates on the legal set up of ICSID as an institution with its own international status, the first dispute submitted when McNamara was president, the ICSID Convention and his election as its Secretary-General.

Broches mentions the amendment to an American foreign aid bill which went before Congress around '66-'67 known as the Hickenlooper

Amendment, its aim to prevent foreign aid to governments who had not settled with foreign bond holders, and its effect on Bank business. He also talks about Woods being tough on defaulting debtors, and his involvement with the Council of Foreign Bondholders.

Broches elaborates on the U.N. General Assembly resolutions calling on the Fund and the Bank not to deal with South Africa and Portugal, and the complications arising from that compelling Woods to send Broches to offer an explanation before the U.N. Trusteeship Council. In that context, he talks about the provisions of the Bank's relationship agreement with the U.N., and the terms of the Bank's Articles of Agreement in conducting its business with its member countries.

Broches talks about when in 1947 Poland was believed to come into the Marshall Plan and the Bank negotiating a loan for the reactivation of its coal mines. The Bank's refusal in 1948 to proceed with the loan because Poland decided not to join the Marshall Plan, and the ensuing complications arising from that.

Broches mentions the relationship agreement signed with the U.N. in 1947 making the Bank a specialized agency under Article 57 of the U.N. Charter later extended to cover IDA and IFC. The closer alliance in the early Woods years with various U.N. agencies. The Bank's cooperation with FAO and UNESCO then later with the WHO and the ILO, the informal consultation with the UNDP on IDA policies, then cooperation as UNDP's executing agent.

According to Broches, Woods established the President's Council in late '64 comprising five people: Burke Knapp, lending; Siem Aldewereld, projects; Dick Demuth and Broches, Legal; and Geoffrey Wilson, Finance and Administration, and later Irving Friedman as Economic Adviser. He talks of the verbatim transcripts of the minutes of the Executive Directors meeting, and the related access policy. Broches concludes with Woods' difficult relations with the staff, the

Board, Henry Fowler [Secretary of the Treasury] and, how under McNamara these were much improved.