

Summary of Oral History Transcript

Bell, Bernard R.

Interview conducted by Professor Robert W. Oliver, on 1985-11-13

Bernard Bell briefly talks about his pre-bank experience as chief economist of the Export-Import Bank in the U.S., and his work afterwards with a private economic consulting firm from whence he was first hired as a consultant by the World Bank, around 1960, to participate in an overall economic survey in Colombia. He was hired again in '61 or '62 to do the Coal Transport Study in India which the Bank was financing.

In May or June '64, George Woods, whom Bell had never met, contacted him to ask if he would head a mission to India, and if he would join the Bank staff. Bell agreed to the mission but not to joining the Bank. The purpose of the mission was to better inform the Bank and the aid consortium on the Indian economy and its problems. According to Bell, Woods wanted a mission composed largely of non-Bank staff as he was unsatisfied by what the Bank staff had thus far produced on the economy of India. The size of the mission was to be around 12 people who would spend a good six months doing this job.

Bell elaborates on the major recommendations of the report which were adopted and implemented by the Government of India. The confidentiality of the report, the reaction of the Indian Government and its people; its overall impact on the economy; and, specifically, its lasting effect on Indian agriculture. Also, the effect of the implementation of the recommendations on the aid consortium's increase of non-project aid--most of the aid was in the form of concessional loans with the only grant-aid obtained was from Australia. George Woods' positive reaction to the report and his subsequent hiring of Andre de Lattre, a former director general from the Ministry of

Finance in France and the head of the Paris Club, to handle financial negotiations between the government of India and the aid consortium. The negotiations interrupted by the Indian-Pakistan War in early '66 or late '65, their resumption and conclusion in a series of discussions between the head of the Planning Commission of India, Ashok Mehta, and George Woods in Washington, and their embodiment in a series of agreements referred to as the Woods-Mehta papers.

In December '65, Bell joined the Bank as assistant director of the Projects Department under Vice President Alderwereld. During the Woods regime an evolution had started where more attention was given to the impact of a project on the total economy. Furthermore, the Bank became much more concerned with and involved in the overall economic policy program and performance of borrowing countries. Bell talks about his involvement at the time in project evaluation and in the increasing emphasis on the broader economic impact of individual projects.

From mid-'68 to mid-'72 Bell headed a Bank Resident Staff in Indonesia; set up at the request of the Government of Indonesia to which McNamara responded fully. The effort represented full cooperation between the Bank and a developing country; requiring a resident staff to be completely immersed in the problems of a country and devoted solely to its interests.

In terms of a development program for India, the Bank accepted their five-year basis planning. One of the recommendations was a change in the allocation of investment resources; a shift from industry to agriculture.

Bell talks about Woods pressing for enlargement of the volume of activity; turning the Bank in the direction in which McNamara later succeeded more in accomplishing. When McNamara became President the volume of lending expanded very rapidly. McNamara thought the Bank ought to become a more active and purposeful operator; formulating its

own ideas of what ought to be done to further development. This, was the purpose of McNamara's annual five-year planning exercises. According to Bell, Woods was still following, except perhaps in the case of India, a regime under which the Bank responded to initiatives which came from the developing countries themselves. The conception of the World Bank as a development institution, rather than simply a bank or a financial institution, was a little strange to many of the senior staff of the Bank. Bell concludes with the strengths and successes of both presidents in dealing with the bureaucracy of the Bank.