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W. DIAMOND - MEMORIES OF THE BEGINNINGS OF THE EDI; MEMOIR JUNE 9, 1999 and
June 5, 2000



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William Diamond - Speech transcripts,
June 1999



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William Diamond Speech Transcripts - June 1999 - Memoirs of the Beginnings of EDI
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June 5, 2000

A PARTIAL MEMOIR OF OTHER TIMES

By William Diamond

A recent New Yorker article about a Konya carpet merchant aroused many memories of Turkey. Wherefrom flow many tales, not only of professional work over many years, but also of adventure and romance. Some found their way, years ago, into Bank Notes, the first and still lamented incarnation of today's Bank's World. The particular memory that unexpectedly rose to the fore, as I read about Mehmet the merchant, was of my first mission to Turkey for the Bank, which was its first mission to Turkey.

My personal memories and photos of Turkey extend over 57 years and cover a brief stint with the U.S. Government, long years with the World Bank as staff member and consultant, and some private holidays. I first set foot in Turkey in 1944 in Adana, which I would revisit many times on Bank business, and lived in Ankara a year in 1944-45 and returned to it perhaps 15 times thereafter. I last saw Turkey in 1985 when my wife and I drove from Istanbul to Bursa to Troy, then down the Aegean coast to Bodrum which we left by ferry to one of the Greek islands. I've retained contact, however, with a naturally dwindling number of Turkish friends dating back to the beginning.

Ankara in the early and mid-40s was a sleepy, small town of about 175,000-200,000. A hilly city, rising from almost 2,500^{to} 3,200 feet above sea level, it was in the center of a ring of modest mountains, snow-capped and ski-worthy in winter, especially

Elma Dag, bare in summer, thanks to Hittite and later cultures that had denuded them for firewood.

Ankara was under curfew. Solders patrolled the streets at night. Wolves were said to come down into the city in winter to seek food and water; and gossip had it that the remains of more than one soldier's bloody uniform had been found without a body.

One main street ran through the city, Ataturk Boulevard. It had two principal intersections. One was with Cumhuriyet Caddesi, which ran past the Grand National Assembly, the Ankara Palas Hotel, the Stadium and the Hippodrome (where I once sat in a box next to Von Papen's) to the Railway Station and the Casino. That intersection, the Ulus, was dominated by what we used to call the Horse's Tail, an equestrian statue of Ataturk. The other intersection was with Ismet Pasha Caddesi. The intersection was called the Kizilay, named for the headquarters of the Red Crescent located on one corner. There was little traffic, and no lights in Ankara. At each of these main intersections stood a policeman in an awning-covered kiosk, who turned hand signals as needed.

Ankara had two main restaurants. Karpic's was the city's major watering hole and eatery. Karpic, a White Russian refugee, had apparently been persuaded by Ataturk to move from his restaurant from Istanbul to Ankara. He always seemed to have fresh caviar which he offered free to every lady and to some men. It was there that Leo Hochstedter and John Rawson often put on a ritual bullfight, while waiters sought to protect the large floor lamps on either side of the dance floor.

The second major restaurant was Serge's or Sureya's. Serge had been (I understand) a waiter at Karpic's and became Karpic's son-in-law, then left to set up his

own night-club at the Kizilay. Foreign Minister Menemencioglu was there many nights, in a private, curtained booth.

North and northwest of Ulu were many ancient monuments: Hittite, Greek, Roman and Seljuk. South of the old city along Ataturk Boulevard was Yenisehir, new city; there were government buildings, foreign embassies and posh homes. The American Embassy was just a few hundred yards from the Kizilay. Beyond, as the Boulevard rose, ultimately by several hundred meters, were the Russian, British and German embassies. So also was the old Czech Embassy, which had been taken over by Germany at the start of the war. Milos Hanak, the Ambassador-in-exile, a favorite of most of the diplomatic community, had the pleasure of still being there when Turkey severed relationships with Germany in the fall of 1944 and marched with his wife and a following of friends to retake the Czech Embassy. (I was living in Prague when he returned home a year later; and it was I, not the Foreign Office, who went with a U.S. Embassy jeep to the airport to meet him, an event he never forgot.)

Ataturk Boulevard, to the south, came to an end a few kilometers from the Kizilay. To the left were the hills of Cankaya, where President Inonu lived. To the right was Kavaklidere, a hilly area which produced a decent wine. The U.S. Ambassador then lived there, as did I for several months. Across the square from my home was a small nightclub whose bartender was an American Negro. He claimed to have been a drummer in various bands in Europe when the war started. He got to Turkey, and there he remained. His best known drink was a cheri d'amour, which was concocted of a dash from every bottle behind the bar.

Though Ankara was a quiet town, the foreign community, if I can judge from myself, was reasonably active. I was not active enough to learn until many years later that Victor Umbricht had been a neighbor. He later became a senior staff member of the Bank, a high official in the International Red Cross and a Special Representative of the Secretary General of the United States; on whose behalf he attended some of the consortia I chaired. At that time my boss and another of my co-workers lived in a house on the grounds of our office at the intersection of Ismet Pasha and Kasim Ozalp Caddesis. I was later told our landlord had been Fatin Rustu Zorlu, one of ~~the~~ three top officials, who with the Prime Minister and Finance Minister, was hanged after the military coup d' etat in 1960.

I met my wife in Ankara on April 12, 1945. Together with much of the American community, I had gone to the airport to greet Congressman Everett Dirksen. The only passenger other than his military aide was Lois, who had come to join the staff of the Office of War Information. Our activities were limited in our first month because Ankara awoke the next morning to learn that President Roosevelt had died the previous day. The Grand National Assembly held a special session in his memory.

It is surprising now to remember that I had never driven a car. When Lois and I started to have picnics, I asked our office manager for a lesson and I had one. The next day I borrowed an office car and went to pick up Lois, who lived on the other side of the Kizilay. As we approached that intersection on the way out of town, the cop in the kiosk turned the hand signal to stop me. I slowed down but didn't stop. I slid through just as the cop, to accommodate me, changed the signal to go. Lois asked why I hadn't stopped. I replied that I didn't know how! After our picnic, on the way back to town, the car

bogged down, fortunately near a village. The police phoned Ankara to inform the U.S. Embassy that there had been an accident. In due course, a queue of cars arrived, carrying medical equipment and stretchers. They found us in the police station drinking coffee. I wasn't allowed to borrow a car again.

My brief visit to Turkey in early 1944 and my residence there in 1944-45 were in a sense an investment for the World Bank, which did not yet exist. I made many contacts and friends in the civil service, in the People's Party, some of whom later became prominent members of the not-yet-established Democratic Party and in the business community. I re-established contact with them, beginning in 1949.

One of my office's functions was coordination with the British Embassy on preclusive buying operations, the program (of doubtful efficacy, as I now see it) to deny certain Turkish commodities to the Axis by buying and storing them for later disposition. The most important, chrome, was beyond my level and was handled elsewhere. One couldn't raise the question of bombing the bridge across the Maritza River without being told to beat it—it was a military matter. I had been in an Anglo-American Coordinating Committee in Washington; and, while there, as well as in Ankara, the U.S. bought opium, hazelnuts, cotton waste, rags and clippings, and other potentially useful commodities. The hazelnuts were ultimately sold to the Soviet Union. The rest remained in warehouses along the Golden Horn. When the war was over and shipping space was available, the U.S. Merchant Marine refused to carry the cotton materials because they were lice-infected. I understand the warehouses and their contents were later burned.

The links with the British Embassy made some of its staff my closest associates in Ankara. Jack Lomax (was he of the Foreign Office or some other "department"?); his

mortal enemies H. Somerville-Smith (a two-handed raki drinker) and R. D. Dickinson, both later with the Board of Trade, where I would occasionally see them in later years; and Douglas Busk, First Secretary of the British Embassy. In 1952, in Addis Ababa, Jeff Rucinski and I discovered that Douglas was the British Ambassador to Ethiopia.

Among the business contacts was Vehbi Koc, then a government contractor (chiefly, I believe, carrying coal from Zonguldak) and later Turkey's top industrialist.

Far more important than the foreign and business contacts were those in the Government. Looming large among them were several members of Parliament. Hazim Atif Kuyucak was perhaps Turkey's pre-eminent lawyer. (More on him later.) Another was Kasim Gulek, a graduate of Columbia University (he said), who owned a large estate near Adana. He became Secretary General of the People's Party later on, when the Democratic Party was in power. Like Kasim Bey, Mme Pektash and her two daughters Nejla and Zubaida lived in Bahcelievler, a garden city suburb of Ankara. Her husband was an official of Robert College, later Vice President and in due course, the college's first Turkish President. And there was Fuad Cobanoglu, a chemist by profession who had lived many years in the U.S. and worked as a senior technician for sugar companies.

Outside the Government, looming large, was Suphi Argon, then head of the Turkish Sugar Company, later one of the founders of the Industrial Development Bank of Turkey (TSKB) and a Board member for many years. Most important was Bulent Yazici, an inspecteur des finances and Economic Counsellor of the Embassy in Washington. He became TSKB's Assistant General Manager, then General Manager and, after various moves, its Chairman. There were also Nahit Alpar and his wife Faika, he on the Turkish Embassy's Washington staff, she a writer of short stories. Finally (and cutting the list

short) Cabir Selek, was an Executive Director of the Bank. He was one of the founders of TSKB, a long-time Board member and President of Guaranti Bank of Turkey.

Most of those I've named were conventional contacts of my early year in Ankara. There were unconventional links as well. Muzaffar Serif Basoglu taught sociology at Ankara University. He had lived in the U.S. and taught and wrote on social psychology at Columbia University.(?) In those days there was an undercover Pan Turkic movement which was frowned on by the nationalist-oriented government of the still new Turkish Republic during and after Ataturk. Muzaffar's work may well have contributed to the intellectual foundation of the movement. He lived in a simple house on a flat and stony plain a few miles outside Ankara. On the gate of the fence surrounding his property was a sign reading "Tortilla Flat", a bow to John Steinbeck's novel and to the lifestyle that novel reflected. One of his steady visitors was Behice Boran, who also taught sociology. Some years later, she was jailed because of Communist sympathies. She was ultimately released. Muzaffar's most curious friend, and mine was Ruhi Su. Ruhi was an opera singer, musician, and actor. I saw him several times at the Ankara Opera, whose conductor was Karl Ebert. Ruhi traveled the country recording, often for the first time, Turkish folk songs, including some about the legendary hero Köroglu. I have a collection he wrote out for me note-by-note and word-by-word.

I dare not write of Istanbul, of which there is much to remember; I must find a stopping place. Two memories only.

In the summer of 1945. Lois and I (after visiting Izmir and Ephesus) took a boat up the Aegean coast and through the Dardnelles and the Marmara to Istanbul. We took the ferry one day, past Leander's Tower and Heybeli Ada, to Buyukada, the largest and

loveliest of the Princess Islands. No autos were allowed on the island, only buggies. We walked up the prescribed path to the Monastery of St. George (not on our knees, as pilgrims were required to do). The Monastery had been a haven for "the insane." In a below ground chapel we saw huge rings sunk in the ground, to which "the insane" were said to be chained during services. We walked around the grounds. At one point we were stopped by a lady who we thought was a visitor like us. In excellent English, she asked where we were from; and, when we told her we were American, she said she thought President Roosevelt had been a great man. She then asked what I was, i.e. my profession. In those days I usually answered "historian." This time, for reasons I can't explain, I replied "economist." The lady appeared saddened. She said: "I have no need for an economist because I am very poor. I had hoped you were a doctor, which I need because I am insane." We did not think she was.

A second. During the Bank's Annual Meeting in Rio in 1967. I went with friends late one evening to a nightclub called No Balaio. I was surprised to see that the pianist was Sasha, a young Russian refugee during the war, who played in Istanbul at a club known as "the snake pit." Sasha had migrated to Brazil after the war, married and prospered. I decided to spring a surprise on one of my Turkish friends at the meeting, Resid Egeli, who was then General Manager of the TSKB. The next night, Resid and his wife Jale came unsuspecting with me to No Balaio. They were ecstatic to see Sasha, who had played the piano at their wedding about 25 years before!

I joined the staff of the Bank in August of 1946. The following month I left for Athens, seconded to the Greek government. A year later I returned to the Bank and started to work on Turkish matters.

I was a member of the Bank's first mission to Turkey, an almost three-month visit starting in early 1949. Stewart Mason was the leader; Harry Clark was the economist. I was the third and last, an Assistant Loan Officer. Loan Director Bill Iliff provided our terms of reference. He asked for a survey and an appraisal of the country, with particular respect to its capacity to incur debt; consultation with the government on its development plans; identification of projects contributing to the plans which must be suitable for Bank lending; their potential contribution to Turkey's international position; coordination with bi-lateral lending programs; and the essential characteristics of possible Bank loans. We were asked to visit the UK Treasury on the way over and the OECD on the way back. This sounds very much like a primitive version of today's CAS, except that it was to be dealt with by three persons rather than by what George Woods would later call "a thundering herd."

Looking back at Bill Iliff's terms of reference, I'm struck by the fact that he asked us to phone or cable the Bank if "further guidance...is desirable and report developments which are of such significance as to be brought to the immediate attention of the Bank." As I read it now, it said: Don't call us unless you think it's vital; better not call at all. I don't remember that we ever did, though we did send progress reports by mail.*

Those were the days before fax and computers. For cable or telex, we were issued one-time code pads, whose use was time-consuming. I found, and no doubt others

* See Addenda

did, less laborious means of communication when necessary, which was rare. As for the telephone, which was uncertain, I don't recall phoning the Bank until the late 60s or the early 70s. No wonder I look back on early missions with pleasure, among other reasons, for the freedom they allowed even juniors.

Our Mission returned to Washington at the end of March. Vice President Garner** had joined us for a few days near the end, and had presented some tentative conclusions to President Inonu. By mid-April we had submitted to the Staff Loan Committee an Operations Report and an Economic Report, which the SLC considered at a meeting on April 27. We offered an assessment of the economy, identified potential Bank projects and presented a proposal for moving ahead.

I was a junior member of the mission and contributed to its work and reports. Beyond that, however, I was a sort of "guide", cashing in on the contacts and friendships I had made earlier in the 40s when I live in Ankara. It was a role I would continue in the next several years as I returned with Vice Presidents and consultants. I would have a reprise at that role at the end of the fifties when (on my way to a year in India) I accompanied John Adler and his mission to assess the economy again following the deep-freeze in which the Bank placed it after Pieter Liefstick*** was declared persona non grata as advisor to the Government and was asked to leave the country in early 1954.

I remember that John and his 6 or 7 man mission were placed in a third-rate hotel. John had the biggest room, large enough only for a bed and one chair. When we met the first day, we sat on the bed or the floor. I was up early the next morning and went to the

** See Addenda

***See Addenda

Ankara Palas Hotel, whose manager I knew. Before the end of the day we had all moved there. There was a large room with bath for all but one. My wife and I took the bath-less cubicle since we were to leave for India in a few days.

Looking back at our 1949 reports now, they seem primitive by today's standards. They were not necessarily so in terms of the Bank's then state-of-the-art. And their being primitive did not necessarily mean their judgements were bad.

The last paragraph and especially the last sentence of the Operations Report is worth noting. I don't recall ever seeing its like. "Notes were made on all the meetings held in Turkey by the mission. These and a book of photographs are available if desired." My recollection is that the book of photos made its way around the table as the SLC met. That book was my work and I still have it.

The photo collection is labeled "Report on Turkey", it was designed to provide a general idea of the kind of country it had been and was and to illustrate the situations that supported the need for the projects the Mission had identified as of high priority. The book consists of 188 small snap-shots I took. They covered monuments of ancient cultures; views of cities and the countryside, village and city life; conditions of agriculture; transport facilities, including port facilities, and the beginnings of (public) industry. There is also a panoramic view of the future site of the Seyhan Dam. I note that picture 93, showing goats, is labeled "The goat is one of Turkey's natural resources!" There is no photo of the Mission's expression when a tasty morsel we had been offered in a Hatay village turned out to be ground raw meat, nor of our efforts to counteract possible ill-effects with straight raki. Since the SLC agreed to go ahead with most of our

recommendations, I assume the photos did no harm. In any case it now provides a pleasant souvenir of other times and other places—and of youth.

The Mission's recommendations and the SLC decision had five operational results over the next three years: four project loans (two of which involved new institutions) and a general survey mission. These did not take place automatically; they called for several missions of Bank staff and/or consultants, a second visit by Bob Garner in 1951 and one by Bill Iliff in January 1952. I returned to Turkey at least three times in those years, with Garner and Iliff, with Harold Johnson, the Bank's consultant in the establishment of the Industrial Development Bank of Turkey (TSKB), and with General Wheeler, the Bank's Engineering Advisor.

The first two loans were both made in 1950. One was for the construction of grain storage facilities, to reduce spoilage, encourage production and promote exports. The other was for the improvement of existing and the construction of new port facilities, to ease the flow of imports and exports. The third loan, made in 1951, called for the establishment and financing of a totally new private financial institution, TSKB designed to provide equity and loan finance to private industrial enterprises. The Bank with the help of its consultant had to assess the market, form a local steering committee, develop appropriate legislation and corporate documents, and discuss the policies of the Bank with its prospective Board. We had a Turkish legal consultant, Hazim Atif Kuyucak, an eminent lawyer and former member of the Grand National Assembly, whom I had known in 1944-45. He made at least one trip to the Bank during this formative period. Later, when Adnan Mendures, the Prime Minister of the government of the Democratic Party, began to tamper with the autonomy of the TSKB, the Bank asked that Kuyucak be

elected a member of TSKB's Board. The Bank considered him its homme de confiance, on TSKB matters until that became useless.

The fourth loan was for a multipurpose dam on the Seyhan River in the Cukurova Plain, one of Turkey's richest agricultural areas; its "capital" was Adana, a growing commercial and industrial city. The dam was to provide flood control protection and enhance irrigation facilities in Cukurova region, and to provide electric power for the growing energy requirements of the area. The Cukurova region had been a breadbasket of the Roman and Byzantine Empires.

As for the general survey mission, in his first visit Bob Garner had given that a push and the 14-man Barker mission was at work by mid-1950. It finished by the end of that year. The report was translated into Turkish by Hursit Calika. Hursit, later a long-time staff member of the Bank, was an inspecteur des finances who happened to be spending a year in the U.S. when the report neared completion. He was asked to translate The Economy of Turkey, and he did. I was at shipside when his family disembarked in Istanbul from their sea voyage from the U.S., and took his translation to a printer. Bob Garner presented it to the President of Turkey, in the summer of 1951. It was not the same President Bob had met in 1949; it was now Celal Bayar, who became President when the Democratic Party was elected in 1950.

Among these five operations stemming from that 1949 mission, one might assume I was most stimulated by the creation of the TSKB, because of my long and close association with it and with similar financial institutions elsewhere in the world, of which the TSKB had been the Bank's first and became a sort of model. If not that, then surely the general survey mission. Mason and Asher, in their 25-year history of the Bank, report

that the mission chief had been totally unsuitable and regular Bank staff had to be called in to write the report that was ultimately published. The Bank staff were a lady in Dick Demuth's department and I, detached for six months from Jeff Rucinski's department. Neither of these guesses—neither the development bank nor the survey mission—would be correct.

What entranced me the most at the time, as I now think back, was the Seyhan multipurpose project. At that time, I—and the Bank—were much affected by TVA, which had come to be, not just a specific regional development in the U.S., but a model of what could be done to enhance the productive capacity and the living standards of a region by taking and using water efficiently. David Lilienthal, TVA's first Chairman, well known to the Bank's management, had provided the spark in 1951 which set the Bank on its course of mediating the Indus Waters dispute between India and Pakistan. Already in 1950, Feliks Bochenski, a Bank colleague, and I had written an article called "TVA's in the Middle East", for the Middle East Journal. (After working together in UNRRA in London, Feliks became a Bank staff member about half a year before I.) It was translated and published in Germany the same year and, a few years later, into Arabic and published in Cairo. Each of the first three 6-month classes of the Economic Development Institute in 1956-58, when I was on its staff, spent about a week in the TVA region, visiting its facilities, guided around by an agricultural extension agent. The course in agriculture was, incidentally, my responsibility at the start-up of the EDI.

Another of my fascinations at the time was the autonomous public corporation. TVA was one model. The Port of New York Authority was another. Its chairman Austin Tobin was an occasional consultant to the Bank. While I was on the EDI staff, he spent

an evening with the participants, and the class visited the Authority's office in New York. Another eloquent spokesman for public corporate independence was Sir John (later Lord) Reith, Chairman of the BBC, whose parliamentary testimony on the subject was required reading in the courses I gave at the EDI on public corporations.

In the Seyhan case, the effort to insulate the operation of a public utility from government took the form of a Cukurova Power Utility Company, a private corporation (with minority government participation) which had a 49-year license to operate the generators and the region's transmission facilities, after the government built the dam. The government would manage the dam and the flood control and irrigation facilities. The 49-year franchise has now elapsed, and I wonder what has happened to the Company. Incidentally, an impressive young engineer of the Ministry of Public Works played a key role in the new utility. He is the same Demirel who was President of the Republic until last month, no longer as slim as he used to be.

It was thus the Seyhan Dam, I now feel, that excited me most at the time. The Seyhan project was presented to the Executive Directors at a special meeting on June 18, 1952. There were three presentations. General Wheeler, the first, offered the engineering arrangements and justification. The official transcript of the meeting covers his statement in eight pages, followed by almost two pages of questions, chiefly concerning procurement. The third, by Murray Ross, was an economic report on Turkey. It also covered eight pages and was also followed by almost two on questions about foreign trade. My "operational" presentation covered almost 13 pages and there were no questions at all. I recall that, in later years, as the burden on the Board grew, there were severe limits on the length of Board presentations.

I started my presentation by noting that the Turks were calling the Adana plain “the Texas of Turkey”. Never having seen Texas, but having seen a fair amount of the Plain, known as the Cukurova, I tried to paint a word picture of what it was like. The Turks’ justification for the comparison with Texas was based on the predominance of cotton, citrus fruits, oil seeds, possibilities (never realized) of petroleum, tourism potential, et al.

I couldn’t resist a quick survey of the history of the Cukurova, the Cilicia of ancient times: the Gulek, the pass called the Gateway to Cilicia through the snow-capped Taurus mountains to the North, penetrated by Alexander the Great on his way to Persia and India; the port of Mersin, where Antony went to meet Cleopatra as she arrived from Egypt; Tarsus, the birthplace of St. Paul; the entire area crossed and re-crossed by Crusaders on their way to Jerusalem and by Seljuk and Ottoman Turks later on, all of whom left fortresses and various relics on the Plain and along the coast; and present day Adana, then beginning to be a boom town, as an agricultural market and industrial center.

The presentation offered a conventional justification of the project and the principal terms and conditions of the proposed loan. What was not conventional in the presentation, was my statement of the political pressure behind the loan. I suggested that the Board should not assume that the project had the top-most priority in Turkey at that time. The fact was that the Cukurova had considerable political weight and the project had become a domestic political issue. As a result, I said, the government would not discuss with the Bank any other project, no matter how important or urgent it might be. Fortunately, I said, the Bank was convinced of the technical soundness of the project its expected benefits insofar as they could be assessed and of the appropriateness of the

arrangements to carry it out and operate its facilities. Moreover, the political pressure to approve it meant that long delays in execution need not be expected.

This was certainly neither the first nor the last time that domestic or foreign political pressure influenced Bank lending. I do not, however, recall another open confession to the Executive Directors.

Attached is a photo of the signing ceremony for the Seyhan loan. It was followed, as were all signings in those days, by a round of sherry and cigars, served from a dolly attended by one of the Bank's impeccably dressed waiters.

The OED did not come into existence until years after these projects and loans had been completed. It would be interesting to have its view on the appropriateness of this early lending program, of the efficiency, efficacy and sustainability of the projects, and of their impact on institutional development.

My memory has been supplemented only by SLC and Board documents in the Bank's Archives. For the rest, I'm at the mercy of those whose memories may refute mine. They could be right.

ADDENDA

Sir William A.B. Iliff

Bill Iliff was an exotic among the Bank's top management: soldier, diplomat, public official, administrator, and author. Born in Ireland, schooled as a soldier in India, he became an officer in the Indian army stationed on the Northwest Frontier, serving also in Persia, Mauritania and Southern Russia and later in Turkey. For 20 years he was in the civil service of Northern Ireland, rising (with a break to fight at Dunkirk) to Permanent Secretary of the Ministry of Public Security. He then returned to the Middle East representing the UK Treasury in Tehran and Rangoon and in the Middle East Supply Center in Cairo. (It was a colleague of his there and a friend of mine who introduced me to him even before we met at the Bank).

Bill came to the Bank in 1948 as Loan Director, became Assistant to the President in 1951, and then one of the three Vice Presidents who replaced Bob Garner in 1956. Bill masterminded the Bank's first major restructuring in 1952, which established a pattern of organization and process which remained fairly stable for 20 years. He also played a crucial role in the Bank's mediation of the Indus Water arrangements between India and Pakistan. Bill should also be remembered for a talk he gave to the entire staff of the Bank in May 1952. Titled "Gobbledegook", the talk appealed for clear and unambiguous report-writing. It was circulated again in later years, when Bank-speak and jargon had grown worse than it already was in 1952.

Bill fired me once, for refusing to tell him where I'd heard some information he didn't want me to know. Before I reached home, however, he had phoned and told my wife that I should forget the matter; he hadn't meant it.

Bill came to Turkey early in January 1952 to discuss with the government various administrative and financial aspects of the Seyhan Dam project. I had spent a Grandma-Moses-like Christmas Eve with dozens of others out-of-doors, amid gently falling snow on the estate of Russ Dorr (then the U.S. aid chief in Turkey and later a Bank staff member) with flaming punch and toddy. I remember our arrival in England. Bill startled the British Customs Inspector by declaring two dozen bottles of spirits. (I had the same.) The Inspector asked where they were. Bill pointed to a shoebox. The bottles were miniatures. The relieved Inspector waved us through. Bill and his family and I (and Murray Ross) returned to the U.S. aboard a Queen

Robert L. Garner

Bob Garner was Vice President and, in effect, Chief Operating Officer of the Bank from 1947 to 1956 and then was President and Chief Executive Officer of the International Finance Corporation until 1961. His appointment to the Bank was one of the conditions for John J. McCloy's acceptance of the vacant Presidency. Another condition was the appointment of Gene Black as Executive Director for the United States. (The most important condition was acknowledgement that the President, not the Executive Directors, would manage the Bank.) All three took up their posts on the same day.

McCloy had never met Garner until he decided on him as VP. He had only once met Black, who did know Garner well. Evidently McCloy was focussed on creating a team: Garner with a reputation as a hard-driving manager with both banking and industrial experience; Black a master bond salesman highly respected on Wall Street.

The lines of responsibility in the team were not sharply drawn. By and large, the two Presidents under whom Garner served devoted their principal energies to relations with member countries (including the Executive Directors) and to developing confidence in the Bank in the capital markets of the US and Europe. Without neglect of those functions, so vital in the early days, Garner's main task was to run the show on the inside: to manage and to administer, to convert a collection of disparate staff uncertain of the Bank's mission and with little relevant experience into a team with a more or less shared culture. Garner's main instrument for carrying out that task, in his first few years, was his strong central control over all staff and all operations. As the Bank's burden grew and the staff had to be divided by areas and specialties, his principal instrument was the Staff Loan Committee, of which he was chairman until he left the Bank for IFC.

Garner was not everybody's cup of tea. He was and is often compared to Gene Black. Both came from the South, Garner from Mississippi and Black from Georgia. They were born only four years apart, in 1894 and 1898 respectively. Both were educated in the South, Garner at Vanderbilt and Black at the University of Georgia. Both fought in World War I and then returned to enter the banking and investment business. Black rose to become a Senior Vice President of Chase Manhattan. Garner spent about 13 years with Guaranty Trust Company, rising to the post of Vice President and Treasurer. In 1943 he became Financial Vice President and Director of General Foods Corporation. Both were economic and political conservatives, distrustful of all government and of the United Nations and strongly oriented towards the private sector—Garner aggressively so and Black perhaps a bit more open.

Similar men, one might think. But they were cut from different cloth. Black was always the gracious Southern gentleman, effectively masking his inner steel. Garner was gracious, too, but usually in private and rarely in business, including his management of the Bank staff, where his toughness and often roughness always showed through.

No wonder then that some disliked and resisted him, blaming his corporate background and private enterprise orientation, both not much different from Black's, but expressed differently. Others admired and learned from him, convinced of the validity of his experience and his fairness. Probably some of the later negative views stemmed from Garner's Presidency of the IFC which was never popular and indeed not accepted by many in the Bank, and perhaps by changes in the man as he grew older.

I have three telling memories of Garner. The first is that he was the principal proponent of the Bank's General Survey Missions (endorsed, of course, by Black) of which about 25 were launched between 1949 and 1965. They were designed to help the countries involved in choosing their main priorities within the framework of a comprehensive development strategy including development of human resources as well as infrastructure and factories. They should have made important contributions to the governments; but they had little effect on the Bank's own operations. The concept of those Missions reflected Garner's view of the developing world. That view was perhaps best expressed in his own words in his farewell address in Vienna in 1961, when he relinquished the presidency of IFC.

Another memory concerns his appointment of Laughlin Currie to head the first General Survey Mission to Colombia, which may have been the most effective of the 25. Currie had been a high level official in the Roosevelt administration and after. It was pointed out to Garner that Currie had been accused of communist sympathies; but he refused to withdraw his appointment. Innocent until proven guilty, Garner said. Currie remained in Colombia for some time as an advisor to the Government, ultimately became a Colombian citizen and remained there the rest of his life.

At that time, all American citizens working for international agencies had to be approved by a U.S. loyalty commission. If the commission had doubts about a staff member, he was required to fill out an "interrogatory" and then interviewed by the commission (as I was). I understand that Garner named a senior staff member to be the official liaison with the commission to inform all staff subject to interrogatory and interview that the Bank would provide them with legal counsel if desired (I did not), and asked not to be informed of any contacts between individual staff and the commission unless and until the loyalty commission decided the person had to be dismissed. (I was found loyal!).

Another case. In 1950 or 51 or 52, as I was passing through Paris on the way home from Turkey, Black, who was also there, called me to his office and questioned me about a senior U.S. official whom he knew I had worked with. I gave a less than glowing review of his professional qualities. Whereupon he told me that, on the basis of my comments, he had decided not to appoint the person to a senior position in the Bank—as had been recommended to him by Garner. I was embarrassed. A week or so later, Garner called me in to say that he knew of my views and of Black's decision and I need not worry about the incident: he would not hold it against me. He didn't.

Mason and Asher, no admirers of Garner, wrote that Garner "is reported to have had the capacity for making employees think they were a little better than they really were, and in time they came to be better than they had been."

Pieter Lieftinck

Pieter Lieftinck was the Bank's Executive Director for the Netherlands, Yugoslavia, Israel and Cyprus from 1955 to 1971. For part (or all) that time, he was also a Director of the IMF. Considering that he was Governor of the Bank from 1946 to 1952, then spent three years on special assignments for the Bank, he was associated with it for all its first 25 years. That long relationship does not, however, adequately describe his contribution to the Bank.

Trained in law and economics both at home and abroad in the 20s, Pieter worked briefly in the Ministry of Economic affairs and then spent five years as Professor of Economics at Rotterdam. He was in the army when Germany occupied the Netherlands and spent 5 years in internment. He continued, secretly, to guide Dutch thinking on economic policy. When the War ended, Pieter became Minister of Finance and was largely responsible for the economic recovery of The Netherlands. He was deeply involved in the "Europe movement", the Benelux arrangements and the formation of OEEC, EPU and NATO.

Pieter had a reputation for toughness. He was disliked by many in the business community. The story is told that, one day, he saved the life of a child who had fallen into a canal. When the boy discovered that he was "Old Piet", he begged Pieter not to take him home. "My father will beat me if he knows that I've spoken to you."

Within a day or two after leaving the Government in 1952, Pieter came to Washington in preparation for becoming the Bank's Special Representative in Turkey. In effect, he was to be economic advisor to the Prime Minister. The groundwork for this post had been laid in the General Economic Survey and had been pressed—with difficulty—by Bob Garner. While waiting to proceed to Ankara, Pieter and I spent considerable time together discussing Turkish affairs.

Less than three years later Pieter was declared persona non grata and the Bank was asked to withdraw him. The Bank withdrew him. I do not recall what incidents created the crisis. Maybe none in particular. In a sense the break was inevitable. The PM had thought he could manipulate and use the Bank, if he accepted an economic advisor chosen by the Bank. The Bank thought the man who had turned The Netherlands around and had an international reputation would be able to strengthen the economic policy of Turkey, which was experiencing increasing difficulty. The impact of this underlying non-meeting of the minds was aggravated by the personalities of the protagonists: Lieftinck, the tough policy-maker and administrator; Menderes, the unscrupulous PM who held his country in thrall until he was ousted and hanged in a military coup; and Zorlu whom Bob Garner in his autobiography called Menderes' Rasputin.

While associated with the Bank, Pieter took on several extra-curricular assignments. At the end of his Turkish stay, he headed General Survey Missions to Syria and Jordan, and he acted for a while as advisor on economic planning in Lebanon. Most

important, in the 60s he headed Bank staff and a group of consulting companies in an extensive survey of the water resources of West Pakistan, an upshot of the Indus River agreements.

Lieftinck was an unusual ED. He always spoke for himself. If one of his constituents wanted to express a view on an issue or project before the Board, he would do so, identifying the member country. But mostly he gave his personal analysis and opinions on the issues and on the reports we had presented to the Board. They reflected his own considerable experience; were never meant to tear down; were designed to enable us to do better next time. He was a valuable preceptor.

Mason and Asher wrote that, among the more than one hundred persons who served as EDs in the Bank's first 25 years, he was one of the 13 who had a significant impact on the Bank's evolution. He did, indeed. And I would put him high on a shorter list.



Standing: Murray Ross (Bank economist), Cabir Selek (L.D. for Turkey), Malih Esenbel (First Secretary, Turkish Embassy), Nahit Alpar (Financial Counsellor, Turkish Embassy), William Diamond (Bank)

Seated: Eugene Black (Bank President), Feridun Erkin (Turkish Ambassador). Robert Garner (Bank Vice President)

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SOME INCOMPLETE, RANDOM AND NOT ALWAYS RELEVANT MEMORIES OF THE BEGINNINGS OF THE EDI

By William Diamond

The Cairncrosses

The sad deaths last year of Sir Alec and Lady Mary Cairncross, within a few months of each other, evoke a rush of memories, both of them and of the Economic Development Institute, which Alec was instrumental in creating and which he headed for its first 18 months. Of the Cairncrosses, anything I could say would merely gloss with personal episodes the warm reminiscences and profound respects already offered by others in obituaries and memorial services. I endorse them all.

As for the EDI, the World Bank Group Archives recently mounted an exhibit about Alec and the first years of EDI. Maybe I was among the few who stopped by specifically to see it, even though the exhibit is just at the entrance of the Bank's spa, to and from which there is a steady flow of staff all day. This is perhaps not surprising in an institution that often seems to lack an institutional memory, even though its current President has spoken of the importance of preserving such a memory.

A Time to Look Back

Since EDI has just changed its name to World Bank Institute, it may be an appropriate time to look back to its origins and early manifestations. Not simply out of

antiquarian interest or nostalgia, though there are always some of those. Chiefly, however, to help inform those who look for lessons in the past; those who, remembering that “What’s Past is Prologue”, believe they cannot understand the present without knowing how we got here or cannot project or envision a future simply by an analysis of today’s situation; and those who read history for entertainment, because it is often stranger than fiction.

For those who want to explore EDI’s history, especially the earliest years, there are many records. First of all, there are the archives of the Bank and of the EDs. They include not only relevant correspondence and memoranda, but also the papers of the Staff Loan Committee and of the Board of Executive Directors, both of which dealt with EDI at various times. In addition, there are the oral histories. Mike Hoffman, EDI’s second Director, and I were together recorded in 1961 on the first years. Chapter 10 of Ed Mason’s and Bob Asher’s history of the Bank’s first 25 years, The World Bank Since Bretton Woods, has an excellent summing up of EDI’s first 18 years and its place in the development of the Bank’s activities. In 1976 Mike compiled EDI/20, a review of the first 20 years, in the form of a collage of fragments of memos, speeches and press reports, for which he wrote helpful connections. For the 30th anniversary, Guy de Lusignan, then EDI’s Deputy Director, wrote Impact 30. A Review of EDI’s Progress, Activities and Achievements. International Bank Notes (as Bank’s World was then called) has articles and photos on the EDI; and the Archives has a large collection of additional photos. Alec Cairncross was interviewed for the record in 1985. (I was present and horned in occasionally.) His experiences and reflections make up one chapter of his just published

autobiography, Living With the Century. EDI looms large in my own oral histories, which include, aside from those mentioned above, interviews in 1983, 1986 and 1993. Perhaps there are interviews of others of EDI's early dramatis personae. One day EDI may find value in publishing Alec's inaugurals and reports (and perhaps those of his early successors). Alec's papers combine wit, wisdom and a rare felicity of language.

The Origins

EDI's conceptual father was Paul Rosenstein-Rodan, one of the pioneers of economic development studies. Unfortunately, he did not find a comfortable home in the World Bank, which he entered almost at the start. The Bank was not then a place for unique people. He was, however, appropriately honored in 1984 in the Bank's commemoration of the "creative and courageous people" who were Pioneers of Economic Development.

Incidentally, the comments on Paul's lecture on that occasion were made by Dragoslav Avramovic, one of the Bank's own economic pioneers who did find a home in the Bank for about ____ years. After serving in the Brandt Commission, UNCTAD and elsewhere, he became Governor of the National Bank of Yugoslavia in early 1994 and instituted a stabilization program which proved very effective. In late 1995, however, Slobodan Milosovic undermined it, and Dragoslav quit. In January Dragoslav wrote a paper on the "Reconstruction of the Monetary System and Economic Recovery of Yugoslavia, 1994." I sent it to EDI in the hope that it would find the paper a useful case

study on dealing with hyperinflation and its consequences. After several months, I was told EDI had no use for it. No reasons given! The story of his almost two years as Governor has now been published, and another book is in process on the following years. Meanwhile Dragoslav became acknowledged and was ultimately elected leader of the principal opposition groups in Yugoslavia but was forced to withdraw because of a sharp deterioration of his already poor health, just as the demonstrations and the ill-fated election of 1997 were warming up. Dragoslav is still in Belgrade.. We speak weekly by phone.

Back to Paul Rodan. He had come to the Bank in 1947 as Deputy Director of the Research Department, after a distinguished career in Vienna and London, which had brought him renown in the still infant field of development economics. He remained in the Bank only five years; then returned to an academic career at MIT, Texas and Boston, and to advisory tasks for the governments of India, Italy and others, as well as for the Alliance for Progress. I may last have seen Paul in the late 50s in Rome, when I was there to deal with the SENN project, which was in due course financed by the Bank's first and only loan for the production of nuclear energy.

It is no surprise that, as a leading academician on the Bank staff, Paul would seek to promote economic research and close links with universities. Some Bank staff members agreed. That view found little sympathy, however, in the Bank's management. More than a decade would pass, years of accumulating experience and intensive

involvement in IDA, before a Bank President would give economic work an important role in the pursuit of the Bank's mission.

While Paul frustratedly sought to encourage economic research in the Bank, its management was becoming convinced that the poor quality of management, especially of economic policy management, was a major impediment to the development of its poorer member countries and hence to effective assistance from the Bank. From the start of its operations in developing countries, the Bank was engaged in technical assistance; it advised and assisted in the identification, preparation, evaluation and execution of specific investment projects related to its loans. But the view was growing that technical assistance in policy and program formulation was also needed, and that the Bank had unique experience which qualified it to provide such assistance. Beginning in 1950, the Bank began to organize general survey missions to assist member countries to develop comprehensive programs as a necessary framework for selecting and appraising specific investments, and policies to encourage and facilitate economic development. Though such missions, which continued until the mid 60s, were always requested by the host governments, the requests were often instigated by Bank staff.

Increased research activity and more technical assistance in economic management (with emphasis on the latter) came together in a memorandum Paul Rodan wrote in April 1952. He proposed the establishment of an "Institute of Advanced Studies in Economic Development of Underdeveloped Countries" which would combine training of government officials engaged in economic policy-making, with economic research.

He followed this memo with a proposed curriculum which bears a considerable resemblance to what emerged as EDI's first course, three years later. The Director of Personnel and Administration commended Paul's memo to the management later that month. The President appointed a group to prepare a recommendation to the Staff Loan Committee (which in those days was a power in the Bank). A report was made to the Executive Directors before the end of July. By this time, Paul's institute had become more explicitly directed towards training and, reflecting the new orientation, its name had changed to the Economic Development Institute. The proposal, approved by the Board, called for seeking the support of one or more foundations, ostensibly to share the financing, but in reality to assure independent review of the proposal. It also called for seeking a university to set up and manage the institute, near the Bank.

The staff committee's chairman was Dick Demuth. Dick was, in effect, the entrepreneurial father of EDI, its promoter, its overseer for several years, its protective godfather. Dick had come to the bank in 1945 as Assistant to the President. In that post and in due course Director of Technical Assistance and Liaison, he played a seminal role in many Bank initiatives, including agreements with the UN and some of its specialized agencies, the establishment of IFC and EDI and other policies and institutions. Once management gave the green light, Dick consulted Harvard, MIT and, I understand, SAIS about the setting up the EDI. They were uniformly reluctant to do so unless EDI were to be part of their own campuses. Attention then turned to an independent consultant to review the entire proposal, including the desirability and prospects of alternatives to a Bank institute. Fortuitously, attention focussed on Alec Cairncross.

Dick had known Alec in Berlin when both were in the Allied military government, and they had met again when they attended a course at the Merrill Center on Long Island. Alec was then Professor of Applied Economics and Director of the Department of Social and Economic Research at the University of Glasgow. He was widely and respectfully known in academic circles at home and abroad. He had served the British government in various capacities during the war, most notably as economic advisor to the Ministry of Aircraft Production; and after the war he served in the Board of Trade and the OEEC. He was preeminent in his ability to bridge the gap between the worlds of academia and government. Applied economics and management were his principal interests; he sought practical solutions to real problems. It is difficult to conceive of a more appropriate person to advise the Bank on the proposed institute, and then to head it. Fortunately, he accepted the Bank's invitation to do both.

Alec interviewed Bank staff (including me, several times), often visited universities, met with various foundations, and spoke to the UN. The memo on Alec's interview with Dag Hammarskjold, the distinguished U.N. Secretary-General, reports that

he appeared rather hostile to the idea of an economic development institute. He thought that the senior officials in underdeveloped countries, were likely at least to have some element of common sense, but that there was a serious danger that in an academic atmosphere even this advantage might be lost. He was rather doubtful whether economists had so much to say to these officials that it was desirable that they should leave their posts for long periods in order to come to be instructed by economists. He was also convinced that if they felt they were being taught they would not absorb much. It was always preferred to let them come to their own conclusions on the evidence of experience, rather than try to

force principles on them which they would find difficult in interpreting in practice. I explained to him in some detail what we had in mind and he agreed that, provided the institute was primarily an arrangement for the exchange of experience, it would certainly do a great deal of good.

Hammaraskjold's thoughts were very much in line with Alec's own views and ultimate recommendations. It occurred to me years later, and I've since wondered whether I might have been an unwitting beneficiary of Hammaraskjold's views. I was, after all, a non-economist, a Senior Loan Officer and Division Chief in 1952—1955, and could make no claim to any uncommon common sense. Not many members of the EDI's subsequent teaching staff have come from the ranks of non-economists.

When he opened the first EDI course, Alec said its purposes was

not to aim at soaring generalities or universal formulae. As far as possible we shall start at the other end, with the problems as they present themselves, and work back toward the general considerations that may contribute to a solution to these problems. We shall try to discover what has worked and what has not worked and enlist your help in the quest. Our objective is to marry experience and analysis, using both as far as time and human capacity permit.

Alec came down strongly in favor of a Bank-centered EDI. He considered whether improvement in dealing "with problems of economic and financial management" should not be left to universities. He decided that, if the program was to "extend beyond abstract theory" to the hard realities of cases and on-the-ground detail, the Bank itself should be the choice. First, "the Bank's staff is in intimate touch with the process [his underlining] of economic development in a ^wide range of countries. It is able to observe

how this process actually occurs and the problems to which it gives rise... [I]t lives in the kind of laboratory atmosphere in which observation issues naturally in principles."

Second, "The under-developed countries are more likely to accept training sponsored by the Bank than training sponsored by other agencies." Third, the Bank itself would gain. Participating Bank staff would be obliged to think through any general principles underlying their day to day practice;...it would be instructive to see how economic development looked to a group of people who would normally be grappling with the same type of problems in their own countries." Finally, benefit would derive from international participation in one place, rather than diffused among many universities."

In his first inaugural address, Alec noted that, though some elements of "theory" would appear in the course, its use would be limited. For

there is no universally accepted theory of economic development, no received doctrine or set of fundamental propositions that would simplify our tasks. There is not even agreement as to the variables in terms of which a satisfactory theory should be framed.... Economic development does trouble the world as never before and people are all willing to listen to the medicine men who claim to have the spells and rituals to commend it.... Why do people, in the words of Holy Writ, imagine a vain thing? Because they are offered hope where the economist must offer skepticism; and because they are offered quick returns where the economist is bound to underline the continuity and gradualness of things.... When they [the economists] have had their say, a large element of unpredictability—perhaps even of magic—will always remain.

Two years later, Alec's successor as EDI Director Mike Hoffman harked back to those words and said

Our purpose was not to present or seek to persuade you to accept a theory of economic development in the sense of a package of doctrines that we believe to be unvarying and universally applicable. We do not have any such theory and I think it is fair to say that none of us on the staff has very much confidence that there is or will ever be such a theory or doctrine...[Of course this was long before the string theory of the cosmos emerged!].... As we see it, economic development is a complicated process in time to which reason and analysis can contribute something, but nostrums and formulas very little.

Thus Alec's vision was not an undergraduate or a graduate course in economics. Not an academic institution. Not a degree program. No tests or marks, though these were urged by some whom he interviewed. His EDI was to be a "staff college" where senior officials from the Bank's member countries would join in intensive discussions on the formulation of development policies, the organization and administration of development programs, and their management, which is to say dealing with the adversities which inevitably arise to frustrate programs. His EDI was to be a community of diverse participants from various countries with similar interests in the development of their own countries who would learn together from each other more than they could learn from universities and from the World Bank staff. They would draw on the best the universities could offer in the field and on the experience of the World Bank to date, but EDI's task was to be primarily the facilitator of the exchange of the participants' own experience with that of the Bank and the latest academic thought.

As Alec put it in his report of August 1954,

The fellows should be housed together, in or near Washington, and they should eat, sleep and study at the place selected. This should not be too far away from the

Bank to make it a matter of inconvenience to go there or for members of the Bank's staff to pay visits. It should, however, be at a sufficient distance to allow seclusion and concentration.

The British Administrative Staff College at Henley was Alec's model.

It was important in Alec's scheme, as he laid out in his report, that EDI would benefit the Bank itself. Easy access to senior officials of borrowing countries, not concerned with day-to-day pressures or pushing particular projects, would provide an opportunity for objective and thoughtful discussion. More importantly, participation in EDI seminars would force Bank operational staff to reflect on what they had done and were doing, and give them the time to articulate their experience in papers or articles.

In July 1952, the EDs had approved going ahead with an institute if a study established its feasibility. In December 1954 they approved the start-up of an EDI. Alec was invited to become Director, which he agreed with some reluctance. He was granted leave from Glasgow for only 18 months, from July 1, 1955. Once the Bank's decision was made and Alec had been designated as Director, the Ford and Rockefeller Foundations agreed to participate in EDI's financing for a two-year trial period..

Getting Started

Alec's first task was to pick a staff. He chose two Bank staff members to work with him full time: John Adler and me. John could have been no surprise. He was one

of the Bank's senior economists, a prolific writer and a ready lecturer, well known outside as well as inside the Bank. On the other hand, I must have been a surprise. Certainly it was to me.

In early 1955 my wife and I were in Bangkok on Bank business, I was then Loan Officer for Thailand among others and was probably dealing with the Yan Hee Project (on which I later wrote a case study and conducted seminars). Vice President Garner came for a three-day visit during my three-month stay. (Whereby hangs another tale.) One day, in his car, en route to a meeting, Bob told me that Cairncross had asked for me for his staff. That was news to me! When Bob asked if I wanted to leave the Bank on assignment to EDI, my reaction was immediate. I asked if the Bank management would support EDI: not the generic "management" but specifically President Black and himself, then the one and only Vice President and in effect Chief Operational Officer of the Bank. Garner unequivocally replied in the affirmative.. Whereupon I agreed to go to EDI.

Black and Garner did support EDI, and not simply in their top-management capacities. Gene came to talk to and chat with participants after dinner in each of the early courses. Bob conducted seminars in "my" course on public administration. I remember one of his seminars on management, in which he recalled an experience in his own company with "an efficiency expert". (Later such a person would be upgraded to management consultant or professor of TQM, i.e. Total Quality Management) Bob told us that, after several weeks (or was it months?), the efficiency expert's principal

recommendation was to replace round pencils with square or hexagonal ones, so that they wouldn't roll off desks and waste staff energy and time picking them up. Bob said he then dismissed the expert, saying "Put your round hat on your square head and get out."

Alec, John and I were the only full-time teaching staff in that first year, but there were others to supplement us, in due course. Narayan Prasad, India's Director in the IMF (and later of the Bank), gave one course; and Ragnar Nurkse of Columbia University gave another. Of all this, more later.

We set up shop on one floor of the apartment house on the corner of 18th and G streets, which was demolished later to construct the D Building and is now the southeast corner of the Main Complex. (I hate that name!) Our floor was a few flights above the People's pharmacy and perhaps one below the famous Bank Cashier's office which had been robbed a few years earlier of cash, travelers checks and the personal jewelry of Bob Garner's mother. There we did our planning, laid out the curriculum, mobilized Bank staff members to participate in the seminars and to lecture, and started up the now-defunct EDI Library.

About that library. We felt we needed a select library on development and related matters to provide easy access for participants, wherever the EDI was to be located. Establishing it was my responsibility. I had a small allocation of funds to buy books. More importantly, we found a young lady with librarian's training to manage the library. Still more important was the relationship I was able to establish with Martin Loftus, the

first Director of the Bank-Fund Library. He gave EDI duplicate copies of books we wanted, thus saving us hundreds of dollars; and he helped us develop a simplified version of the Joint Library's classification system so that EDI's library and the Joint Library would be compatible.

Twenty-five years later, when I became a Senior Fellow of EDI, on my way out of the Bank, the EDI took up a full floor of what is now the U Building, at 1800 G Street. Its library was substantial and respectable, taking up what had been three or four rooms whose dividing walls had been removed. I was pleased. When, a few years later, the library was abandoned (to where and to what?), I understood the reasons, given the evolution of EDI, but I could not help but feel regret.

Aside from planning our work, the first major task was to find a home for EDI, not in the Bank, but, close enough to permit easy two-way access to Bank facilities and to Bank people, and to the urban benefits of Washington, such as they then were. Eventually a private house was found and rented at 1620 Belmont Street. Once owned by Eugene Meyer, the Bank's first President, it was in 1955 a rooming house. (A Bank ED was among its residents.) With time, money and effort, the house was (we thought) made suitable and comfortable for living, teaching, entertaining and cogitation alone or in groups. Food was provided at the 2400 Hotel just around the corner. Unfortunately we had not taken full account of the physical and psychological problems. At the end of the first year, Alec was quite blunt in reporting the problems to management and Board. His autobiography quotes from his contemporary diary about the day the course opened:

The front door was repaired endlessly, keys cut three times, finally a new lock fixed; yet the handle came off at the first pull. Table not installed until yesterday. Only nine participants arrived in Washington by dinner time on Friday. Icy weather for today's inaugural address at 10 a.m. with practically no audience at the start and Executive Directors drifting in one by one for the next hour. Fuses all the time. No cupboards in two of the rooms. No keys for any of the rooms. No maps for the front halls. No pigeonholes (my instructions countermanded). Notice Board far too big and had to be taken down—in fact no new board up yet. Mice. No light in library except one that is badly placed. TV late. No chess, scrabble or other diversions even now.

"Most of these difficulties were soon sorted out but others remained. The front door continued to give trouble; it would not shut or shut too noisily," he later wrote.

That's not the whole story. One participant insisted on seeing the Bank's President when he was not served morning tea. Another complained about sharing a bathroom; he had never done so, he told me, not even with his wife. They lacked feminine company. Wives had not been invited, and the only female participant was housed in the nearby 2400 Hotel. When the EDI question had come to the EDs, Roger Hop^fenhot of France thought Cairncross was "quite inhuman". He said, Alec writes in his autobiography, that "this Anglo-Saxon view of life was unrealistic and less than human."

In-house living meant a domestic staff. We had a housekeeper, who happened to be the mother of a Bank staff member, and to two helpers, one of whom remained in the

Bank for many years until she retired. All in all, it was hectic and it was fun (as I see it today).

Entertainment of a sort was available to them at 1620 Belmont: television, from time to time a party, and occasional movies (often carrying a message). One of the means EDI used to encourage interaction and discussion was a get-together five days a week from 5:30 to 7:00 p.m. at which drinks and noshes (tapas) were available. Bank staff and EDs were encouraged to attend, and some did from time to time. I participated every evening. My wife was then going to GW University, so it was easy for me to return home late.

Free drinks may seem strange to today's Bank staff. Even when I became a Department Director, however, a few years later, those of us who had offices at the Annual Meetings HQ were issued a bottle of bourbon and a bottle of scotch, to help stimulate our clients late in the day, which didn't inhibit us from using Room Service as well. In those halcyon days, I kept extra shirts and black tie in my office at the Sheraton. (I don't think I've worn such clothes since then.)

Recruitment for the first course was not a difficult task, thanks to the EDs, as I recall. Nor in later courses, as the word was spread by staff and by former participants. We made some special efforts; I visited Turkey, Greece, Tunisia and Morocco between the second and third courses. But, by and large, there were no problems. Years later, when I was a Senior Fellow at EDI, I did some more recruiting, more specifically to

promote arrangements for national and regional courses in Africa (with the ADB) and in the Philippines (with ADFIAP).

The Contents of the Course: The Curriculum

Simultaneously with housing, staff and recruitment, there was the core issue: the curriculum and how it was to be pursued. For the first six-month course, we originally (in July 1955) planned 140 seminar meetings. We cut them back to about 120 and ultimately (I believe) to 105. Each seminar lasted two-and-a-half to three hours, and were parts of 14 Courses, which (as I've already noted) were not unlike those originally suggested by Paul Rosenstein-Rodan in his 1952 proposal.

I'll focus on that first course, in January to June 1956, because we learned much from it, and we strayed from it in the second and third courses. But the first was important in EDI's start-up. In essence, Alec and John led courses on subjects they were entirely comfortable with. Alec took "The Meaning and Measurement of Development," "Market Mechanisms and Administrative Controls," "The Manufacturing Sector" and "The Power and Transport Sectors." John led the courses on "The Economics of Development", "Fiscal Policy", "The Preparation of a Development Program," and "Social Welfare", which dealt with education, health, rural and urban community development, and housing. Narayan Prasad, India's ED in the IMF and the Bank, led the course on "Monetary Policy" and Ragnar Nurske of Columbia University conducted the course on "Trade Policy". I picked up the rest: the course on "Historical Illustrations",

which concerned the beginnings of the industrial revolution in England, the U.S., Japan and the evolution of underdeveloped countries as of 1956, and the courses on "Problems of Administration" and "The Agricultural Sector." And I participated with Prasad and Cairncross in their course on "Problems of Investment and Financial Organization" (dealing, among others, with the origins and *raison d' être* of development banks). My first book on Development Banks had its origin in the "outline" of my two seminars on that subject.

A few days before each seminar, we gave the participants an "outline" of the issues to be discussed and a list of readings, some required and some additional. The readings might consist of a chapter or chapters of a book, an entire book, copies of which were available in the EDI library, copies of articles from journals (which we copied without regard to copyright law) and copies of Bank technical and economic reports. Reading some or all of the items listed was assumed in preparation for the seminar to come.

EDI

Some years ago, I gave ^{EDI} my complete collection of all the outlines for the first three courses, ~~to EDI~~. I'd like to see them again, but I'm unable to find where they now are. I'd particularly like to see the outlines I wrote for three seminars I dared to lead: "How can the national budget be used as an effective instrument of economic control?", "Under what conditions is it desirable to establish an 'autonomous' government unit?" and "Can a public enterprise be run efficiently?"

The readings, originally designed for the participants, had an afterlife for a while. In 1961, Mike Hoffman obtained the support of the Rockefeller Foundation to distribute a few hundred copies of "Selected Readings and Source Materials on Economic Development" (books, articles, and reports) to libraries around the world as "reading material relevant to their development problems." The original selection consisted of about 400 items, including 220 books, 70 articles and technical journals, and more than 100 pamphlets and unpublished items. The chosen libraries had two obligations: to provide a specific place on their shelves and to designate a person to look after the collection, and to allow access to all officials and serious students of development problems. The libraries were to be sent additional items in due course. Supplements were sent for a few years. But the purpose of the published list seems to have changed in 1966. It became a printed bibliography for the convenience of participants, a change reflected in the new subtitle of the brochure: from "A list of.....in a Small Library..." it became "A list ofRecommended as Reading Material for the Course...". In effect, it became a convenient take-it-with-you for those who, having read as much as they could during their residence in Washington, might want to read more later. I wonder how many did and I wonder what happened to the original libraries.

As I've said, we started from scratch and stressed experience and pragmatism rather than theory and generalization, and we had to keep our own experience under review. Alec, John and I met every day, and sometimes attended each other's seminars. We started the tradition of a final seminar (called Course XV at the start and Course X thereafter,) in which we asked for and discussed participants' evaluations of their EDI

experience. The result was not always pleasant to hear, especially of the first course though, when bluntly asked at the "closing" whether the EDI should be abandoned, they resoundingly said "no"! But we were sensitive—flexible—and revised as we went along. Alec reports that Gene Black was furious when he heard of the participants' reactions despite their bottomline. The key to all the subsequent revisions was: relax the living arrangements; reduce the number of seminars; cut back on the number of visiting faces, however expert and renowned they might be.

The teaching staff did not carry the full burden of "teaching"; we made substantial use of others, Bank staff members and outsiders.

A few months before EDI started up, Alec appointed a small Universities Advisory Committee to consult and advise on the curriculum and the experience as we went along. Two members later became Nobel Laureates (Simon Kuznets and Ted Schultz). The other five members were not less well known at the time: Ed Mason, Max Millikan, ^{MIT} W.A. Mackintosh of Queen's College and Robert Triffin of Yale. All of them in due course came to EDI to speak to participant gatherings or to conduct seminars. Later two more Nobel Laureates came (Jan Tinbergen and Sir Arthur Lewis).

In EDI's first course, we had 18 evening speakers, ranging from Eddie Bernstein, *Chief Economist* ^{one of its Board,} and Alex Kafka, ^{of the IMF} ~~of the IMF~~ to Chief Awolowo, Premier of the Western Region of Nigeria, to Hans Singer of the UN, to Margaret Mead the renowned anthropologist who spoke on the role of women in development, to Gabriel Hauge, the Economic Assistant to

the US President, to Max Millikan ~~and~~ and others. Also 21 day-speakers in or out of seminars, ranging from Alexander Gershenkron of Harvard to ~~M.~~ W. Lockwood Princeton's eminent Japan scholar to Ed Mason of Harvard to Triffin of Yale to Sir Arthur Lewis, whose Theory of Economic Development became an EDI textbook.

It was no doubt the prestige of Alec Cairncross that attracted outsiders of this caliber to advise, to participate in and ~~to lecture~~ ^{to lecture} at EDI.

As important to EDI's concept was the fact that the 31 Bank staff members led regular seminars. In accordance with EDI's philosophy, they dealt with concrete investment, country, and institutional issues and policies: Pieter Lieftinck on budget-making and control, Murray Ross on the Italian Cassa program, Neil Bass on Aswan High Dam, Albert Waterston on Colombia's Magdalena Valley Railway, Ray Carlson on Chile's CORFO, Dragoslav Avramovic (every year) on the then current state of the developing countries, Marty Rosen on external borrowing, et al. And the participants themselves took 11 seminars to deal with their own countries' issues.

The Institute left Washington from time to time for both relief and education: to the Safeway Distributing Center in Landover; to the Bethlehem Steel Works, then one of the world's largest, near Baltimore; to the GM factory in Wilmington; to New York to see the Stock Exchange, visit the Fed (which took us down to see the gold stores) and lunch with Bankers Trust; to the Beltsville Agricultural Research Center; to Tennessee to see TVA and the atomic energy center at Oak Ridge; to Pittsburgh to visit Carnegie

Mellon University, the Heinz Company and other institutions; in later years, to see the agriculturally rich Amish and Mennonite country in Southern Pennsylvania where many left their autos to have photos taken under the sign announcing the entrance to Intercourse, PA.

It was a rich diet, perhaps indigestible even in the best of circumstances, and arrangements at Belmont Street, though intended for the best, did not provide the best of environments. Six months of exposure to what we (and others) then thought were among the sharpest minds and best writings on development, to interaction with the staff of the World Bank which was rapidly becoming the premier actor in development assistance, to the opportunity to exchange views daily with others in similar circumstances and to useful travel to relevant agricultural, industrial, financial and scientific sites—all that was pretty heavy. Alec, John, and I met daily, as I've said, to discuss our experiences; and we maintained an on-going self-evaluation. We revised plans and programs as we went along.

In his critique of the first program, Alec was unsparing (as he had been regarding the housing arrangements) in his reports to management and to the EDs, and later in his autobiography. It was clear that we had to lighten the load, and the second and third courses were indeed lighter. We had disappointments. We were disappointed that the opportunities for interchanges of experience among the participants were rarely taken advantage of by the participants. One reason was that, by and large, they wanted to know how the U.S. Europe and Japan had "done it" and what should be done to follow their

paths. The participants sought magic bullets, from the Bank staff and lecturers, ready-made solutions to what they conceived to be their problems, usually capital-intensive bullets. Question and answer, rather than discussion, became the principal mode of intercourse; answers rather than options were wanted.

This tendency was aggravated by the mix of participants: different ages, different educations, different experiences and different levels of seniority. It was perhaps aggravated, too, by the differences in the countries they came from. Because of its size and political standing at that time, India was of interest to everyone; but Ceylon, Chile, Ghana? Why? What was to be learned in hearing about their experiences?

Adaptations were made in the second course and more in the third. Housing shifted from Belmont Street to the nearby 2400 Hotel, now the Envoy Apartments, where I hope there remains in the ground-floor lounge the bronze plaque to Thomas Masaryk who lived there in World War I, until Czechoslovakia became a Republic in 1918 and he, its first President. In due course residences were also arranged at the Roosevelt Hotel, also within easy range, now a decrepit and abandoned residential hotel. (And the food allowance was raised, I think from \$6 to \$6.50 per day!) I should add that the Meridian Hill Park, just a block from the EDI, and from its residential hotels, was then a lovely site, where free concerts were given in summer time. (I'm told it has been revived.)

Changes and additions were also made in the full time "teaching" staff. Mike Hoffman replaced Alec as Director. K.S. Krishnaswamy joined us from the Reserve

Bank of India; later he became EDI's fourth Director. Javier Marques, Director of CEMLA, took a course. Jan Tinbergen spent a week at EDI and George Garvey of the New York Fed took most of the course on money and banking. At the end of the second course, Ben King replaced (both would say that's not the right word, and I agree) John Adler who returned to the Bank proper. And Albert Waterston, who had contributed to EDI from the start, came in full-time when I left at the end of the third course.

One of our disappointments was that EDI did not produce the publications Alec had envisaged. My book on Development Banks was the first in 1957. It was followed by Jan Tinbergen's classic Design for Development in 1958. Mine had its origin in EDI itself: it started as an outline for a pair of seminars. Tinbergen's had been commissioned by Leonard Rist, Director of the Economic Staff in 1955, before EDI started up. Nothing else was published for some years until Albert Waterston's Development Planning: Lessons of Experience in 1965. His work on planning was begun while he was EDI, but his ideas were developed and the book written after he rejoined the Bank staff. Today, of course, EDI is a major publisher.

The Participants

How did they fare?

As I've said before, they were a mixed bag at the start, and I guess later, too. Some of them sank quickly from sight, at least from this distance. Others went on to

eminent careers in their countries and beyond. Some I've lost track of; others I've continued to be in touch with to this day, including one in today's Belgrade, by phone.

I don't recall how the first participants were chosen, though I must have played a part in the process. They were supposed to be senior policy officers of their government or destined soon to be. Not all were. Two (from Jordan and from Honduras) withdrew from the course early on because they were appointed ministers. For others, anointment came later. Sunthorn Hongadorom of Thailand, who when he came was Secretary General of Thailand's National Economic Council, became Secretary-General of SEATO, Minister of Finance, Chairman of the Bank's Board of Governor's one year, and Ambassador to the U.S. Chief Udoji ^{came from} ~~of~~ Nigeria and, ~~then~~ when the Eastern Region broke away, he became Finance Secretary of the new government. He managed to flee to Nairobi in the revolution of 196____, survived a heart attack and returned in due course to become head of the Nigerian Tobacco Company and a member of the National Constituent Assembly. I last saw him in 198____. Hisashige Hirose was grievously wounded in the JAL crash in Moscow in 19____, and ultimately died there. During his EDI period, I remember his standing silently before a bullet-ridden Japanese flag in glass-enclosed frame at the Naval Academy in Annapolis, while the rest of us moved on. When I went back for him, I learned that he had been on a Japanese warship hit in the Pacific. His wife, a Japanese born in Brooklyn, and I continue even now to correspond.

Jorge Espinosa, after a distinguished career in the Mexican civil service, became Ambassador to Washington. Jose Cardenas became head of Ecuador's Central Bank,

worked for some time at the InterAmerican Bank and, incidentally, translated and published a Spanish version of my Development Banks. Sidney Jantz played a key role in the Central Bank of Ceylon.

Two stories about In Sang Song, with whom I am still in contact. When he returned to Korea after ^{his} EDI course, Syngman Rhee asked him to prepare a development program and named him Minister of Reconstruction. A year-and-a-half later, Rhee told him to finance it, and Song was named Minister of Finance. When Syngman Rhee was overthrown, Song went to jail, as did other cabinet members. There he languished for three years, during which I sent him books on golfing, which was his passion. Later on, John Adler, when he visited Song after his release, told me that Song had said: "I've spent six years in the service of the state: three years as a minister and three as a jailbird." Though I've remained in touch with Song over the years, I've never asked him about the authenticity of John Adler's story. I'm afraid he'll deny it, and I'll lose a good story.

And there's Augustin Papic of the third course, a Bosnian, though I didn't know it then. I was naïve enough, apparently, to think a Yugoslav was a Yugoslav. When he came to EDI, Augustin was General Manager of the Yugoslav Investment Bank. A few months afterwards, when my wife and I were on holiday in Yugoslavia, Augustin gave us a car and chauffeur (among whose accomplishments was fluency in Esperanto!). We drove through Dubrovnik (where we saw Hamlet on the ancient battlements), Kotor, Milocer and Svati Stefan, Mostar, Sarajevo, Belgrade and thereafter Zagreb and

Lublyana, names all fiercely brought to mind in recent months. In due course, Augustin became Ambassador to GATT in Geneva and to Egypt, a member of the Yugoslav Federal Assembly, and Bosnia's representative in the former Yugoslav Presidency. Today he lives in uneasy retirement in Belgrade, in the same house in which he lived when he came to the EDI. I've been calling him every Christmas Eve for many years, and more recently we've spoken weekly.

I recently found at home the draft "extended outline" of a lecture he gave in EDI in 1962, when he was an alternate ED of the Bank. While he would no doubt revise some of the things he wrote then, I find it surprisingly contemporary, considering it was written 37 years ago.

It's an oddity that Augustin became friendly with F. Y. Liu of the Chinese Finance Ministry in Taiwan. They were miles apart in every way. I have a photo of Lui astride a cannon in Gettysburg National Park, which is labeled "General R.E. Liu". I last saw Liu in 1987 in the Finance Ministry in Taiwan, and last heard from him in South Africa where his son-in-law was a Taiwanese representative/ambassador.

Mozaffar Ahmad was a participant in that same third course. Trained in England and in Pakistan in the British Colonial Service, Mozaffar was then Finance Secretary of West Pakistan. After his return to Islamabad, he continued to hold key posts, and played a significant role in the drama of the creation of Bangladesh. In the 80s he was an Executive Director of the World Bank and then became Executive Secretary of the Development Committee. He was, and is widely respected in the Bank Group. His main

activity now is with the Ahmadiyya Muslim Community in the United States. His grandfather was its founder and his uncles have been its subsequent leaders since it was established in 189___; and Mozaffar was for some years its head in the United States.

Shinichiro Shimojo still writes to me. He has now retired as a member of the Japanese Upper House. ~~Siew Hong Choi of Malaysia went up~~ *was a senior officer in the Malaysian civil service.* ~~(to what?)~~ Sam Oti *Civil Service* had a distinguished ~~career in East Nigeria~~ *was its representative* and at the U.N., until he died of a heart attack, *too early.*

There were also some members of the British Colonial Service, working, in Ghana, Uganda and Tanganyika (before it became Tanzania): Craig Donald, Colin Hill, Bill Bell, Hamish Miller-Craig. As I knew them, way back then, I can believe they played a part in training/coaching the senior staff of Tanganyika/Uganda/Ghana for the roles they would soon play.

A word about Hamish. He had originally arrived in Accra in the days when arrival and departure was by the surf port, before today's port of Tema was established (in part with Bank funds). I visited the surf port later; it was an exciting site. Few Ghanaians remember it now. When Hamish came, his Ghanaian wife soon followed and she decided to use her time here by learning about beauty salons. When she returned to Accra she established Accra's first beauty parlor, called Beautyrama, which in due course branched out in Ghana. Years later I visited Beautyrama and her family. I've now no idea what happened to either of the Miller-Craigs.

There are no doubt stories worth telling about other participants in my years, whom I've lost track of.

In his report to the Executive Directors at the end of EDI's first course, Alec wrote that, despite the discomfort and pressure, "The participants were unanimous that the course had served a useful purpose and should continue." He thought they had gone home wiser than when they had arrived. Looking back now, after more than 40 years, I'd like to think that, in accordance with the Hippocratic oath (an oath which I commend to all Bank personnel), we did them no harm. And it's possible that their stay at EDI enhanced whatever potential they had. I'd settle for that. And, if they learned as much from the courses as I did, that would be even better.

A Few Reflections

The three years I spent in EDI were among the high points of my years at the Bank. One reason is that it was a tremendous learning experience for me. Nowhere else, I think, would it have been possible at that time to pack in so extensive an exposure to both cutting-edge thinking and on-the-ground experience. No less important was the fact that we were doing something for the first time that had not been done before or elsewhere. Alec called the first course an "experiment." It was! Our team started from scratch, devising a curriculum, organizing courses, choosing related illustrative reading material, seeking to combine what was then known about "economic development" with what was then believed to be the main problems of "underdevelopment" (pace!), and trying to do this in a "learning community". It was being in at the creation of something I

considered important. I had the same feeling in participating in the start-up of EDI as I had had 10 years before when I joined the staff of the Bank, just as it was getting started. Whatever later analyses may show of EDI's outcomes and impacts, and whatever the experience of those first years may look like with 40-odd years of hindsight, being part of EDI in those creative, if primitive years was a memorable experience.

The renaming of EDI does not represent a real change. It is rather an acknowledgement of a succession of changes that have taken place over many years, both in the Bank and in EDI itself. Neither the Bank nor EDI is what it used to be. They could not have stayed the same over almost half a century and still remained relevant and useful, if indeed they would have survived at all. After five years EDI's exclusive concentration on six-month course on "General Development", which meant policy formulation and top economic management, was diluted by, and in due course gave way to shorter courses on sector programs and project formulation and appraisal. The EDI also began to conduct courses in French and Spanish, and began to sponsor or co-sponsor national and regional courses in the developing countries, in addition to those in Washington. In the 80s, "training trainers" and upgrading training institutions, short senior policy-related seminars and the production of training materials became the priorities. These and other changes reflected adjustments in the orientation and priorities of the Bank itself and the tighter integration of EDI into the Bank. Only last year occurred what may be the first revolutionary change: EDI, created for member country officials and their staff, took over the Leadership and Learning Center, the Bank's program for training its own staff.

Perhaps the change in name also reflects the fact that “economic development” has ceased to be an explicit priority of the World Bank. It never was an end in itself—not even in the “old” Bank—but it was considered a crucial means to an end. Maybe that was philosophically a somewhat Marxist view, starting with the economic infrastructure and building up the superstructure; but in the pragmatic Bank, it was a market-oriented view. As the Bank’s membership grew and IDA became an increasingly vital part of its work, the agenda grew—maybe not so much because of considered priorities, as because the governing structure of the Group responded better to accretion than to selection.

EDI’s expansion at home and abroad had its costs, certainly financial costs. The FY57 budget, the first full teaching-year, was \$224,000; the FY98 budget amounted to \$73.5 million. Staff has probably grown comparably in the same period. The expansion no doubt had other costs as well. The workload on EDI grew from 1 1/2 courses in 1956 to 402 “training courses and seminars” in FY98 plus 315 “other training activities.” The growth in training burden led management as early as 1964 to call on Ed Mason of Harvard, one of the Bank’s long-time advisors, to evaluate EDI. He gave EDI a good grade. He suggested, however, “there is evidence that the expansion of EDI has brought with it some deterioration in quality.” He thought the staff was too busy to give course preparation the time it needed and case studies, which figured prominently in EDI seminars, were not as well done as they should be.

A few years later, Mason and Asher opined that “by the mid-1960s...the average quality of the teaching staff had deteriorated by comparison with that of the early halcyon days of the institute. With rare exceptions, teaching stints at the EDI did not become highly prized positions of a Bank official career, nor was an occasional lecture at EDI a high priority activity for officials in operational jobs [nor, it might be added, for Bank management]...Opportunities to reflect on one’s experience and to put reflections on paper were lacking. More time is now available for writing, but this has not resulted in more writing either of case studies and materials particularly suitable for EDI use, or of more academic and theoretical research on the development process.”

The fading of the vision of Rodan, Demuth and especially of Cairncross reflected changes in the Bank itself, including the emergence of economic studies, both general and sectoral, as an important part of the Bank's operations. It reflected also a sharp change in the attitude of management towards EDI, after the strong support given by Black and Garner.

When EDI started up, “planning” was in the air. In one sense or another, including command planning, it was dominant in the thinking of many countries; and control of the “commanding heights” was the civic religion of some. India played a significant role in early Bank thinking and operations at the very time when P.C. Mahalanobis was India’s economic guru. In those first years, many participants came to EDI with the wish, if not the official mandate, to learn the secrets of planning and to bring a plan home. It was no accident that some of us, in those days, used to joke that

every new country wants a plan, including a national steel mill, a national airline and a national development bank.

While far from taking up the fashion, neither the Bank nor the EDI could entirely escape it. TVA and its head David Lilienthal played a significant role at various moments in Bank history. In 1950 Feliks Bochenski and I wrote for an American journal an extensive article on "TVAs in the Middle East," which was later published in Arabic in Egypt and German in Germany. For some years the Bank sponsored and lobbied for the creation of autonomous state-owned utilities, ports, railways and the like in connection with its loans. I was the Senior Loan Officer (somewhat akin to today's manager") in some of those cases and the New York Port Authority's Director Austin Tobin was one of our consultants and EDI visitors. I led seminars in EDI on state enterprises; and, during visits to New York, EDI spent half a day at the Port of New York Authority.

This did not represent Alec's view of the world. In his inaugural address to the Second Course, he said:

When we drew up our first curriculum we were at some pains not to employ in it the word "planning" since we wanted to avoid misunderstanding, and few words are so productive of it. We have now decided, however, that it will be easier for you to catch the drift of the course if we make development plans our point of departure, and go on to show that, while there are many different kinds of development, all of them require an understanding of fiscal policy and monetary policy and all the other constituent parts of the present course....[A]lthough we shall talk a great deal about planning, the course is still not intended as a training in planning but it is more adequately described as

a review of economic policy for those whose task it is to frame and administer it.

Alec's personal message, which dominated the seminars in his time and was picked up, restated and re-enforced by his successors and in subsequent courses, was "get the prices right" and focus on "the market mechanism". His view of planning made much of uncertainty and unintended consequences. Alec and Mary may have illustrated both principles when, "by a planning error but a thoroughly benign one" (as a sibling has written), they conceived a fifth child, second daughter, shortly after their return home. We hoped they would name her Edi; but they called her Elizabeth instead. In any event, they managed the situation well—and so has Elizabeth.

At the ceremonial close of the first course, which took place ~~on Dick Demuth~~ *at a garden party,*
~~spacious patio,~~ I parodied the wishes of the participants and the attitude of their
 "professors." Stanza XVII of the XXII stanzas of the new libretto I wrote to the melody
 of "The Battle Hymn of the Republic" reads as follows

The whole wide world is waiting for this elite to get back
 To put their nations' leaders on the economic track
 And lift their populations out of history's cul-de-sac,
 With an economic plan

Glory, glory, hallelujah
 etc.
 With an economic plan.

In an article on the EDI which the New York Times ran in early 1985, it printed Stanza I and called it the "unofficial school song."

Perhaps more to the point, were some stanzas to the melody of "My Darling Clementine". Its stanza V, "plaint" of participants, includes;

Help me raise my nash-nal income.
 Help me to industrialize.
 Help me to diversify-y.
 Tell me what you would advise.

Oh professors, oh professors,
 Oh professors, sympathize,
 Tell me 'fore I go back ho-ome,
 Tell me what you would advise.

And the answering "plea" of the professors includes:

Keep the mar-ket mech-an-is-um,
 Do not in-ter-fere too much.
 Life is not a syl-lo-gis-um.
 Stay out of the planner's clutch.

Oh par-tic'-pants, oh par-tic'-pants,
 Oh par-tic'-pants, give your ear:
 Shun the e-vils of in-fla-tion
 And there's naught you'll have to fear.

I must add the chorus of my version of "Ol Man River".

Ol' man 'flation, dat ol' man 'flation,
 He ru-ins plan-in' an' wors-ens liv-in',
 He just comes creep-in',
 He comes on creep-in' a-long.

The full texts of these "songs" are available to qualified readers, but not by e-mail.

June 9, 1999