THE WORLD BANK GROUP ARCHIVES

ORAL HISTORY PROGRAM

Transcript of an interview with

GEORGES R. DELAUME

May 10 and 17, 2004

Arlington, Virginia

Interviewed by: Dr. Robert P. GRATHWOL

Georges R. Delaume
May 10 & 17, 2004 - Original
GRATHWOL: This is an interview with Georges R. Delaume, recorded on May 10, 2004, at his home in Arlington, Virginia. The interviewer is Robert P. Grathwol, interviewing for the World Bank Oral History Program. This is tape one, side one.

Let's begin this morning, Monsieur Delaume, with a question about --

DELAUME: You can call me Georges.

GRATHWOL: All right, I will do that. And you may call me Bob. Start with your family background -- where and when you were born and what was your early family life and education to the point that you were prepared -- education and professional experience -- to the point that you were prepared to leave France and come to the United States.

DELAUME: I was born on October 11, 1921, at 2:00 p.m. local time. My parents always said I was slow. [Laughter]. Of course, I was educated in France in mostly public school.

GRATHWOL: One of the first sentences I learned in French was: Flanner, c'est la plus jolie chose du monde.

DELAUME: Especiallement si il-y-a une jolie fille dans la rue. [Laughter].

GRATHWOL: I will let the transcriber wrestle with that. [Laughter].

DELAUME: I joined the law school in 1939, at the very beginning of World War II.
GRATHWOL: Which law school was this?

DELAUME: The Faculté de Droit, Paris University. There is no private university education in France. The reason I joined the law school was not to become a lawyer. It was one way to get through to the French Navy. As my eyesight was not terribly good and my mathematics were not at par, I had discovered that there was one way to join the administrative side to the navy and see the world. For that you needed a law degree. That’s why I joined the law school.

1940 came. I was with my parents. We left Paris in June ahead of the Germans. We ended up pushing a little cart and three suitcases and the winter coats which we had taken with us. I pushed that little cart on the French roads for about 200 kilometers, just ahead of the Germans, in the hope of crossing the Loire. We did cross the Loire, but the Germans caught up with us and sent us back to Paris by truck.

That’s when I met a professor who took an interest in about four or five students. He started pushing me and preparing me. In fact, his objective was to make me a professor of law at some point. I studied hard. However, I had to stop attending school because the Germans started conscripting us for labor. I didn’t join. I went underground. I had to hide for the last 11 months before the liberation.

In 1944 came the liberation. The law school reopened. I rejoined. I managed to get all my diplomas; I became a doctor of law and prepared for professorship. That’s what I wanted to do.

As luck would have it, I met in 1944 another French professor. He was also a comparativist, which didn’t ingratiate him with his colleagues who were so enthused with talking about the Napoleonic Code. He was talking about English law, about German law, about Russian law, about a lot of things. It sounded fascinating to me. He sent me on a scholarship to Cambridge University, and I discovered the world.

GRATHWOL: This was what year?

DELAUME: That was in 1945.

GRATHWOL: After the war.


GRATHWOL: Wonderful opportunity for you.

DELAUME: Oh, it was. It was. I was shocked when I first saw London. I don’t know, maybe you make me reminisce on other things. London suffered so much more than we had in Paris.
Paris was almost untouched. London was really horrible to look at -- splendid but horrible to see what had happened.

Then in 1946 I got a scholarship and went to Cambridge for two months. I refused to see any French students and immersed myself in English company.

GRATHWOL: Very important decision not to cohere with your countrymen.

DELAUME: Oh, yes. Absolutely. I repeated that experience twice, thanks to my professor -- his name was René David. I immersed myself in an English environment and managed to acquire an English pronunciation, which I lost in Washington.

My coming here was a matter of luck. There was a French professor working in the Monetary Fund, in the Legal Department, who was going to go back to teach in France. At that time, I was teaching, but not as a full-fledged professor; I was assistant. René David, the same, told me, "Georges, you have the opportunity of your lifetime. You take his place in the [International] Monetary Fund, you stay three years, write a book, and come back enriched with an American experience. Go!" I accepted, I came, I stayed my three years in the Fund. After a year, I realized the Fund was not my cup of tea.

GRATHWOL: What were the reasons for that?

DELAUME: The reason for that is that I am a private international lawyer. I like negotiating international contracts and litigation. I didn’t know anything about monetary law. Besides which, at that time the Monetary Fund was dead. The Articles of Agreement of the Fund had been violated by the French, the British, the U.S., and the imposition of sanctions on Korea without the Fund’s approval. So I became somewhat cynical about the type of organization I was working for.

Then again, that piece of luck. There was a French lawyer in the Legal Department of the Bank who had decided to go back to Paris. The Bank approached me to see whether I was interested to join. I accepted. And then it was a discovery which changed, again, my life completely, because I discovered untapped resources in the form of primary material from contracts. The Bank was very involved with New York City in portfolio to American banks or insurance company or whatever it was. So I went along with an American lawyer, with Mr. Nurick, Lester Nurick.

GRATHWOL: Yes, Lester Nurick.

DELAUME: David[son] Sommers was at the time the general counsel. [Aron] Broches was his assistant. It was a very congenial, small department. I remember when I transferred to the Bank, the department increased to 14 lawyers while the Fund decreased from 14 to 13. That’s unbelievable today! Also unbelievable was the fact that the Fund and the Bank were housed in
one single building, because I think the Fund was about 450 people and the Bank 430. That was the 1818 H [Street], which has gone.

GRATHWOL: The address is still there on a new building.

DELAUME: The address is still there, but I remember when I made my move from the fifth floor (Fund) to the eleventh floor (Bank), the fifth floor faced Pennsylvania Avenue and the eleventh floor was on the back. The first week I couldn't take my eyes from National Airport -- all these planes landing and taking off. [Laughter]. But you cannot see that now because it's all built up. Washington was also a completely different place from what it is today. It was small. I remember the streetcars. I lived on Wisconsin Avenue and W Street. I rented a place there. The streetcars had to stop at the bottom of Wisconsin, to change from the ground track to the "perch." I just couldn't believe it. The capital of the greatest nation in the world still had streetcars, which had disappeared from Paris in the '30s.

In the early '50s, the whole area around the Bank was lived in, mostly in Victorian houses. So it was really pleasant. Lunch was $1, or $1.10 with ice cream. You had all you wanted around, all kinds of restaurants, all kinds of cafeterias. There was also a real cohesion in the Bank's staff, which, of course, has disappeared with the growth. But at that time, everybody knew everybody. It was very, very pleasant.

GRATHWOL: So you moved really for a different professional challenge from IMF to the Bank.

DELAUME: Then I discovered a new field of research. I had been recruited because of my background. I had already written books at that time in English and French, and I started writing articles about international lending. They were published in American law reviews. I also published a book on international lending.

The background is important because it's not much in there. This is a -- I am a typical example of someone who really switched completely direction when I was in my late twenties -- and then stuck to it. The professor in me found satisfaction later on when, in addition to my publications, my work at the Bank -- I will come to that, of course -- I taught at George Washington University for 20 years.

GRATHWOL: Let me ask you a question about your family before we go on to the work at the Bank. Were you an only child?

DELAUME: Yes. So my going to the United States was a hard decision.

GRATHWOL: I can imagine. But you said you never -- in a phone conversation you said to me you never intended to stay particularly.
DELAUME: No. I intended to stay three years, write a book, and go back and resume teaching. But after three years of American law -- I took a master's degree at GW myself at that time -- I said, "No, I cannot. Something is broken there." I went back, of course, on home leave, with my family.

GRATHWOL: You mentioned your family. When did you marry?

DELAUME: I married in 1952.

GRATHWOL: So after you had --

DELAUME: My first wife. I got divorced later on. I had two kids, one boy and one girl. After that I decided time to quit.

GRATHWOL: A nice balance.

DELAUME: A nice balance. They were two years apart. Then there came the problem of education, which is, of course, a very important aspect of life in Washington, because the public schools in DC were not really appealing. Private schools -- they were few and 100 percent American. So people like us who didn't know whether they would stay or at some point, especially because of education, go back, or have the children trained at least in your system, it was hard.

So we tried at one point, and I was very involved for the creation of an international school in Washington, patterned after the model of the European schools. That was supposed to give the kids attending those schools the equivalent diploma and admission to European universities, as well as American. We spent -- oh, I spent about a year, I think, working on that project, in addition to my work. The Bank was really encouraging and no objection at all. The French were mad at me. They had a vested interest in a French school here. They were unsure that their kids would get the best show. With the international school, they may have to compete. So I was not really in favor at the embassy, especially as it was the utmost point of the Gaullisme, so I was immediately regarded somewhat as an Américain.

GRATHWOL: The Americans have a phrase for expatriates whom they describe as having "gone native."

DELAUME: Yes.

GRATHWOL: I'm sure you heard that as well.

DELAUME: Of course. That project did not materialize.

GRATHWOL: Let's go back to the Bank and your joining the Bank. You found a rich field for your own research, but the Bank was also using you to dig into things, apparently.
DELAUME: Yes. My first memoranda actually were memoranda on legal, international legal, monetary problems. Then I started -- that was a time where we started lending to Africa but not to Africa itself, because they were dependent territories of the Europeans. So we lent to Belgium, to France, and that's the way my first loan started there. Originally I learned how to draft some agreements and all that with Mr. Nurick. I had to explain to him a number of aspects of French public institutions and administrative law. That was my initiation to lending -- research from my personal assignments.

After, I think, a couple of years in the Bank where I had continued writing, I was given my first assignment, I think in '55, in connection with a loan to Lebanon, which was a discovery. I had never traveled to that part of the world. I never forgot that first mission because of the treasure of civilization you have there, and there are the Phoenician, and then there is the Greek, and there are the Romans. And the Crusaders using the same stones. I never forgot that picture of Byblos, when I saw Roman columns used by the Crusaders as beams. So, that was my first loan.

After that, I started getting in operations in the Belgian Trust Territory of Rwanda, Burundi.

GRATHWOL: Belgian, pardon?

DELAUME: Trust territory. Then I worked on other French-speaking countries from Dakar [Senegal] to Zaire for a period of about 20 years. It was not a panacea, because the climate was like Washington in the summer -- hot and humid -- and the conditions at the time were relatively poor -- hotels, restaurants. You had to be extremely careful with what you ate, what you drank.

[End Tape 1, Side A]
[Begin Tape 1, Side B]

GRATHWOL: This is May 10th, interview with Georges Delaume, side two, tape one.

GRATHWOL: You were talking about brushing your teeth. You had to use Evian? You couldn't use the local water?

DELAUME: Yes. No, we couldn't use the local water. We couldn't eat anything open. You could eat banana. You could eat anything you open yourself. But anything open, the flies had been on it. It was not the ideal location, but the people were very nice.

After Africa, or during, I went also to Haiti. That was another discovery, because it's very different from Africa. Africa was not that poor. The other thing I discovered in Haiti, for the first time in my life, and this was the colors used by Paul Gauguin in his paintings. Before that, I did not like Gauguin. I found it completely artificial. After Haiti, I said, "Oh." Since I am a little of a painter, I just appreciated -- that's an aside. What is important is that I had never seen (nor have I since) that type of poverty which existed in Haiti.
Direct me wherever you want, because I can go on and on like an old man.

GRATHWOL: I want to go back to the point at which you joined the Bank. You said it was a congenial group of lawyers.

DELAUME: Yes.

GRATHWOL: You were in your early thirties.

DELAUME: Yes.

GRATHWOL: Where did you fit chronologically and socially within that group? Fourteen people -- you probably knew everyone.

DELAUME: Of course, we knew everyone. This was a group with a few senior, but mostly young in their early thirties. It was a congenial group. A lot of us really discovered the Bank. The Bank was tiny itself. The first thing that Mr. [Eugene R.] Black did successfully was to issue bonds in the New York market. That was the primary function of the Bank. The lending was relatively small. When we started lending, as I said, most at first we were lending to Europe for reconstruction, and then European colonies at the time, and a few loans to Latin America, where we had a Cuban lawyer, you may interview, Mr. [Leopoldo] Cancio.

But the Bank was really a very small operation. Lots of things we were trying to solve concerned the construction of the articles of agreement, to make them more flexible. So it was more like: "What can we do with this machinery we have been given?" That was challenging in many aspects, because you innovated.

GRATHWOL: When you came on in '54, were the discussions for the creation of the International Financial Corporation already underway?

DELAUME: No.

GRATHWOL: Were you involved in those?

DELAUME: No. Well, I became slightly involved, like all of us. But I never wanted to leave the Bank, and the IFC was something -- besides, there were some personal hurt feelings, let's say, for certain lawyers who left the Bank for the branch.

GRATHWOL: Oh, you mean they were looked on as having abandoned ship?

DELAUME: Exactly. And not that I'll mention names. But there was some tension there. That was a period when I was perfectly happy in the Bank. I was traveling, not always to the best of places, but I was writing. I wrote now on financial matters. I had all the Bank files at my disposal. For the first time in my life, instead of writing about cases, I wrote about real life, real
contract negotiations and the pitfalls of international lending. After ten years, I managed to publish a book under the auspices of Columbia University. It was called *Legal Aspects of International Lending and European Development Financing*. It was well received and I was pleased when Mr. [Ibrahim F. I.] Shihata, after he became General Counsel [October 1982], showed me a copy that he had used in his class at the University of Cairo, Egypt.

So I had both intellectual satisfaction and practical happiness, let's say, with a job which was challenging, because we were growing. Imagine at the time, the Bank was about 400 people, a bit less than the Fund. Until Mr. [Robert S.] McNamara came, we had grown from 400 to 700.

**GRATHWOL:** So still an intimate group.

**DELAUME:** It was an intimate group. It was a functional group. It was a cohesive group, because people had a lot of training in common. The great advantage of the Bank at the time, its great strength, was the so-called working party. You had people who worked with each other for years -- the engineer, the lawyer, the treasurer, and the loan officer. These were the same people who went to the same places. Now, either you hated each other or else you really made good friends, which was my luck.

**GRATHWOL:** Yes. So the working groups focused on a particular problem or project to work it through.

**DELAUME:** The working group focused on a specific project in individual countries. Because of the linguistics, you had, in my case, French-English working group. My loan officer was a great friend. He was an Englishman who spoke perfect French. The engineer was an American who had some French. And we continued working with the local people. They knew us. Later on, I remember when I retired from the active part of the Bank to join ICSID [International Centre for the Settlement of Investment Disputes], which is another turn of events. I remember talking to [an] African who knew me, and he said, “Monsieur Delaume, the tragedy of the Bank is that they send us people who don’t know what they’re talking about. Each time they make me waste my time, because each time I have to make their education, explain to them the local conditions and what was needed. Remember when you came? We shook hands and then we went to work.” That had been -- the Bank was a bank until McNamara came. It had grown from 400 to 700 in that period. After McNamara came the growth reached thousands in a few years. That destroyed the Bank and transformed it as an aid institution. I’m speaking my mind.

**GRATHWOL:** That’s what we want you to do, certainly.

**DELAUME:** McNamara destroyed the spirit of cohesion which we had. He believed only in machines. You win the war on poverty as you win the Vietnamese War, with so many millions of dollars and so many bombs. His mind was like that. In the space of two years, I think -- you can check all this in the record -- but I estimate, he more than doubled the Bank.

**GRATHWOL:** In terms of personnel.

*Georges R. Delaume*  
*May 10 & 17, 2004 – Final Edited*
DELAUME: In terms of personnel. We were -- that was the period where we had to diversify also the staff, so we went recruiting a French-speaking secretary in, God knows, some Pacific island or some place. Just absurdity -- to us. He had his reasons, but nobody of the old-timers understood -- and some of them started to leave. Those who stayed, like I did, because then I was caught with a familiar problem - growing children, who had to decide whether to become American or European. I had offers, which I considered seriously, from French law firms, old friends. I declined. But nevertheless, it was a big change in our life.

GRATHWOL: I would have thought at that point you might have gotten offers from American law schools as well. Were you interested in that at all?

DELAUME: Not full-time. I loved teaching, and I taught at George Washington after work for 22 or 23 years. I enjoyed the contact with the students. Later on, when I was even considering retirement, maybe at the age of 55, 60, I got some offers which were very tempting from universities in California. However, my first wife didn’t want to move. That was something else. It didn’t materialize. So I stayed with the Bank.

But then I was lucky to be involved in the new ICSID, the arbitration center.

GRATHWOL: We certainly want to talk about that, but I want to go back a little bit to talk about, again, the atmosphere in the Bank when you got there. How conscious were you of -- you mentioned the loans in New York, Black generating funds from the New York banking community. There was some tension with the Export/Import Bank, which I can’t date but perhaps you can. Was that something you were aware of?

DELAUME: I was aware of it, but I was not really involved.

GRATHWOL: You were not directly involved in any way.

DELAUME: No.

GRATHWOL: What about some of the big issues like the Indus water negotiations, the Aswan Dam?

DELAUME: I was not involved in those, but we were quite aware of what was going on.

GRATHWOL: Your focus was really the French colonial --

DELAUME: French-speaking countries, because you had Lebanon, for example. But it was mostly the French-speaking and, originally, of course, loans to Belgium and France and soon thereafter their African colonies. So essentially my bit was -- a lot had to do with Africa, French-speaking Africa.
GRATHWOL: You were involved in Tunisia apparently.

DELAUME: Oh, Tunisia, yes. Tunisia I loved. Today it is unfortunately spoiled, thanks to the Bank.

GRATHWOL: Oh? How do you mean that?

DELAUME: Well, the first mission to Tunisia goes back to the early '70s. We were considering financing tourism. That was a new line of business for the Bank. Before that we were essentially concerned with infrastructure financing -- railway, bridges, ports, dams. I remember my first day in Tunisia on a pristine Mediterranean beach, which had only a small hotel. The food was excellent, the people were delightful, and you had the Méditerranée at your feet, literally. I took my second wife there after my retirement, as I was invited to teach. So I taught for a month or two in Tunis. Then we went to the same beach. The Tunisians had put us in a superb hotel, a superb view. We saw that the swimming pool down below was crowded, but next to it there was one which was not. So we crossed over. We didn’t realize it was a different pool in an adjacent hotel. That’s what we have lost.

GRATHWOL: So the loan for tourism was over-successful.

DELAUME: Over-successful. But the Tunisians made a mistake. They bet, and they succeeded, on the cheap tourism.

GRATHWOL: The low end.

DELAUME: Paid vacations. The Moroccans bet on the expensive tourism, and it succeeded much better.

GRATHWOL: That’s very interesting.

DELAUME: They didn’t spoil their country completely, and they got the big bucks instead of the small factory worker paid vacation.

GRATHWOL: Let’s go back to ICSID then, which is the --

DELAUME: Arbitration.

GRATHWOL: -- International Centre for the Settlement of Investment Disputes. I have trouble getting it all in the right order.

DELAUME: It’s a long title!

GRATHWOL: How did you get involved in ICSID, in its development?
DELAUME: Because Mr. Broches, who was general counsel at the time, didn't get too well along with McNamara. He decided to create something else where he could maybe one day retire. [Laughter]. Seriously, he also believed that there was no real international center for the settlement of disputes between investors and states. Those at the time were arbitrated under the auspices of the International Chamber of Commerce (ICC) in Paris, which is a private institution. Some went to the American Arbitration Association (AAA) in New York. But they were all going to private arbitration or ad hoc arbitration with famous professors not necessarily familiar with investment disputes. It was not satisfactory.

So, Broches conceived of this international organization which would offer neutral people and facilities to all member countries which wanted to litigate disputes with foreign investors. It didn't succeed at first. It was a total calamity originally. Everybody was actually laughing at it in the Bank. They all said -- "ICSID, well, you do nothing!" With Mr. [Heribert] Golsong [General Counsel 1980-82] and Mr. Shihata [General Counsel 1982-1998], the next Secretaries General, we embarked on a propaganda campaign to make ICSID known to the general public. It was a start. When I left, it had a few cases, not very many, but some were very important. Then all of sudden it took off in the late '80s, '90s.

GRATHWOL: That long? When you said "when I left," you mean when you retired in '86?

DELAUME: When I retired.

GRATHWOL: It was still struggling.

DELAUME: It was still struggling.

GRATHWOL: That's very interesting.

DELAUME: Struggling.

GRATHWOL: Because it was created in 1966, so 20 years of struggle without --

DELAUME: Yes. But originally, they were begging for cases. Cases didn't come.

GRATHWOL: They were still going to the private arbiters and settlements.

DELAUME: Yes. The governments had absolutely no confidence in ICSID. The Latin American countries stayed completely away, because they hated arbitration anyway, and felt that ICSID was too close to the American government. So they refused to join. This was exemplified at the Bank's annual meeting in Tokyo -- I forgot the year -- when the Latin Americans all joined together to oppose it. It was known as "El No de Tokyo." Politically I think it was that they couldn't do it. Now they have joined and are involved in lots of cases.
GRATHWOL: I may be confusing it with either the IDA [International Development Association] or IFC, but my impression is that initially a number of African countries, former colonial countries or countries in transition, did join ICSID early on.

DELAUME: Yes. They were pushed by the French.

GRATHWOL: I see. That was the influential measure.

DELAUME: They were. They themselves, I think, were a bit disappointed with private commercial arbitration, which had led to some famous awards rendered against state parties.

GRATHWOL: So they felt they had more chance.

DELAUME: They had more chance with this new institution.

GRATHWOL: A balanced decision with the new organization.

DELAUME: Exactly, which ICSID is. It is perfectly well balanced. Conceptually it was a very good idea.

GRATHWOL: To what extent were you involved in drawing up the articles of incorporation?

DELAUME: I was involved, especially at the last minute when we had the international conference here to draft the convention. I think that for at least three weeks I hardly saw my family because I was attending the daily sessions and also a member of a drafting committee which met in the evening to write the text in three languages – English, French, and Spanish – of the articles adopted during the day. So it was hard.

GRATHWOL: I can imagine. Who was in that group working with you?

DELAUME: Oh, I forgot the others. Mr. Cancio one.

GRATHWOL: Cancio was still there.

DELAUME: Cancio was still there. The other ones I forgot. There was a Frenchman, who was not terribly helpful, the French alternate executive director, [Jean] Malaplate, I think.

GRATHWOL: Malaplate?

DELAUME: I think so. Check that name.

GRATHWOL: I will look it up.

Georges R. Delaume
May 10 & 17, 2004 – Final Edited
DELAUME: He loved to write poems. He wrote poems about his colleagues when he was bored sometimes during the meetings. [Laughter].

GRATHWOL: He was a French deputy director?

DELAUME: Yes. Then there was, as I said, Cancio and myself, that is three languages. Then there were other people on the committee. This was really a very exciting period.

GRATHWOL: You were still listed as a member of the Bank, but did you focus then on ICSID in this next twenty-year period?

DELAUME: I continued to do some operational work, but less and less, and I continued more on arbitration and writing, promoting. I wrote a lot of articles on ICSID, in English and French. And I went to a lot of conferences, speaking about ICSID in English or French. I was trying to promote it still as much as I could. Sometimes Mr. Broches didn’t like it, because he wanted to have his name. It’s a personal thing. But Broches didn’t like the fact that I was more famous than he in the legal international academic world.

GRATHWOL: You were very prolific. You wrote a great deal.

DELAUME: Yes. And I kept my contacts with universities, and what I wrote had substance. I was here in a very exceptional period, too. I remember that I worked -- outside my work at the Bank completely -- at the time, the Americans were drafting the Foreign Sovereign Immunities Act. I was involved with people at the Treasury and all that. My formal knowledge from the Bank on what bankers want, what are their worries, how they seek to protect themselves -- that was very helpful.


DELAUME: Foreign Sovereign Immunities Act. I was involved with colleagues at the Treasury and a lot of international lawyers in Washington. There I was a sort of technical advisor on the financial side.

GRATHWOL: I have heard that there were lunches that the Bank hosted among lawyers from the international groups. Did you participate in that at all or have any insight into that?

DELAUME: I did, but there were not that many.

GRATHWOL: Not that many lawyers or --

DELAUME: No, luncheons. Most of my participation was with New York, either the law school or the American Arbitration Association.

GRATHWOL: I see, which is located in New York City.
DELAUME: Which is in New York. Then in France, the International Chamber of Commerce; in London, the London Chamber of Commerce. So it was mostly with these institutions that we had periodic meetings, colloquia. That was, for me, a very lovely period, because I love to talk. [Laughter].

GRATHWOL: It sounds as though you were doing a great deal of traveling. Is that true?

DELAUME: Yes.

GRATHWOL: In an average year, how many trips would you be making?

DELAUME: Probably four to Europe, four trips to Europe.

GRATHWOL: Four trips to Europe. And then to New York if there was consultation there, or was that done by telephone?

DELAUME: A lot by telephone, but we went to New York for the day or two days. That was common. That was very nice, because one of my best friends was an American who had joined the Bank at the same time I did but had left it in the late '50s for corporate practice. We are still friends. He was at the time in New York, so I loved to visit New York. I had also friends at Columbia University, so it was -- I never had many people I knew in New York because I don’t really know New York. I had business relations there with the bankers the law firms. Aside from that, I visited the museums, but I don’t know the New York world. I never lived there.

GRATHWOL: So you always had a destination you were going to in New York.

DELAUME: Yes. It was not just random.

GRATHWOL: You also worked on the river blindness issue, as I understand it.

DELAUME: Yes.

GRATHWOL: Can you tell me a little bit about that -- the time period and what prompted it?

DELAUME: What prompted it was McNamara. He went to Africa and he was so moved by the seeing blind people holding hands to be guided by a little boy. It was a very -- I saw the movie. It was very moving. I think he had got a complex from Vietnam. He was seeking his redemption in some way or the other. So I got involved in this river blindness, and that’s where, strangely enough, my earlier experience of organizing groups of lenders, under the auspices or leadership of the Bank, was tremendously helpful. So much the more since I had the draftsmanship that they needed, in English or French. I could speak to all the African countries in French, or in English if I had to.
It was an interesting experience in building up multilateral aid for one particular project with variable chances of success, because sometimes Upper Volta was shooting at its neighbor, helicopters. [Laughter]. But it was a very interesting experience. I think it has done some good. There is no question that the fly has been partially -- they never completed eradicate it, but it was a very humanitarian project to serve for.

GRATHWOL: And this was early '70s, is that right?

DELAUME: That's to McNamara's credit, that project. I didn't particularly like him, because, to me, like to many old-timers, he destroyed what we knew.

GRATHWOL: You have said he destroyed the Bank; he expanded the staff enormously. He also expanded the range of loans and projects.

DELAUME: Yes.

GRATHWOL: They ventured into areas that were not a part of the Bank's profile.

DELAUME: No. Agriculture, in particular. I think the Bank wasted a lot of money originally. I don't know what the situation is today. But originally, these projects were so hard to administer.

[End of Tape 1, Side B]
[Begin Tape 2, Side A]

GRATHWOL: This is an interview with Georges R. Delaume. This is tape two, side two of the interview session on May 10th, 2004.

DELAUME: I should charge you my hourly rate. [Laughter].

GRATHWOL: Then it would be much cheaper, I'm sure, to use the tape. You were talking about McNamara expanding into other areas.

DELAUME: Yes. When you have been trained, as we were all lawyers, particularly as financial lawyers, used to deal with bankers and show results of loans to countries which were responsible, and a high degree of supervision from the Bank. Originally, the Bank was very strict on checking how its money was used. Then all of a sudden you get these agricultural or educational loans, and you don't know where the money goes. The Bank wasted a lot --

GRATHWOL: You didn't have the same control over the process or the results.

DELAUME: No. Of course, with the growth of the staff, the original strength of the Bank, which was the famous working party -- to which I referred earlier, the cohesive group of engineer, economist, financial people, and lawyers -- had disappeared.
GRATHWOL: How did that happen or what was the --

DELAUME: Because the role of the lawyer by itself declined. The lawyers became draftsmen, not counsel. That’s why I stayed in this country, because I remember the way I was treated by business people in Europe: “Delaume, you draft this.” Here, Mr. Black -- and that’s the way he treated his lawyers – [would say] “By the way, I need your advice.” But that McNamara destroyed. He didn’t want to listen to advice [unclear]. So the role of the Legal Department declined. It also expanded a lot.

GRATHWOL: Expanded numerically.

DELAUME: Numerically. The whole Bank exploded in two years from 1,600 to 4,000. Crise de croissance.

GRATHWOL: A growth crisis.

DELAUME: Yes. He did a lot of damage.

GRATHWOL: When we talked on the phone at one point, you said, “I worked in a bank until McNamara became president, and then it became a development agency,” or words to that effect. This is what you mean, the shift from --

DELAUME: Yes, the shift.

GRATHWOL: -- the responsible effort to lend money that would return definable --

DELAUME: Exactly. And it was used in a responsible fashion by people who were accounting -- had to account for what they did. And close supervision. After that, how can you manage? -- All of a sudden we jumped from maybe 400 million a year to 4 billion. It just became impossible. Besides he engaged, maybe for the better of the world, in social projects which by definition you can’t measure in returns. It’s human. I remember in Africa discussing with some Africans whom I knew. They said, “Peasants -- you don’t change a peasant overnight.” So you give him money for this, he says, “No, I don’t want to do it that way. I want to plant my way.” It’s very hard. It’s not like you build a road and then you have to say, “Okay, that bridge will have that dimension.” That you control. So it changed, and lots of people left, actually.

GRATHWOL: What about the Legal Department? Were there people moving through that or leaving in that period? McNamara came in 1968 I think or ’67 [named November 1967; took office April 1968].

DELAUME: I don’t think the lawyers left, certainly not en bloc. A few did. But the old lawyers probably had a settled deal. That’s really the fact that we were all aging a little bit. But we had also children who were becoming American and pretty difficult to readjust kids of 14, 15
to a different education. So there was not a big departure from the lawyers, but there was an 
explosion of the Legal Department, and then the quality went down. Although Broches tried to 
recruit still good people, there was maybe sometimes a bit of political pressure from developing 
countries. But generally the quality was not so bad. I think it has, from what I heard, but I don’t 
know -- it has gone down a bit. Also because the lawyers do not have the respect that they used 
to.

GRATHWOL: Your comment about Black asking for counsel, asking for advice, as opposed to 
saying to a lawyer, “Draft this for me,” is really quite a contrast.

DELAUME: Exactly. And unfortunately, from what I hear -- I don’t have many contacts 
except with some younger ones who are beneficial [phonetic] -- but what I hear is you have 
draftsmen now. You don’t have lawyers or counsel.

GRATHWOL: You mentioned political influence in talking about the possible hiring of 
people. But political influence was an issue at the origin of the Bank, and I’m wondering how it 
played in your experience.

DELAUME: Originally, not at all, not at all. I’m a perfect example.

GRATHWOL: How do you mean that, you’re an example?

DELAUME: I’m an example of a private international lawyer with professional professorial 
background recruited by the Bank for his capacity, period. I was not pushed by the French 
government. I never owed allegiance to the French. It didn’t help me with my career, mind you, because I never had the 
full support of my compatriots. But at least I had my independence, and to my knowledge most 
people behaved like me. We were part of an international civil service, not in the employ or 
under the influence of a government. It was a great staff.

GRATHWOL: That’s very good. That was certainly the ideal, and it seems to have --

DELAUME: It was true.

GRATHWOL: It seems to have been met in reality as well.

DELAUME: It did. It did, again, until McNamara. After that -- anything could have happened.

GRATHWOL: Who were the people in the Bank with whom you socialized, made friendships? 
How did that social dimension operate?

Georges R. Delaume
May 10 & 17, 2004 – Final Edited
DELAUME: I think because of this, as I said, original working group. You traveled together. You made friends. It may be useful to recall that, when I joined, the staff was 400 people, and that included personnel, which might have been around 140, and the secretaries.

GRATHWOL: The clerical support staff.

DELAUME: Exactly. The professionals were probably 100. The Legal Department was 14 when I joined, so you knew everybody. Washington was also a different atmosphere. It was small, so most people lived in DC. Some started spreading to Chevy Chase or Virginia. But there was -- everything was concentrated in Washington itself.

GRATHWOL: Did you have dinners together at people's homes?

DELAUME: Yes. Oh, yes. Once a week or so we went from X to Y or they came to you.

GRATHWOL: So it was more than just going to work, seeing people there, and then going home at night.

DELAUME: Oh, no. Then you had luncheon together. At the time, the Bank didn't have a cafeteria. It had a small dining room for the executive staff, but we ate mostly outside. There were plenty of restaurants. I remember on Pennsylvania Avenue you had the Italian, the Greek, the Egyptian, the Lebanese and the American seafood. In the early '50s the prices were low. Then a lunch was $1.00 or $1.10 with ice cream.

GRATHWOL: Le bon vieux temps in terms of the price of food in Washington, I'm sure.

DELAUME: There was -- what is the French restaurant which is now at Great Falls?

GRATHWOL: L'Auberge Chez François.

DELAUME: Chez François. Chez François was a little restaurant that started on Connecticut Avenue between I Street and L Street, just the lower part, very lower part. They had a small restaurant there, and for $1.00 you had a wonderful light French lunch. And $1.10, you had a tarte. [Laughter].

GRATHWOL: Well, it may cost you more to park now.

DELAUME: The building is gone, like everything else.

GRATHWOL: Are there particular projects or topics that you want to mention that we haven't covered?

DELAUME: I didn't make a list of points to talk with you. One thing I want to mention is the relation between the professionals and the non-professionals. We had wonderful relations with
our secretaries, something which I had not experienced in France, because in France in the old days – I don’t know what it is today -- but in the old days, you never got familiar with a secretary because otherwise you might create problems for yourself. That was essentially a rule of thumb. In 1950 I found myself in this country having normal human relations with my secretary, calling her by her first name. She called me back by my first name. At first I was shocked. Then I understood. I remember when my first secretary, I thanked her profusely for what she was doing. She was a wonderful Greek-American. “You are welcome.” “Oh, I noticed it.” She looked at me, failing to understand, and we had a good laugh when I realized that this was a colloquial American expression.

One of my first secretaries was black, and a beauty at that. I was a bachelor at the time, and I had a party at my new apartment for the entire staff. That was about 24 people. I invited her and she never came. I did not understand why, until an American colleague told me, “No, you cannot. She would feel embarrassed.”

GRATHWOL: She would be uncomfortable.

DELAUME: She will be uncomfortable. You couldn’t take a black person to a restaurant or cafeteria. This has nothing to do with the Bank, where there was no segregation among the staff. Outside, of course, things were different. One thing which I never forgot was my first visit to Luray Caverns where there were two entrances for white and black only. I found this absurd, because inside you blended. [Laughter]. This has nothing to do with --

GRATHWOL: But it’s a part of the social circumstance in which the Bank operated. It’s a very important part. How did you experience the change in that? You were there from ’54, when everything was segregated, to ’86, by which time things were at least nominally integrated.

DELAUME: I think the Bank was already integrated a long time before, both at the professional level and the secretarial levels. Take my own experience. My first secretary was an American of Greek descent, the second the African I referred to already. The next one was Haitian, and I kept her for 20 years. After that I had a younger Haitian whom I kept until my retirement. She’s still there. So we had that kind of relationship you could be familiar politely, socially, professionally. You could take her out to lunch after things changed in Washington. Or I invited them home or whatever. That was really a very pleasant atmosphere.

GRATHWOL: And different from what you would have experienced in France.

DELAUME: Oh, absolutely. In France it is, “Mademoiselle, take a steno. Take that. Oh, you made a mistake.” Not here. Number one, American secretaries don’t make many mistakes or did not. I don’t know now. The new generation and the computer may have done some damage.

GRATHWOL: Let’s stop here for today.

[End of Session]
GRATHWOL: This is an interview with Georges R. Delaume, conducted May 17, 2004, at his home in Arlington, Virginia. The interviewer is Robert P. Grathwol. This is an interview for the World Bank Oral History Program, tape one, side one.

We're starting this morning with reflections that you've thought of in the time between this session and our first session a week ago, so please, go ahead.

DELAUME: Well, what I thought of is to emphasize the point that when I joined the Bank it was really a bank. We were in contact, through portfolio sales primarily and bond issues in the market, with real bankers and real law firms in Wall Street or in Europe. Being a private international lawyer myself, I found a lot of material which had not been used, primary material. People were always writing about cases or other writers' opinions, this kind of traditional book, which I wrote also myself. And all of a sudden, I was immersed in real life. I kept at it all my career, even when the Bank changed after McNamara. I was already senior enough at that point not to have to draft long documents and to supervise others. I told all my younger colleagues, "Do not limit yourself to your work in the Bank. There is a real world outside the Bank, and you should never forget it. You are lawyers. You are international lawyers. If you want one day to leave the Bank and find something interesting to do, whether teaching or private practice, you have to stay in contact with the rest of the world."

When we developed ICSID, it was the same thing. I said, "Don't be limited to your ICSID experience. The world of arbitration is very vast. You have private arbitration, you have international arbitration, you have commercial, you have arbitration with governments. Open your eyes. Read. Get to talk to people who are involved in the real field outside your work, because there is a real big world outside the Bank."

Some lawyers, some young lawyers, followed my advice and were the better for it, because when they left they found very good positions. Those who confined themselves to Bank work became civil servants, so to speak, for life, and they were limited and became frustrated.

This lack of communication with the external world reflected also in the handling of secretaries and relations with colleagues. For two years, I think, I was in charge of the personnel organization in the Legal Department. Oh, my God. There were some interesting stories to tell, which I won't. Especially some people were unable to communicate with each other. I just told
them it doesn’t take much, treat human beings as human beings. Listen to them. If they are impossible, you tell them, “You are impossible.” But normally they are not completely impossible. If you reach them that will be your reward.

GRATHWOL: You had had a career of scholarly writing before you came to the Bank.

DELAUME: Yes.

GRATHWOL: That was really your orientation.

DELAUME: That was my orientation, but I had also worked before I joined the Bank with law firms in Paris, French and American. So that proved extremely useful to communicate with bankers and lawyers. However, outside my work my primary interest was writing, teaching.

GRATHWOL: But what you found, if I understand you correctly, working in the Bank was not opinions, not interpretations, not judgments, but the primary documents that led to the legal arrangements.

DELAUME: Exactly.

GRATHWOL: That’s what you based much of your writing on in your career, a parallel career with your career in the Bank.

DELAUME: Yes. I had both, both the theoretical or scholarly background and the practical, and to the point that I had some very favorable book reviews in a number of publications. I remember the one which really hurt was a French one which said, “This book is excellent, but why is it so practical?” [Laughter]. The French scholars didn’t forgive me.

GRATHWOL: In the conversation just before we started you mentioned that Shihata, who was the follow-on general counsel after Broches --

DELAUME: After Heribert Golsong. There was Golsong.

GRATHWOL: Golsong in between. Shihata had used your book on international law. Then you were talking about him as a personality and about your relationship with him in what was the end of your career and the beginning of his career in the Bank. Do you want to say more about that?

DELAUME: He was a remarkably intelligent man, and he was an excellent lawyer. He was actually shy, and by nature he didn’t like to associate too much with human beings. He lacked the human touch. He was distant. He just could not make himself what he was in fact, a very nice person. But it took him pains to prove that he was. He was a slave-driver with the work. We had some interesting times.
We created -- and I was the only one who could really help him there -- he wanted to create an ICSID Review, which is still in existence. We did, and we succeeded for the simple reason that I had the contacts and I could write to X, Y, or Z and say, "Look, we are launching another annual review. I count on you for a 30-page article. I count on you for a comment on the latest law. I count on you for this or that." And they responded, because we were old friends.

GRATHWOL: So this ICSID Review is a periodical, a publication, not an internal review of the activities.

DELAUME: A periodical. No. It's published twice a year. Also we started a sort of ICSID news, which was just to publicize ICSID.

The way we started (actually it was Golsong's idea) was with a publication called "ICSID News," which appeared twice a year and which originally was not even printed. It was typed. It started reaching the public. Then, thanks to Golsong, I was sent out as a sort of promoter of ICSID. I had contacts with the ICC, with the London Court of International Arbitration, and the American Arbitration Association -- and I used them to talk about ICSID's possibilities. That again, for me, was absolutely delightful, because I was active in a field which I liked. I made speeches, I wrote articles. I was perfectly happy.

Then I was the one to create the first ICSID colloquium, which is an annual event now and very successful every year. It is held either here or in New York or in Paris -- New York because of the American Arbitration Association and Paris because of the International Chamber of Commerce, who with us were the three sponsors. It has taken off very nicely.

GRATHWOL: You said when we were talking last time about ICSID that it had a long sort of fallow period where it was not what the originators had hoped it would be. It sounds to me as though this early '80s period is a period of transition, where devices are being put in place to give it greater visibility.

DELAUME: That's correct. Also, when Golsong succeeded Broches, Golsong was much more open to innovation. As I said, we created the first ICSID letter. He let me go to meetings, particularly in Europe or in New York, to speak about ICSID. I started writing articles on ICSID, trying to show practitioners how they could make use of it. Though some governments -- and in particular the Latinos -- were late in coming, mostly for political reasons. Shihata and I went to Rio [Rio de Janeiro, Brazil], for example, to a very successful meeting there. Progressively, because we were primarily addressing the private sector -- the bankers, the lawyers, the private investors -- they succeeded in convincing their governments that they should join.

That's always been my great pleasure with the Bank. Where I was useful was because of my private law background, which I kept all my life. I was not political, never was political. I remember during my career in the Bank, I would have probably advanced my career if I had been, but I resisted any attempt to be placed in a position I didn't want to be placed in. But the

Georges R. Delaume
May 10 & 17, 2004 – Final Edited
private side -- I had my reward on the fact that I really had an interesting life in the Bank, and others can have it, still today. I talk to some of the people who are still there. I know the Bank has exploded and there's now how much more administrative. The Bank has evolved.

GRATHWOL: 

DELAUME: 

GRATHWOL: 

DELAUME: That, I think, is something the lawyers particularly, or the engineer also, have to bear in mind. Once you serve an institution like the Bank, you are an international civil servant. You don't belong to any government. You belong to your institution. You must be faithful to that institution in all you do. Otherwise you should leave.

GRATHWOL: I have heard from other people that that is a very strong ethos within the Bank. Was that your experience as well?

DELAUME: Yes.

GRATHWOL: How did you encounter that coming in? You had come from the IMF, which I suppose has a similar ethos.

DELAUME: Yes. I spent my first three years in the IMF, which, as the professor who sent me had told me, were extremely formative but not as a member of the IMF, because the IMF did nothing at the time. We were writing memos on the assumption that something would happen, or writing memos justifying violations by the United States or the Europeans of the Articles of Agreement. This was the Korean War, and when the U.S. imposed restrictions on Korea without the IMF's approval, it was, of course, understandable but not correct under the articles. Then I remember we had to write memos on the right of self defense and all kinds of justifications. So my work at the Fund during those three years consisted usually of comparative law research. That gave me plenty of opportunities to get familiar with our excellent law library and American research facilities. That opened a new world to me.
I started writing. I was lucky to have the Fund’s future general counsel, Mr. Joseph Gold, as my neighbor, an Englishman with, like me, an academic background and experience. Our offices were next to each other, and we visited all the time. He helped me tremendously improving my English in writing my initial publications in the United States.

Moreover, I saw no future in the Fund for me, because the Fund was too administrative for my type of lawyer. The Bank made me an offer to replace their French attorney, and I was recruited actually because I was a scholar. Davidson Sommers, the General Counsel, told me, “I’m giving you a chance, but I like your background.”

My first memo took me three months. It was a memo on gold clauses and other protective gold and currency devices in international transactions. I knew something about them, but not much.

**GRATHWOL:** Gold clauses, did you say?

**DELAUME:** Gold. Gold and foreign currency clauses.

**GRATHWOL:** Gold as a medium of exchange.

**DELAUME:** As a medium of exchange or protection for the value of your loan. There was a lot of case law on the subject. Then we went to New York, and we started talking to law firms. That started my involvement with the primary material and the lawyers who really dealt with practical problems. I found that absolutely fascinating, because they were my kind of people.

**GRATHWOL:** You mentioned, again in the phone conversation that we had, that there were things about ICSID that you had neglected to say when we talked earlier, that there were some things that you wanted to add to the discussion of ICSID.

**DELAUME:** I think ICSID was a fascinating experience, because -- really Broches had not succeeded in selling ICSID. He has to his credit that he created a convention which now is in use. But at the beginning, he just wanted to oversell it. Politically, the Europeans were not for -- except as potential users taking advantage of the institution to protect their investors against developing countries. So it was all biased. And it was not known, because Broches never went to -- the kind of thing which Golson and I did and Shihata -- touch the particular lawyer, not the government lawyer who in six months will be replaced by someone else and who doesn’t care about law or whatever. To my mind, he failed, and he was too arrogant, also.

I remember some conversation with old friends who had been a student like me at Cambridge and who had been involved with one of the first few cases with Broches, and they never forgave him for misbehaving, as they said, whether that’s true or not. But nevertheless, he antagonized private lawyers. He didn’t succeed in enlisting the support of governments, really, and things stagnated. It just was there, but it was not used.
GRATHWOL: I had the impression, or have derived the impression from our conservations, that ICSID occupied a substantial part of your time from the time it was created until your retirement in ’86.

DELAUME: Yes, it did. It did, but not originally. Originally I was involved like other lawyers in the drafting of the convention. I was in the final drafting sessions when we had three weeks drafting committee who were meeting all day long. Then we were at night drafting the convention in French, English, and Spanish at the same time. It was exhausting work. For three weeks I didn’t see my family. I went home and I was so exhausted. But we managed to put together this convention, which was a good idea. But there was such a resistance or no interest really from the Europeans or Americans, not much from the government. Then outspoken hostility from Latin American countries. The exception was the African countries, which were willing to accept anything to get investments.

GRATHWOL: This corresponds to the period of decolonization in Africa.

DELAUME: Exactly.

GRATHWOL: And their seeking attachment to the international community.

DELAUME: Exactly. There’s also the fact I had been to these countries as a lawyer in lending capacity. So I could talk to them. I knew some people in the administration and still had some contacts. That helped.

GRATHWOL: What was the business of ICSID if it was not being successful in addressing issues of arbitration or conciliation?

DELAUME: It just stagnated there. There were no cases.

GRATHWOL: No cases to deal with.

DELAUME: No cases. Broches continued writing in the abstract: “It is good. Come and join.” When Golsong came, he put me to try another approach.

GRATHWOL: When did Golsong succeed Broches? Do you recall?

DELAUME: It must be ’74 or ’75, something like that.

GRATHWOL: Okay. That’s something I can check. [Heribert Golsong succeeded Lester Nurick as General Counsel in October 1980.]

DELAUME: Because I retired in ’86. I was 65, so it was ten years before.
GRATHWOL: So the mid- to late '70s, something like that. I can check that and see. So from that point on, you were engaged in writing about the possibilities of ICSID.

DELAUME: Writing about the possibilities of ICSID and going to Paris, London, and New York to establish contacts with the Chamber of Commerce, the London Court of International Arbitration, and the American Arbitration Association, to exchange ideas and information. These institutions and their lawyers had plenty of experience, but what helped me, frankly, was my international reputation from my writings; I was not an unknown lawyer. All welcomed an exchange of ideas and information. The annual colloquium is one example of this cooperation. I started with others to have small internal meetings and go to London and spend a few days with the London Court of International Arbitration. The same thing in Paris, same thing in New York with their general counsel or assistant general counsel. “What do you do in this situation? I know your roles, but could you change it? Is that an advantage?” So it was a sort of fermentation of ideas, with people who knew what they were talking about, much more as a practical matter, than I. That certainly helped to create a climate of good will and continuous exchange of ideas.

GRATHWOL: Again drawing on our earlier conversation, I had the impression that by the time you retired, ICSID had not yet really sort of taken off.

DELAUME: No.

GRATHWOL: From your observations, how did the pace of that change continue then?

DELAUME: The pace continued, and the changes occurred to a large extent because of the International Bilateral Investment Treaty that the United States, in particular, as well as a number of European countries, had signed with underdeveloped countries. These treaties contained provisions for the submission of disputes to either ICSID or the Additional Facility; which is the softer branch of ICSID. ICSID is very rigid. It’s really a mold which cannot be broken. Because it didn’t succeed, Broches himself tried to create something else which would be less rigid, more flexible, and that is this so-called Additional Facility. That found its way in a number of bilateral investment treaties. Eventually the disputes started coming through that door.

GRATHWOL: I see. So it was the bilateral arrangements --

DELAUME: It was the bilateral arrangements which gave rise to disputes and both states fell within, I would say, the trap. Then they said, “Well, let’s use it and see what happens.”

GRATHWOL: So the bilateral treaties made provisions for reconciling disputes, and when something came up, ICSID was a vehicle for doing that or even named in the --

DELAUME: ICSID was a vehicle or the Additional Facility.
GRATHWOL: Or the Additional Facility.

DELAUME: Which was more flexible than ICSID. ICSID is still a very rigid convention.

GRATHWOL: Describe ICSID, that rigid convention that you've just mentioned a couple of times.

DELAUME: Well, ICSID is extremely procedural. It is rigid because of the conditions which have to be met before you can file a claim, after you file a claim -- I am summarizing. The selection of arbitrators proved a difficult problem for ICSID, because ICSID has a pre-selected list of people who are designated by governments. The governments have all fallen into the trap (even the developed or developing countries), of appointing civil servants, friends of a friend. "Oh, you want to be on the ICSID list? I'll put you on the ICSID list." It costs [them] nothing. Of course, these people were civil servants or politicians -- unusable as arbitrators.

GRATHWOL: It costs nothing until they have to do something.

DELAUME: And you cannot pick them up, because they are totally ignorant of arbitration -- instead of appointing famous arbitrators in their respective countries. I remember Broches trying desperately to tell governments to appoint someone who knew something about arbitration. So you had a lack of confidence in the ability of the arbitrators designated from which you -- the list from which you had to pick an arbitrator, unless both parties agreed to appoint someone else, and such an agreement is very rare at the beginning of the proceedings. So, all that slowed down the use of ICSID considerably.

The Additional Facility is much closer to using -- I am summarizing -- to using the New York Convention on International Commercial Arbitration, which is well known and familiar to practitioners. Of course, the Additional Facility at the beginning was regarded as an admission of failure by Broches, because he pushed for it, and it almost didn’t pass.

GRATHWOL: Didn’t pass whom?

DELAUME: With the member governments of the Bank and ICSID. But it was a kind of salvation, but it took ten years to approve that. Now, I am told by people who are still in ICSID, that practically all the cases are under bilateral treaties or NAFTA [North American Free Trade Agreement]. Some big countries, like the United States, sometimes don’t win. [Laughter]. But that’s very good for the institution.

GRATHWOL: Very good for the credibility of the institution.

DELAUME: Exactly. Now it has completely changed, and to the point -- they were telling me there are now, I think, 20 lawyers in ICSID, but primarily because of the Additional Facility and the treaty provisions.
GRATHWOL: Did ICSID have a staff when it was organized?

DELAUME: No. When it was organized, the staff of ICSID was two or three people assigned to it from the Legal Department of the Bank. Frankly, ICSID was created by Broches because he didn’t get along too well with Mr. McNamara and he sought an escape. But maybe I shouldn’t talk about that.

GRATHWOL: I think those are legitimate topics to talk about in an interview like this.

DELAUME: Okay. He tried to create something which would be useful and also would be his domain, so to speak. He used all the resources of the Bank -- the staff, us.

GRATHWOL: So ICSID’s staff was people assigned to do a task.

DELAUME: Exactly. From the Legal Department.

GRATHWOL: You had talked -- in conversation off the tape last time, you had talked about the International Development Association as not having a staff, being basically an idea. I would like to have you repeat what you said about that, because I was going to ask you, were you engaged in the creation of that?

DELAUME: Not really. I was still working for the Bank. IDA is the soft pocket of the Bank. That’s what it is.

GRATHWOL: A soft pocket? For soft money loans.

DELAUME: For soft money loans, and the money comes from governments. The Bank had managed over the years to raise money in the private market. Later on, it, of course, needed more than the private market. But still, the Bank itself was always market oriented. And the loans we made at the time, originally, were really for the reconstruction of Europe, a lot of them. After that for the expansion of the former colonies.

GRATHWOL: And they were to be self-liquidating loans.

DELAUME: And they were self-liquidating projects. They were very closely supervised. There was also an important factor which disappeared with McNamara, that you had, again, this famous working party. I used the word last time, I remember. The same group of people who were assigned to specific countries and knew the locals and could do some good work through personal relations -- “You shouldn’t do that. Don’t try a shortcut here or a shortcut there. It won’t work.” I remember some discussions in some West African countries, or North African countries -- especially North African countries, where the locals can be very vocal if they want something. But it was really interesting, because you had the feeling there of participating. I mentioned Tunisia, I think, last time. Unfortunately we spoiled the beaches of that country, but it was a first and originally it brought a lot of money to their country and taught them a lot. Lots
of highway projects we were in, railways, dams -- that was a period for the world where you built dams, you didn’t know the danger of that kind of project for the environment. But dams were in fashion.

When IDA came, and then Mr. McNamara, things changed, because he changed the emphasis. To use a comparison, I think that he felt: You win Vietnam with so many bombs; you win the war against poverty with so many million dollars, which is an over-simplistic view. The problem with that was that he was until then -- McNamara came when?

GRATHWOL: '67 or something like that.

DELAUME: '67 or something like that. Until his arrival, the Bank staff had grown from 350 when I joined to 700. In two years after McNamara came, it was 4,000 people. So the atmosphere from the staff point of view started changing completely. McNamara was not interested in conversation. He wanted statistics. Even the economists in the Bank, who were pretty good people and serious professionals, told us that there was no personal exchange. All you had to answer the questions was to provide statistics, statistics, statistics.

The mistake, I think, he made was also to change the role of the Bank as the provider of specific projects, which were identifiable and could be controlled, to social projects -- education, agriculture. How do you control the money you spend when it goes to the farmer? You cannot send people from the Bank all the time behind him and his plow to see if he irrigates properly. What can you do with these kinds of loans? So he just gave away money. That's what it was.

McNamara also significantly increased the number of people -- 4,000 in two years or so. That was unbelievable. And it affected the morale of the staff. The old-timers like me started looking outside.

GRATHWOL: One of the things you said about IDA earlier was that it wasn’t really an organization; it was a concept.

DELAUME: It was a concept. It was a soft pocket money of the Bank. IFC was something else, because IFC was intended to supplement the Bank by making loans to private companies. So it was, IFC was really something which the Bank had never had.

GRATHWOL: The original orientation of the Bank was bank-to-government loans.

DELAUME: Yes.

GRATHWOL: And IFC was bank to --

DELAUME: Private companies but without government guarantee.

GRATHWOL: Without government guarantee.
DELAUME: IFC became sort of a private lending institution.

GRATHWOL: Private money coming to be lent?

DELAUME: No. Well, they raised private money through bonds, but they had, of course, government capital. But they were, from the start, engaged in the types of projects we had or I had been fortunate to have in the Bank in developing countries was to lend to corporations, with the government guarantee. Actually, when we lent from manganese in X, Y African country, we lent to a corporation, usually -- France was still there, or the UK or the Belgians originally. After that, it was the local government, whose credit was maybe not quite the same, but still you had a powerful means of going somewhere to say, “Don’t misbehave.” And the Bank was respected.

But I heard later on when I met some people I used to deal with when I was involved in making loans in Africa, people told me, “Mr. Delaume, you have no idea what’s going on. We don’t like the Bank people anymore. When you came, you were all known to us. We could talk sensibly. They come now, disturb me from my work, take me away from my work, don’t know anything. I have to tell them, teach them their bible from A to Z. This is not productive.” So that was the change.

I think McNamara really -- I speak my own mind -- but he destroyed a beautiful institution, because all he cared for was to spread the money over. From the point of view of the institution, the change was too rapid and too brutal.

GRATHWOL: In the 1970s there seem to have been issues, and particularly related to Latin America, of expropriation of property, where the government expropriated property and then there was a political reaction in the United States that said --

DELAUME: And Europe, too.

GRATHWOL: And Europe, too. Were you involved in that development?

DELAUME: I was not personally involved in that development. It just occurred. It made loans to private companies very difficult, because -- and that was one of the reasons why Broches thought of creating ICSID actually, to handle the type of dispute which would arise maybe following nationalization or following interference by a government with the activities of foreign investors. But there was a definite change, and the change also affected our relations with Wall Street, because Wall Street was not interested in getting the guarantee of Zaire. As long as it was Belgium or France or the UK, that was good-selling paper. But after that, no.

GRATHWOL: In your time in the Bank, can you comment on the political atmosphere and its impact, the American political atmosphere, sort of from administration to administration, and the ways in which it impinged or didn’t impinge on the Bank’s operation? Was that an issue for people in the Bank?
DELAUME: Originally, no. No. The U.S. had always sort of a special position in the Bank, because it had money and its relation with Wall Street. But really my initial years in the Bank -- that’s why I enjoyed them so much -- were depoliticized completely. We were international civil servants, owing allegiance to an institution.

GRATHWOL: And there might have been political pressures such as you talked about on the individual --


GRATHWOL: But it was not an atmospheric thing.

DELAUME: No. So there was no problem there. With McNamara and the soft money, which was needed, immediately when you beg governments for money, they attach conditions or they say, “I want a say-so.” So the atmosphere changed.

There were strange things which happened in the early days, too. I remember one of my loans was to Luxembourg to build a power plant. This one is interesting for history. To build a power plant on a little river called the Our River, which is the border between Germany and Luxembourg. It was a pumping station on the Luxembourg side. From there, the water was used to produce electricity which was 100% exported to Germany. This was the first joint venture we had with the European Investment Bank, which had just opened its door. And incidentally, they made me offers to join, which I didn’t accept.

This loan was, for me, extremely formative. We were working with German banks, New York banks, all kinds of private institutions, making a sort of trust fund for that particular venture.

[End Tape 2, Side A]
[Begin Tape 2, Side B]

DELAUME: However, the loan fell through.

GRATHWOL: On this Luxembourg power plant project.

DELAUME: On this Luxembourg power plant project, because the project was located in Luxembourg, the Bank had to have the guarantee of the government of Luxembourg. However, the war was still recent in the minds of Luxembourgers, their government refused to give its guarantee. So without that guarantee, the loan fell through.

It was rescued later and it became the first loan of the European Investment Bank, who didn’t require a government guarantee. The European Investment Bank was closer to incorporating both the World Bank and the IFC. They had much more flexibility. That operation was for me a real disappointment because I worked two years on that project. It was
also extremely formative, because I learned a lot from my association with other bankers, European and American, and lawyers.

GRATHWOL: That’s good.

DELAUME: This was also an exceptional situation where political considerations interfered with our making the loan.

GRATHWOL: So the political atmosphere in which you worked early in the Bank was not an issue. There was no --

DELAUME: No.

GRATHWOL: Did that change over time? Independent of McNamara’s role, did it change in terms of the relationship with the U.S. government or with other governments?

DELAUME: I think after McNamara things changed, because IDA was depending upon money provided by governments. So the Bank became much more dependent upon the goodwill of governments and much less on raising money in the private market, because the private market was not interested in making loans for agriculture in the Sudan. That changed completely, I think. And then the Bank became bureaucratized. You cannot climb from 700 to 4,000 staff members in three years and not pay a price.

GRATHWOL: There are administrative demands that begin to absorb more and more energy.

DELAUME: Well, absolutely, and also McNamara recruited a bunch of so-called experts to teach us how to behave with people from borrowing countries. This included how to cross our legs, how not to touch people on the shoulder, and so forth, all with film projections. The old staff like me were offended and resented wasting our time in stupid meetings. Another thing to mention was that until McNamara there was no staff association to speak of, except to discuss the annual Christmas party. There was a spirit of congeniality and pride. That is something, which I’m sorry to say again, McNamara destroyed. He transformed the Bank into a huge bureaucracy.

GRATHWOL: I want to ask you to reflect on your whole career. You spent, what, 32 years with the Bank?

DELAUME: I started in 1950 -- more than that. Well, with the Bank, yes. Three years in the Fund.

GRATHWOL: Reflecting all of that, I want to ask you two questions and ask you to reflect a little bit. The first is the negative side of things. What in your experience do you think of or would you identify as the most frustrating, discouraging, disappointing aspect of that long
career? The other side of that is, from what do you take the most satisfaction out of that long career?

DELAUME: The frustrating part was to see the machine grow too big and become a bureaucracy. The Bank is still working, but it is no longer a jewel. It has affected the morale of the people. It's not the same people who are now staying in the Bank. You could see the change during the McNamara period with the recruitment particularly of engineers and lawyers. The new recruits were much less from the private sector, as was the original staff of the Bank, and they were maybe not as successful or not as motivated, let's say, as we were. But the engineers became also not the same quality. The result was that a number of the old-timers had left the Bank, went back to the private sector. The early retirement also did a lot of damage, because people who could go back to the private sector said, "Okay. I'll work for the Bank until I'm 55 and then seek something to do."

GRATHWOL: When did early retirement get introduced to the Bank?

DELAUME: I think during McNamara period, not before. Before that was it.

GRATHWOL: He was there for 13 years or so.

DELAUME: I know. [Laughter]. I remember.

GRATHWOL: I'm sure you do.

DELAUME: I remember. I don't want – I am certainly not vindictive. So much the less since I had no personal relation myself with him whatsoever. But like old-timers I felt that his policies were damaging the Bank.

GRATHWOL: On the positive side, what part of that long experience do you -- from what do you derive the greatest satisfaction?

DELAUME: Oh, personal enrichment. Personal enrichment, not only it gave me a unique opportunity to write all the books I have written.

GRATHWOL: And many articles, from what I've seen, as well.

DELAUME: Yes. Personally, it was perfect. I had the sort of information which no one else had, really, and I made use of it. Then I made use of that in teaching the younger generation at George Washington University or in Europe when I went to Europe, such as in Switzerland and France. Personal satisfaction because I was well-known through my publications and also kept contact with old friends who had become famous professors in their respective countries and whom I had known since we were students. So the Bank has been a wonderful enriching experience.
But by the time I left, I felt it was a good thing for me to leave. I went back to private practice, and I continued to have access to the wonderful World Bank library, and to write articles on subjects which touched the Bank or ICSID and international arbitration. So there again, in my retirement, indirectly the Bank was extremely beneficial to me. I continued to publish until about four years ago, and then I quit because the law changes too fast and going downtown now, as you know, is not a pleasure.

GRATHWOL: No, it certainly is not.

I have had some dealings with someone you certainly know and worked with, I expect, closely. That’s Lester Nurick.

DELAUME: Yes. We were good friends.

GRATHWOL: Lester has a substantial number of personal papers that he is retiring to the Bank. Do you have papers of your own?

DELAUME: What kind of papers?

GRATHWOL: Papers based on the work you did in the Bank or the research that you prepared, research notes.

DELAUME: No. All I have is just publications I wrote, but no papers from the Bank.

GRATHWOL: You were not a collector of documents in the way that some of us gather the material and hang onto it forever.

DELAUME: No, because I consider that a waste of time. I am trained as an international lawyer, and you realize that if you keep old files they become useless because the law evolves too fast. What I have kept, of course, are my publications and now I only rarely go back. I don’t even have pictures of my days in the Bank and ICSID. I destroyed them, because to my children they would mean nothing, and to me they would only make me realize that once I was young. [Laughter].

But I have kept some contacts with the Bank, with some old people. Nurick less now because he -- I don’t know where he is. He’s in Lake Champlain. He wanted to retire there.

GRATHWOL: He’s here in the area, in Potomac. He’s living in Potomac, not too far away. One other question: Of the personalities that you encountered and dealt with in the Bank, which is the most impressive to you?

DELAUME: Aside from my first president --

GRATHWOL: Who would have been Black.
DELAUME: Yes. Mr. Burke Knapp, who became vice president. Burke Knapp was a very, very pleasant, distinguished, experienced financial man. He was originally from the [U.S.] Treasury. It was a pleasure to work with him. He knew what he wanted. He let you know what he wanted. He was very clear. If you really delivered the kind of information he expected, you had perfect relations with him. He was a great man.

Now, my first general counsel, Mr. Davidson Sommers, was a very interesting man, very interesting. I have a very good memory of him. I remember when he called me one day to his office for no reason that I knew of. I was a bit panicky when I came in. Had I done something bad? He said, "Georges, I am not pleased with you." I said, "What have I done?" "Can’t you call me Dave? [Laughter] Not sir?" That was a relief! You know, my English, or for that matter my French education, had not prepared me to call the general counsel by his first name. He was a nice person and an excellent general counsel.

GRATHWOL: But that’s a contrast between European styles of decorum and American styles certainly.

DELAUME: Oh, yes.

GRATHWOL: Are there other things? Are there things I haven’t asked you that I should have? Things that have occurred to you since we talked a week ago?

DELAUME: No. I wanted to emphasize what I did many times during this conversation, that is the fact that the Bank (when it was a Bank) was a source of personal enrichment. I don’t think it is the case right now. It’s something gone which belonged to another era.

GRATHWOL: Quick question about that: When you joined the Legal Department, it was relatively small.

DELAUME: Yes. I mentioned during our first conversation that there were 13 lawyers in the Bank. When I switched from the IMF, it became 14, and the lawyers in the Fund were reduced to 13.

GRATHWOL: What was the size of the Legal Department when you left it in ’86?

DELAUME: Exactly I have no idea, but I guess probably 50 lawyers.

GRATHWOL: I can imagine that from what you said.

DELAUME: It is going to change the institution. I think I have heard that they will even -- also they were so cheap at the beginning. That was a mistake. You shouldn’t sell yourself cheaply. Broches wanted so much to attract people, "I’ll use the Bank to finance everything.” No. Now you pay. I think they are going to increase their fee and become more like the International
Chamber of Commerce or a private -- it will never be compared with private, but certainly much more in line with what’s done in the world and what was done with the financial assistance of the Bank.

GRATHWOL: So the arbitration they’re offering is a valuable commercial service and there’s a fee for that.

DELAUME: There will be. That’s what I hear. It’s not yet there, but it’s going to come. I think it’s an excellent idea. Why not? There was always -- if you’re too cheap, you are not respected. [Laughter].

GRATHWOL: If it’s that cheap, it can’t be very good.

DELAUME: That’s it. Besides which, the problem with being cheap is that the arbitrators were not paid at their normal rate. They were paid I think originally at $500 a day. Well, for people who came here could in a private practice would have made $3,000 a day. There was a glory of being one of ICSID’s arbitrators. That was why they accepted. But you cannot live on glory for very long. I think ICSID is in a period of growth, definitely. The Bank itself, I don’t really have enough contact with Bank people to know. All I have heard is hearsay, so it’s not reliable. But from a younger friend of one of our children, were in the Bank, I think it’s not improving.

GRATHWOL: Thank you very much. I certainly appreciate the time that you’ve given to us.

DELAUME: It was a pleasure meeting you, a pleasure talking. I love to talk. I tried to -- I have tried during this week to see what I should really emphasize, and I think we did.

GRATHWOL: Good. We’ll stop there then.

[End of Session]
[End of Interview]

NB: The following paragraphs were added by Mr. Delaume as an addendum to the taped interview:

Before we conclude this conversation, I must refer to the fact that the last ten years of my association with the Bank (from 1976 to 1986) were devoted to ICSID.

When Mr. Heribert Golsong succeeded Mr. Broches as General Counsel of the Bank and Secretary General of ICSID, he was surprised that ICSID was standing still. It simply was not used. He decided to do something about it and to promote it in practical ways to reach the public. He asked me whether I would be interested in this venture. I agreed immediately.

Georges R. Delaume
May 10 & 17, 2004 – Final Edited
We started by initiating a Newsletter, which was about four pages, typed and unpretentious, referring to recent events concerning membership, followed by some general remarks concerning ICSID’s possible use. This was soon followed by a series of attractive brochures patterned somewhat after those of well-known international arbitration institutions. These were intended to popularize ICSID and make it as simple as possible to attract attention.

At the same time we established contacts with other arbitration institutions to explore means of working with them and learning from their experience. This initiative was well received. I traveled extensively to visit such leading institutions as the American Arbitration Association (AAA) in New York, the International Chamber of Commerce (ICC) in Paris, and the London Court of International Arbitration (LCIA). I was well received, possibly because I had already personal contacts with some of them and also because of my publications.

As a gesture of promising collaboration, I organized, in 1988 I believe, the first joint colloquium grouping the AAA, the ICC, and ICSID. The colloquium has now become an annual event rotating between London, Paris, and New York.

When Mr. Ibrahim Shihata succeeded Mr. Golsong, we “clicked” immediately. His experience was similar to mine. He was both a practical lawyer and a scholar. He had been General Counsel of the Kuwaiti Fund for Arab Economic Development but, on the side, he had also taught at Cairo University. I remember when he showed me a copy of my book on international lending which he had used as teaching material and had extensively annotated in Arabic. Needless to say, I was pleased.

To complete our efforts to promote ICSID, Mr. Shihata asked me to explore means to initiate a new law review under ICSID’s name. This took me a few months, but with my contacts in the academic world, as well as with leading international practitioners and those of Mr. Shihata, we managed to line up prominent contributors. The Review was well received. It still continues today.

ICSID is now a success and its activities have significantly increased as well as its staff.
INDEX

American Arbitration Association, 12, 14, 23, 27, 38
Aswan Dam, 10

Bangladesh, 6
Belgium, 7, 10, 31
Black, Eugene R., 8-10, 17, 18, 35
Brazil, 23
British Council, 3
Broches, Aron, 4, 12, 14, 18, 22, 23, 25, 26, 28-29, 36-37
Burundi, 7

Cairo University, 38
Cambridge University, 3-4, 25
Cancio, Leopoldo, 8, 13-14
Columbia University, 9, 15

David, René, 4
Dakar, 7

European Investment Bank, 32
Export/Import Bank, 10

Foreign Sovereign Immunities Act (U.S.), 14
France, 2-3, 7, 10, 13, 18, 20, 31, 34

Gauguin, Paul, 7
George Washington University, 5, 6, 10, 34
Germany, 32
Gold, Joseph, 25
Golsong, Heribert, 12, 22-23, 25-26, 37-38
Haiti, 7

ICISD News, 23, 38
ICISD Review, 23, 38
Indus, 10
International Bilateral Investment Treaty, 27
International Centre for the Settlement of Investment Disputes (ICSID), 9-14, 21, 23, 25-29, 35, 37-38
Additional Facility, 27-28
International Chamber of Commerce, 12, 15, 23, 27, 36, 38
International Development Association (IDA), 13, 29-30, 33
International Finance Corporation (IFC), 8, 13, 30-33
International Monetary Fund (IMF), 4-5, 9, 24-25, 30, 36
Knapp, Burke, 36
Korea, 4, 24
Korean War, 24
Kuwaiti Fund for Arab Economic Development, 38
Lebanon, 7, 10
London Court of International Arbitration, 23, 27, 38
Luray Caverns, 20
Luxembourg, 32

Maleplate, Jean, 13
McNamara, Robert S., 9, 12, 15-18, 21, 29-34
Morocco, 11

New York Convention on International Commercial Arbitration, 28
North American Free Trade Agreement (NAFTA), 28
Nurick, Lester, 4, 6, 26, 35
Our River, 32

Paris, University of, 3
Riverblindness, 15-16
Rwanda, 7
Shihata, Ibrahim F.L., 9, 12, 22, 23, 25, 38
Sommers, Davidson, 4, 25, 36
Sudan, 33
Switzerland, 34
Tunisia, 11, 29
United Kingdom, 31
U.S. Department of the Treasury, 14, 36
United States, 2, 5, 24-25, 27-28, 31-32

Upper Volta, 16
Vietnam War, 9, 14, 30
Washington, D.C., 5-6, 19
World Bank archives/library, 35
DELAUME hired at, 4, 6-7
working parties, 8, 15, 17, 27
World War II, 3
Zaire, 7, 31