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Folder Title: Irving S. Friedman - Chronological File - 1964 Correspondence

Folder ID: 1598693

Series: Reading file

Dates: 10/21/1964 – 12/29/1964

Fonds: Personal papers of Irving S. Friedman

ISAD Reference Code: WB IBRD/IDA FRIEDMAN-01

Digitized: 09/08/2023

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series 5540

Irving S. Friedman Chron Files

1964



 **Archives**
R2000-036 Other # 1 Box # 210170B
Irving S. Friedman - Chronological File - 1964 Correspondence

1598693



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Heads of Area Departments

December 29, 1964

Irving S. Friedman

Meeting on External Debt Problems

You will recall that last Wednesday at the Senior Staff Meeting I said that I intended to call a meeting of the various interested Departments on experience with external debt problems and how they had been handled. We are scheduled to have a meeting with Fund people on this next week and I thought it desirable that we have a meeting of our own beforehand.

If acceptable to you I would like to propose that we meet on Wednesday afternoon, December 30, at 2:30 pm.

I would be happy if you would come yourself or send anyone who is in a position to make a useful contribution because of past experience.

cc: Mr. Aldewereld
Mr. Demuth

January 5, 1965

Dear Fred:

I have been meaning to write to you for sometime. I do wish to say that I understand your reasons for not accepting my offer. Please let me know if at any time your family and Treasury obstacles disappear or become surmountable. I have not yet written to Bryan Hopkin but will do so. I was rather hoping that one of our men who was visiting England would speak to Bryan but time did not permit.

The job is proving to be quite exciting. My recruitment goes fairly well but it will be this Spring before the people that I have recruited from the outside are really on the job. However, I have tried to start things with the help of the people in the Bank. Since it is so much easier to start things at the outset when people expect novelty that I am not waiting for people to arrive from abroad. However, when they get here they will find, I expect, much that is exciting and fruitful to do with plenty of opportunity to influence the outcome of their work.

Please let me know if at any time you plan to come to Washington. I hope I will continue to find excuses to get to London.

With best wishes for the New Year.

Yours sincerely,

Irving S. Friedman

Mr. F. Atkinson
Department of Economic Affairs
Storey's Gate
London, S. W. 1
England

DRAFT:ISFriedman:pr1
January 5, 1865

Dear Mr. President:

I had the pleasure of seeing and hearing last night your State of the Union message. I would like to make a few personal remarks inspired by your address.

As an American I was moved by your eagerness to deal with the varied and difficult problems which confront people in the United States and elsewhere. I feel that the combination of idealism, humanity and realism is what I would hope would always characterize the policies of the President of the United States. As the President of the World Bank I was heartened by the emphasis you placed on the needs of countries outside of the United States, and the inevitable connection between the achievement of United States domestic goals and improvement in the world economy. Your emphasis on the willingness to spend money to accomplish goals but the insistence that the money be well spent and well used struck as just right.

In my present position I have come to learn how important it is for the success of our international financial institutions to have the intelligent support of the United States. Your message last night, as well as other things you have said and done in the past, give me every confidence that the United States Government will continue to play a leading role in finding ways and means of narrowing the gap between the have and the have-not nations.

With best wishes for the success of your administration.

Sincerely yours,

George D. Woods

January 4, 1965

Dear Abol:

First let me thank you for remembering us at Christmas time. We saved the caviar for New Year and together with a couple of bottles of champagne it constituted our New Year celebration.

I have become immersed in my new duties at the Bank, but I am still nostalgic for some of the problems with which I dealt in the Fund, but there is much to be done in the Bank that is obviously worthwhile. As you know I have shared your views of the importance of the problem of aid to the developing countries which has become mixed up with politics and emotions that it is not clear to see to what extent rational economic analysis and economic policy making can influence the final outcome. However, for myself I do not despair or even complain of these non-economic difficulties since I think they reflect the basic importance of the problem. If I can help in making the Bank fulfill its great potentialities and more particularly in helping Mr. Woods implement his thinking in this field, I believe it will be something of which to be proud and a source of great satisfaction.

I read your letter of November 14 and its attachments with great interest as always. Needless to say if at any time you have thoughts which you feel would be of help to me I would appreciate very much hearing from you. I recollect with pleasure and profit the many discussions we have had on these matters.

With warmest wishes to you and Mrs. Ebtehaj for the New Year,

Sincerely yours,

Irving S. Friedman

Mr. A. H. Ebtehaj
President
Iranians' Bank
Khiaban Hafez
Tehran
Iran

Files

January 4, 1965

Irving S. Friedman

At this mornings Senior Staff Meeting I raised the problem of inter-relation between the proposed memorandum coordinating mechanism and the work of foreign indebtedness. I indicated that I wholeheartedly supported the idea of consultative groups. However, I was concerned whether the inclusion of the foreign debt program would result in opposition to the proposed expansion of consultative groups in view of our recent experience on Chile. I was also concerned with the problem of Fund/Bank coordination, since it had been assumed for some time that the Bank and Fund would be acting together on the indebtedness problem.

After discussion it was agreed to eliminate the references to foreign debt obligations (para C, page 2 of SSM/A.64-67). Mr. Knapp made the point that previous descriptions on consultative group activities had not included the handling of the indebtedness program.

ISF/prl

cc: Coordinating Mechanism File
Indebtedness file

January 4, 1965

Dear Takeo:

Thank you very much for your letter of December 26 and the attachments on Rice Cultivation. Please also thank Governor Abiko for the work done. I am reading the memorandum myself and will bring it to the attention of others in the Bank concerned with these problems. I am sure it will prove most helpful.

Our Christmas week was as busy as always, particularly since Barbara and Reid were visiting with us. It is now the day after the Christmas holidays and the family has started back to its routine. I am still hoping to visit Tokyo and to bring Edna with me but at the moment have not fixed a time. I am trying to concentrate on getting the major aspects of the work started here and believe that it has gotten off to a fairly good start.

I am sorry to hear that Governor Yamagiwa is leaving the Bank, but, of course, can understand the reasons for his so doing. I believe that he did a very fine job in a most difficult situation. It was a pleasure and honour for me to have had the opportunity to work so closely with him. I will be writing separately to him as soon as I have learned whether the report that I have received as to his resignation is official and public.

Please give my best regards to your family. I am sure that if you or they are ever in Washington you will give us the pleasure of letting us know in advance so that we can get together. In the meantime we continue to dream of our next trip to Japan.

With best wishes for the New Year,

sincerely yours,

Irving S. Friedman

Mr. T. Yumoto
Bank of Japan
Tokyo
Japan

Mr. Dragoslav Avramovic

January 4, 1965

Irving S. Friedman

The memorandum "Outlook for Commodity Prices" dated December 29, 1964, represents a suggestion made by Mr. Gulhati. I would suggest that this be discussed with Mr. Avramovic and myself at our next meeting.

Let us plan to meet on Thursday afternoon at 3:30 to allow Mr. Hablutzel to be present. We will also use this occasion for a general review of the work.

cc: Mr. Macone
Mr. Scioli
Mr. Gulhati
Mr. Hablutzel
Mr. Thalwitz
Mr. Frank

January 4, 1965

Dear Henry:

Thanks for your letter of December 15, 1964. It's always good to hear from old friends.

In your capacity as Economic Counselor and AID Representative I have no doubt that your hands are indeed full, even though, as you say, Libya's financial position is so healthy.

For myself I am quite busy. The multiplicity of tasks in pulling together and steering the work I have embarked on is, as I had anticipated, very interesting and challenging.

With best wishes for the New Year and the hope that we shall cross paths in the not too distant future,

Sincerely,

Irving S. Friedman

Mr. Henry K. Heuser
Economic Counselor and AID Representative
Embassy of the United States of America
Tripoli, Libya

Mr. Lejeune

January 4, 1965

Irving S. Friedman

Memorandum from Mr. A. Nespoulous-Neuille

Your help on this would be much appreciated.

Attachment

12/31/64

Working Files

Supplier Credits: contains memos and your notes on proposed outline for study and proposed questionnaire to Karasz.

Debt Rescheduling and Consortia and Consultative Groups: contains all working material including Mr. Finch's memo, Mikesell's chapter, SSM paper, draft memo to Mr. Woods and your notes.

Memos to be discussed by Mr. Woods

Early Retirement (Mr. Wilson)
Industrial Feasibility Studies (Mr. Demuth)
Project Identification and Preparation in the Industrial Sector (Mr. Moussa)

Articles

Halley's paper - Capital Flight from the LDC's and Possible Remedies
Lecture to IMF Institute (in French)

Response of Messrs. Woods and Schweitzer to African member countries' memo of September 11, 1964

Jalan's reaction to Mr. Williams memo on African Development Bank

" " " "The Plan" - Mike Hoffman

Professor Tamagna's report on Financial and Economic Developments in the U.S. October/November 1964

McKitterick's letter and report Role of the IBRD in the Next Round of IDA Replenishment

Schick's memo - Bank's Borrowing in Switzerland

ACTION FILE

To complete French text of IMF Institute lecture

Letter from Jackson, C'wealth Savings Bank of Australia - re housing loans in Australia

" " Fred Atkinson

" " Alex McLeod and his address Helping The Developing Nations to Enter the
20th Century

" " Abol Eftehaj and his address A Program for Economic Growth (also caviar)

" " Yumoto, Bank of Japan and his translation of Synopsis of Rice
Cultivation in Shonai District

Memo from Mr. van Campenhout - Application of Mr. Mark Cherniavsky

" " E. Jay Finkel U.S. Treasury - summary record of meeting - for your
clearance.

" " Tetsuo Kondo - edit draft of speech "Advice to Yamagata"

DRAFT : 12/30/64

To: Mr. George D. Woods

From: ISF

Subject: Debt Rescheduling and Consortia and Consultative Groups

Since the memorandum on Consortia and Consultative Groups was considered by your Council I have been giving further thought to the problem of debt rescheduling. At the time I made the comment to Mr. Demuth and others that I felt there would be a close inter-relation and have repeated this comment. I should like to emphasize at the outset that I believe the idea of further expansion on the use of consortia or consultative groups is an excellent one because it does add a new important dimension to the Bank and thereby enhance the possibility that the Bank can be of increased usefulness both to creditor and debtor countries. However, I feel that a number of very hard problems still have to be looked at for there is grave danger that the proposal will not find the general support and acceptance among creditor countries. The experience with Chile's proposal for the Bank sponsoring its debt rescheduling is another example of how sensitive the creditor countries in Europe are to the problem of who handles debt rescheduling. Until now at least they have regarded this as something to be handled by a relatively small group of most interested creditor countries with assistance from the international agencies if needed and forthcoming.

If we do not have answers to the tough questions to give to the creditor countries this very fine idea of expanded consultative groups might never get off the ground. There are also difficult questions that might be raised by the debtor countries who have until now tended to avoid a multilateral approach to debt rescheduling unless it was the only way of getting new money. I assume that in any case consideration

will be given to the question of how the necessary member countries' support is obtained for the proposal with respect to consultative groups.

Rather than write a long memorandum on the matter at this time perhaps it might be useful if I were to list some of the questions that have occurred to me that require an answer, even if not a written one. These questions may have already been considered and answered, I do not know. I do not want to raise them with others until I know from you that you felt it to be desirable.

not for 1/4/65 12/29

Dear Arthur:

I have read with great interest the attachment to your letter of December 24 reporting on the meeting of the DAC Working Party on UNCTAD issues. For the moment I will address myself to Paragraph 8 of the report dealing with the Resolution on Growth and Aid. I believe that the Bank should be prepared to undertake the studies recommended by the Conference and have said so to Mr. Woods and others. As we discussed in Washington I see such studies as the by-product of the regular work of the Bank which I hope will encompass periodic and systematic exchange of reviews with countries on their economic situations and policies and development plans irrespective of whether there exists likely prospects for project appraisal and financing in the relatively near future.

I am puzzled by the summary given by Mr. Elson which in point (d) says that the studies "on Economic situations and policies" should be entrusted to the IMF. Obviously we hope and expect that the Fund will continue to have its annual consultations with countries but the purpose of such consultations and their focal point are quite different. For Article XIV countries the Fund is concerned with the possibilities of removal of exchange restrictions on current transactions and/or the assumption of the obligations of Article VIII of the Fund Agreement--what is sometimes referred to as convertibility on current account. To fulfill this purpose the Fund has looked broadly at the country's economic trends and policies and indeed much of the factual material collected by the Fund would be the same as that collected in the Bank reviews -- a situation which already exists. This, in my opinion, would call for close collaboration and cooperation between the two institutions but I don't think you can split the work as suggested by Mr. Elson. For example, the Fund now includes in its discussions an appraisal of the development programs from the viewpoint of their monetary impact, their short-run balance of payments effects, the need for restrictions, etc. I don't think we would want to tell the Fund that they should not include a discussion of development from their viewpoint because if we did it would make their assessment of the situation partial and unrealistic. Similarly, I can't see the Bank reviewing development while reviewing simultaneously a country's economic trends and policies. But, perhaps I simply misunderstand. Incidentally, I am not troubled by overlapping as long as every effort is made to avoid unnecessary duplication of work.

With best wishes for the New Year,

Yours sincerely,

Irving S. Friedman

Mr. Arthur Karass
I.B.R.D.
4 Avenue d'Iena
Paris (16^e), France

12/29/64

Heads of Area Departments

December 29, 1964

Irving S. Friedman

Meeting on External Debt Problems

You will recall that last Wednesday at the Senior Staff Meeting I said that I intended to call a meeting of the various interested Departments on experience with external debt problems and how they had been handled. We are scheduled to have a meeting with Fund people on this next week and I thought it desirable that we have a meeting of our own beforehand.

If acceptable to you I would like to propose that we meet on Wednesday afternoon, December 30, at 2:30 pm.

I would be happy if you would come yourself or send anyone who is in a position to make a useful contribution because of past experience.

cc: Mr. Aldewereld
Mr. Demuth

DRAFT
12/28/64

Dear Arthur:

This is in reply to your letter of December 16. As you know I have no objection to informing the DAC people informally of what we are doing on the U.K./Swedish proposal. However, our views are in a constant state of flux and change as we go more deeply into the matter. At some point it might be possible for us to inform people informally as to the scope of the report and our technique and analysis. On any possibly policy recommendations it would be confusing and probably misleading to tell people in advance of our having a firm staff view. At Mr. Woods's meeting this morning this matter came up and there was general agreement that we should not promise anything to the DAC people that we could not fulfill.

I do, however, agree that some member of my group might very well go to Paris to talk over matters informally, as you suggest on page 3 of your December 14 memorandum.

Incidentally, I would appreciate your not referring to our group as a "Bank task force" under Isaiah Frank. Isaiah has been helpful but I know that he would be quite dismayed to be thought of as the person heading the group, since until now it has been the combined work of a half dozen people.

Yours sincerely,

Irving S. Friedman

DAVID KOCHAV
DIRECTOR, PLANNING AUTHORITY
TREASURY
JERUSALEM

December 28, 1964

LT

ISRAEL

PLEASED TO SEE YOU ON THE 11TH. HAPPY NEW YEAR.

FRIEDMAN

Irving S. Friedman

Office of the President

Mr. George D. Woods

December 21, 1964

Irving S. Friedman

UNCTAD Resolution on Growth and Aid

In Mr. Wishart's memorandum to the Files of December 18, it was noted that Mrs. Barbara Castle had referred to the UNCTAD resolution on "Growth and Aid". (The memorandum reports that the Minister and Sir Andrew Cohen referred to the resolution on "Growth of Aid" but I presume it was a slip of the tongue.) I am attaching a copy of this resolution.

You were right in saying that you were quite sure the Bank has not taken on any special responsibility for its study and examination. However, I understand from past discussions with people from the U.S. Treasury and Mr. Karasz that it was hoped the World Bank would be the "competent international body" for examining the economic situations and policies and development plans of individual developing countries (see Para 2). I have also heard that the U.S. regards this as one of the most important resolutions in our field. The U.K. authorities obviously have similar views.

As you know I had thought that much of the work of the Bank could be strengthened by developing programs of systematic and periodic consultations with Bank members on their economic situations and policies and development plans. Your thinking on the more frequent use of consultative groups would fit into this. In the consideration of the U.K./Swedish Proposal we have found that much of what is feasible would depend upon the existence of such a scheme. I believe that some of the sponsors of the resolution on Growth and Aid would feel that their basic point had been met by such a program. At some stage I hope to come up with a recommendation to you on this matter after further discussion with others in the Bank concerned.

In any case, however, the Bank does not regard itself as having been requested to prepare any special study under this resolution, but as indicated above some work might be required on whether the Bank is willing to do more along the lines of the viewpoint expressed in the resolution. Moreover, as Mr. Demuth reported in his memorandum of December 7, we may be asked by Dr. Prebisch to do something along these lines. For your handy reference I am also attaching Mr. Demuth's memorandum - discussion on this point is at the bottom of page 2 and the top of page 3.

Before Mr. Karasz left I reviewed with him our outstanding commitments to the UNCTAD. In addition to the studies we have started it may be that we will be requested to assist in others by Dr. Prebisch.

Mr. George D. Woods

- 2 -

December 21, 1964

Do you feel that Mrs. Castle expects a note from you on this matter? In case you do I am attaching a possible draft reply.

Attachments

cc: Messrs. Knapp
Wilson
Alderswald
Brookins
Dearth
Wishart

ANNEX A.IV.2

GROWTH AND AID*

RECOGNIZING the wide concern expressed regarding the inadequacy of the growth target of 5 per cent per annum for the United Nations Development Decade, and recognizing that in recent years rates of growth of national income of developing countries in the aggregate and per capita have been generally unsatisfactory,

RECOGNIZING the urgency of accelerated growth in the developing countries,

CONSIDERING that international and national attitudes and efforts, as well as new institutional arrangements conducive to growth, are emerging, and that certain basic conditions for accelerated growth in the developing countries are being created,

EXPRESSING THE CONVICTION that favourable attitudes and efforts in the fields of international trade and finance, development assistance and the mobilization of domestic resources must continue, and that developed countries can increase their financial and technical assistance to developing countries, and that developing countries themselves must increase their efforts to mobilize domestic resources.

I

THE CONFERENCE RECOMMENDS that:

1. The main tasks to be undertaken and the means for raising the necessary resources be recognized by developing countries themselves, on the one hand, by mobilizing domestic resources for development, and by developed countries, on the other hand, by assisting the economic growth of less developed countries;
2. The competent international bodies, including, if appropriate, ^{1/} the continuing machinery recommended by this Conference, examine the economic situations and policies and development plans of individual developing countries in order to determine the feasibility of rates of growth higher than those which have been experienced by most countries individually during the past decade, and even higher than that envisaged for the United Nations Development Decade, and to indicate measures for developing and developed countries to take to achieve them. It was recognized that there is a need for co-ordination of these studies by competent machinery within the United Nations.

II

THE CONFERENCE FURTHER RECOMMENDS that:

3. The import capacity resulting from the combined total of export proceeds, invisible earnings and capital inflow available to the developing countries taking into account the evolution of prices should rise sufficiently, and the

*The Conference adopted this Recommendation by 107 votes to none, with 9 abstentions.

^{1/} It was felt that the question whether the machinery resulting from this Conference would be appropriate to undertake: (a) any of the country examinations, (b) and/or the co-ordination of such examinations should be taken up at a later stage in the light of decisions at this Conference.

measures taken by the developing countries themselves should be adequate, to enable these higher rates of growth to be achieved. All countries, developed and developing, should undertake, individually and in co-operation, such measures as may be necessary to ensure this, and provision may be made for a periodic review of the measures so taken and the experience gained in the light of section I above.

III

BELIEVING that each economically advanced country should make a sustained effort to assist the developing countries,

THE CONFERENCE FURTHER RECOMMENDS that:

4. Each economically advanced country should endeavour to supply, in the light of the principles of Annex A.IV.1 financial resources to the developing countries of a minimum net amount* approaching as nearly as possible to 1 per cent of its national income, having regard, however, to the special position of certain countries which are net importers of capital.
5. This is not intended to represent either a ceiling or a suitable method for comparing the appropriate quantitative or qualitative development assistance efforts as between different economically advanced countries.

*The definition of financial resources is, in summary, as follows:

Official cash grants and grants in kind (including grants for technical assistance); sales of commodities against local currencies; government lending for periods exceeding one year (net of repayments of principal); grants and capital subscriptions to multilateral aid agencies, and net purchases of bonds, loans and participations from these agencies.

Private capital on the basis of net long-term movements, originating with residents of the capital-exporting countries. They are thus net of repatriation of principal, disinvestment, and retirement of long-term loans, portfolio assets and commercial debt. They are not net of reverse flows of capital originating with residents of the less-developed countries, nor of investment income.

Mr. Gulhati

December 23, 1964

Irving S. Friedman

UAR Mission

We have received word that the Egyptians have agreed to the proposal to send an economist with the IMF mission. This mission will go in January and will be headed by Mr. John Gunter. I suggest that you get in touch with Mr. Gunter to learn more about his plans and when it would be best for you to be there.

December 23, 1964

My dear Meenai:

I am glad that you wrote me your letter of December 12, 1964, raising the question of your official designation. You are quite right in believing that the term "economist" occurring in the formal letter of appointment was not intended as an official designation, the word was used merely to indicate professional category rather than title. As I am not having a departmental structure but rather a relatively small group, I am not trying to have titles at all. I am therefore pleased that this solution to the problem is satisfactory to you.

In any case please be assured that you will be working directly with me and at a very senior level in status and responsibility.

With best wishes for the New Year, and looking forward to seeing you soon,

Sincerely yours,

Irving S. Friedman

Mr. S.A. Meenai
State Bank of Pakistan
Karachi
Pakistan

December 22, 1964

Office of the Secretary:

It would be appreciated if the following documents could be supplied to Mr. Friedman:

IMF - EBS/63/99	-	Indonesia
SM/63/78		"
SM/64/104		"

D. McGregor

Ordered at Mr. N. N's request.

INTERNATIONAL MONETARY FUND

1) Indonesia, Request for
Stand-by Arrangement
ERS/63/99.

2) 1963 Consultations
SM/63/78

64 SM/64/104

page 19, 20

December 22, 1964

Dear Mr. Suzuki:

I am afraid that the envelope containing the pictures you sent me was misplaced, so I must apologise for not writing sooner.

I do wish to thank you very much for your kindness in sending me the pictures of Governor Yamagiwa's dinner. For me it was a most moving occasion. Please give him my best regards.

Sincerely,

Irving S. Friedman

Mr. Suzuki
Private Secretary to the Governor
Bank of Japan
Tokyo
Japan

December 21, 1964

Dear Eero:

It was very nice to hear from you again. I am afraid that the press release issued by the Bank on my appointment was not given the wide circulation I had assumed was given to Bank press releases. I am in the midst of the transition from the old to the new and still keeping my fingers crossed as to the future.

I am pleased to hear that you have not lost your optimism since your delightful combination of cynicism and optimism was something to be cherished. As for myself I find it harder and harder to retain my original optimism; but like most human beings am kept afloat by the expectation of change.

This has been an eventful year for our family. Our daughter Barbara was married, as you probably already know. They are living in Cambridge, Mass., where Reid is attending Harvard Law School and she is teaching school. They are in Washington for the moment on their Christmas holidays. We are of course enjoying having them with us.

With warmest Seasons Greetings,

Yours

Mr. Eero Asp,
Vientitakaulaitos
Etelaranta 6
Helsinki
Finland

December 21, 1964

Dear Mr. de Moraes Barros:

I was glad to receive your letter of December 11 regarding Mr. Pereira Lira. I wish to express my appreciation for the cooperation and friendly attitude you have shown in furthering our work.

With warm Seasons Greetings,

Sincerely yours,

Irving S. Friedman

Mr. Luiz de Moraes Barros
President
Bank of Brazil
Rua Primeiro de Marco 66
Rio de Janeiro
Brazil

Mr. Avramovic

December 22, 1964

Irving S. Friedman

Letter from Mr. Karasz

I am attaching a copy of a letter received from Mr. Karasz. My first reaction is to have us participate in the proposed "expert group". Do you agree? If so whom would you suggest? If you would like to do it yourself I would suggest you be the expert and Gulhati your alternate.

Attachment

Mr. J. Burke Knapp

December 21, 1964

Irving S. Friedman

May I send you the attached material received from Ernest Sturc. I will give him no reply until hearing further from you.

Attachment.

ISF:prl

Mr. Michael L. Lejeune

December 21, 1964

Irving S. Friedman

Hyong Chun Kim

I am attaching an excerpt of a letter from Professor Mikesell whom you undoubtedly know. I have written to him that I would be exploring this man with people in the Bank to see if there was any interest in him. If not, I would then bring his name to the attention of people in the Fund.

Attachment:

ISF:pr1

Excerpt of letter from Professor R.F. Mikesell, University of Oregon,
Eugene, Oregon, to Mr. Friedman, dated December 15, 1964

"My second reason for writing is to call your attention to a Korean student of mine who just finished his doctorate under me, writing his dissertation on the factors determining the growth of Japanese exports in the postwar period. Hyong Chun Kim not only had an excellent record here at Oregon, but has written one of the best dissertations that has been done here over the past several years and certainly has proved to be one of the best Asian students we've had. He is currently teaching at Eastern Montana College of Education, but I am sure we can find a much better teaching spot for him now that he has completed his Ph.D. He is a Korean citizen, but wants to spend several years in this country before returning, and is particularly anxious to obtain some experience working in the Bank or the Fund, or perhaps make a career as an international civil servant. I don't recall knowing anyone in your Far Eastern department, but I thought you might call his attention to someone in that department. He is fluent in both Japanese and Korean as well as speaking and writing excellent English. I had far less trouble with his writing than I do with most of American Ph.D. candidates."

December 21, 1964

Dear Mike:

I am glad to learn that you will be coming to Washington around the first of March on your way to Latin America. Please save some time for us, including an evening. Again, let me assure you that we would be most happy if you would stay at our home while you are in Washington.

I would be happy to look at the draft of your new book "Public International Lending Institutions". I am sure I would learn a great deal from it.

With respect to your Korean student I am discussing this with others in the Bank to see whether there might be a spot for him. If not, I will also circulate it to the Fund.

Sincerely yours,

Irving S. Friedman

Professor Raymond F. Mikesell
W. E. Miner Professor of Economics
University of Oregon
College of Liberal Arts
Eugene
Oregon 97403

Mr. Irving Friedman

December 2, 1964

B. Jalan

UNCTAD

1. The recommendations contained in the Final Act of the UNCTAD call upon the IBRD to undertake the following studies:-

(i) Compensatory financing - the Bank is invited to study the feasibility of a scheme to provide, through supplemental funds administered by IDA, long-term assistance to developing countries whose development programs are in changes of being disrupted by shortfalls in export receipts below reasonable expectations. The relevant economic circumstances for consideration should include the adverse effects of significant increases in import prices. (Annex A.IV.18)

(ii) Horowitz Proposal - A study covering all aspects of the scheme for increasing capital flows to developing countries through an interest equalisation fund (submitted by Israel to the Conference) should be made by IBRD (Annex A.IV.11)

(iii) Multilateral Investment Insurance - The Bank is asked to expedite its studies of investment insurance in consultation with governments in developed and developing countries and to submit the results to the U.N. by September 1965 at the latest. The Bank is invited to include in its study the problem of guarantees of securities floated by private enterprises or public institutions of the developing countries in the markets of the developed countries. (Annex A.IV.12)

(iv) Settlement of Investment Disputes - The Bank is requested to submit to the U.N. the result of its studies and consultations on the establishment of machinery for the settlement of investment disputes. (Annex A.IV.12)

(v) Suppliers' credits study - The Bank is invited to study the use (actual and potential) and terms of suppliers' credits and credit insurance, including rediscounting arrangements. (Annex A.IV.14)

2. In addition to the above the conference urges the Bank group to take the following actions and adopt certain policies:-

(i) The Bank is urged, at the request of the developing countries concerned and where appropriate to co-ordinate aid in respect of individual countries or groups of countries through consortia or regional or other suitable institutions. (Annex A.IV.4)

(ii) IFC is asked to examine the possibility of expanding its investment activities, including the use of its borrowing power. (Annex A.IV.12)

(iii) The Bank, IDA and IFC, as well as other agencies, are asked to undertake studies and research aimed at development and profitable use of tourist resources in developing countries, and to give financial assistance to tourist facilities and infrastructure necessary to development of tourism. (Annex A.IV.24)

(iv) The possibilities should be explored of increasing IDA's resources through a transfer of a reasonable portion of the Bank's net earnings at the end of each fiscal year, and through continuing contributions by governments to the maximum extent possible. (Annex A.IV.5)

(v) International institutions, in particular financial institutions, should endeavour to assist without discrimination the public sector of developing countries in accordance with the development plans of these countries. (Annex A.IV.13)

3. In view of the short-term needs of developing countries resulting from fluctuations in their export receipts, the conference recommends that the International Monetary Fund review its compensatory credit system (put into operation in February 1963) in the light of the experience of the three preceding years. (Annex A.IV.17)

4. The UNCTAD resolutions calling for studies in which the Bank group or the Fund may be asked to play a role are:-

(i) Competent international bodies are asked to examine the economic situations and policies and the development plans of individual developing countries to determine the feasibility of rates of growth higher than those experienced during the past decade and to indicate measures to be taken to achieve them. (Annex A.IV.2)

(ii) International financial institutions should study methods of payment, agreed to between developing countries, which would promote their trade in primary commodities, and should assist in the adoption and implementation of such methods. (Annex A.II.5)

(iii) The Secretary General of the Conference is asked, after consulting with appropriate international organizations, to convene a group of experts to consider the international monetary issues relating to trade and development. (Annex A.IV.19)

(iv) The Secretary General of the Conference is requested to convene a committee of experts to study, in consultation with the appropriate agencies operating in the same field, the feasibility of establishing a fund to finance long-term capital projects, with particular emphasis on regional and/or sub-regional development projects. (Annex A.IV.2).

(v) The Secretary General of the U.N. in consultation with the President of the Bank, regional economic commissions, regional development banks, and other appropriate regional bodies, is asked to study the problems of regional development and report to the General Assembly. (Annex A.IV.10)

(vi) The continuing organ set up as a result of the conference is asked to undertake, in consultation with appropriate international organizations, a study of systems of financing export marketing of main primary commodities to reveal the factors determining the share of producing countries in the final price paid for the commodities in the developed countries. (Annex A.IV.16).

(vii) An international agency, to be designated by the U.N. Secretariat, is asked to study a proposal made by the Senegal for the establishment of an "interest rebate fund" which would be used to reduce, through compensatory payments, the rate of interest on development loans and credits. (Annex A.IV.15).

(viii) The U.N. and the machinery emerging from UNCTAD, in consultation with appropriate bodies, should make an overall economic and social survey of the depressed areas of the developing world. (Annex A.VI.5).

Mr. George D. Woods

December 21, 1964

Irving S. Friedman

PERSONNEL

Apropos our discussion the other day with respect to personnel the following maybe helpful:

1. Thus far I have recruited from the outside four people for my group. They are Messrs. Pereira Lira of Brazil, Meenai of Pakistan, Sundrum of Burma, and Kochav of Israel. The first three men are on a limited term contract basis (two or three years). Only the Israeli is on a regular appointment, but he too, plans to return to his country in two or three years. I have also brought with me from the Fund a very young person whom I had recruited at Oxford to work with me. He is an Indian who is at a very junior level, and could if deemed desirable, be administratively placed in the Economic Department and seconded to me. I have also discussed the possibility of personnel with the Indians, the Japanese, the Australians, the British and the Americans.
2. You will recall that my original idea was to have a relatively small group which would respect the conflict of views which exist in the world with respect to the problems of development finance. I was particularly eager to have a strong team representing the viewpoints of the less developed areas. You will also recall that I pointed out from time to time that I was negotiating with more people than I probably would want to have, but could not be certain how many would materialize. At this moment I believe that we probably can get someone from Britain, India, and Japan. I am somewhat more doubtful about Australia since I have received no reply to my informal letter to Governor Coombs.
3. My present work is being carried forward by a number of individuals who have been seconded to me from the various departments. I have made no firm decision as to their eventual disposition and organization. In the meantime I have begun discussions with administration people on how best to handle my personnel problems. At one point, which is reflected in my November memorandum to Mr. Wilson, it seemed best to organize the group on the basis of a layer of senior professionals plus a layer of junior or middle-level professionals to ensure that the senior people would not be called upon to do work more appropriate to less experienced people. From discussions with others I had become convinced at the time, that I simply would not be able to do my job if my senior group had to rely entirely on outside assistance. In any case, however, the bulk of the work would still be done outside of the group. I had predicted to Mr. Wilson that by mid-1965 probably about thirty professionals, if not more, would in one department or the other (including my group) be working on matters which I had undertaken.

4. Another element in my recruitment activities, which I have also discussed with others, is that I can recruit senior personnel. I have been repeatedly told in the Bank that recruitment of experienced people of a very high calibre was difficult. I am perfectly happy to make use of my contacts to help recruit people. However, since the people I have in mind are mostly people whom I know personally, it does raise the problem that it is easier for me to recruit people if I can give them my personal assurance as to what they will be doing and for whom they will be working.

cc: Mr. G. Wilson
Mr. L. Lejeune

C
O
P
Y

STATE BANK OF PAKISTAN

Karachi
December 12, 1964

My dear Mr. Friedman,

Thank you very much for your letter. I was delighted to learn that you enjoyed your visit to Europe. The formal appointment offer has now reached me. I am proceeding with the arrangements. The Governor is abroad these days and the question of my release will be submitted to the Board of Directors after his return.

In the meantime there is one little thing that I feel I must clear up in order to ensure that there are no difficulties at the Board level in regard to my release. This pertains to the fact that the formal letter of appointment from the Personnel Manager states that I am being offered an appointment as an economist. Keeping in view your personal letter inviting me to join your Group in which you observed that the small top level staff which you were assembling would have the assistance of economists both in your own group and from other departments, I am inclined to believe that the term "economist" occurring in the formal letter of appointment is not intended as my official designation. However, in case my presumption is not correct, it will create a number of problems. As you know, I have been entrusted with heavy responsibilities and have oftentimes been called upon to play a role even exceeding my position in the central bank. This reliance has gone to the point of my services being regarded as almost indispensable. However, I was able to persuade the Governor and the Finance Minister to release me by showing them your personal letter thereby convincing them that my services were being sought for a position of high responsibility.

True, the salary offered puts me at a very high level. The fact, however, remains that the common tendency is to be guided by the designation rather than the emoluments that go with it. I am afraid that the title of "economist" as understood in this part of the world, does not convey the degree of responsibility which will manifestly attach to my position judging in the light of your personal letter and the salary offered.

As for me, the title is not all that important. However, bearing in mind that my future career eventually lies in Pakistan, I should, perhaps, not altogether disregard the fact that I will be in competition with people who have gone to international institutions with high sounding designations. This makes me suggest that if there is no other way out of this difficulty and assuming that instead of the usual departmental set-up you are assembling a group of persons as your top level staff. I would be perfectly happy not to have a title at all. It would be quite enough for me to belong to your Group. I would greatly appreciate a word from you on this matter.

With warmest regards,

Sincerely yours,
/s/ S.A. Meenai

Mr. Nespoulous Neuville

December 16, 1964

Irving S. Friedman

Staff Meetings - Technical Operations Dept.

I spoke to Mr. Chadenet about the possibility of your visiting one of their staff meetings, which take place on Thursday afternoons. I thought it might be of interest and value to you to learn a little bit more about how TOD operates. He said he would be glad to have you come at a mutually convenient time. You may therefore wish to contact Mr. Chadenet about this.

Mr. Stevenson

December 15, 1964

Irving S. Friedman

Capital Requirements - U.A.R.

In reply to your note of today's date I do think it would be desirable to have someone do something on the capital import requirements study. It would also be an excellent reason for having someone on the mission. If the mission is short, how about someone from my own group joining for this purpose?

Mr. Schick

December 15, 1964

Irving S. Friedman

I would appreciate receiving every other week or so a
brief report on how you are doing on your study.

December 15, 1964

Notes for Mr. Woods

1. Machado proposal -- pooling of central bank reserves of Central America including Mexico. Also question of investments.
2. Question of getting staff from Herrera.
3. Has Mendels passed on reaction to EDs Seminar.

Mr. Woods

December 14, 1964

Irving S. Friedman

Inter American Bank

In connection with your lunch today with Mr. Herrera you might find the following notes of use.

1. On November 1, 1964 the IBD issued in New York 100 million of $4\frac{1}{2}$ per cent 20-year bonds at a price of 99.
2. As a result of the increase in quotable capital, which became evident on October 20, 1964, the prescribed capital stock totals 1,284,985 of which 381,580 is paid in. Of this increase 1 billion is in authorized callable capital for subscription by present members in two equal installments not later than December 1 1964 and 1965 respectively, and 300 million for new members. Of the proposed increase the United States has appropriated 205,880,000 which is half of the total US increase. The second half has been authorized by Congress but an appropriation is still necessary.
3. In addition the Bank administers the Fund for Special Operations with total contribution quotas 218,921,000. Also, under an agreement with the United States it administers the Social Progress Trust Fund with authorized resources of \$525 million.
4. On January 28 the Board of Governors increased the authorized ordinary capital of the Bank from 850 million to 2 billion 150 million.
5. The Fund for Special Operations and the Social Progress Trust Fund are being merged. The new Fund would have resources equivalent to 900 million of which 750 million would be contributed by the US. The increase would be payable in equal installments in 1965, '66, and '67. Loans from this Fund would be at concessional rates including, as I understand it, repayments in currency of the borrower. It could be used for purposes now financed under the Social Progress Trust Fund such as housing for low income groups, water supply, sanitation, education, training, etc. It is expected that these funds will be tied by the US Congress but hopefully to the Western Hemisphere rather than to the US alone.

Current Problems in Development Finance

I. What is meant by "development finance"

(a) Definition : includes bilateral and multilateral aid; tied and untied; medium-term and long-term; new credits and servicing of old (as receiver of interest, income and capital amortization; governmental and private; budgetary and borrowings from capital markets. (In U.S. emphasis is on governmental).

(b) From viewpoint of debtors and creditors : problems tend to be viewed from one viewpoint or another--rather than simultaneously (a serious cause of misunderstanding of problem and among countries).

II. Some current problems

(a) Contrast of conditions in developed countries and developing.

(b) Current hard knots? In developing countries: shortage of resources; shortage of savings; difficulty of governments raising local funds without resort to central banks (either by borrowing from public or increased taxation), etc. In developed countries: inflationary pressures; balance of payments difficulties; inadequate savings or crude forms and institutional weaknesses; mutual recriminations and inadequate coordination.

(c) Political tensions -- UNCTAD Conference - Group of 72 (DAC)

III. UNCTAD Proposals (not all)

(a) establishment of Board of Trade and Development proposed - as permanent organization of UN - 55 nation board.

(b) Studies referred to IBRD

(1) Horowitz

(2) U.K./Swedish

(3) Supplier Credits and indebtedness

IV. Other current problems

- (a) need for coordination - consortia - consultative groups, etc.
- (b) need for international criteria or standards on lending and borrowing - to guide individual decisions and institutions (code) - ex. criteria for qualifying for "soft aid" -- repayment of obligations -- credit extensions (e.g., supplier credits) -- policies of recipient countries ("self help" with respect to taxation, investment, trade, population policy, etc.) -- role of programming.

Notes for conversation with Mr. Lejeune - Thursday, 3 pm

1. Costanzo
2. Other senior people being recruited (Australian, British, Japanese)
3. Desire for German
4. Current additional needs -- two more economists

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

TABLE ?

Mr. Gulhati passed it on to
Mr. Avramovic, who took it home
with him and is also off sick
today.

OFFICE MEMORANDUM

TO: Mr. George D. Woods

DATE: December 9, 1964

FROM: Irving S. Friedman

SUBJECT: Status of the Capital Requirements Study

1. Discussions have been held with the Area Departments and the Economic Department to clarify the purposes and methodology of the Bank study of future capital requirements of developing countries outlined in my memorandum of November 4, 1964. The general consensus of views was that the proposed study, now under way, is worthwhile and feasible.
 2. I see three main purposes served by this study--first, to help in the IDA replenishment exercise, secondly, to make the World Bank the forum for the discussion of this basic question and, thirdly, to aim to achieve an international agreement on this matter however qualified. Incidentally, it would help to bring more uniform standards into country analyses and to provide an additional opportunity for maintaining continuous contacts with members. It is recognized that the next IDA replenishment discussion might well come before the capital requirements study is completed. Therefore, a separate paper is being prepared on this, as you requested.
 3. Studies relating to 24 countries are firmly committed (~~see attached table~~). These countries account for nearly two-thirds of the total population and about one-half of the present volume of external capital provided to developing countries through bilateral and multilateral channels. In addition, the Area Departments are examining the feasibility of analysing another seven countries--Mexico, Iran, Ethiopia, Peru, Taiwan, Bolivia and Jordan--which in the first instance seemed difficult on account of staff unavailability and/or gaps in existing information. If these studies materialize, the sample will encompass 71 per cent of the population and 60 per cent of the present flow of official capital. (~~labeled "probable" in table.~~)
- Perhaps it will be possible to make arrangements for analysing additional countries--presently I am considering Indonesia and the U.A.R.--outside the Area Departments. If these studies materialize, then the sample will cover 80 per cent of the population and 65 per cent of the present volume of official capital. The major potential claimants on IDA will be fully represented in the sample. The African Department would like to study a few West African countries who have recently secured political independence; these would be a welcome addition to the selected sample.
4. The results of this exercise should start flowing in soon. We have agreed on March 1, 1965 as a deadline for the Area Departments completing the agreed countries. The process of synthesizing will take place as the country analyses flow in.
 5. We are not aiming at perfection in the initial study. Rather, the present exercise is viewed as the first of a series which will gradually enable the Bank to close awkward gaps in information and to refine the methodology of judging capital requirements.

cc: Mr. Knapp Heads of Area Departments
Mr. Wilson Mr. Avramovic
Mr. Aldewereld
Mr. Demuth

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WBG ARCHIVES

Personal

December 10, 1964

Dear Bob:

I did want to add my appreciation to that of others for your efforts of the last four years. Having known the personal sacrifice you were making, both in your health and finances, I could not but admire the devotion and vigor you brought to the job.

I have long since come to regard mere technical competency as one of the easier talents to obtain. It is the combination of technical competency, plus judgment, devotion and vigor, which seems to be so rare. I am sure that in your new incarnation you will continue to have many opportunities to exercise influence on public affairs. I do hope that you choose to do this to the utmost of your time and energy.

Having switched my focus somewhat in monetary problems to finance and investment I can say from experience that the focal point may be different but the content is quite similar and the problems just as intractable and challenging.

With best wishes for the future,

Sincerely yours,

Irving S. Friedman

Mr. Robert Roosa
Under Secretary of the Treasury
for Monetary Affairs
United States Treasury
Washington, D.C.

Mr. Fleming

December 9, 1964

Irving S. Friedman

Memorandum on African Problems

Mr. Avramovic has passed on to me your memorandum of November 19 on African problems. He had no comments on it and neither do I.

Mr. Horsefield

December 9, 1964

Irving S. Friedman

Staff Papers

Thank you very much for your memo of December 3. I do intend to do the article and will give you an indication of when it will be available as soon as I can be firm.

How to Control Inflation

1. Is inflation a monetary phenomenon

- (a) Yes--related to money - general ^{price} ~~price~~ level and money supply - or foreign exchange value and money supply - or balance of payments and money supply
- (b) but -- doesn't explain what relation will exist precisely - differs among countries and even time -- explain why
- (c) moreover - doesn't explain why money supply is expanding; a rate of expansion, or consequences or how to affect change necessary to bring about stable ~~price~~ ^{price} trend (or mild upward trend)

2. Basic rate--How to control inflation

- (a) man is economic--no reliance on exhortations--patriotism -- goodwill-- etc.
- (b) action will be unpopular with some large sections of public--change in both expectations and actual way of life
- (c) means reliance on ~~price~~ price mechanism - unless assume absolutely fully controlled society--then may get suppressed inflation
- (d) means government acceptance of (1), (2) and ()--and government's ability to live with consequences--man is economic, but governments are political--
- (e) means clear and courageous recognition and inventory of existing economic situation and problems which are involved in achievement and continuation of noninflationary problems

3. What are the more common problems found to be:

- (a) distorted price activities and distorted development
- (b) expectation of continuous inflation
- (c) acceptance by large ^{sections} ~~sections~~, if not majority of public--strong trade unions means loss of potential ally
- (d) institutional inadequacies--role of central bank, if any; taxation; role of government--social structure.
- (e) protectionism--internal and external
- (f) foreign aid--avoidance of, with consequence of inflation-- by product but true
- (g) political white elephants or sacred cows (i.e. rates, or foreign ownership of utilities; national exploitation of natural resources, etc. usually have long historical explanation)

4. Possible remedies on what can be done

Notes

Carried on daily sheet

- Speak to:
- Avramovic - About IFS carrying some additional lines for individual countries on their foreign indebtedness, foreign lending, etc.
 - Mr. Woods - point made by Siglienti that they intend going ahead with the Italian loan
 - Felipe Herrera - set up lunch with Mr. Woods and self
 - Mr. Woods - mention about Brazil, did he know about Fund action-- Burke Knapp didn't
 - Avramovic - send manuscript of Economic Growth and External Debt--Shapiro
 - Adler - send material on old loan applications to Shapiro

Studies: Volume of world savings and how it is now being used with special reference to how divided between domestic investment and external investment.

- Problem of geographical distribution of IDA funds
- Problem raised by Latin Americans at Governors' Conference and will also be raised by Japanese who are disturbed by lack of IDA disbursement in Southeast Asia--danger of returning to bilateral aid--various ways of achieving better distribution without resorting to tied aid.
- Different criteria for multilateral aid at present given very low priority in call on balance of payments, current account surplus or reserves or domestic savings--would be useful to have idea of difference in impact or contribution to development from multilateral dollars as against bilateral dollars.
- Impact of tied aid on balance of payments and alternatives
NOTE: believe balance of payments savings greatly exaggerated.

Euro-dollar and IBRD: IBRD interest and international financial system--domestic policies for major creditor countries, example current UK crisis, with possible impact on outflow of capital as well as market availabilities for exporters of developing countries--tendency to ignore impact.

On developing countries, industrial or processed exporters, by thinking of them as only raw material or agricultural exporters--raises question of how can IBRD help creditor countries as well as influence.

December 7, 1964

My dear Mr. Minister:

I wish to add my congratulations to the many others you have undoubtedly received on your splendid appointment. Since you have already had many positions of outstanding importance and responsibility there is little that is new that can be said on your assumption of this new responsibility. As I had the pleasure of knowing you in your various other capacities I am completely confident that your record in the field of foreign affairs will be truly outstanding.

As you may have heard I have recently left the Fund to accept the post in the World Bank of The Economic Adviser to the President. Thus having myself just accepted some new responsibilities, I can readily appreciate how the challenge of your new responsibilities must be appealing to you.

With best wishes for the future,

Sincerely yours,

Irving S. Friedman

His Excellency
Mr. Antonio Carrillo Flores
Minister of Finance
Government of Mexico
Mexico City
Mexico

December 7, 1964

Dear Ivar:

Thank you for your letter of November 25. I too regret that we were not able to finish our discussion about problems of common interest, but it does have the advantage of giving me a good reason for coming back to visit you again.

I have passed your letter on to others in the Bank who are working on various matters of interest mentioned therein. I think you will be interested to know that the Bank is working on a food storage program in Pakistan in which the Swedish Government would be a co-lender. I have also passed on to Bob de Vries your comments on oil in Brazil. I will be writing more to you on these various subjects after I have had a chance to discuss them more with my new colleagues.

I was encouraged that you did not think my accepting the post of The Economic Adviser to the President to be a mistake. As I told you I have been finding the new field of work very interesting and challenging. However, I am impressed with the fact that it seems to be more deeply involved with both national and international politics than the work of the Fund. Perhaps it is because politicians, like other members of the general public, think that they can understand quite readily even the more technical aspects of finance and development while they are still impressed by the mystique of monetary affairs.

Please let me thank you again for a delightful visit. With warm regards and love to yourself and Ingrid,

Yours,

Mr. Ivar Rooth
Lidingo 3
Sweden

December 4, 1964

Dear Mr. Woods:

As we agreed at the beginning of the week I am sending this brief note to you to bring you up to date on the sterling situation and also taking the opportunity to give a brief report on what I have been doing.

(substantive)
I have waited until Friday in order to have a report on Friday developments in London since it tends to be a bad day for sterling when there are weaknesses. I am told that there has been a little speculation but there has been no further drain and the Bank of England has merely found it necessary to come occasionally into the market. The forward rates look better and the market is fairly calm. The situation seems to be gradually turning the corner; however there continues to be a huge exposed short position reflecting the fact that there has still not yet been created confidence as to the future, even though the drain has stopped. I presume that what is necessary is some kind of further action by the British authorities indicating their intention to sacrifice if necessary consumption in order to prove Britain's export performance. I gather that despite press reports relations between the Bank of England and the New York Fed are still excellent. I gather that feeling on the Continent that some of the critical statements by individual Englishmen in recent days about the Swiss, etc. are thought to be in bad taste to say the least, in view of the support being given to sterling.

By the time you receive this you will have been told by Johnnie Miller of the Paris story of an alleged plan for a Bank loan to the U.K. Paris has been the source of a great many stories during the last couple of years on what might be done to strengthen the international financial system. As I recollect the original proposal for a large loan to the U.K. to improve its reserve position originated in the U.K. itself sometime during last winter (I believe that Thompson McCausland of the Bank of England was the author but I'm not certain). The original proposal was for a loan on the magnitude of \$1 to \$2 billion to increase the U.K. holdings of reserves. Of all the European countries only Britain could be regarded as having inadequate reserves and this was particularly dangerous in view of her position as a reserve currency. The original suggestion was along the line of a 20-year loan made by the principal creditor countries with the provision that if any creditor got into difficulty itself its tranche of the loan would be taken over by others. Failing that it could rediscount its tranche with the Monetary Fund. The Fund staff reaction was rather lukewarm. My own reaction was fairly negative since I felt that it was better for the U.K. for this purpose to have a large increase in its Fund quota if other countries were willing to recognize that the U.K. reserve position was a problem and something had to be done about it. About April the British themselves reportedly dropped the idea, although it continued to have a certain fascination for Bob Roosa. (I have just seen the attached New York Times story.)

In the so-called Group of Ten report made in August there are some paragraphs devoted to this proposal. It is reported therein that some Deputies had suggested that there might be exceptional cases where longer term lending for monetary purposes between members of the Group might be in the general interest. However, it was agreed that there should be no general arrangement for such longer term lending but exceptional cases could be treated on an ad hoc basis after consultation and appraisal of the situation by the Group. The view was expressed that if this were done such long term lending might not weaken the adjustment process between the deficit and surplus countries of the Group.

I have no idea whether there is any connection between the story about the possible Bank loan and these discussions. However, I felt that in view of these stories you might find the above comments of interest and possible use.

This has been a hard but fruitful week. I believe that I can report that we have gotten started, with specific assignments both as to content and personnel, on a considerable number of the major lines of inquiry we wish to undertake to help achieve the evolution in the Bank which you desire to see. These inquiries include the study on capital requirements, supplier credits, possible general approach to the problem of indebtedness, the U.K./Swedish proposal for compensatory financing and investigation of the implications of current trends in the developed countries for the availability of capital exports in the coming years. The compensatory financing study is well advanced. As you may know the Horowitz proposal paper has finally come out. It has taken a good deal of my time and I can now give more time to some of the other things. I have also begun to focus on the problem of rationalization for the next round of IDA replenishment as you requested. I hope to be able to give leadership to these various inquiries in indicating what is to be done, how, and by whom, and to help in the process of doing it. However, for myself I will probably spend a higher proportion of my time on the IDA replenishment paper and on capital availability. Perhaps it is to say the obvious, but when I was in the Fund I felt that in the Fund there was not a sufficient willingness to grapple with the implications of the fact that the Fund quota increase was coming up in 1965 at more or less the same time as the question of replenishment of IDA and renewed authorization for the Inter American Bank plus some changes in the World Bank practices. All coming during the same period I felt meant that no institution could be overconfident of Congressional support for its particular piece and that therefore considerable effort was worthwhile to help in whatever way was appropriate to bring about public and Congressional support of these proposals. I feel that the combination of these requests may bring into sharper focus the debate of bilateral -v- multilateral aid. We have, of course, been favored for many years by a US administration which has been, by and large, friendly to the multilateral approach. I wonder what the future has in store when certain key persons leave the scene? Like yourself I feel that it would be most helpful if the Europeans were to show a friendly attitude towards the multilateral approach, such as significant access to their capital markets.

Please excuse my letting off some steam this way. Perhaps I should add that the information on sterling comes from Coombs and because of his friendly attitude I have been able to keep up to date with very little effort.

With warm regards to you and Mrs. Woods, Mr. Wishart, and my friends in London.

Sincerely yours,

Irving S. Friedman

PS. I should like to tell you that the Area Departments, the Economic Department and Administration have been quite cooperative. Some of the inquiries are undermanned for the present but I felt it better to get them started rather than wait until we had adequate personnel. My recruitment efforts continue.

Mr. George D. Woods
Claridges Hotel
London

December 3, 1964

Meeting with Felipe Herrera

Keep in mind following points:

1. Egotism
2. Role of Latin American Executive Directors
3. Staffing problems
4. Dependency on US
5. Eagerness for publicity
6. Preparation for forthcoming authorization for about \$700 million
7. Need for public relations visaa-vis US and Congress
8. Poor reputation with multilateral agencies on Hill, including World Bank and IMF

FUTURE STAFF

(a) From the Bank

US	Kamarck (S)
India	Gulhati (ML)
Swiss	Hablutzel (ML)
France	Nespoulous Neuville (S)

(b) Recruited outside

Pakistan	Meenai (S)
Israel	Kochav (S)
Brazil	Pereira Lira (S)
Burma	Sundrum (S)
India	Jalan (J)

(c) Likely or offered

UK	Brian Hopkins (S)
"	Bank of England (S or M)
Japan	(S)
Australia	(S)
US	H. Costanzo (S)

(d) Plus JPs

Swiss	Schick
Italy	Sciolti
Swiss	Hablutzel

Part time

Isaiah Frank

Seconded

Rao
Hulley

Mr. Jalan

December 1, 1964

Irving S. Friedman

UNCTAD

1. What is the Bank being asked to do by itself?
2. What is the Fund being asked to do by itself?
3. In what way is the Bank being asked to help others?
4. In what way is the Fund being asked to help others?

I presume it may be useful to think of the answers to questions 1 and 2 as those cases wherein the IBRD/IDA or IMF have primary responsibilities, while questions 3 and 4 deal with questions where these institutions have a secondary responsibility.

December 1, 1964

Dear Andy:

Some more stuff which I believe is fairly self-explanatory. It is still a proposed outline but it results from a number of months of rather intensive work by the Group. I presume the holes will become more obvious as people try to write to the outline.

With warmest regards to you and Margie,

Sincerely,

Mr. Andrew Kamarck
University of California
African Studies Center
Los Angeles 24
California

Mrs. Boskey

December 1, 1964

Irving S. Friedman

Horowitz Proposal

You may wish to read the attached letter from Mr. Carnwath in connection with the proposed discussions for the Horowitz proposal. I am also attaching a copy of the acknowledgment which I plan to send.

Attachments

December 1, 1964

Mr. A.H. Carnwath
Barings
8, Bishopsgate
London, E.C.2

Dear Mr. Carnwath:

Thank you very much for your letter of November 26, 1964 regarding the Horowitz proposal. The reply is quite clear and to the point and will be most helpful in our drafting the report. If we have any further comments on your letter and further questions we will take the liberty of addressing them to you as you so kindly offered.

Thanking you again,

Sincerely yours,

Irving S. Friedman
The Economic Adviser to the President

Mr. Knapp

December 1, 1964

Irving S. Friedman

Letter from Ivar Rooth

The attached letter from Ivar is self-explanatory. I do intend to answer it but would appreciate your advising me as to who in the Bank might help in providing knowledgeable comments on the various points which he makes.

Attachment

November 27, 1964

Dear Mr. Probst:

Mrs. Jucker-Fleetwood wrote me of your interest in joining the World Bank, and a few days later your letter of November 18 arrived.

Our personnel people have suggested that you may wish to become a candidate in the Junior Professional Program, and will be mailing you the information on this Program very shortly.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. F. Probst
Queen's Gate 6
London S.W.7
England

Mr. Woods

November 27, 1964

Irving S. Friedman

U.K. Latest Situation

In view of your forthcoming trip to the U.K. you may be interested in the following.

I telephoned Mr. Coombs at the Federal Reserve Bank in New York to congratulate him on the well done effort in supporting the pound. (He and I have been friends for over 20 years.) He confirmed that the operation thus far had been successful in stopping the run on sterling but that there had not yet been any reversal in flows because the delay in taking the measures by the Government had meant that the loss of confidence had become deep seated and hard to correct. We both agreed on the costliness of the poor timing of the Labor Government as well as the poor handling of the corrective measures.

In our talks with Maudling this spring and summer we had emphasized that in order to avoid a massive attack on sterling it was necessary that any corrective measures, such as increase in the bank rate, be taken in advance of the capital outflow. Maudling had promised to watch the situation closely and to take necessary measures such as increases in consumption taxes or changes in bank reserve requirements to avoid the kind of situation that did occur, but the necessary corrective measures were not taken by him.

File

Mr. Wilson

November 3, 1964

Irving S. Friedman

Thanks for letting me see the draft letter to Johnnie Miller. I am attaching the draft with some suggested revisions consisting principally of the ^{*deletion*} alteration of the third sentence and some changes in the last sentence. The suggested changes are self explanatory but if not I will be glad to explain them.

November 24, 1964

My dear Prasad:

As you may know I am very much interested in having Mr. Sundrum join my group at the Bank. We did not have much chance when you were here to talk about what I would be doing but it covers a wide range of matters since it is concerned with development finance.

I am trying very hard to recruit some talented people from various less developed countries to insure that in our policy thinking the problems of these countries are well represented and articulated. Tun Thin speaks very highly of Sundrum and my past experience with Tun Thin has been quite favorable. I would therefore appreciate your doing anything you can to facilitate Sundrum's coming to my group. I do think that it is very much in the interest of the less developed countries to have this opportunity to engage in top policy formulation in the Bank.

I do hope that when you are in Washington again that we will have more time for each other. Indeed we would be happy to have you come and stay at home with us. We are in the not unusual position of having a large new house and the children going off to school, so there is more than enough room for old friends.

I am enjoying my work at the Bank. It is proving to be very difficult in substance but I knew it would be and am glad to have it so.

Thanking you for your cooperation in this matter.

With warm regards to the family,

Sincerely yours,

Irving S. Friedman

Mr. P. S. Prasad
Director
Asian Development Institute
Bangkok
Thailand

ISF:pr1

OFFICE MEMORANDUM

TO: Heads of Area Departments

DATE: November 21, 1964

FROM: Irving S. Friedman

SUBJECT: Studies

In connection with the studies being prepared on supplier credits for UNCTAD and on the related problem of indebtedness I have asked Mr. Nespoulos Neuville to begin the organization of such work for me. I have suggested to him that he would find it profitable to become acquainted with the experience of the Bank with particular countries such as Argentina, Brazil, and India. He is also talking to the Economic staff and is acquainting himself with the general background research which has been done on these subjects. I have assured Mr. Nespoulos Neuville that you would not object if he contacted directly the various persons responsible for individual countries.

cc: Mr. Avramovic

CAPITAL REQUIREMENT STUDY

(could be thought of
in stages)

Middle East and Asia

<u>IN</u> - have material	<u>OUTS</u>	<u>DOUBTFUL</u>
India	Saudi Arabia (Oil)	Syria
Pakistan	Kuwait (Oil)	Jordan
Israel	Iraq (Oil)	Afghanistan
U.A.R. (might require visit for purpose)	Lebanon (no need)	Iran
	Nepal (mineral)	(rougher estimates)

Mr. Demuth)
Mr. Gilmartin) Pakistan

Israel - Hans Pollan

India - send to Bell

U.A.R. (Baneth - India)

Brakel (with Adler - but could help)

Directors of Area Departments and Economic
Department

November 24, 1964

Irving S. Friedman

Meeting on Study of Capital Requirements Memorandum

I have received two requests to move the December 1 meeting on the Study of Capital Requirements to the previous day, November 30.

If agreeable to you I would be prepared to hold the meeting on November 30 at 11 am.

cc: Mr. Demuth
Mr. Avramovic
Mr. Aldewereld

Mr. Eschenberg

November 24, 1964

Irving S. Friedman

Mr. R.M. Sundrum

In view of the fact that Mr. Sundrum's contract with the Institute is expiring, I am sending the attached letter to Mr. Prasad.

Heads of Area Departments

November 23, 1964

Irving S. Friedman

Studies

In connection with the studies being prepared on supplier credits and in the related problem of indebtedness I have asked Mr. Mespoulos Neville to begin the organization of such work for me. I have suggested to him that he would find it profitable to discuss the experience of the Bank with particular countries such as Argentina, Brazil and India. He is also talking to the economic staff and is acquainted with the general background research which has been done on these subjects. I have assured Mr. Mespoulos Neville that you would not object if he contacted directly the various persons responsible for individual countries.

cc: Mr. Avramovic

Nov. 23, 1964

Mr. Goodman

1210

Do you think that the recruitment panel might interview this man during their visit to Europe?

Irving S. Friedman

November 23, 1964

Dear Erin:

I have just returned from my very rushed trip to Europe. May I say again how much I enjoyed seeing you, your mother, and your children again.

I have also heard from Mr. Probst and am directing his name to the attention of our personnel people with the suggestion that they might wish to speak to him in Paris. A group is going next week to interview candidates there.

With warm regards,

Sincerely yours,

Irving S. Friedman

Mrs. Erin Jucker-Fleetwood
Basle Centre for Economic and
Financial Research
Steinentorstrasse 13,
Basle
Switzerland

November 23, 1964

Dear Mr. Sundrum:

I was very pleased to receive your letter of November 18. I am sure that you will enjoy being a member of the team and you will be receiving shortly a formal offer of appointment. I quite understand that your contract commits you to programs of the Asian Institute for Economic Development and Planning, and will be pleased to have you join the group by, say, March 1, 1965.

It is most difficult for me to define precisely the specific contents of my new job or its limits. It covers all aspects of the problem of development finance, including such questions as the amount of capital that should be forthcoming from the creditor countries, on what terms, how shared, how used, etc., and the terms and conditions under which funds should be made available to the developing countries including the importance to be attached to the domestic policies which they pursue and which affect their ability to carry on development. Among the more specific tasks which have become part of my responsibility are preparation for the next replenishment of IDA funds, the development of a Bank position on use of IDA financing for countries with export fluctuations, an international approach to the problem of short and medium term indebtedness with the hope that the Bank and the IDA could play a constructive role, the possibility of differential interest rates, the ways and means of raising funds for IDA, including possibilities of borrowings in capital markets combined with governments providing the difference between borrowings from the capital market and payments made by recipients, etc.

My work is proving to be extremely interesting and keeps developing new aspects every day. I would therefore expect that by the time you come there would be even more things to be done than there are at present. I believe the decision as to what particular thing you should do first would best be decided after we have had a chance to have a long chat.

Sincerely yours,

Irving S. Friedman

Mr. R.M. Sundrum
Asian Institute for Economic Development
and Planning
Snam Mah Road
Bangkok
Thailand

cc: Mr. Eschenberg

November 4, 1964

My dear Kochav:

I was very pleased to receive your letter of October 28. I am sure that you will enjoy being a member of the team and you will be receiving shortly a formal offer. As for the timing, may I suggest March 1, but of course would be prepared to have you come April 1 if March 1 is simply not feasible. There is a great deal of work to be done and the sooner you come the better. Therefore, if by any chance you find that you could come before March 1, please do so.

It is most difficult for me to define precisely the specific contents of my new job or its limits. It covers all aspects of the problem of development finance, including such questions as the amount of capital that should be forthcoming from the creditor countries, on what terms, how shared, how used, etc., and the terms and conditions under which funds should be made available to the developing countries including the importance to be attached to the domestic policies which they pursue and which affect their ability to carry on development. Among the more specific tasks which have already fallen on my plate are preparation for the next replenishment of IDA funds, the development of a Bank position on use of IDA financing for countries with export fluctuations, an international approach to the problem of short and medium term indebtedness with the hope that the Bank and the IDA could play a constructive role, the possibility of differential interest rates, the ways and means of raising funds for IDA, including possibilities of borrowings in capital markets combined with governments providing the difference between borrowings from the capital market and payments made by recipients, etc.

My work is proving to be extremely interesting and keeps developing new aspects every day. I would therefore expect that by the time you come there would be even more things to be done than there are at present. I believe the decision as to what particular thing you should do first would best be decided after we have had a chance to have a long chat.

Sincerely yours,

Irving S. Friedman
The Economic Adviser to the President

cc: Mr. Goodman

Mr. David Kochav
Director
Planning Authority
Treasury
P.O.B. 2075

Jerusalem, Israel

ISFriedman/dm
11/4/64

November 23, 1964

Cashier
Grosvenor House
Park Lane
London

It would be very much appreciated if you could mail a copy of the bill in the name of Irving S. Friedman. Mr. Friedman stayed at your hotel from November 14 to the morning of the 18th.

With thanks

Daphne McGregor
(Secretary to Mr. Friedman)

The "New" World Bank/IDA

I. Aims

(a) To fulfill purpose of being truly international development agency with financial resources to provide the bridge for the flow of funds from the richer to the poorer countries which are used to increase the output, productivity and well being of all.

(b) To assist in finding ways and means of increasing the amount of resources available for this purpose by encouraging conditions and policies in the developed countries which both increase output and stimulate capital exports, private and governmental, while enabling the standard of living in the developed countries to rise.

(c) To encourage the steady rise in the world of exchange of goods and services in a manner best designed to further the objectives of growth and development.

(d) To assist developing countries to obtain from external sources the necessary additions to their resources to maintain a satisfactory rate of growth and development and to narrow the gap between living standards in the rich and poor countries. This entails helping the developing countries to create those conditions and pursue those policies which increase output and productivity in all sectors of the economy and encourage the careful husbanding and use of resources to minimize waste and maximize gains. It also entails helping to avoid unnecessary and prolonged disruptions to growth and development, ensuring that the resources obtained from external sources are used to promote growth and development and which does all possible to bring about an improvement in living standards and more particularly the earliest elimination of dire poverty and want.

(e) To ensure that the necessary funds to make possible the achievement of these objectives are either directly obtained from the Bank/IDA from resources obtained from capital subscription, borrowing in private capital markets,

repayments, etc., and from budgetary grants, or indirectly by encouraging and assisting the flow of funds through other agencies or institutions, public and private.

(f) To elaborate from experience a code of international behavior in the field of development finance in order to give guidance to all countries, donors and recipients, and thus to achieve the maximum benefit from all efforts as well as encourage a steady rise in financial resources for development.

(g) To make funds available to countries on terms and conditions suited to the prevailing circumstances with due consideration to ensure the financial soundness of the Bank and to safeguard the interests of private investors directly or indirectly encouraged by the Bank/IDA to invest in the developing countries.

II. Obstacles - Unfavorable Factors

(a) Emphasis by Bank for nearly twenty years on building reputation as sound institution with a credit-worthiness equal to the strongest countries tends to inhibit extension of activities for fear of damaging reputation and thus making Bank borrowing more difficult and at least more costly.

(b) Dependence by Bank on borrowings from private investors, while IDA funds are limited in magnitude and time.

(c) Smallness of Bank/IDA operations in total picture of development financing mechanism weakens influence of Bank/IDA, particularly if other sources of financing are motivated in large degrees by political considerations of the donor countries.

(d) Past reliance on "sound projects" helps spread conviction that Bank has virtually done its job, or at least its "principal jobs". The past activities of the Bank/IDA are taken by many to define the proper scope of these institutions rather than their basic purposes, as they were originally or as they might be regarded today, if countries were asked to define them again.

(e) Increased resentment against "foreign aid" in U.S. and other countries combined with balance of payments or capital markets "difficulties" results in some quarters in unwillingness to increase (or even continue) IDA or in eagerness to tie strings to contributions, e.g., purpose, designation of recipient countries, national procurements etc. Moreover, IDA seen as addition to already heavy burden of foreign aid.

(f) Failure of Bank to play broad role vis-a-vis all members continuously and regularly in past created a vacuum encouraging creation of new organizations regional and global, or encouraged existing ones, e.g., IMF, to fulfill this role wholly or in part. "Member relation activities" largely reflected borrowing activities of Bank and IDA replenishment needs or activities relating to projects being financed by Bank and IDA or both. As a consequence Bank may well find others resisting attempts to assume broad leadership role in field of development finance. Moreover, the organization of the Bank itself reflects priority given in past to project financing and to occasional borrowing from markets rather than regular borrowing in major markets. IDA was molded into the Bank pattern of operations. It increased the Bank's activities and strengthened its usefulness, but did not result in a retooling or modernization of the Bank.

(g) Growing nationalism in many countries tends to oppose "international approach", particularly of worldwide character, to particular problems; instead, there is an increasing acceptance of approaches which are bilateral, or regional, or "common-interest" oriented.

(h) Bank's activities and actions tend to be slow moving, while governments, particularly in crises, wish to act quickly. Developing countries are frequently in crises. If Bank advice or financial assistance is delayed, countries turn to others, even though this prejudices longer-run policies.

III. Favorable Factors

The principal advantages of the Bank/IDA in achieving the desired new role of these institutions aside from qualities of staff, are:

- (a) Reputation for soundness, caution and practicality makes foreign aid dollar go furthest.
- (b) Worldwide membership with existing institution of Executive Directors.
- (c) Large financial resources already available and ability to obtain more (including IDA funds).
- (d) Accumulated experience.
- (e) Growing disillusionment in donor countries with national foreign aid programs and eagerness in some quarters for new approach, particularly with respect to aid of non-political character.
- (f) Eagerness of recipient countries for new approach to aid more compatible with local national feelings.
- (g) Inherent weaknesses and strains in regional or common-interest groupings.
- (h) Relative cheapness of administration.
- (i) General receptivity at least in official circles, in U.S and abroad to concept of Bank/IDA enlarging its role and taking on new activities.

IV. Program of Action

(a) Plan borrowings in private capital markets on broader (more countries) and regular basis; new definition of interest rate policy, reconsideration of adequacy of quotas in Bank.

(b) Offer greater IBRD/IDA activities as substitute for--not addition to-- large countries to put foreign assistance which is not primarily politically motivated, on multilateral basis national aid programs. Make multilateral, rather than bilateral, foreign aid the rule, rather than the exception as at present. Means aiming for very large increase in IDA financing as well as possible variety in ways of contributing to IDA.

(c) Establish close and regular working relations with all members, with periodic reviews and discussions in Board of governmental policies of all members affecting growth and development. Such reviews would no longer be dependent on existence or immediate prospects of obtaining Bank/IDA financing, but rather be related to fulfilling broad role as leading international institution in field of development finance. Incidentally, this would encourage members to choose Executive Directors able to fulfill this new role.

(d) Willingness to reconsider present uses and purposes of Bank/IDA within framework of maintaining high reputation of Bank, ex: consideration of compensatory financing.

(e) Become center or forum for international discussions by governments of major problems in development finance--e.g., bilateral -vs- multilateral aid; trade -vs- aid; appropriate levels of development assistance from richer countries; appropriate policies in developing countries, etc.

(f) Offer facilities for mediating or settling or organizing settlement of difficult problems, e.g., debt burden and disputes. Take lead in reconstruction of external indebtedness of developing nations, by developing policies and procedures of general character while proceeding to be helpful in particular cases, e.g., Argentina, Brazil and India.

(g) Be prepared to advise all developing countries on continuing basis of relevancy for development of domestic developments including proposed or existing governmental policies or implications of foreign developments. Be prepared to agree with countries on policies which will get Bank/IDA support, whether financially, technically or judgments to guide others. Look to other institutions for technical competency which should be outside of Bank/IDA, but prepared to judge such technical advice from viewpoint of development and give advice to country and institutions concerned on this aspect of their suggestions or actions.

(h) Make clear that the Bank/IDA regards key problem of developing countries to be development, which is essentially a continuing problem, but one that is vitally affected by current trends and policies. Therefore, the Bank/IDA will

try to help in time countries with immediate and urgent problems, even though this involves additional burden of work. It may even consider "emergency assistance", but of such character and source and on terms and conditions as are designed to uphold or strengthen the Bank's reputation with private investors as well as avoid the wastage of the assistance obtained.

(1) Seek ways and means of using Bank to help creditor or donor countries which get into difficulties or threatened by them (in addition to lending a'la Japan) ex: support of proper policies, creating new instruments for short-term investments or holding of reserves, helping to realign burden of foreign assistance or balance of payments shifts, etc.

V. Order of Priority and Institutional Arrangements

Better seen after agreement on what President is eager to accomplish and order of priorities agreed. This would involve, among other things, considering how to obtain support for changes, particularly where agreement of members is deemed necessary.

VI. Relation to Current Work

In some way need to ensure that current decisions on operations and policies do not make much more difficult the desired changes. Also need to ensure that any new general change reflects realistic awareness of current and foreseeable trends in countries. Moreover, reactions to suggested changes will reflect current trends and problems, even though changes are for the future.

November 20, 1964

My dear Meenai:

I have just returned from a two weeks tour in Europe which was most interesting and instructive.

I found your letter of November 12 and was glad to learn that you will reach Washington by March 1st. I understand that a formal appointment letter is being sent to you.

Looking forward to working with you,

Sincerely yours,

Irving S. Friedman

Mr. S.A. Meenai
Economic Advisor to the Governor
State Bank of Pakistan
Karachi
Pakistan

November 20, 1964

My dear Pereira Lira:

I have just returned from Europe and Miss McGregor has brought your letter of November 13 to my attention. I am very glad to hear that you are joining the group and I am enclosing a copy of a letter I am sending to Mr. de Moraes Barros as you suggested.

The necessary steps are being taken for a formal letter of appointment to be sent to you.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. Paulo Pereira Lira
Bank of Brazil
Rua Primeiro de Marco 66
Rio de Janeiro
Brazil

November 20, 1964

My dear Mr. de Moraes Barros:

I am taking the liberty of writing to you with respect to Mr. Pereira Lira. I am inviting him to work with me at the IBRD and I am sure that you would be interested in what I am asking him to do.

As you may know I have very recently accepted the position of The Economic Adviser to the President. It is a new job and is, for this reason, difficult for me to define precisely the specific contents of this new job or its limits. It covers all aspects of the problem of development finance, including such questions as the amount of capital that should be forthcoming from the creditor countries, on what terms, how shared, how used, etc., and the terms and conditions under which funds should be made available to the developing countries including the importance to be attached to the domestic policies which they pursue and which affect their ability to carry on development. Among the more specific tasks which have already been given to me to do are preparation for the next replenishment of IDA funds, the development of a Bank position on use of IDA financing for countries with export fluctuations, and an international approach to the problems of short and medium-term indebtedness with the hope that the Bank and the IDA can play a constructive role, and ways and means of raising funds for IDA, etc.

I wish to have a relatively small top level staff able to take responsibility for problems of this kind, both in Washington and in discussions abroad. My intention is to give each one of them a major area of responsibility as well as to advise on all matters within this field.

It would therefore be my intention to have Mr. Pereira Lira undertake at least one of these major areas of responsibility, depending largely on his interests as well as background. Mr. Pereira Lira would also be helping me in the formulation of Bank policy on all of these matters. I am sure that he would make a most valuable contribution both to the work of the Bank and to all developing countries through this work. It is for this reason that I have been eager to have him come with me. I know that he is doing important work in Brazil but I can assure you that I would not have urged him to come to work with me unless I felt that in his work with the Bank he could also make a major contribution which would be of assistance to all developing countries, of which Brazil is one of the most important.

I appreciate your understanding of the situation and hope that this letter helps in explaining the reasons for my requesting Mr. Pereira Lira to join my group.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. Luiz de Moraes Barros
President
Bank of Brazil
Rua Primeiro de Marco 66
Rio de Janeiro
Brazil

November 20, 1964

Dear Andy:

I have just come back from two weeks' stay in Europe, dealing with a number of different problems including the reaction of private banks to the Horowitz proposal and the possibilities of bank borrowing in the European capital markets. In the meantime our work has been going ahead. I am encouraged by the response I am getting on the recruitment of personnel. In addition to a young Indian whom I brought with me from the Fund, Bimal Jalan, we have firm acceptances from David Kochav whom you may know. He was Director of Research of the Bank of Israel and now Head of Planning in the Prime Minister's Office. We have also received acceptances from Pereira Lira who is head of the Economic Advisory Group in the Bank of Brazil and comes very highly recommended by, among others, Campos, and Meenai, who is Economic Adviser in the State Bank of Pakistan. They will be coming about March 1. I have a number of names in various stages of negotiation.

Our work on compensatory financing has been going forward. I hope to have something to send to you soon. I have also started the ball rolling on the study of capital requirements and am enclosing an outline which I would be happy to get comments from you if you have the time. I am also organizing a group to further the work on the indebtedness problem.

A Frenchman named Nespoulous-Neuville, formerly on assignment in Libya, is also joining the group and I hope that he will be working on the supplier credits problem. He was part of the technical advisory group, but wished to broaden his experience. He comes well recommended by Schweitzer.

The trip in Europe was interesting but very tiring since I was trying, as usual, to do too much. I hope I will be staying here for some time since I am eager to get on with organizing the work.

How are things out in California? I am astounded that with Margie being out there Salinger last! I am sure Edna would want to join me in sending our warmest regards to both of you.

Yours,

Mr. A. Kamarck
African Studies Center
UCLA
Los Angeles, California

Miss Lacy Carter

November 20, 1964

Daphne McGregor

Secretarial Assistance for Mr. Karasz

Mr. Karasz, from the European Office, will be coming to Washington and has requested, in a letter to Mr. Friedman, that office space and a secretary be made available from Monday November 30 for at least one week and possibly a few days more. Mr. McCorkle is arranging the office space, and it would be appreciated if you could arrange secretarial help for this period.

Letters, memos, documents received from Nov. 6

From Mr. Woods

Pencilled notation on your memo Study of Capital Requirements - Nov. 4
"I'll be interested to know the general reaction after the
Dec. 1 mtg."

Copies of incoming and reply Chairman of Union , Bank of Switzerland

Copy of letter from Chancellor of Exchequer in reply to congratulations
sent by Mr. Woods

Letter from Portsmouth - (arrived too late to forward on to you)

Congratulations: from N.M. Uquaili, Pakistan Industrial Credit and Investment, Karachi
" Clarence Hulford, Seattle
" Henry Bloch - N.Y.
" Husni Sawwaf - Middle East Business Center, Beirut

Copy of letter sent to Krebs from Cavanaugh - (told you of this in phone call)

Memos

From Gerald Alter - Conversation with Mr. Southard
" G.W. Wilson - I.D.A. Country Lists
" S. Aldewereld - Functions and Responsibilities of the African Offices
" Thalwitz - Outline of Report on U.K./Swedish Proposal

FPC64-18 - Memorandum from the President - Loan Sales

SecM64-265 - Charts of Interest Rates, Share Prices and Industrial Production in
Selected Countries (brought out monthly)

PERSONNEL

(as at Nov. 18, 1964)

Pakistan	Meenai	Plans to arrive Washington March 1, 1965
India	Jalan	In room 1123
Brazil	Pereira Lira	Plans to arrive and start March 1, 1965
Israel	Kochav	being processed (letter rec'd and reply sent 11/4)
Australia		(letter sent to Dr. Coombs 10/21 - no reply as yet)
Japan		
U.K.		
Burma	Sundrum	Letter sent 11/6 (letter typed but not sent to Prasad - Sundrum asked to treat offer at this time as informal)
France	Nespoulous-Neuville	
India		(Mr. Anjaria suggesting someone)
US		H. Costanzo (?) Kamarck Stephen Enke (?)

Present group:

Issiah Frank
Scioli
Hablutzel
Thalwitz
Gulhati

December 2, 1964

Dear Mr. Drayson:

I enclose herewith check for \$41.15,
being payment for shipment of goods to
Baltimore on behalf of Mr. Reid Chambers.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. J.R. Drayson
Freight Manager
J.H. Lewis and Partners Ltd.
2 Creechurch Lane
Leadenhall Street
London, E.C.3.

ROUTING SLIP

Date

November 6, 1964

NAME

ROOM NO.

Miss Daphne McGregor

1223

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Attached is a carbon copy of the biography of Mr. Friedman which we plan to run in the November issue of Bank Notes. I thought you might want to show it to him. We can add anything else he would like us to say.

Thank you.

*ISF about on European
Plan at this time*

Renee Barozzi

2687

From

Renee Barozzi - Room 266

NEW PROFESSIONAL STAFF INTRODUCTIONS

Max R. Oberdorfer has been with the Engineering Department of IFC since September 28. A graduate of the University of Washington in Mechanical and Chemical Engineering, Mr. Oberdorfer started his engineering career in the pulp and paper field with the International Paper Company in Louisiana in 1937. From 1938-39 he was with Crown Zellerbach in Camas, Washington, and from 1940-53 with the St. Helens Pulp and Paper Company in Oregon going from Plant Engineer to President and Director. When this firm merged with Crown Zellerbach, Mr. Oberdorfer went into the consulting business and since 1956 was a Consultant for Sandwell and Company in Vancouver, B.C. and Portland, Oregon. Mr. and Mrs. Oberdorfer, with their teenage son and daughter, live in northwest Washington.

Frank E. Chapman, from England, a Financial Analyst with the Transportation Division of the Technical Operations Department since October 1, spent the years from 1956-64 in Nigeria working with the Nigerian Railway Corporation in charge of their accounting work. From 1952-55 Mr. Chapman was Senior Accountant for the Eastern Regional Development Corporation, responsible for setting up the accounts for their Pioneer Palm Oil Mills Schemes. He started his career in Nigeria in 1947 as an accountant with the West African Airways Corporation, staying with them until 1952. Mr. Chapman is an Associate of the Institute of Chartered Accounts. The Chapmans have one daughter who is married and living in Nigeria, another in school in England and their son is with them in their home in Virginia.

Irving S. Friedman was appointed the Economic Adviser to the President of the World Bank on October 1. Mr. Friedman is already well-known to many Bank staff members as he was Director of the Exchange Restrictions Department of the International Monetary Fund from 1950 until transferring to the Bank. At the time of this transfer, he was senior department head in the Fund and Chairman of the Fund's Interdepartmental Committee on Consultations. Mr. Friedman was at the Bretton Woods Conference and went to the Fund as one of its first staff members. The Friedmans have two sons and make their home in Bethesda.

November 6, 1964

Dear Amjad:

I am sorry that I haven't answered you sooner on the employment application of Raza Ali but this has been terribly busy time for me in moving over from the Fund to the Bank.

At the moment I am on the verge of leaving for Europe but when I come back I thought we might invite Mr. Raza Ali to come down and be interviewed here and perhaps he could see the Fund people at the same time.

With warm regards,

Sincerely yours,

Irving S. Friedman

Syed Amjad Ali
Pakistan Mission to the United Nations
Pakistan House
8 East 65th Street
New York 21, N.Y.



Record Removal Notice

File Title Irving S. Friedman - Chronological File - 1964 Correspondence		Barcode No. 1598693		
Document Date 11/6/1964	Document Type Letter			
Correspondents / Participants To: R.M. Sundrum, Asian Development Bank From: Irving S. Friedman				
Subject / Title Hiring Personnel				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Bertha F. Wilson</td><td>Date August 16, 2023</td></tr></table>	Withdrawn by Bertha F. Wilson	Date August 16, 2023
Withdrawn by Bertha F. Wilson	Date August 16, 2023			

November 5, 1964

My dear Prasad:

As you may know I am very much interested in having Mr. Sundrum join my group at the Bank. We did not have much chance when you were here to talk about what I would be doing but it covers a wide range of matters since it is concerned with development finance.

I am trying very hard to recruit some talented people from various less developed countries to insure that in our policy thinking the problems of these countries are well represented and articulated. Tun Thin speaks very highly of Sundrum and my past experience with Tun Thin has been quite favorable. I would therefore appreciate your doing anything you can to facilitate Sundrum's coming to my group.

I appreciate that this may create a hole in your Institute and I promise not to approach anyone else there. However, as you well know, anyone good coming from anywhere creates a problem. I do think that it is very much in the interest of the less developed countries to have this opportunity to engage in top policy formulation in the Bank.

I do hope that when you are in Washington again that we will have more time for each other. Indeed we would be happy to have you come and stay at home with us. We are in the not unusual position of having a large new house and the children going off to school, so there is more than enough room for old friends.

I am enjoying my work at the Bank. It is proving to be very difficult in substance but I knew it would be and am glad to have it so.

Thanking you for your cooperation in this matter.

With warm regards to the family,

Sincerely yours,

Irving S. Friedman

Mr. P.S. Prasad
Director
Asian Development Institute
Bangkok
Thailand

Dear Dr. Prebisch:

This is in reply to your letter of October 27, 1964, Ref. No. EC 243/2(5). The Bank does not have at this time any proposals or comments to make with respect to the problems involved in the international organization of commodity trade. I am sure that you are well aware of views which have been expressed by myself on various occasions on this matter and that the Bank is undertaking to consider certain proposals adopted by the UNCTAD. Moreover, international commodity problems have long been an area of interest to the Bank. If as a result of the Bank's work on these matters we have any proposals or comments to make which may be of use to your ad hoc working party, please be assured that we will do so. In any case the Bank will be pleased to provide assistance to the working party, if it so requests, either by furnishing information or by expressing views on specific issues which may be under consideration by the experts.

Yours sincerely,

George D. Woods

Dr. Raul Prebisch
Secretary-General
United Nations Conference on Trade and Development
United Nations
New York, N.Y.

ISFriedman/RDemuth/DAvramovic/dm
11/5/64



Record Removal Notice

File Title Irving S. Friedman - Chronological File - 1964 Correspondence		Barcode No. 1598693		
Document Date 11/5/1964	Document Type Memorandum			
Correspondents / Participants To: Michael LeJeune From: Irving S. Friedman				
Subject / Title Personnel				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Record Removal Notice

File Title Irving S. Friedman - Chronological File - 1964 Correspondence		Barcode No. 1598693		
Document Date 11/4/1964	Document Type Memorandum			
Correspondents / Participants To: Michael LeJeune From: Irving S. Friedman				
Subject / Title Personnel				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Bertha F. Wilson	Date August 16, 2023			

Mr. Wilfred Guth
Credit Bank for Reconstruction
Frankfurt-Main
Lindenstrasse 27

November 4, 1964

LT

Germany

Am planning to be in Basle this weekend staying Schweizerhoff and will stay for Jacobson Memorial Lectures on Monday. Then plan to be in Frankfurt Friday 13th and could also stay on Saturday. Hope to see you Friday evening or Saturday. Warm regards.

Friedman

Irving S. Friedman

Office of the President

F.J. Portsmore
Bank of England
London :

November 4, 1964

LT

England

Hope to see you in Basle this weekend. Staying at
Schweizerhoff. Regards.

Irving

Irving S. Friedman

Office of the President

Mr. Goodman

November 4, 1964

Irving S. Friedman

Letter to Dr. S.A. Meenai

You will be interested in the attached copy of a letter received today from Meenai. I am also attaching a copy of a letter which I propose to send at the end of business today, unless you advise me otherwise.

Attachments

DECLASSIFIED

AUG 16 2023

November 4, 1964

Personal

WBG ARCHIVES

My dear Meenai:

I was very glad to receive your letter of October 29. I know that you will find the work in the Bank very interesting. It is proving to be more interesting every day for myself, and I know that we have common intellectual and policy interests.

As to timing, needless to say the sooner the better. I appreciate your problems that you have. Do you think you could commit yourself to come by March 1, if not earlier?

I am making arrangements for you to receive a formal offer of appointment so that the State Bank can take the necessary steps involved in your deputation.

Please also express my thanks to the Governor and the Finance Minister for their cooperation.

With warm regards,

Sincerely yours,

Irving S. Friedman

Dr. S.A. Meenai
Economic Advisor to the Governor
State Bank of Pakistan
Karachi
Pakistan

C
O
P
Y

STATE BANK OF PAKISTAN

KARACHI

D.O. No. DR-MS/56/9141/64

October 29, 1964

My dear Mr. Friedman,

I was delighted to receive your letter of the 16th instant and am grateful to you for inviting me to join your Group. I am particularly thankful for the kind words in which the offer is couched. May I say that the work which you have described greatly attracts me. No less attractive is the prospect of working with you.

The salary and other terms are acceptable to me. You are quite right in assuming that my release from the State Bank is possible only on the basis of a term appointment. As regards the period, I would choose a three-year tenure. This, I feel, would give about enough time to me to gain fruitful experience in the Bank and also provide me with sufficient opportunity of rendering service to the Bank.

Shortly after receiving your letter I discussed the matter with the Governor who in turn showed your letter to the Finance Minister. I am happy to inform you that they have both agreed to release me.

As for the approximate time when I shall be able to join you, you are quite right in assuming that I would need time to break away. As you know, I have been too much involved in the Bank's affairs so that my withdrawal from the scene should not be sudden. Moreover, if I am leaving the country for three years, you will appreciate that I will also have some personal problems to settle. And yet I am fully conscious of the fact that, having been entrusted with a heavy and important task, you would like your team to assemble quickly. I would, therefore, appreciate if you could let me know the maximum time you can allow me without too much inconvenience to yourself to enable me to finalise my plans. In the meantime, I would request you kindly to arrange for the completion of formalities on behalf of the World Bank in regard to my appointment so that the State Bank can take the necessary steps involved in my deputation.

With personal regards,

Sincerely yours,

/s/

S.A. Meenai

Mr. Irving S. Friedman
International Bank for Reconstruction and Development
Washington D.C. 20433
U.S.A.

Dear Dr. Prebisch:

This is in reply to your letter of October 27, 1964, Ref. No. EC 243/2(5). The Bank does not have at this time any proposals or comments to make with respect to the problems involved in the international organization of commodity trade. I am sure that you are well aware of views which have been expressed by myself on various occasions on this matter and that the Bank is undertaking to consider certain proposals adopted by the UNCTAD. Moreover, international commodity problems have long been an area of interest to the Bank. If as a result of the Bank's work on these matters we have any proposals or comments to make which may be of use to your ad hoc working party, please be assured that we will do so. In any case, the experts on this working party are welcome to contact the experts on the Bank's staff to exchange views and in other ways be assisted in the efforts which are being made by the working party.

Yours sincerely,

George D. Woods

Dr. Raul Prebisch
Secretary-General
United Nations Conference on Trade and Development
New York, N.Y.

ISFriedman/DAvramovic/dm
11/3/64

November 4, 1964

My dear Kochav:

I was very pleased to receive your letter of October 28. I am sure that you will enjoy being a member of the team and you will be receiving shortly a formal offer. As for the timing, may I suggest March 1, but of course would be prepared to have you come April 1 if March 1 is simply not feasible. There is a great deal of work to be done and the sooner you come the better. Therefore, if by any chance you find that you could come before March 1, please do so.

It is most difficult for me to define precisely the specific contents of my new job or its limits. It covers all aspects of the problem of development finance, including such questions as the amount of capital that should be forthcoming from the creditor countries, on what terms, how shared, how used, etc., and the terms and conditions under which funds should be made available to the developing countries including the importance to be attached to the domestic policies which they pursue and which affect their ability to carry on development. Among the more specific tasks which have already fallen on my plate are preparation for the next replenishment of IDA funds, the development of a Bank position on use of IDA financing for countries with export fluctuations, an international approach to the problem of short and medium term indebtedness with the hope that the Bank and the IDA could play a constructive role, the possibility of differential interest rates, the ways and means of raising funds for IDA, including possibilities of borrowings in capital markets combined with governments providing the difference between borrowings from the capital market and payments made by recipients, etc.

My work is proving to be extremely interesting and keeps developing new aspects every day. I would therefore expect that by the time you come there would be even more things to be done than there are at present. I believe the decision as to what particular thing you should do first would best be decided after we have had a chance to have a long chat.

Sincerely yours,

ISFriedman/dm
11/4/64

cc: Mr. Goodman

Mr. David Kochav
Director
Planning Authority
Treasury
P.O.B. 2075

Jerusalem, Israel

Irving S. Friedman
The Economic Adviser to the President

November 2, 1964

Syed N. Alam
118 Bishop Street
New Haven
Connecticut

Dear Syed Alam:

I read your letter of October 26, 1964 and the attached summary of your Ph.D. thesis with considerable interest. I certainly feel that there is a great deal of work to be done in comparing the experience of countries with multiple currency practices, and I am sure that if you proceed with the study you will find it of great interest.

With regard to your request for additional information, it is unfortunate from your point of view that the Fund does not release its individual country studies and that it will not permit outsiders to have access to its files. I would think, however, that you could achieve a considerable amount by combining the statistical information in International Financial Statistics with the detailed reports in the Annual Report on Exchange Restrictions. This would permit you to describe with fair accuracy the changing economic conditions as well as the adjustments in exchange policies.

If at some reasonably advanced stage in your discussions you found it possible to come to Washington, I am sure that you could have useful discussions with various members of the Fund staff. If you think you can manage this, I would suggest that you get in touch with Mr. Edgar Jones of the Exchange Restrictions Department, who would be helpful in arranging informal talks with various people.

With best wishes for the success of your project,

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Syed N. Alam
118 Bishop Street
New Haven, Conn.

Mr. Schweitzer

November 2, 1964

Irving S. Friedman

Languages

Apropos our large wager the other night on the number of students studying French, Spanish and German, you will be interested in the following statistics. I think they are reliable but the figures for the public schools are for the year 1961, while the figures for the independent and Catholic schools are for fall 1962.

It seems that the explanation for somewhat more Spanish than French in the public schools is to be found essentially in California where nearly twice as many students take Spanish than French.

<u>Enrollment in:</u>	<u>Public Schools (1961)</u>	<u>Independent Schools (Fall '62)</u>	<u>Catholic Schools (Fall '62)</u>
French	1,083,546	73,546	194,496
Spanish	1,164,620	33,218	137,981
German	202,467	10,709	18,729

Mr. Woods

October 30, 1964

Irving S. Friedman

Conversation with Mr. Larre

Last night at a dinner party Mr. Larre volunteered the following comments, which I am sure is old stuff to you but may still be of some interest. He sees the IBRD as being able to raise in capital markets only about \$300 million during the next year--\$200 million from the US and \$100 million from Europe. He is therefore concerned about large commitments for countries such as Italy and Japan, and sees the Bank and IDA running into a period of shortage of funds because of the prevailing attitude of treasuries in the US and Europe. Needless to say I did not express an opinion on ~~with~~ this point of view but did emphasize the all importance of raising adequate funds for the operations of the Bank and IDA.

Fund-Bank collaboration

1. Why discussed

- (a) Feeling widespread that both institutions could make greater contribution to achieving purposes if worked together much more closely.
- (b) Feeling that both institutions have not made serious effort to collaborate, even if they do cooperate.
- (c) Feeling that shortage of qualified manpower calls for most efficient use of available people; avoid big scale duplication and, instead, should employ people in doing needed jobs not being done well.
- (d) Examples of seemingly conflicting advice or actions (usually on staff level).
- (e) Ignorance of what is being done informally--past eagerness to maintain separate identities and collaboration or cooperation on substance kept within walls.

2. What are problems

- (a) Past history of Fund and Bank--tradition of "separateness"
- (b) Alleged problems: (i) role of EDs; conversely, role of staff
(ii) different "jurisdictions" (rates, loans, drawings)
(iii) relations with members - "confidentiality"
(iv) procedural differences--Fund -vs- longer-deliberating Bank; reports, missions
- (c) Non-alleged problems: (i) differences in personnel--communication problems
(ii) concern with personal positions (enhanced by limited possibilities)
(iii) differences in institutional fear of "less generous" attitudes by countries--differing "images" of IBRD and IMF.

3. Some key questions

- (1) Is more intimate IMF-IBRD collaboration desirable
- (2) Is it feasible
- (3) What possible changes involved for IBRD

October 22, 1964

Dear Dr. Sawaf:

I was most interested in your letter and enclosures of October 12. The Center, as envisaged by you and Dr. Barakat will undoubtedly serve a very useful purpose in giving what I know will be sound advice and counsel.

As you may know I have just transferred over to the World Bank in the position of the Economic Adviser to the President. I am enclosing a copy of the press release since it gives a short description of my tasks. I expect it will be a very interesting and challenging assignment. Please give my best regards to Dr. Barakat.

Yours sincerely,

Irving S. Friedman

Dr. Husni A. Sawaf
Middle East Business Consulting Center
P.O. Box 5725
Beirut
Lebanon

Mrs. Bosky

October 22, 1964

Irving S. Friedman

Visit to Europe

I have been giving some thought to our forthcoming visit to Europe and would suggest the following time schedule:

BIS - November 7-9

Germany - November 10-11

France - November 12-14

U.K. - November 14-17 (November 14 and 15 are weekend days)

Return November 18.

The question arises whether you would wish to come with me to the BIS meeting and I would appreciate having your thoughts on this. We would also use the occasion of the BIS meeting to speak to Mr. Reinhardt of the Credit Suisse.

Our aim of course would be to speak to leading bankers in addition to central bank and treasury officials. I have consulted with Messrs. Woods and Cavanaugh, on the basis of this conversation would plan as follows:

Germany:	Deutsche Bank (Abs) Dresdner Bank (Baling and Emminger) Ministry - not yet decided
France:	Credit Lyonnais Associated Generale Banque de Paris
U.K.:	Baring Brothers M. Grenfell

Mr. Miller has asked to see me about a number of things and I will also raise these with him. I should appreciate knowing if you have any comments.

You will note that Belgium, Italy and the Netherlands are not included. My intention would be to have informal chats with the governors of the central banks at the BIS meeting. Hopefully this may make it unnecessary to visit these countries, at least at this time.

DECLASSIFIED

AUG 16 2023

October 21, 1964

WBG ARCHIVES

Personal

Dear Dr. Coombs:

As you may have heard I have transferred from the Fund to become the Economic Adviser to the President of the World Bank. Mr. Woods convinced me that the work that would fall under my responsibility would be very challenging and important. I am attaching for your handy reference a copy of the press release which you may find of interest.

It is most difficult for me to define precisely the specific contents of my new job or its limits. It covers all aspects of the problem of development finance, including such questions as the amount of capital that should be forthcoming from the creditor countries, on what terms, how shared, how used, etc., and the terms and conditions under which funds should be made available to the developing countries including the importance to be attached to the domestic policies which they pursue and which affect their ability to carry on development. Among the more specific tasks which have already fallen on my plate are preparation for the next replenishment of IDA funds, the development of a Bank position on use of IDA financing for countries with export fluctuations, an international approach to the problem of short and medium term indebtedness with the hope that the Bank and the IDA could play a constructive role, the possibility of differential interest rates, the ways and means of raising funds for IDA, including possibilities of borrowings in capital markets combined with governments providing the difference between borrowings from the capital market and payments made by recipients, etc..

I wish to have a relatively small top-level staff able to take responsibility for problems of this kind, both in Washington and in discussions abroad. They will have the assistance of economists both in our own group and from other departments. As you know I have been most happy with colleagues selected by you. I would be most eager to have a senior person from your Bank to help in getting the new work started in the right way. I believe that the monetary economists and central bankers in Australia are especially well qualified to handle problems which in effect

combine finance and development. My thoughts mainly turn to people whom I have known personally from our working together but there may, of course, be others who would be suitable and interested in this kind of assignment. I know that it is difficult to spare a good man, but do feel that such a person could make a contribution that would be important not only to the Bank but also to Australia. I would prefer as senior a person as possible since I am intending to have someone to whom I could delegate a good deal of responsibility. It would be most useful for me if the person were to combine a knowledge of economics with executive experience in national matters in the Bank in Australia or abroad. However, if such a senior person is not available perhaps someone somewhat more junior could be spared. The salary would depend, of course, on the person. I would suggest a two or three year appointment on the assumption that this would make it easier to have someone released from the Bank. Needless to say I would be happy to have someone on an indefinite basis if that was possible; as to timing, the sooner the better.

With warm regards,

Sincerely yours,

Irving S. Friedman

Dr. H.C. Coombs
Governor
Reserve Bank of Australia
Martin Place
Sydney
Australia

DECLASSIFIED

AUG 16 2023

Personal

WBG ARCHIVES

October 20, 1964

Dear Jack:

I have not heard from you since our last discussion in Tokyo. I was not sure whether I was to take your last pessimistic comments as a definite reply--I was rather hoping not to. Is there anything more that you could say at present?

There is some chance that I will be in London during November and will of course let you know in advance. I have begun seriously to work on the new job and am finding it most challenging and fascinating in content. However, it is simply not a one-man job!

We have now seen more of the wedding pictures--the ones taken by the professional photographer. There are some very nice ones of you and Kathleen. If I come to England I will bring them with me. The newlyweds seem to be doing quite well. Sunday night they even seemed to be able to afford the luxury of calling home long distance without reversing the charges.

With warm regards to Kathleen and others in the family,

Yours,

Mr. F.J. Portsmore
Bank of England
London E.C.2
England

October 20, 1964

Dear Helmut:

Thank you very much for your letter of October 14 which I have just received. I will of course regard the contents as being made available to me for my personal use and that they do not represent the final views of your Government. I plan to put my attention to these memoranda in the very near future and will take the liberty of sending you comments if I feel I have any that might be of interest to you, or else I might pass them on to Mr. Donner.

I have begun my new job but am still in the mess of trying to put together a staff, move my office, and begin the substantive work. I think, however, it should be most exciting and challenging.

Hoping to see you soon. With warm regards,

Sincerely yours,

Mr. Helmut Koinzer
Ministry of Economic Affairs
53 Bonn
Federal Republic of Germany

CHRONOLOGICAL COPY

NOT SENT

Mr. Cope

October 13, 1964

Irving S. Friedman

Spain

Apropos our conversation this morning, I hope you do not mind my drawing your attention to your memorandum of October 8, 1964, attaching a proposed reply to Mr. Navarro Rubio. I am sure that by some accident your memorandum speaks of having checked with my office in preparing the reply, since this was not done. There is some language in the letter to which I would have taken strong exception had I had the chance.

Mr. Demuth and Mr. Avramovic have sent me the memos you sent to them since I'll be responsible for further work in this field.

cc: Mr. Avramovic
Mr. Demuth

Mr. Woods

October 13, 1964

Irving S. Friedman

Spain: Reply to Mr. Navarro Rubio Regarding Export Credits

There seems to have been some misunderstanding with respect to the work being done on export credits as reported to you in Mr. Cope's memorandum of October 8. Not having seen the letter before it went out I checked the matter with Messrs. Avramovic, Demuth and Cope.

I understand from Mr. Avramovic that Mr. Hulley is not preparing any terms of reference for a study on export credits and does not contemplate getting in touch with the Spaniards shortly. Mr. Avramovic informs me that he had merely asked Mr. Hulley, pending my arrival on the scene, to look into what had already been done so that I might have the benefit of his work. Mr. Avramovic and myself are agreed that any such study could not be done in six weeks.

At some stage we would presumably get in touch with the Spanish technicians, as with others, but would not want to commit ourselves at this time when it would be done. Your letter of October 8 merely welcomes the offer of cooperation and says nothing about when the Bank staff might be in touch with the Spaniards.

cc: Mr. Avramovic
Mr. Cope



Record Removal Notice

File Title Irving S. Friedman - Chronological File - 1964 Correspondence		Barcode No. 1598693		
Document Date 10/12/1964	Document Type Memorandum			
Correspondents / Participants To: Files From: Irving S. Friedman				
Subject / Title Interview with Stephen Enke, October 9, 1964				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Bertha F. Wilson	Date August 16, 2023			

DRAFT MEMORANDUM : 10/9/64

NOT SENT

TO: The Acting Managing Director
FROM: Irving S. Friedman
SUBJECT: Letter to Governor Horowitz

I am attaching a confidential letter received from Governor Horowitz, together with a possible draft reply. If you would prefer I could merely acknowledge receipt of the letter and politely tell him that I have now moved over to the Bank. I would be happy to be guided by your judgment and wishes in the matter.

Attachments

DRAFT:10/9/64

Dear Governor Horowitz:

I read with interest your letter of October 1 including its enclosure. As it happens, on the very day you wrote the letter, namely October 1, I assumed my new position in the Bank as the Economic Adviser to the President. Needless to say I continue to remain interested in what you are doing although any views on the Fund that I may have would, of course, have to be personal as well as confidential.

As you know I have always felt that it would be wise for Israel to consider drawing on the Fund up to 50 per cent of its quota if extra foreign exchange resources were needed and if in so doing it would strengthen the position of the monetary and financial authorities in pursuing desirable domestic policies. I feel confident that the Fund will continue its efforts to be of constructive assistance to Israel.

As you probably know I tried to contact you again in Tokyo in the hope that we might have a further discussion on your proposal to UNCTAD. The work here is going forward and I hope that we shall be seeing each other in the not too distant future.

Yours sincerely,

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m 9 7 (1-2) as

Mr. Gordon Williams

October 29, 1964

J. Burke Knapp

Jacobsson Memorial Lectures

This is to inform you that the following will attend
the Jacobsson Memorial Lectures on behalf of the IBRD:

- Mr. Irving S. Friedman
- Mr. John D. Miller
- Mr. Robert de Lesseps
- Mrs. Shirley Boskey

Mr. Friedman will be leading the group.

October 29, 1964

Dear Jack:

Could someone in ERD help me
in preparing a reply to this? Thanks.

ISF

*re Sybil W. Alon
New Haven, Conn.*

Mr. Pereira Lira
Bank of Brazil
Office of the President
3 Avenue/de Marco 66
Rio de Janeiro

~~TOP SECRET~~

V - e
e 323
October 22, 1964

LT

Brazil

Have discussed with Coutinho possibility of your joining Bank staff. Am very interested. Could you arrange visit to Washington for talks with myself on this matter. Bank would pay expenses of trip. If possible would be pleased if you could come ^{on} ~~about~~ October 29 ³⁰ ~~or November 2 and 3~~ since ~~am leaving for Europe on November 6~~. Please cable reply. Regards

Friedman

Irving S. Friedman

Office of the President

File

Mr. Demuth

October 21, 1964

Irving S. Friedman

Economic Commission for Europe - November Meeting

I have not had a chance to read the summaries of papers attached hereto, but looking at the Agenda I would think it would be worthwhile for the Bank to have a representative there. At some point I might be intrigued in attending one of these meetings myself. If Drag or Larsen could go I think that would be fine. If not, perhaps someone from the Paris Office. Of course I am only talking about people that I know and there may well be others.

Attachment

Ferras
INTERBANK, BASLE

October 21, 1964

LT

Switzerland

Am planning to come to Basle for weekend of November 7
probably arriving evening Friday November 6 and will
stay for Monday lectures. Hoping to see you. Warm
regards

Irving

Irving S. Friedman

Office of the President