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Irving S. Friedman chron files

1967 ①



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Irving S. Friedman - Chronological File - 1967 Correspondence - Volume 1

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April 27, 1967

Dear Mr. Morinaga:

It was kind of you to write to me advising of your retirement from the Presidency of the Export-Import Bank of Japan. I too have enjoyed our association over the past four years.

I look forward to meeting your successor, Mr. Tadashi Ishida, at some future date.

I very much enjoyed my recent visit to Japan and thank you for your very warm hospitality.

With best wishes for a happy retirement.

Sincerely,

Irving S. Friedman

Mr. Teiichiro Morinaga
The Export-Import Bank of Japan
Ohte-Machi
Chiyoda-Ku
Tokyo, Japan

Mr. Aldereweld

April 27, 1967

Irving S. Friedman

Mr. Iain MacKinnon

I finally succeeded in making telephone contact with Mr. MacKinnon in London. I described the possible openings in the Projects Department and he is interested. However, he said he would be leaving London tomorrow for Switzerland and expects to be in Bombay by next Wednesday morning.

I suggested to him the possibility of meeting you in Teheran or London on the days you proposed. He said that he was very sorry but he would not be able to leave India because of a heavy load of business in the next few months. His company is preparing an equity issue in India for the first time and he is supervising the preparations for this issue.

I suggested to him the possibility that perhaps you might meet in some other place in India -- I thought it possible that your plane might be stopping somewhere in India between Japan and Teheran. He said that he would be glad to try to meet you somewhere in India.

I told him that you or I would be cabling him in Bombay as to the next step. His cable address in Bombay is:

Blaxolabs
Bombay,

and the mail address is:

Blaxo Lab. India Private Ltd.
P.O. Box 202
Bombay, India.

P-1

April 27, 1967

Dear Mr. Fukuda,

Your warm letter was waiting when I returned from the trip, and regret at not seeing you and Mrs. Fukuda is quite mutual. As you divined, there was very little spare time, but Mrs. Friedman and I will always remember our stay in Manila for the hospitality, friendship, and interest shown to us.

When you have evaluated the Supplementary Finance Scheme I would be very interested in reading it. We are attending the Intergovernmental meeting at UNCTAD, and perhaps the Second Session will come up with something concrete.

Your comparison of battleships and a small destroyer was quite vivid. I had no idea such thoughts were going through the heads of my audience!

Again many thanks for your letter, and the hope that next time we do manage to see each other for a personal chat.

Yours sincerely,

Irving S. Friedman

Mr. Masaru Fukuda,
Executive Director
Asian Development Bank
Commercial Center P.O. Box 126
Makati, Rizal
Philippines

April 27, 1967

Dear Mr. Ishihara,

May I present my congratulations on your appointment as Governor of The Japan Development Bank.

I look forward to a continuation of the cordial and fruitful relationships we have had in the past.

Our recent stay in Japan was one of the highlights of our trip. I enjoyed our talks, and look forward to seeing you again in the not too distant future.

Thank you once again for the very kind hospitality extended to Mrs. Friedman and myself. We are both most appreciative.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. Kaneko Ishihara
Governor
The Japan Development Bank
5-5, Otemachi 1-chome,
Chiyoda-ku,
Tokyo, Japan.

Mr. Consolo

April 26, 1967

Irving S. Friedman

ECOSOC - Geneva, July 11-14, 1967

I do not know whether Mr. Woods plans to attend the above meeting. If he doesn't I would plan to go, accompanied by Mr. Kochav.

For the time being I think we should send an open reply to ECOSOC.

cc: Mr. Woods
Mr. Demuth
Mr. Graves

Mr. Kamarck
Mr. Kochav

(memo dated the 26th)

April 26, 1967

Mr. Sarma

1036

Please see me about this? What are we
expected to do for next UNCTAD meeting?
What should we do?

re Mr. Sarma's memo of April 21 1967 UNCTAD Committee on
Invisibles and Financing related to Trade, April meeting 1967 New York.

Mr. George D. Woods

April 26, 1967

Irving S. Friedman

Japan, Philippines, Thailand

Further to my memo of yesterday on India, the following is a brief note on my visit to Japan, the Philippines and Thailand. I shall be sending you more detailed minutes later.

JAPAN

In Japan I had separate private conversations as well as group discussions with Mr. Usami, Governor of the Bank of Japan; Mr. Hirata, President of the Japan Development Bank (who has just retired and has been succeeded by Mr. Ishihara); Mr. Ishida, President of the Small Business Bank (and slated to become the President of the Export-Import Bank); Mr. Tanimura, Vice-Minister of Finance; Mr. Yamamoto, Vice-Minister of the Ministry of International Trade and Industry; Mr. Morinaga, President of the Export-Import Bank; Mr. Oshiba, the Vice-Minister designate of Foreign Affairs; Mr. Kashiwagi, Director of the International Finance Bureau in the Ministry of Finance; Mr. Horie, Chairman of the Board of the Bank of Tokyo; Mr. Hara, Chairman of the Board of the Bank of Yokohama, as well as a number of others in the private and public sectors.

These meetings, mostly informal, ranged over a wide number of subjects, chief among these were the current economic situation and outlook in Japan, Japan's future in world trade and international finance, the economic work of the Bank, the supplementary finance scheme, and the IDA replenishment. The senior officials were eager to get the firsthand reports on where we were on the IDA replenishment. I did not inform them of the U.S. proposal, but did, of course, benefit by my knowledge of it. As for the Japanese reaction to our original proposal -- it is my feeling that they would go along with the proposed magnitudes in spite of what they might say officially at the beginning. Their principal concern is not with absolute magnitudes but burden-sharing. They are impressed by the argument that in balance of payments terms they get roughly three times as much by way of procurement as they put into the IDA. With regard to their relative share in the new replenishment, they say they would prefer the present share of a little more than 5 per cent. If in the end pressure is put upon them to increase their share, they might accept it if it is coupled with the assurance of a corresponding bigger voice in the management of IDA and the World Bank by increasing their capital subscription. They are aware that this would raise the issue of the relative role of other countries, e.g., India. They expect to do more bilaterally and multilaterally in extending foreign assistance, but not as quickly as the U.S. is urging -- and hopefully in return for some quid pro quo. In a wider context I emphasized the three aspects of their relationship with the Bank -- as a borrower, as a provider of resources, and as a member.

Mr. George D. Woods

April 26, 1967

PHILIPPINES

In Manila I had a luncheon meeting with the Secretary of Finance and Governor Castillo of the Central Bank and a separate long conversation with Secretary Mapa, Director of the Presidential Economic Staff and his new Deputy, Mr. Virata. Both the Secretary of Finance and Governor Castillo felt that the attitude we were taking towards the Philippines should be more sympathetic. They recognized that fiscal performance of the Philippines was not particularly creditable, but efforts were being made and much progress achieved since Marcos became President. There were numerous political difficulties, and the task of the President in getting a fiscal program through Congress was made much more difficult because of the tremendous effort Marcos had to make in pushing his Viet-Nam bill through. I explained to them that our present position was that we will not lend in the Philippines unless there was further improvement in economic performance, particularly in the fiscal field. Secretary Mapa asked how the Bank would react if they succeed in achieving "partial" performance in raising revenues -- say an increase of P100-150 million instead of P300-400 million suggested by us. The Philippine authorities asked me to pass on to you once again their request for a consultative group. I told them that I would do so but pointed out to them that we saw little use in a consultative group unless their economic performance could be endorsed by us and this was not so at present.

ASIAN DEVELOPMENT BANK

I also met with Mr. C.S. Krishnamoorthi the Vice-President of the Asian Development Bank and some members of his staff as well as a number of the Bank's Executive Directors. ^{1/} The Asian Bank, as you know, is still in the early stages of getting a staff together, and are very keen on exploring avenues of cooperation with the World Bank and taking advantage of these. I took this opportunity to explain to them the organization of our economic work and to give them assurance of our fullest cooperation. I, however, emphasized repeatedly that we would look to them rather than they to us for the kind of work which could best be done at a regional level. Burke Knapp, in his recent meetings with them, had already told them that he would arrange for Bank missions to Asian countries to stop in Manila for informal exchange of views with the Asian Bank; Krishnamoorthi hoped that we would give immediate effect to his procedure and arrange for liaison on exchange of economic information as had already been agreed with Knapp for lending operations.

THAILAND

In Thailand, I had an interesting meeting with the Central Bank people and a luncheon with the Minister of Finance. They had received your two letters -- suggesting that they invest some of their reserves in short-term Bank bonds and informing them of our decision to participate to the extent of the 10 per cent foreign exchange cost of the proposed power project. On

^{1/} I had a long chat with Mr. Watanabe in Tokyo where he was attending the ECAFE meeting.

Mr. George D. Woods

April 26, 1967

the latter they thought the percentage was too low and wondered if this low percentage participation meant that we had doubts about the project or did not consider Thailand a satisfactory risk. I told them that this decision had nothing to do with our dissatisfaction with the project or economic performance -- on the contrary -- only that in the circumstances Thailand was in (that of a very favorable reserve situation and outlook) we could not justify any bigger lending to them. The Central Bank expressed great confidence in Bank management and supervision of projects, and felt that they wanted a bigger participation from the Bank in the proposed project in order to sell to their people the acceptance of Bank standards in the execution of projects. They thought that unless they had a higher participation from the Bank (i.e., 50 per cent) they would have a tough time resisting forces which would want to deviate from strict project standards. I urged them to consider whether 10 per cent as proposed could not be presented to the public as evidence of Bank participation and need to apply Bank standards. They agreed to reconsider their 50 per cent position and decide what was the lowest percentage of Bank participation which was compatible with their broader needs and write to you again on this matter.

On your suggestion that Thailand should invest in World Bank bonds, they showed me their reply to you. They said that they would like to see that an outflow of funds from Thailand on this account is matched by an inflow of funds from the Bank in the form of long-term loans. I explained in some detail why we did not agree with any such link -- our lending policy was quite separate from our borrowing operations; the decision whether they wanted to invest in Bank bonds should be made separately only on the grounds that it was a good investment from their point of view and helpful to world-wide economic development and not because it would result in a special relationship for Thailand as a borrower. To the extent that I could judge, I think they were quite convinced that it would be wrong to link the two things and said they would reconsider their view and write to you further.

* * * * *

In all the countries I visited I was called upon to describe the economic work of the Bank and the way in which this work was being coordinated. There was a great deal of interest and appreciation of this work; all expressed the desire to benefit by it. I emphasized the desirability of close cooperation with existing institutions (especially in talking to the Asian Development Bank and the Reserve Bank of India which has a very large economic staff), and the paramount need to avoid duplication as well as the need for all institutions to make greater use of the work done elsewhere. We intend to follow up on devising ways in which this objective can be accomplished. A number of institutions expressed interest in sending people to join our economic staff on temporary appointments.

FILES

April 26, 1967

Bimal Jalan

Meeting with Asian Development Bank Officials - April 10 1967

Mr. Friedman and I had lunch with Mr. Krishna Moorthi, the Vice President, and some other senior officials of the Bank in Manila on Monday, April 10. Others present were Mr. Fujioka, Director of Administration; Mr. George Rosen, Deputy Director of Economic and Technical Assistance; Mr. Koji Suzuki, Deputy Director of Operations; and Mr. Kay, the Treasurer. Later in the afternoon an informal meeting was held with the Executive Directors and some members of the staff. The following Directors and Assistant Directors attended: Messrs. C. Balmaceda, M. Fukundar, Khouw Bian Tie, H. Abramowski, W.K. Wardroper, B. Zagorin, B. Hoan and T. Fujisawa.

At the luncheon, in response to questions from the officers of the ADB, Mr. Friedman explained the organization of the economic work, the kind of economic work the World Bank was doing and the role of the Economic Committee in it. In particular Mr. Friedman emphasized that the World Bank was not interested in doing anything that the others could and intended doing. Especially on the questions of economic regional importance we particularly looked to the regional institutions such as the IDB or ADE for leadership. The World Bank was most suited to bring together the expertise and information on a world-wide basis. In this task we intended and looked forward to full cooperation with other international and regional institutions. There was particular interest from ADB in the research program of the IBRD, as also in the kind of collaboration which was going on between the IBRD and IMF and other functioning regional organizations like the IDB. The ADB is still in the stage of getting a staff together, and there has not yet been a clear crystallization or even identification of its exact role in the existing international machinery for the provision of development finance.

During the course of the luncheon conversation, the following conclusions were reached regarding IBRD/ADB collaboration:

1. Mr. Knapp in his recent meeting with ADB had agreed with the suggestion that the Bank missions to Asian countries should try to stop in Manila as far as possible for a day or two for consultations and exchange of views on their way back to Washington. Mr. Krishna Moorthi expressed the hope that this would also apply to the economic staff. Mr. Friedman said that he would certainly encourage this.
2. Mr. Friedman agreed to send Mr. Krishna Moorthi lists of planned economic missions to Asian countries by the IBRD as soon as he had it.
3. Mr. Rosen expressed a hope that the IBRD would let ADB have its general economic studies even though these were at a draft stage. Mr. Friedman said this was possible, especially when no strictly confidential information was contained in them.
4. Mr. Krishna Moorthi said that it would be very valuable to ADB if they could have even a tentative listing and description of economic studies the IBRD was undertaking. Mr. Friedman said that a memorandum on

the Research Projects was now under preparation, and he would let Mr. Krishna Moorthi have a copy of this when Mr. Krishna Moorthi visits Washington at the end of this month.

5. Mr. Rosen wanted to be able to call on the Bank from time to time for information that we had on capital flows and aid programs of various countries. Mr. Friedman agreed to this.

6. Mr. Krishna Moorthi said that it would facilitate staff contacts a great deal if Mr. Friedman could name a liaison man in the IBRD for ADB on the economic side. Mr. Knapp had named Mr. Gordon Street on the operational side. Mr. Friedman said that he would gladly do this (it would probably be Mr. Kamarek or Mr. de Vries), and this could be settled when Mr. Krishna Moorthi visits the Bank this month. He would then arrange a meeting with the senior staff of the Economics Department. Mr. Friedman suggested that Mr. Rosen should get in touch with Mr. de Vries on a regular basis.

7. In a preliminary way Mr. Friedman thought that it may be a good idea if the economic staff of the ADB and the economic staff of IBRD on Asian countries could meet once in six months or a year in an informal working session to exchange views in Asian countries. This could be explored after the ADB was well established.

8. The idea of attaching ADB people as sort of "observers" on some Bank missions to Asian countries was raised in a preliminary way by Mr. Krishna Moorthi. As reported below, the usefulness of this was emphasized by Mr. Zagorin later at the meeting with the Directors, particularly to see how economic work on countries was done by experienced "pros". Mr. Friedman said that they were doing this sort of thing with FAO -- these people went with Bank missions as experts in their area of competency. The practice of attaching Fund people to Bank missions and vice versa had already started. If the ADB started to acquire special expertise in, say, agriculture, there was no reason why we could not use this. On a personal basis, Mr. Friedman said that if attaching people to Bank missions as observers was considered useful, he could see merit in the suggestion. But this was, of course, a decision which had to be made by the President. He would raise it back in Washington.

The rest of the conversation was on IDA replenishment and Supplementary Financial Measures. Mr. Krishna Moorthi raised a number of questions on the latter including the methodology by which the cost estimate in the Scheme was derived.

At the informal meeting with the Executive Directors, Mr. Friedman explained the economic work of the Bank in considerable detail in all its aspects. He emphasized the increasing emphasis the Bank was putting on general economic performance and the way in which this kind of work was being done. There was a great deal of interest in the mission work of the Economics Department -- who chose the mission chief, what kind of missions did the Bank have, who assumed responsibility for the mission report, etc. Mr. Suzuki of the ADB staff said that on the cover of the Bank economic reports he had seen there was a note saying that the Bank does not accept responsibility for its accuracy and completeness, and that the report may not be quoted as representing the views of the Bank; he asked to what extent

this was the usual practice and wondered whether this meant that the reports were to be considered as representing the views of the mission members only. Mr. Friedman said that economic reports were the Bank's staff responsibility.

A number of Directors raised questions on the economic work of the Bank; especially regarding procedure for collaboration with other international and regional institutions. Mr. Friedman said that IDB was a going concern and we had a good deal of contact and consultation at the staff level. The African Development Bank had not really gotten started, so the process of collaboration hadn't really taken shape yet, but we had indicated to President Beheiry that we would be glad to help in any way we could. Mr. Zagorin also raised the question whether we had given thought to attaching ADB men to Bank missions. (See above.) The Executive Director for Germany, however, did not think that it was worthwhile at this stage to think of this sort of formal arrangement. At the moment the ADB should try to establish itself and work through informal arrangements with other international institutions. He therefore felt that at this stage it was enough if the Bank missions stopped in Manila for informal exchange of views. Mr. Friedman was inclined towards the view that perhaps at this stage it was better to have informal arrangements, and leave the more formal technique for collaboration to emerge gradually.

The meeting ended on a note of goodwill and assurance from Mr. Friedman of cooperation and help from the World Bank.

April 25, 1967

Dear Mr. Pascual:

I have pleasure in sending you a copy of
The International Monetary System, Part I:
Mechanism and Operations. The second part is
still in preparation.

Sincerely yours,

Irving S. Friedman
The Economic Adviser to the President

Mr. Conrado C. Pascual, Jr.
Associate Professor of Economics
Commonwealth of Pennsylvania
Department of Public Instruction
Bloomsburg State College
Bloomsburg, Pennsylvania

Enclosure

April 25, 1967

Dear Mr. Dell,

Thank you very much for the reprints
of Mr. Friedman's article on Economic Devel-
opment.

We would appreciate very much a copy
of the latest Year Book. Could your office
handle this matter for us? Thank you.

Yours sincerely,

(Daphne McGregor)
Secretary to Mr. Friedman

Mr. W.R. Dell
Editor
Britannica Book of the Year
425 North Michigan Avenue
Chicago 11
Illinois.

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Mr. George D. Woods

April 24, 1967

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Irving S. Friedman

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INDIA

I spent over a week each in Japan and India, three days in the Philippines and a day in Thailand between March 27 and April 22. Following is a brief summary of my impressions on India. I am preparing another similar note on my visits to the other countries. More details on all four will be put into the minutes of various meetings being prepared with the assistance of Mr. Bohr of our Delhi office or Mr. Jalan who accompanied me.

By the time I got to India the Indian authorities had received your acceptance of Deputy Prime Minister Desai's invitation to visit India. Morarji Desai, with whom I had a long conversation, was pleased with the response and looked forward to the meeting. I judge that he has no fixed agenda in mind. He feels that the relationship between India and the Bank had deteriorated during the period that TTK was Finance Minister, and that this personal meeting with you would help to clear the air and lead to a better understanding based on personal friendly relations between the two of you. He noted that he had ceased being Finance Minister just about the time you became President.

Desai also asked me to convey to you that he would like you and Mrs. Woods to stay with him, but he would perfectly understand if you preferred not to, in order to have a certain degree of independence of movement. He is absolutely flexible on this. Desai will probably express to you his disagreement with devaluation, his concern about the future and character of external aid, his disagreement with U.S. military sales policy vis-a-vis Pakistan, and other sensitive subjects. I am somewhat concerned that a "frank" exchange of views could become unfriendly, but I gather from long talks with I.G. Patel (who is very close to Desai) that Desai is looking forward to frank but friendly informal talks.

In Bombay I met many leading people from private as well as public life. The Reserve Bank of India did a splendid job in making arrangements for me to meet and exchange views with the leaders of Indian industry and finance.

In the Reserve Bank I saw Governor Bhattacharyya for three private sessions and also met with his Deputy Governors, particularly Mr. Anjaria. In the private sector I saw a large number of people, including Messrs. J.R.D. Tata, C.H. Bhabha of the Central Bank of India, G.L. Mehta of the ICICI, and R.C. Cooper, head of the Indian Merchant Association, Singhania of the J.K. Industries, Birla people, etc. Many of them asked about you and send their regards. They were uniformly critical of the Government saying that the Government talked decontrol but that controls remained excessive, particularly with respect to domestic production. On the other hand I was impressed by the enterprise being shown by a number of the Indian manufacturers, who are eager to obtain and apply the latest technology and seemed quite confident of their ability to compete abroad. A number of the individuals, such as Mr. Tata, complained that devaluation had not worked because the Government, with the imposition of taxes on certain exports or the elimination of certain export incentives for certain manufactures, had largely nullified the effects of devaluation. They also complained about the growing insecurity pointing to

the beating up of managers of firms in such places like Calcutta. They were fearful that the Government's answer to all problems would be to increase taxes, that the tax levels were already very high and acting as disincentives. However, there was a general high regard expressed for Morarji Desai.

Governor Bhattacharyya expressed keen interest in your coming to India in the near future. He said that he hoped it would materialize before he left his office. He is still principally pre-occupied with inflationary pressures as food and other prices continue to rise with consequent effects on demands for large wage increases. He seemed to feel that a good monsoon was an essential ingredient of any anti-inflationary program. In any case, however, he wanted to pursue a policy of monetary restraint but trying to give preference to the export sector. He felt that the devaluation had been a proper move but the poor monsoon and other unfavorable developments had largely eroded the beneficial effects of the devaluation. Nevertheless if the monsoon was favorable, there was still a chance to reap some of the benefits, particularly if Desai were successful in avoiding deficit financing by the Centre and the State Governments. He supported Desai's program of non-recourse to the Central Bank and thought that Desai was the man who could carry it through if anyone could. However, he agreed that there were many pressures in the economy, including signs of recession in some industries such as textiles, as well as political differences between the Centre and State Governments that would make it difficult for Desai to pursue a policy of non-inflationary financing. Others in the Reserve Bank stressed the point that there had been hopes of a decrease in military expenditures but fear that the latest developments in U.S. arms sales would make it impossible. Incidentally, in talking to people in the business community a number expressed views in favor of some kind of peaceful settlement with Pakistan which would make possible a reduction in the arms burden.

In New Delhi the talks were mainly with Ministers and Government officials. Apart from explaining the Bank views on a number of things, the subjects on which I wanted to get views from these people were principally -- the attitude of the Government towards an anti-inflationary policy, progress on decontrol and import liberalization in terms of your understanding with Mehta last year, progress of the new agricultural policy, the impact of devaluation, and likely changes, if any, in economic policies as a result of the election changes. I will take up my impressions on each of these items separately.

In Government circles, there seems to be more or less unanimous agreement that nothing has really changed after the elections so far as the economic policy orientation of the Government is concerned, but the sense of urgency is greater. Ashoka Mehta (surprisingly C.S. Subramanam, the former Food and Agriculture Minister, was also present at this meeting) seemed to feel that the election changes, especially at the State level, might contribute to the success of the Government's policies since now all major parties are in positions of authority somewhere or the other, which is likely to inculcate a sense of responsibility. The senior government officials expressed similar views.

Morarji Desai seemed determined to give effect to a tough anti-inflationary policy and completely ruled out deficit financing, though he, like Governor Bhattacharyya and the senior civil servants in the Ministry of Finance, (e.g., S. Jagannathan, the Finance Secretary; I.G. Patel, the Chief Economic Adviser), felt that the success in holding down price increases depended on the success

or failure of monsoons and the ability to avoid inflationary budgets (deficit financing) by the Government and States for the next 18 months or so. This meant at least two successive anti-inflationary budgets. If the monsoons fail again for a third successive year, they feel it would be disastrous for further progress on price stability and decontrol. They also emphasized that not one, but two averagely good monsoons were needed to undo the damage done by two successive years of drought.

The second year of drought and its economic consequences, as well as uncertainties associated with the level and conditions of aid, seem also to have affected the earlier expectations that the decontrol and liberalization program agreed between you and Mehta last year could be accomplished in the agreed twenty-four month period. Ashoka Mehta told me that last June there was no expectation of a second bad monsoon year, and his estimation of the time period required to implement the import decontrol program was based on the assumption that the current monsoon year would be a good one. It may take longer than anticipated to implement the program.

I also talked to K.B. Lall, Secretary of Commerce and some of his staff about the effects of the import liberalization program and the progress made so far. Lall said that there was no doubt at all that the Government wanted liberalization and simplification of import controls and was doing all it could to give effect to this policy. Unfortunately, however, not much good has resulted from this attitude because of the very different conditions and terms placed on the use of aid funds from different countries, which has made the administration of a decontrol program extremely difficult, if not impossible. In 59 priority industries they intended to reduce licensing to a mere formality, but the procedures are still onerous as they have not been able to give to the entrepreneur the discretion to buy where he pleases in whatever quantities he pleases.

I was personally quite impressed by the officials' sincerity in favoring import decontrol as promised and the difficult task they have in implementing this in face of the aid policies of the donor countries. The diversity of aid practices seems much more than is warranted by balance of payments considerations or even export promotion and perhaps we can be of some help within the context of the Indian Consortium. Tying techniques could be more uniform and more generous in permitting choices of commodities. Lall has promised to let me have a technical paper on the relation between tied monies and import licensing in as specific terms as possible. The Ministry of Finance is also preparing a short note on progress made in the field of import controls.

On domestic industrial licensing I was not impressed with what I learned. The steps taken seem unnecessarily timid and small. Preoccupation with the economic power of large business concerns and fear of foreign competition still seem to dominate policy at the expense of growth and export capacity.

There was a great deal of optimism about the success of the present agricultural policy in Delhi and Bombay. The farmer is responding surprisingly well to the new initiatives and there is hope (not yet certainty) that the targets of agricultural production would materialize. I was impressed by the sense of urgency and confidence that people expressed on this subject. The new Minister of Food and Agriculture, Mr. Ram, has not brought about any major changes in his predecessor's agricultural policies. Mr. Ashoka Mehta gave a report of the latest developments in fertilizer production.

April 24, 1967

He also told me that he was having a paper on fertilizers prepared for discussion with you -- this paper would give in as great a detail as possible the current negotiations on fertilizers as well as the issues involved. He is clearly eager to talk fertilizers with you.

On the effects of devaluation, it seems that the exports have behaved far worse than expected. The drought situation which has led to a fall in the production of food and non-food agricultural export commodities may have been largely responsible for this (Governor Bhattacharyya's position). Others relate the failure to the Government's failure to prepare adequately for this step or, even worse, offsetting the desired effects by imposing taxes on certain primary exports and reducing export incentives for certain manufactures. Moreover, official statements had given rise to expectation of new export incentive or, in other words, further devaluation for certain exports with the consequence of speculative withholding of such goods from exportation. Morarji Desai, on the other hand, was quite categorical in saying that devaluation was a mistake. I believe that I.G. Patel agrees with him. I expressed my belief in devaluation but saw no point in debating the issue, a view shared, I believe, by Desai and Patel.

For your information, I heard no convincing arguments against devaluation. The bad monsoon was of course bad and the rise in prices has largely offset the good effects. The continuation of too many controls prevents realization of the full benefits of devaluation. Decontrol and anti-inflationary measures to halt the rise in prices (or reverse it) are essential if the benefit of devaluation are to be realized. If the monsoon is normal, the new agricultural policy vigorously pursued at the village level, export taxes reduced if necessary, decontrol policies made more effective, the expectation of special export incentives ended and a successful anti-inflationary fiscal policy pursued at the Centre and in the States, India can hope to reap the expected benefits of devaluation, i.e., improved export earnings and increase in the productivity and output in agriculture and industry. If devaluation had not taken place the outlook would be even much worse than now. Devaluation is never a substitute for sound economic and financial policies -- only a measure of obtaining the external benefits of such sound policies.

In brief, the economic situation and outlook in India still remains most uncertain. The Indian economy is still deep in the woods. As I see it, it will be at least two more years before the outlook will become clear. However, a sense of urgency and self criticism seems to prevail.

My judgment is that Mr. Desai hopes to be able to convince you that present difficulties do not reflect a lack of determination, will, or ability on the part of the Government of India but rather a combination of unexpected unfavorable developments, particularly the food situation resulting from two successive bad monsoons. India is again confronted with the dilemma of having to argue for more external assistance when the results of its policies in terms of growth seem disappointing. Indeed Desai may even be favoring a reduction in development expenditures in order to have a balanced budget and overcome inflationary pressures. Moreover, the Indian authorities irrespective of wishes, may not live up to the time schedule agreed with you on decontrol.

I don't disagree with Desai's emphasis on the unfortunate effects of two bad monsoons. Without this catastrophe more progress would have been made and the outlook would probably be much clearer, if not brighter.

However, fundamental difficulties would still exist before India's future could be regarded with much more confidence. The Indians are still seeking to achieve a blend, frequently inconsistent, of priorities in economic policy, namely encouragement of small industry, holding down large business firms, improving the distribution of income, promoting full employment, encouraging production and productivity, improving exports, encouraging import substitution and economic self-sufficiency, attracting foreign capital, avoiding "domination" of foreign capital etc. My personal view is that they will not be on a firm foundation for growth until they have clearly decided that increased growth and improved efficiency is the number 1 priority in the realm of economic policy, even leaving aside such related matters as armament expenditures.

Mr. George D. Woods

DECLASSIFIED

April 24, 1967

Irving S. Friedman

AUG 16 2023

INDIA

WBG ARCHIVES

I spent over a week each in Japan and India, three days in the Philippines and a day in Thailand between March 27 and April 22. Following is a brief summary of my impressions on India. I am preparing another similar note on my visits to the other countries. More details on all four will be put into the minutes of various meetings being prepared with the assistance of Mr. Bohr of our Delhi office or Mr. Jalan who accompanied me.

By the time I got to India the Indian authorities had received your acceptance of Deputy Prime Minister Desai's invitation to visit India. Morarji Desai, with whom I had a long conversation, was pleased with the response and looked forward to the meeting. I judge that he has no fixed agenda in mind. He feels that the relationship between India and the Bank had deteriorated during the period that TTK was Finance Minister, and that this personal meeting with you would help to clear the air and lead to a better understanding based on personal friendly relations between the two of you. He noted that he had ceased being Finance Minister just about the time you became President.

Desai also asked me to convey to you that he would like you and Mrs. Woods to stay with him, but he would perfectly understand if you preferred not to, in order to have a certain degree of independence of movement. He is absolutely flexible on this. Desai will probably express to you his disagreement with devaluation, his concern about the future and character of external aid, his disagreement with U.S. military sales policy vis-a-vis Pakistan, and other sensitive subjects. I am somewhat concerned that a "frank" exchange of views could become unfriendly, but I gather from long talks with I.G. Patel (who is very close to Desai) that Desai is looking forward to frank but friendly informal talks.

In Bombay I met many leading people from private as well as public life. The Reserve Bank of India did a splendid job in making arrangements for me to meet and exchange views with the leaders of Indian industry and finance.

In the Reserve Bank I saw Governor Bhattacharyya for three private sessions and also met with his Deputy Governors, particularly Mr. Anjaria. In the private sector I saw a large number of people, including Messrs. J.R.D. Tata, C.H. Bhabha of the Central Bank of India, G.L. Mehta of the ICICI, and R.C. Cooper, head of the Indian Merchant Association, Singhanian of the J.K. Industries, Birla people, etc. Many of them asked about you and send their regards. They were uniformly critical of the Government saying that the Government talked decontrol but that controls remained excessive, particularly with respect to domestic production. On the other hand I was impressed by the enterprise being shown by a number of the Indian manufacturers, who are eager to obtain and apply the latest technology and seemed quite confident of their ability to compete abroad. A number of the individuals, such as Mr. Tata, complained that devaluation had not worked because the Government, with the imposition of taxes on certain exports or the elimination of certain export incentives for certain manufactures, had largely nullified the effects of devaluation. They also complained about the growing insecurity pointing to

April 24, 1967

the beating up of managers of firms in such places like Calcutta. They were fearful that the Government's answer to all problems would be to increase taxes, that the tax levels were already very high and acting as disincentives. However, there was a general high regard expressed for Morarji Desai.

Governor Bhattacharyya expressed keen interest in your coming to India in the near future. He said that he hoped it would materialize before he left his office. He is still principally pre-occupied with inflationary pressures as food and other prices continue to rise with consequent effects on demands for large wage increases. He seemed to feel that a good monsoon was an essential ingredient of any anti-inflationary program. In any case, however, he wanted to pursue a policy of monetary restraint but trying to give preference to the export sector. He felt that the devaluation had been a proper move but the poor monsoon and other unfavorable developments had largely eroded the beneficial effects of the devaluation. Nevertheless if the monsoon was favorable, there was still a chance to reap some of the benefits, particularly if Desai were successful in avoiding deficit financing by the Centre and the State Governments. He supported Desai's program of non-recourse to the Central Bank and thought that Desai was the man who could carry it through if anyone could. However, he agreed that there were many pressures in the economy, including signs of recession in some industries such as textiles, as well as political differences between the Centre and State Governments that would make it difficult for Desai to pursue a policy of non-inflationary financing. Others in the Reserve Bank stressed the point that there had been hopes of a decrease in military expenditures but fear that the latest developments in U.S. arms sales would make it impossible. Incidentally, in talking to people in the business community a number expressed views in favor of some kind of peaceful settlement with Pakistan which would make possible a reduction in the arms burden.

In New Delhi the talks were mainly with Ministers and Government officials. Apart from explaining the Bank views on a number of things, the subjects on which I wanted to get views from these people were principally -- the attitude of the Government towards an anti-inflationary policy, progress on decontrol and import liberalization in terms of your understanding with Mehta last year, progress of the new agricultural policy, the impact of devaluation, and likely changes, if any, in economic policies as a result of the election changes. I will take up my impressions on each of these items separately.

In Government circles, there seems to be more or less unanimous agreement that nothing has really changed after the elections so far as the economic policy orientation of the Government is concerned, but the sense of urgency is greater. Ashoka Mehta (surprisingly C.S. Subramanian, the former Food and Agriculture Minister, was also present at this meeting) seemed to feel that the election changes, especially at the State level, might contribute to the success of the Government's policies since now all major parties are in positions of authority somewhere or the other, which is likely to inculcate a sense of responsibility. The senior government officials expressed similar views.

Morarji Desai seemed determined to give effect to a tough anti-inflationary policy and completely ruled out deficit financing, though he, like Governor Bhattacharyya and the senior civil servants in the Ministry of Finance, (e.g., S. Jagannathan, the Finance Secretary; I.G. Patel, the Chief Economic Adviser), felt that the success in holding down price increases depended on the success

or failure of monsoons and the ability to avoid inflationary budgets (deficit financing) by the Government and States for the next 18 months or so. This meant at least two successive anti-inflationary budgets. If the monsoons fail again for a third successive year, they feel it would be disastrous for further progress on price stability and decontrol. They also emphasized that not one, but two averagely good monsoons were needed to undo the damage done by two successive years of drought.

The second year of drought and its economic consequences, as well as uncertainties associated with the level and conditions of aid, seem also to have affected the earlier expectations that the decontrol and liberalization program agreed between you and Mehta last year could be accomplished in the agreed twenty-four month period. Ashoka Mehta told me that last June there was no expectation of a second bad monsoon year, and his estimation of the time period required to implement the import decontrol program was based on the assumption that the current monsoon year would be a good one. It may take longer than anticipated to implement the program.

I also talked to K.B. Lall, Secretary of Commerce and some of his staff about the effects of the import liberalization program and the progress made so far. Lall said that there was no doubt at all that the Government wanted liberalization and simplification of import controls and was doing all it could to give effect to this policy. Unfortunately, however, not much good has resulted from this attitude because of the very different conditions and terms placed on the use of aid funds from different countries, which has made the administration of a decontrol program extremely difficult, if not impossible. In 59 priority industries they intended to reduce licensing to a mere formality, but the procedures are still onerous as they have not been able to give to the entrepreneur the discretion to buy where he pleases in whatever quantities he pleases.

I was personally quite impressed by the officials' sincerity in favoring import decontrol as promised and the difficult task they have in implementing this in face of the aid policies of the donor countries. The diversity of aid practices seems much more than is warranted by balance of payments considerations or even export promotion and perhaps we can be of some help within the context of the Indian Consortium. Tying techniques could be more uniform and more generous in permitting choices of commodities. Lall has promised to let me have a technical paper on the relation between tied monies and import licensing in as specific terms as possible. The Ministry of Finance is also preparing a short note on progress made in the field of import controls.

On domestic industrial licensing I was not impressed with what I learned. The steps taken seem unnecessarily timid and small. Preoccupation with the economic power of large business concerns and fear of foreign competition still seem to dominate policy at the expense of growth and export capacity.

There was a great deal of optimism about the success of the present agricultural policy in Delhi and Bombay. The farmer is responding surprisingly well to the new initiatives and there is hope (not yet certainty) that the targets of agricultural production would materialize. I was impressed by the sense of urgency and confidence that people expressed on this subject. The new Minister for Food and Agriculture, Mr. Ram, has not brought about any major changes in his predecessor's agricultural policies. Mr. Ashoka Mehta gave a report of the latest developments in fertilizer production.

April 24, 1967

He also told me that he was having a paper on fertilizers prepared for discussion with you -- this paper would give in as great a detail as possible the current negotiations on fertilizers as well as the issues involved. He is clearly eager to talk fertilizers with you.

On the effects of devaluation, it seems that the exports have behaved far worse than expected. The drought situation which has led to a fall in the production of food and non-food agricultural export commodities may have been largely responsible for this (Governor Bhattacharyya's position). Others relate the failure to the Government's failure to prepare adequately for this step or, even worse, offsetting the desired effects by imposing taxes on certain primary exports and reducing export incentives for certain manufactures. Moreover, official statements had given rise to expectation of new export incentive or, in other words, further devaluation for certain exports with the consequence of speculative withholding of such goods from exportation. Morarji Desai, on the other hand, was quite categorical in saying that devaluation was a mistake. I believe that I.G. Patel agrees with him. I expressed my belief in devaluation but saw no point in debating the issue, a view shared, I believe, by Desai and Patel.

For your information, I heard no convincing arguments against devaluation. The bad monsoon was of course bad and the rise in prices has largely offset the good effects. The continuation of too many controls prevents realization of the full benefits of devaluation. Decontrol and anti-inflationary measures to halt the rise in prices (or reverse it) are essential if the benefit of devaluation are to be realized. If the monsoon is normal, the new agricultural policy vigorously pursued at the village level, export taxes reduced if necessary, decontrol policies made more effective, the expectation of special export incentives ended and a successful anti-inflationary fiscal policy pursued at the Centre and in the States, India can hope to reap the expected benefits of devaluation, i.e., improved export earnings and increase in the productivity and output in agriculture and industry. If devaluation had not taken place the outlook would be even much worse than now. Devaluation is never a substitute for sound economic and financial policies -- only a measure of obtaining the external benefits of such sound policies.

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My judgment is that Mr. Desai hopes to be able to convince you that present difficulties do not reflect a lack of determination, will, or ability on the part of the Government of India but rather a combination of unexpected unfavorable developments, particularly the food situation resulting from two successive bad monsoons. India is again confronted with the dilemma of having to argue for more external assistance when the results of its policies in terms of growth seem disappointing. Indeed Desai may even be favoring a reduction in development expenditures in order to have a balanced budget and overcome inflationary pressures. Moreover, the Indian authorities irrespective of wishes, may not live up to the time schedule agreed with you on decontrol.

I don't disagree with Desai's emphasis on the unfortunate effects of two bad monsoons. Without this catastrophe more progress would have been made and the outlook would probably be much clearer, if not brighter.

However, fundamental difficulties would still exist before India's future could be regarded with much more confidence. The Indians are still seeking to achieve a blend, frequently inconsistent, of priorities in economic policy, namely encouragement of small industry, holding down large business firms, improving the distribution of income, promoting full employment, encouraging production and productivity, improving exports, encouraging import substitution and economic self-sufficiency, attracting foreign capital, avoiding "domination" of foreign capital etc. My personal view is that they will not be on a firm foundation for growth until they have clearly decided that increased growth and improved efficiency is the number 1 priority in the realm of economic policy, even leaving aside such related matters as armament expenditures.

April 24 1967

Dear Sir,

I enclose herewith the edited manuscript of my comments given at Princeton last year on Messrs. Kafka and Soligo's papers.

Please excuse the delay but I have just returned from a world trip.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

The Editor
The Journal of Political Economy
Social Science 40LE
1126 E. 59th Street
Chicago, Ill. 60637

April 24, 1967

Dear Mr. Luis:

Thank you very much for mailing the photographs taken at the special luncheons for Mrs. Friedman and me.

Needless to say we both enjoyed our sojourn in the Philippines and regret that our stay was relatively short. Thank you for your offer to be of help with the cloths.

Again many thanks for your thoughtfulness.

Sincerely,

Irving S. Friedman

Mr. Rodolfo H. Luis
Bank Executive Assistant II
Central Bank of the Philippines
Manila, Philippines

April 11, 1967

Dear Miss Burns:

In response to your telephone request and as asked for in your letter of April 4, I have pleasure in enclosing a biographical sketch of Mr. Friedman.

We will let you know after his return on April 24, whether Mr. Friedman will be able to attend the luncheon at The Sulgrave Club.

Sincerely yours,

(Ruby G. Watson)
Secretary to Irving S. Friedman

Miss Barbara M. Burns
Conference Director
School of Advanced International
Studies

The Johns Hopkins University
1740 Massachusetts Avenue, N.W.
Washington, D.C. 20036

April 10, 1967

Dear Mr. Dell,

Thank you for the invitation to Mr. Friedman to attend the Mayflower Hotel reception on Wednesday next, April 19.

Mr. Friedman is out of the country and we do not expect him to return until April 24. I am sure he will be sorry to miss this opportunity to meet you and the other contributors.

Yours sincerely,

(Daphne McGregor
Secretary to Mr. Friedman

Mr. W.R. Dell
Editor
Britannica Book of the Year
425 North Michigan Avenue
Chicago 11,
Illinois.

IRVING FRIEDMAN
C/O OKURA HOTEL
TOKYO

April 5, 1967

Full Rate

JAPAN

SEVEN

CABLE FROM SUPARB YOSSUNDARA BANGKOK READS MINISTER OF FINANCE INVITES
YOU AND PARTY TO LUNCH ON APRIL 12 AT BANK OF THAILAND STOP I WILL MEET
YOUR PLANE

McGREGOR IERD

DAPHNE McGREGOR
Office of the President

April 4 1967

Dear Mr. Watanabe,

This is to thank you, in Mr. Friedman's absence, for the check for \$3,000 as a Patron of the Society for International Development.

The check has been received by the Society.

I do hope you and Mr. Friedman have managed to catch up with each other.

Yours sincerely,

(Daphne McGregor)
Secretary to Mr. Friedman

Mr. Takeshi Watanabe
President
Asian Development Bank
Ayala Avenue
Makati
Rizal
Philippines

April 4 1967

Dear Mr. Waage,

As you probably know, Mr. Friedman is out of the country - visiting Japan, Philippines, Thailand, India, and briefly in London, and not expected back here until around April 24.

The attached copy was received from Rodney Cunnelly, and as it concerns Suzanne I hasten to mail it on to you.

Mr. Friedman is scheduled to stay at Claridges Hotel in London overnight April 22, so if you wished to contact him that seems the best place.

Thought you might like to know - the Suppliers' Credits Study is now out in Spanish and French - would you like a copy?

All the best,

(Daphne McGregor)

(Handwritten letter to Mr. Ranis - received from Mr. Friedman March 29 1967)

Personal and Confidential

DECLASSIFIED

AUG 16 2023

WBG ARCHIVES

Dear Gus,

I'm writing this from Los Angeles, having just arrived from Dulles. Just before leaving the office this afternoon, I agreed to a suggestion of Isaiah Frank that I address a symposium of business men in Washington on April 28 (?) on the U.S. balance of payments. Others would speak on various aspects - I would speak and answer questions on the U.S. Balance of Payments and the Less Developed Countries. Since others haven't yet come through with articles, as I'm trying, I thought it might be useful to do something myself.

I wonder if you could send to my office anything you think (I'm tired!!) I should read on the Balance of Payments and the aid program, etc. I hope it will prove of some help in our common endeavors.

I'm en route to Japan, Philippines and India - mostly the first and the last - and am scheduled to be back in the office April 24. I'm writing in this fashion because when I return it would probably be too late to ask for help.

Thank you -- (I am forwarding this via my secretary - Miss McGregor DUL-3665).

Yours,

Irving S. Friedman

PS. Miss McGregor will be glad to convey any messages, including questions.

Irving S. Friedman
March 28 1967

1. For Kamarck and Kochav

(1) Kochav do study suggested on LDCs and balance of payments and reserves as carefully as possible -- need firm evidence (statistics and examples).

(2) Also Three statistical studies:

(a) sample of LDCs with few quantitative restrictions and nearly all imports purchased with free foreign exchange (Malaya, Singapore, Thailand, Libya, etc.) -- what is pattern of imports by commodities and countries of origin - latest five years.

(b) sample of LDCs with important use of quantitative restrictions but using nearly all free foreign exchange - same as above - (Brazil, Colombia, Taiwan, etc. - not sure of examples - please check).

(c) sample of LDCs with important use of tied funds for imports - same exercise.

2. For Halley and Kochav, etc.

U.S. Balance of Payments with LDCs - as detailed as possible - as recently as possible - want to show that statistically, as a group, they are not drain on balance of payments (adding current and capital) and individually are not gold hoarders or converters of increases in reserves into gold).

(above handwritten note received from Mr. Friedman March 29 1967)

March 27 1967

Mr. Rajan:

I attach hereto a copy of my confirmed itinerary. Would you please note the changed flight times within India -- the dates are as originally scheduled.

When you receive a copy of my itinerary in India I would be grateful if you would send it to my office here. Thank you.

Irving S. Friedman

GENGO SUZUKI
BANK OF JAPAN
TOKYO

MARCH 27 1967

FULL RATE

JAPAN

THANKS YOUR LETTER STOP ONLY FREE LUNCH PERIOD APRIL THREE
ON RETURN FROM KYOTO STOP ~~DELIGHTED MEET SID CHAPTER ON THAT~~

~~BY~~ WARM REGARDS

FRIEDMAN
INTBAFRAD

Irving S. Friedman

Office of the President

March 27, 1967

PAPERS FOR VISIT TO THAILAND

O.M. van der Tak to Kamarck of March 6, 1967
Back-to-Office Report - Participation in Mission to Thailand

Thailand Basic Data

\$22 Million (Third Railway) Loan of April 28, 1961 to State Railway of Thailand

Bank Loans to Thailand

EC/M/66 - 16 of April 22, 1966
Conclusions and Recommendations on the Economy of Thailand

EC/A/66 - 14 of April 15, 1966
Policy Memorandum on Thailand

March 27, 1967

PAPERS FOR VISIT TO INDIA

O.M. Sundrum to Irving S. Friedman of March 17, 1967
A Model for Writing Economic Reports

O.M. Sundrum to Irving S. Friedman of March 10, 1967
The 1967 India Report

IND 67-9 March 8, 1967
INDIA CONSORTIUM WORKING PARTY

IND 67-4 February 28, 1967
MEETING OF INDIA CONSORTIUM WORKING PARTY

IND 67-3 February 16, 1967
INDIA CONSORTIUM - 1967 FOOD AID REQUIREMENTS

IND 67-12 March 13, 1967
INDIA CONSORTIUM - Quarterly Report on the Utilization of Aid

IND 67- March 15, 1967
WORKING PARTY ON DEBT RELIEF AND THE TERMS OF AID - REPORT OF PROCEEDINGS

IND 67-13 March 14, 1967
INDIA - Debt Relief and the Terms of Aid

IND 67-8 March 8, 1967
INDIA - Debt Relief and the Terms of Aid

IND 67-5 March 2, 1967
INDIA - Debt Relief and the Terms of Aid

IND 67-1 January 31, 1967
INDIA - Debt Relief and the Terms of Aid

ECONOMIC COMMITTEE PAPERS

EC/O/67 - 36 March 9, 1967
INDIA: Summary of Economic Report

EC/M/67 - 4 March 1, 1967
Conclusions and Recommendations on the Economy of India

EC/O/67 - 24
INDIA: Economic Policy Memorandum

INDIA Operations - Basic Data

OECD - The Economic Situation of India 9th March, 1967

IMF Consultation INDIA - January 26 and February 1, 1967

INDIA, PAKISTAN AND CHINA: Economic Growth and Outlook

FOURTH FIVE YEAR PLAN - A Draft Outline

AS-122a Volume I - The Main Report

March 27, 1967

PAPERS FOR VISIT TO PHILIPPINES

Philippines Brief for Mr. Friedman

Attachment 1 - The Economy

Attachment 2 - Mr. Knapp's Meeting with President Marcos

Attachment 3 - Tax Measures Pending Before the Philippine Congress

Attachment 4 - Meeting with ADB officials in Manila by Mr. Street

IDA Basic Documents

Economic Committee Conclusions and Recommendations EC/M/67 - 3 of
February 21, 1967

Economic Policy Memorandum EC/O/67 - 10 of January 19, 1967

IMF - Consultations of March 21, 1966

Economic Report AS-120a of January 25, 1967

March 27, 1967

Carried by Mr. Bimal Jalan

General

I.B.R.D. 1965-66 Annual Report

World Tables

JAPAN

IMF Consultations 1964 (dated January 4, 1965)

IMF Consultations 1963 (dated February 4, 1964)

Report No. FE-47c The Economic Situation and Prospects of Japan -
November 23, 1965

PAPERS FOR VISIT TO JAPAN

Japan Brief for Mr. Friedman

Economic Committee Conclusions and Recommendations on
Japan's Creditworthiness of September 10, 1965 - EC/M/65 - 30

Operations of IBRD and IDA in Japan

Shares of Part I Countries in IDA Contribution and International Trade

Average Annual Rates of Growth of Foreign Trade and GNP of Part I
Countries (1960-1965)

Japan Aid

IMF Consultation Paper on Japan - January 1967 SM/67/8, Supplement 1,
Supplement 1 (Correction 1)

The World Bank Group and Japan - January 1967

Also in Mr. Friedman's brief case:

Memo from Leon to Kamarck of March 27
8 Major donors - geographical distribution of assistance,
by major recipients, with attached eight tables

Report No. AS-122a

Volume II Agricultural Policy in India
" III Statistical Appendix
" IV Family Planning

SPEECHES, ARTICLES, STUDIES (for Bimal Jalan)

UNCTAD - February 7 1966 New York

UNCTAD - April 15 1966 Geneva

UNCTAD - April 26 1966 Washington - Remarks to Executive Directors

Article - In Defence of Development - April 1966

SFS Study

Round Table Conference on Capital Movements & Economic Development - July 21 1965

Proposals for Development Finance - (for July 1965 DAC High Level Meeting in Washington -
This was distributed as Mr. Woods's written statement)

Economic Work of the World Bank Group -- statement made at Nov. 10 Executive Board meeting
(Mr. Friedman's & Mr. Kamarck's statements)

IDA Replenishment - July 14 1966 memorandum. (Mr. Woods's proposal)

Suppliers' Credits Study & Press Release.

Mr. Andrew M. Kamarck

March 23, 1967

Irving S. Friedman

Board Discussion on the Cameroon

1. I believe that the Board discussion today demonstrated clearly the need for deeper analysis of our countries to the extent possible. I think it is fair to say that the Board was groping for a clear analysis of the investment priorities within the agricultural sector, irrespective of the financing agency, and a comparison of priorities among the sectors; for example, industrial versus agricultural; import substitution versus exports.
2. In addition to the rather obvious point of trying to strengthen our economic missions and their reports, the discussion also emphasized for me the importance of improving the Sub-Committee review of the Economic Mission reports. I still don't feel satisfied that the Economic Sub-Committees are devoted sufficiently to improving the quality of analysis.

cc: Mr. El Emary
Mr. Bell
Area Department Economic Advisers
Mr. Larsen
Mr. Edelman
Mr. Gilmartin
Mr. McDiarmid
Mr. Thompson
Mr. Weiner
Mr. Wright
~~Mr. Kipkowitz~~

Mr. Kamarck

March 23 1967

Irving S. Friedman

UNCTAD - Meetings

If the question arises as to who is attending the meetings of the Trade and Development Board in Geneva, the names listed should be Mr. Sarma and myself.

cc: Mr. Sarma

Mr. Kamarck

March 22, 1967

Irving S. Friedman

New Professional Staff - Orientation

This morning I spoke to the new professional staff on the economic work of the Bank. I think that we still have a long way to go in explaining to these people what we are trying to accomplish in the economic field. There is still a number of them in many departments who seem to feel that the established procedures are too inflexible and that the Bank is not calling on them to do the kind of work for which they were trained and which they hoped to be able to do in the Bank.

I told them of our plans and thoughts to improve the quality of the economic work as well as to integrate it with other kinds of operational work. I also discussed with them the problems of communication between those who have had the benefit of the latest studies in statistics and methodology as compared with people who were well trained but who have, for understandable reasons, been unable to keep up with these techniques.

I also outlined to them my hopes for achieving a true rotation of the economic staff and integrating this rotation system with the obtaining of language facilities and various kinds of in-training programs to round out needed professional skills, as well as use of sabbaticals and leaves of absence for those who have been here long enough to merit such sabbaticals. As you know, I firmly believe that for those people who stay in the Bank as a career, within a given period of time, say 10 years and at the most 15 years, their experience should be such that they should have acquired facility in the three major languages of the Bank and have worked in area, projects and general economics work. I recognize that there is a danger of trying to know too much and therefore knowing very little, but this can be handled by simply having a rotation period which is long enough to enable a person to acquire new skills and use such skills for a significant period before going on to the next position.

I found much enthusiasm for these suggestions. I do hope that as part of "digesting" the new staff and giving new training to the older staff members, we will proceed along such lines.

The question came up as to what happens to people who leave earlier. My answer was that as far as economists were concerned I was quite reconciled to the thought that many would come and go within relatively short periods of time, say five years or less, but I hoped that a substantial number, say 50% or more, would make the Bank their long-range career. It is these people who stay who would get the most benefit from their language training and in-training in economics. This would be part of the reward for making the Bank a career.

As in the past, the question was asked as to why it is that in order to get recognition in the Bank you had to become a Loan Officer, meaning by "recognition" the opportunity to become a Director or Deputy Director of an Area Department. I explained that my basic philosophy was to try to create enough positions of seniority in the economic work as well as uplifting the status of economists so that most fine economists would not want to leave their profession to do non-economic work. Instead, the rewards and recognition would come within the framework of being members of the economic staff of the World Bank.

I found the experience most enlightening and would recommend to those receiving this memorandum that they try to find the time to talk frankly with our new people as to what they can do, what they are doing, and how they are reacting to the Bank. They seem to be an attractive and alert group of people.

cc: Mr. Lejeune
Mr. B. Bell
Area Dept. Economic Advisers
Mr. Larsen
Mr. Edelman
Mr. Gilmartin
Mr. McDiarmid
Mr. Thompson
Mr. Weiner
Mr. Wright

Mr. Owen

March 22 1967

Irving S. Friedman

Is there any reason why this up-dating memorandum, like the one on Ceylon, is not circulated to Mr. Woods and Mr. Knapp?

Incidentally I have told Mr. Williams that he would be welcome at any one of our meetings in response to his inquiry. You might like to inquire whether he would like to receive some of this documentation regularly or perhaps on request when he is interested in a particular topic.

Mr. Kamarck

March 22 1967

Irving S. Friedman

UNCTAD

Are you watching out for this, or is Messrs. Kalmanoff,
Sarma, etc.?

Consolo's March 1 memo attaching provisional agenda
for Cttee on Invisibles & Financing Related to Trade
for April 4 - 19 meeting)

MAR 22 1967

Mr. Kamarck

800

I am curious about the special
reference to Bela Balassa.

Letter to Albert Kervyn re joining Bank study group
written by Mr. Kamarck & dated March 21 1967

Mr. de Vries

March 22 1967

Irving S. Friedman

Editorial Committee Meeting for World Bank Occasional Papers

I read with interest the Minutes of your meeting of the Editorial Committee for the World Bank Occasional Papers of March 7 1967.

May I draw your attention to paragraph 7. I trust that any paper that was published on Finance and Development would simply not be good enough to appear as an Occasional Paper. On the other hand I would assume that anything that would appear in the Fund Staff Papers would not be published by us although it may be good enough.

Under paragraph 3 do the papers designated as v) and xx) contain enough original thinking and original material to warrant publication?

Please take this just as an inquiry, not a judgment.

Mr. Reamy

March 21 1967

Irving S. Friedman

Attached is the list of guests you requested for the
dinner held on February 15 at the Hotel des Bergues.

March 21 1967

Conversation with Carl Marcy

Chairman of the Committee asked him to call Treasury trying to get quick action before Foreign Aid Bill -- which is expected to start about end of April.

Doesn't expect much trouble -- would guess about 3 members of the Committee opposed although not sure which outside of Symington -- does not expect particular difficulties on floor of Senate -- many anti-foreign aid senators now wish to support Administration's "war effort" plus support of those who are suspicious of bilateral aid.

Promised him material on defense expenditures -- looking for formula on how to limit expenditures on defense -- suggested 25% of current budget expenditures.

Orientation Seminar for New Professional
Staff

Outline:

R

1. Purpose of Work: - Role of Bank as world's leading international development institution -- need to integrate work -- economic judgment with member relations judgment -- need to pioneer in fields of knowledge and theory -- need to set standards -- need to provide institution willing to take responsibility for economic judgments to guide others -- development of a code of international practices in the development field (Fund experience).
2. Describe organization of economic work from Economic Committee, Sub-Committees, Economics Department, Area Departments, Projects Department, explaining differences in functions as well as need for cooperation.
3. Personnel: Concept of economic staff, rotation, career, avacations, sabbatical leaves, outside assignments, etc.

*Original copies in
Central Files 3/21*

March 21, 1967

Dear Senator Fulbright,

On behalf of Mr. Woods, I should like to acknowledge your letter of March 15, 1967 enclosing a request from Mrs. J.M. Land, dated February 26, 1967 for information relating to the assistance provided by the U.S. Government to private business in export financing.

I attach herewith a number of publications dealing with programs of the Export-Import Bank of Washington, of the U.S. Agency for International Development, of the Foreign Credit Insurance Association, and with facilities available from other sources in the United States. Mrs. Land may also be interested in the recent report by the staff of the International Bank for Reconstruction and Development on Suppliers' Credits from Industrialized to Developing Countries, which was prepared in response to a request by the UN Conference on Trade and Development. A copy of the report is enclosed. This report may help in viewing U.S. facilities against those of other countries (c.f. particularly Annex II, III and IV).

I hope this material is sufficient. If more detail is needed, Mrs. Land may wish to communicate with the U.S. agencies some of whose publications are enclosed.

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

Encl.

The Honorable J.W. Fulbright
United States Senate
Washington D.C.

(copy to Mr. Woods's office for record purposes

PLEon/GKalmanoff/ISFriedman/dm
March 21 1967

Mr. Clifford F. Owen

March 21, 1967

Irving S. Friedman

Economic Committee Meeting

I would appreciate having someone in the Economic Committee secretariat prepare for me for every Economic Committee meeting a short briefing paper indicating:

- (a) When we have had past meetings of the Economic Committee on the country;
- (b) The outcome of such meetings;
- (c) Whether we have made any loans or credits to the country in the interim;
- (d) The gist of the President's Economic Report on the country;

and, where appropriate and necessary,

- (e) Where we stand on previously adopted performance criteria.

I would hope this could be done quite briefly, but I think the purpose is self-explanatory.

cc: Mr. Kamarck

ISFriedman:rgw

March 21 1967

Dear Mr. Yukawa,

Thank you for your letter of March 17
and the itinerary which you have prepared.

The schedule looks fine to me and I
do want to thank you for your efforts on
our behalf.

Yours sincerely,

Irving S. Friedman

Mr. Hitoshi Yukawa
Representative
The Bank of Japan
One Chase Manhattan Plaza
New York 5, N.Y.

March 21 1967

Dear Georges:

As far as I can see Wednesday April 26
at 3:30 pm looks fine on my calendar, but of
course would appreciate a confirming phone
call when you and Gros arrive.

Looking forward to seeing you,

Yours sincerely,

Irving S. Friedman

M. Georges Janson
Bank for International Settlements
Basle
Switzerland

Mr. J.H. Collier

March 21, 1967

Irving S. Friedman

JAPAN - Briefing Paper

I would very much appreciate your preparing quickly for me a few pages on Japan along the lines done for the IDA briefing book.

It should make clear the current situation and outlook as well as anything else.

cc: Mr. Kamarck
Mr. Jalan

March 20, 1967

Mr. Emmett Rice:

You may be interested in the attached copy of my itinerary to the Far East. I will try, at least in Tokyo and New Delhi, to call on the Ambassador and pay my respects.

From experience in the Fund I would say that they appreciate knowing in advance of possible callers.

Irving S. Friedman

Mr. Alexander Stevenson

March 17, 1967

Irving S. Friedman

MALAYSIA - Economic Section of President's Report

I think this proposed draft economic section on Malaysia is really inadequate. I am not sure I would agree with all of Owen's comments although I think they are all worth considering, but primarily it doesn't seem to be a serious effort to indicate enough of our evaluation of the Malaysian situation and outlook, including its economic performance.

Is there a new economic report nearing completion? If so, why are we not waiting for an economic report to be circulated before going to the Board with the proposal? You will recall this is a point which a number of Executive Directors have made, including Mr. Lieftinck.

March 17, 1967

1. Interest rates -- seen from viewpoint of (a) commercial institutions (b) international govt. institutions or (c) developing countries and development process. Tried to concentrate on economic viewpoint since interest rates play key role in decision making, and one of central preoccupations of economist.
2. Therefore, not spend time on relevancy of such arguments as relationship between our income and interest costs - perhaps more important to commercial firm interested in protection of dividends.
3. From economic viewpoint key questions are: (1) what are the important objectives we are trying to achieve by differential between interest cost to Bank and interest to borrowers and (2) would adoption of larger spread - say $1\frac{1}{2}\%$ or even $2\frac{1}{2}\%$ which would serve liquidity interest of Bank be harmful to development process.
4. I favor larger spreads resulting in higher rates of interest - say 7% today - with flexibility in use of grace periods and maturity lengths depending on combination of general economic (including balance of payments) and project considerations.
5. Reasons for favoring:
 - (a) Limited to countries in relatively advanced stages of economic development and achievement of credit standing - existence of various forms of concessional aid is a fact.
 - (b) Impact of interest on balance of payments is not large.
 - (c) World Bank returns to LDCs its interest income - also on individual country basis - exceptions are properly where country no longer needs World Bank type of capital and interest payments now help less developed.
 - (d) Magnitude of Bank lending is critical - all lending (including that financed from interest) has greater benefit than amount of loan - of key importance is use of loan and economic policies.
 - (e) Higher rates encourage better uses - (impact on both borrower and lender). Capacity to service may therefore be improved by higher rates if facilitate better usage and economic performance.
 - (f) Higher rates prepares borrower for commercial borrowing and encourages more friendly attitude to foreign private direct investment.
 - (g) In summary, from economic viewpoint emphasis should be on facilitating development rather than balance of payments relief.

Irving S. Friedman

March 16, 1967

Mr. Woods:

Attached are the requested tables.
For convenience I have added Table I.

I trust that you will find them all
self-explanatory.

Irving S. Friedman

Mr. George D. Woods

March 16, 1967

Irving S. Friedman

IDA Replenishment - Revision of Tables attached to memorandum of July 14, 1966

Attached hereto is a revised set of the five tables which accompanied your memorandum on IDA replenishment of July 14, 1966. The basic data has been up-dated and the estimates have been modified to reflect an assumed level of country contributions to IDA of \$600 million, \$800 million and \$1 billion per year for 1968/69, 1969/70 and 1970/71 respectively. Where appropriate, an average figure of \$800 million per annum has been used.

It will be noted that there are a series of tables under Table 2 which deal with the apportionment of country contributions based on various assumptions.

2(a) assumes the proportions of the first replenishment as was done in Table 2 of the July 14 memorandum.

2(b) shows the effect regarding the World Bank transfer of \$75 million per annum as though IBRD were a separate country, and of allowing for the Swiss loan. These changes, of course, reduce markedly the proportions contributed by countries.

2(c) shows the impact of considering the World Bank transfer to have been contributed by members who forego an equivalent dividend.

Tables 2 (d), (e), and (f) cover the same ground as Tables 2 (a), (b) and (c), except that they take into consideration the fact that in 1964 Belgium not only contributed to the replenishment of IDA but also made a capital subscription. Combining the two increases the Belgian proportion and correspondingly decreases others. In our discussions with the U.S. Treasury over the last year they have indicated on a number of occasions that they felt that this was the correct Belgian figure to use in our statistical presentation with a corresponding decrease in the proportions of the U.S. contribution.

These tables have not been amended to reflect any possible U.S. "proposal", for example, on burden sharing. They are illustrative and given as a basis for discussion, as were the original tables attached to the memorandum of July 14, 1966.

Tables 3, 4 and 5 are, I believe, self-explanatory. However, it will be noted that there is no attempt to show relationships between aid and national income and other indicators as of 1966 because the latest aid figures available are for 1965. Where we do have later information for certain items, this is indicated in the footnotes to Table 5.

Attachments

cc: Mr. Demuth

March 16, 1967

Dear Booma:

You may have heard that I am planning a
brief visit to Bangkok. I do hope that we will
have a chance to see each other.

I am arriving on KLM.862 at 1805 hours on
April 11 and staying at the Intercontinental
Hotel, and will be going on the next day by
JAL.451 at 1920 hours to Calcutta.

With warm regards,

Sincerely yours,

Irving S. Friedman

Mr. Booma Wongswan
Under-Secretary of State for
Finance
Ministry of Finance
Bangkok, Thailand

*My wife will be accompanying me.

Mr. Hideo Suzuki

March 16, 1967

Irving S. Friedman

Visit to Thailand

I am planning to visit Bangkok in April and would be glad to talk to you about my visit if you so desire. I would very much appreciate your advising Mr. Serm Vimicchayakul of my visit.

My plans are to arrive in Bangkok on KLM.862 at 1805 hours on April 11 coming from Manila and to leave Bangkok on April 12 at 1920 hours on JAL.451 for Calcutta. I will be staying at the Inter-continental Hotel.

I will be accompanied by my wife and Mr. Bimal Jalan, an economist who is one of my personal assistants.

Thank you.

March 15, 1967

Dear Governor Castillo:

I know that you have already been informed of my planned visit to the Philippines but I am taking the liberty of writing to you personally and informally. I am looking forward to the opportunity to exchange views on the economic situation and outlook with leading Philippines' officials.

By now I am getting accustomed to being The Economic Adviser to the President of the World Bank instead of a Department Director in the Monetary Fund, although I find that the world assumes essentially the same look even when viewed through a different keyhole. Like my previous position my concern continues to be with countries - particularly those with international economic and financial problems. However, my present position does allow me a little more freedom in disposing of my time, but on the other hand being in charge of the economic activities and operations of the World Bank Group is a very time-consuming job. Mr. Woods has been urging me to travel and I, of course, agree on the essentiality of firsthand contacts but I am afraid that the pressure of work keeps me mostly at home. It is for this reason that I have not visited the Philippines earlier, as it was one of the countries I wanted to visit first in my new capacity.

I am looking forward very much to seeing you in Manila and to continuing our many discussions that we have had in the past.

With warm regards,

Sincerely yours,

Irving S. Friedman

Mr. Andres V. Castillo
Governor of the Bank of the
Philippines
Manila, Philippines

Attachment: Itinerary of March 14, 1967

Messrs. Kamarck and Sacchetti

March 15, 1967

Irving S. Friedman

UNCTAD

I must apologize for forgetting, but what did we decide to do about the UNCTAD requested study on encouraging exports from developing countries?

In any case I would like to discuss this subject with both of you, particularly as to how we might get countries to take specific measures to encourage business firms to enter into export activities or to expand export activities aside from general measures as monetary exchange and fiscal policies.

You might be interested in seeing the marked paragraphs in the attached memorandum.

Attachment: ~~Copy of UNCTAD 2nd Session provisional agenda~~

COM.TD/W/39/Rev.1 - January 5, 1967

Committee on Trade & Development, Punta del Este, Uruguay
"Expansion of Trade Among Developing Countries"

Mr. Andrew Kamarck

March 15, 1967

Irving S. Friedman

UNCTAD - Meetings

I think that we have to give some more urgent thought as to who will represent the Bank at the UNCTAD meetings. First will be that of the Trade and Development Board from August 15 to September 8 and the next one, as you know, of the UNCTAD itself in New Delhi next February.

I would like to set it up in such a way that I could attend parts or both of these meetings if other work permitted - assuming that all goes reasonably well with our Supplementary Finance proposals.

March 15, 1967

Dear Mrs. Walter:

I do want to express my profound regrets. Many nice things are being said to you about Paul I am sure and I know that I would agree with all of them.

It is impossible to summarize a relationship that extended over many years in a few words. I enjoyed Paul as a colleague not only because he was intelligent and well-informed but primarily because he was civilized, sensitive and honorable.

If there is any way that Edna or I could be of service, please call on us.

Sincerely yours,

Irving S. Friedman

Mrs. Paul Walter
6917 Ayr Lane
Bethesda, Maryland

March 15, 1967

Dear Paddy:

The press release announcing your resignation from the Small Business Administration has just come to my attention.

May I congratulate you on joining the private sector again. I do hope that you will enjoy your new association and, needless to say, if there is any way I could be of help please feel free to call on me.

With best wishes,

Yours,

Irving S. Friedman

Dr. Padraic P. Frucht
Planning Research Corporation
1875 Connecticut Avenue, N.W.
Washington, D.C.

Mr. Hideo Suzuki

March 15, 1967

Irving S. Friedman

Visit to Thailand

I am planning to visit Bangkok arriving on the evening of April 11 and leaving the following night, April 12, and would be glad to talk to you about my visit if you so desire.

I would very much appreciate your advising Governor Puey Ungphakorn of my visit.

Cancelled

Mr. Jorge Mejia-Palacio

March 15, 1967

Irving S. Friedman

Visit to Philippines

I am planning to visit Manila arriving in the late afternoon of April 8 and leaving on the afternoon of April 11, and would be glad to talk to you about my visit if you so desire.

March 14, 1967

Dear Mr. Yukawa,

Thank you very much for your letter of February 21 and your communicating with Mr. Tadashi Ishida.

I have delayed replying as it was necessary to change the times of my travel plans. Enclosed herewith is a copy of the proposed itinerary.

With thanks for your very kind assistance,

Yours sincerely,

Irving S. Friedman

Mr. Hitoshi Yukawa
Representative
The Bank of Japan
One Chase Manhattan Plaza
New York, 5 N.Y.

March 14 1967

Dear Gengo,

I am sure that you have already heard that I have had to change the times of my travel plans, but in case you haven't I am enclosing a copy of my new itinerary.

You can readily guess why it was felt desirable for me to visit India a little bit later.

Edna and I are looking forward to seeing you, Mrs. Suzuki, and other members of your family.

With warm regards,

Yours sincerely,

Irving S. Friedman

Mr. Gengo Suzuki
Auditor
The Bank of Japan
Tokyo
Japan

March 14 1967

My dear Mayekawa,

Thank you for your letter of February 17. I have not written sooner because, as you may already know, there was some question of a need to change dates of the travel plans for myself and Mrs. Friedman, and for your information I am attaching a copy of our itinerary.

As you can see I will be arriving in Tokyo March 30 and leaving April 8.

I need not say how much we are looking forward to seeing you in Tokyo.

With warm regards,

Yours sincerely,

Irving S. Friedman

Mr. Haruo Mayekawa
Executive Director
The Bank of Japan
Tokyo
Japan

March 14, 1967

My dear Takeshi,

I have delayed somewhat in replying to your letter of February 15 until I was more certain of my travel plans. They have now been firmed up and I am attaching a copy of my itinerary.

You will note that I am planning to be in Tokyo from March 30 through April 7. Perhaps that will give us a chance to see each other, since you say you are definitely attending the first part of the ECAFE meeting. I am planning to stay at the Okura -- perhaps we might even be going to Manila at the same time - that would be very nice indeed!

Because of developments here I have had to make my trip somewhat shorter than expected and therefore am not staying in Manila quite as long as I had hoped.

I am looking forward to seeing you in Tokyo and to visiting with your Bank in Manila.

Mrs. Friedman joins me in sending warm regards to you and Mrs. Watanabe, and hope to see you both soon,

Sincerely,

Irving S. Friedman

Mr. Takeshi Watanabe
President
Asian Development Bank
Ayala Avenue
Makati, Rizal
Philippines

DECLASSIFIED

March 14, 1967

PERSONAL

AUG 16 2023

WBG ARCHIVES

My dear Anjaria,

Thank you very much for your kind letter of February 23. I have not written further as you probably already know that people here were raising questions about when I should visit India. Mr. Woods and Sundara Rajan both felt that I should go a little bit later, to make sure that there was at least a Prime Minister before I arrived. As it happened there is already one, but in the meantime I had already made arrangements to switch the dates. This involved telling the Japanese that I was coming earlier than originally planned, so it seems best at this point in time to just leave it with the present schedule.

We are scheduled to arrive in Calcutta by JAL Flt. 451 at 8:05 pm April 12 from Bangkok and leave from New Delhi by BOAC Flt. 781 at 8 am April 21 for London. If necessary I could stay for a few days extra, in which case Edna would be going home without me. I assume that I will be going to Bombay first, then on to Delhi, but am, of course, open to your advice.

It was kind of you to suggest that we visit the Ellora and Ajanta caves. Would you mind very much if I said that I would hope that we could visit some cool area? I have not been to the caves so do not know the kind of climate found in that area during April.

I would be happy to give a seminar at the University School of Economics. Sundara Rajan had telephoned and asked whether I would like to give a lecture or a speech and I said I would not mind giving an informal talk or seminar, but not a speech. (Incidentally, I trust that he is in touch with you so that I am not causing complications by communicating with you both separately.) As for a topic, I really find it hard to pick one. Since it is essentially an informal session I think that anything within my field of interest would be all right. Could you perhaps suggest a topic, or agree one with them? I guess the one topic I should not speak on at a seminar is the economic outlook for India!

Attached is a copy of my itinerary. My secretary tells me that we have asked for tentative reservations at these hotels. We have asked for a suite, if available, to enable us to have a place to chat with friends. We have, of course, not been able to confirm our arrangements as we are not sure of the dates. If your office could firm such arrangements it would be most appreciated.

As for talking to the local branch of SID that depends entirely on the availability of time. May I leave that up to you also? On balance I am less keen on this than an informal discussion, simply because the SID people might be expecting a more or less prepared or formal speech.

I do hope that our visit is not causing you too much trouble. Edna and I are looking forward to it with keen pleasure.

As you could expect I am also informing I.G. of my itinerary. I should also mention that Bimal Jalan is accompanying me on this trip to Japan, the Philippines and India.

With warm regards to you and Mrs. Anjaria,

Sincerely,

Irving S. Friedman

Mr. J.J. Anjaria
Deputy Governor
Reserve Bank of India
Central Office
Bombay
India

DECLASSIFIED

SEP 19 2023

March 14, 1967

PERSONAL

WBG ARCHIVES

Dear I.G.,

I took very seriously your letter of February 23 - of course we don't want to be in Delhi when you aren't there, so we will be going to India on April 12! I hope by that time you will have returned from the Indian Consortium meeting. Our present schedule is to arrive Calcutta on JAL Flt. 451 at 8:05 pm April 12 from Bangkok and leave from New Delhi by BOAC Flt. 781 at 8 am April 21 for London. If necessary I could stay for a few days extra, in which case Edna would be going home without me. I assume that I will be going to Bombay first then to New Delhi, but this of course could be altered if it made my stay more worthwhile.

I have heard from Anjaria, but that was on the assumption of my earlier itinerary. On our present schedule we will be having only one weekend in India, namely the 15th and 16th April. Anjaria has suggested a visit to the Ellora and Ajanta caves. My own preference is for a visit to some cool area, since we will be spending the previous weekend in Manila. Jalan has suggested the possibility of Mahabaleshwar. Is Kashmir a possibility? Again, I attach much more importance to seeing people than to seeing things.

I am pleased to see the speed with which a new Prime Minister and Cabinet are being formed. Whatever else it implies it surely gives the impression of responsible leadership. I am looking forward to meeting these people. Of course my previous contacts with Mr. Desai were as a Fund official. I gather that Asoka Mehta will be the Planning Minister. As you know I had a considerable amount of dealings with him last summer.

I would appreciate knowing as quickly as possible about my itinerary-- perhaps via Sundara Rajan who, of course, is trying to be helpful and friendly. The suggestion is being made that we spend the night of Wednesday April 12 at the Oberoi Grand in Calcutta and that we stay at the Taj Mahal April 13-17 and Oberoi April 17-21 in Bombay and Delhi respectively. When we get from your Indian colleagues the details of our itinerary we will be able to arrange confirmed accommodations at these hotels. I hope that Edna and I can get a suite at these hotels which will enable us to have a place to chat with friends. As you can see, in my advanced old age (as in my youth!) I am a great believer in comfort and luxury.

We are looking forward very much to seeing Alaknanda and the baby, in addition to yourself.

Incidentally, I meant to say earlier that Bimal Jalan is going to be accompanying me on this trip. I hope he does not find it too embarrassing as a loyal Indian to be seen in the presence of a World Bank official!

With warm regards,

Sincerely,

Irving S. Friedman

Dr. I.C. Patel
Chief Economic Adviser
Ministry of Finance
Department of Economic Affairs
New Delhi
India

PS: May I assume that there will be someone at Calcutta to meet us and avoid detention by the Customs authorities? (Remind me to tell you about my first entry into India in 1944!)

Mr. George D. Woods

March 14, 1967

Irving S. Friedman

IDA Replenishment

Attached hereto is a table we have worked out showing the projected effects on the U.S. balance of payments of your suggestion for deferment of the U.S. contribution until needed.

cc: Mr. Demuth

Mr. Livingston T. Merchant

March 14, 1967

Irving S. Friedman

IDA Replenishment

Attached are some copies of the table which I mentioned to you the other day.

Mr. Roger A. Chaufournier

March 13, 1967

Irving S. Friedman

Consultative Group for Peru

I read with interest the back-to-office report of the Economic Mission to Peru.

I believe we should go ahead with the preparing of the Economic Report as promptly as possible, and that we should assume that a meeting of the Consultative Group will take place.

Mr. O.J. McDiarmid

March 13, 1967

Irving S. Friedman

President's Report on Philippines

I am returning the draft of the proposed Economic Section of the President's Report on the Philippines and have duly noted your covering memorandum. You will find some suggestions from Mr. Collier and myself.

My main comment is that I think that the section needs a paragraph summarizing performance. I don't think that paragraph 32 quite does this and would appreciate an attempt to write a substitute paragraph for 32.

March 10 1967

Dear Professor Bernstein,

Mr. Woods has passed on your letter of March 6 requesting a copy of the Bank study on Suppliers' Credits from Industrialized to Developing Countries.

I have pleasure enclosing herewith a copy of the Study and trust it will be of use to you.

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

Mr. Marvin D. Bernstein
Professor of History
State University College
Fredonia
New York, 14063

(copy to Mr. Woods for record purposes)
(corr. to General Files)

Mr. Owen

March 10 1967

Irving S. Friedman

Would you please look at this immediately and let me know if this is what we would expect to find in a Loan Committee document?

(copy in C & India -
orig to File)

March 10 1967

Dear Dr. Shah,

Thank you for your note on Export Shortfall and Scale of Internal Economic Activity. I read it with interest.

I would like to make three points on the Supplementary Finance Scheme, which may have some bearing on your analysis: (a) under the Scheme, it is not intended to make up the entire export shortfall. The cost estimate per annum in the Scheme is \$300-\$400 million; the gross export shortfall of \$1.6 billion does not represent the estimate of "the requirements of financial resources for implementing the World Bank Scheme". (b) we do not visualize a "time lag" of any significance between the occurrence of an export shortfall and the availability of assistance under SFM; and (c) there is no reason why availability of supplementary finance in itself should weaken the efforts of a country to mobilize domestic resources.

I hope these comments are helpful.

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman

PS: I have just received the revised version of your paper on DAPU and look forward to reading it.

Dr. V.C. Shah
Economic Adviser
Indian Embassy
583 Avenue Louise
Brussels 5
Belgium

March 10, 1967

Comments from Mr. Kamaeck

Interest Rates

This memo clears away any idea that there should be any ~~rigid~~ ^{rigid} relationship between the interest cost to the Bank and the interest rate we charge. This is to the good.

What the margins should be between these two depends on what we regard as important targets to achieve. This memo considers several of these but it by no means exhausts the list. A commercial organization might have as its principal target maximizing of the size of dividends. As we do not pay dividends this is not a factor for us but we could have a similar target, that is we could decide for example that we wished to make a contribution of \$100 million to IDA rather than \$75 million, or we could have a target reaching \$125 million or \$150 million.

Another factor that we could take into consideration is trying to have a level of resources equivalent to say 10 percent or 5 percent of loans. In other words what I am saying is that we should start with agreeing on what it is we wish to accomplish with this margin and then that will largely determine the margin. This is essentially an exercise in model building where we have certain constraints, certain ~~parameters~~, ^{parameters} and the question is what the target or targets are that we are trying to optimize.

Two other comments: One is to say that the capital contribution that we have used should not enter into our calculation of the costs. In other words we should set our charges to meet our costs plus some margin for building of reserves, then we might regard the return on our capital as being available for contribution to IDA.

Secondly, I don't regard the argument about the relationship about our income and our interest costs as being pertinent for us. In the case of a commercial enterprise this makes sense because you are trying to secure at least some protection for continuance of dividends. Here we pay no dividends and all our profits, after contribution to IDA, go into our reserves, so this protection ratio does not make too much sense for us to consider.

(Paper to be discussed by P.C.)

IDA

Mr. Levy

March 9 1967

Irving S. Friedman

Could I please have, in tabulated form, the latest investment statistics in less developed countries between the public and the private sectors.

March 9 1967

Mr. Rajan:

I attach hereto a copy of my proposed itinerary. My return to Washington can be extended beyond April 21 if you think a longer stay in India would be desirable.

I would appreciate getting advice from the Government of India and the Reserve Bank as to whether it would be better to go to Delhi or Bombay first.

May I assume that a car would be placed at my disposal, or should I arrange for the hiring of one?

Irving S. Friedman

SFS

Mr. Macone

March 9 1967

Irving S. Friedman

Export Projections

Have I spoken to you about trying to do our export projection study again for supplementary finance, but for a more recent period, and hopefully, for a larger sample of countries?

cc: Mr. Sarma

IDA

Mr. Levy

March 9 1967

Irving S. Friedman

I would appreciate a table showing the extent of unutilized capacity in less developed countries and, if feasible, how much increase in GNP or GNP per capita might take place if there were reasonably full utilization of resources.

March 9 1967

Dear Mr. Pawley,

Thank you for your letter of February 8 enclosing the IWP work program for 1967. I note that the original plan of publishing individual sub-regional volumes has been dropped, and that the next studies will relate to the continent of South America, Africa south of the Sahara and selected countries in Asia and the Far East.

I have also received the sub-regional study on the Near East. I have circulated it among the Bank economists working in this field, and shall pass on their comments to you when I have them.

With best personal regards,

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

Mr. W.H. Pawley
Director
Indicative World Plan
Food and Agriculture Organization
Via delle Terme di Caracalla
Rome
Italy

cc: Mr. Kamarck
Mr. Macone (with correspondence)
Mr. Jalan

SUBJECTS OR QUESTIONS COVERED BY ECONOMIC COMMITTEE
DECISIONS OR CONCLUSIONS

1. Recommendations to President

- (a) Creditworthiness for World Bank loans -- both for general "programs" of lending when it exists and on specific loan proposals.)
 - (b) IDA eligibility -- both for general "programs" of lending when it exists, on specific IDA credit proposals.)
 - (c) Economic performance including feasibility of development program and need for suggested magnitudes of external financing -- for use by World Bank Group, countries or consultative groups, etc.)
 - (d) Economic policy preconditions for Bank loans -- IDA assistance or endorsement of programs and related policies to consortia, consultative groups and similar groups.)
 - (e) Economic policy recommendations to achieve improved performance.)
 - (f) Economic aspects of need to have access to Bank and appropriate interest rates.)
 - (g) Need for economic advice and assistance in economic field (fiscal matters, project identification and preparation, development planning, improvement of statistical information, etc.), and suggestions to Area Departments on implementation.)
- Types of blends where appropriate

2. "Special" Topics (examples)

- (a) Status of economic missions -- selection, itinerary, number of personnel, etc.
- (b) Debt Studies (Nigeria, Cooperation with OECD)
- (c) Capital Requirements in General
- (d) Supplementary Financial Measures
- (e) Suppliers' Credits
- (f) IDA Criteria
- (g) Economic part of Annual Report
- (h) Need for protection and Preferential Treatment
- (i) New suggestions for development finance (ex: relating to reform of monetary system).

3. Recommendations to Loan Committee on Terms and Conditions of Bank Loans

- (a) Grace and amortization periods.
- (b) Local costs.
- (c) Proportion of project financing.

March 7, 1967

Dear Mr. Judd:

Thank you for your letter of February 16, 1967 enquiring about the possibilities of making available all or part of our commodity files for the use of UNCTAD.

As you know, the Bank welcomes opportunities to cooperate in every possible way with UNCTAD as, indeed, with the other agencies of the United Nations. For a number of reasons I do not think that the suggestion to turn over all or a portion of our files to UNCTAD is feasible. However, there no doubt are other ways in which the staffs of the Bank and UNCTAD can benefit from each other's work in the field of commodity problems.

With this in mind, your idea of visiting the Bank when you come to the United States in April is a good one. I suggest that you use that opportunity to discuss this matter further with Mr. Kamarck, Director of the Economics Department, and Mr. Macone, Chief of the Export Projections and Trade Analysis Division of the Economics Department.

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

Mr. Perce R. Judd
Director, Commodities Division
United Nations Conference on Trade
and Development
Palais des Nations
Geneva, Switzerland

AMKamarck:rgw
March 7, 1967

cc: Mr. Macone

(Incoming letter in central files)

Religiosa *EL - General*

SUBJECTS OR QUESTIONS COVERED BY ECONOMIC COMMITTEE
DECISIONS OR CONCLUSIONS

1. Creditworthiness for World Bank loans -- both for general "program" of lending, when it exists on specific proposals.) Types of blends where appropriate
2. IDA eligibility -- both for general "program" of lending, when it exists on specific proposals.)
3. Economic performance including feasibility of development program and need for suggested magnitudes of external financing -- for use by World Bank Group, countries or consultative groups, etc.
4. Economic policy preconditions for Bank loans - IDA assistance or endorsement of programs and related policies to consortia, consultative groups and similar groups.
5. Economic policy recommendations to achieve improved performance.
6. Economic aspects of need to have access to Bank and appropriate interest rates.
7. Need for economic advice and assistance in economic field (fiscal matters, project identification and preparation, development planning, improvement of statistical information, etc.), and suggestions to Area Departments on implementation.
8. "Special" Topics
 - (a) Status of economic missions -- selection, itinerary, number of personnel, etc.
 - (b) Debt studies (Nigeria, Cooperation with OECD)
 - (c) Capital requirements in general
 - (d) Supplementary financial measures
 - (e) Suppliers' credits
 - (f) IDA criteria
 - (g) Economic part of Annual Report
 - (h) Need for protection and preferential treatment
 - (i) New suggestions for development finance (ex: relating to reform of monetary system).
9. Recommendations to Loan Committee on Terms and Conditions of Bank Loans
 - (a) Grace and amortization periods
 - (b) Local costs
 - (c) Proportion of project financing.

(Pending)

March 7 1967

Dear Georges,

Thanks for your letter of March 1. I shall be delighted to see you and M. Gros. Although I will be out of the country for the earlier part of April I expect to be back around April 23 and in the office April 24 or 25. Thursday April 27 at 3 pm looks fairly clear on my calendar.

If this is inconvenient then please phone my office when you get here and I'm sure we could fix a mutually convenient time.

Yours sincerely,

Irving S. Friedman

M. Georges Janson
Bank for International Settlements
Basle
Switzerland

EC - General

Mr. Owen

March 6 1967

Irving S. Friedman

I would appreciate having a breakdown of the following either by the end of the day tomorrow or at the very latest Wednesday morning. This information is needed for a discussion with Mr. Woods on Wednesday morning:

1. Missions for the last year -- how long, who headed them, how many people involved. A breakdown between permanent/temporary people and consultants.
2. How many weeks on the mission and how many weeks after the mission did the report get out.

Would you correlate this information in a table.

Misc

March 3, 1967

Dear Mr. Sheikholislam:

I was interested in hearing about the establishment of a World College in Washington and wish you every success in your endeavor to improve international culture.

Sincerely yours,

Irving S. Friedman
The Economic Adviser to the President

Mr. Ali Sheikholislam
World College
1339 Wisconsin Avenue
Dumbarton Street
Georgetown
Washington, D.C. 20007

ct India

March 3, 1967

Mr. Bell:

I would appreciate it if you would keep in mind the following:

1. I have some comments on the report which might be useful to see before putting the new version on stencils. I am referring to those comments which do not raise basic questions but are really a matter of improving language.
2. The Executive Directors at the last Board meeting were told that there would be an Indian report circulated, presumably to the, in about two weeks'. Have we given up the idea of having two texts -- one for the Consortium and one for all the Executive Directors? If possible one version would seem more feasible to get out in time.

Irving S. Friedman

E C - General

Mr. Owen

March 2, 1967

Irving S. Friedman

Loan/Credit Work and Economic Work

Apropos your memorandum of March 1 could you find in the records Mr. Lieftinck's complaint about economic reports referred to in your paragraph 2.

With respect to your second recommendation on a joint directive, you might try your hand at drafting one to see what it might look like.

Thank you.

MISC

March 2, 1967

Dear Mr. Dupriez,

In reply to your request of February 15 1967 I have pleasure enclosing a copy of the text of Foreign Exchange Control and the Evolution of the International Payments System, which I trust will be of assistance in preparing your thesis.

I have asked the IMF to send you copies of the 1964, 1965 and 1966 editions of the Annual Report on Exchange Restrictions.

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. Pierre Dupriez
B.P. 249
Lovanium
Kinshasa XI
Republique Democr. du Congo

cc: Mr. Jay Reid IMF
(with original letter)

(Pending)

Mr. Kamarck and Mr. Owen

March 2, 1967

Irving S. Friedman

DECLASSIFIED
DATE 08/21/2001
BY SP-6/BJW/STP

I would like to receive a memorandum on the following points:

1. What subjects or questions are covered by Economic Committee decisions or conclusions?
2. What questions are covered by the Economic Sub-Committee?
3. What questions, in your opinion, should be covered by either of the two above that are not being covered now?

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AUG 16 2023

PERSONAL

WBG ARCHIVES March 2, 1967

Dear Douglas:

Apropos our phone conversation I am attaching an extract from the letter I have received today from Don Waage which you might use when you are talking to Roy Bridge (please excuse Waage's misspelling of Roy's name).

I telephoned Waage to find out whether or not this meant that Roy's daughter ought not to come before Easter. He said not at all, that they were likely to be away for ten days in the latter part of March visiting Mexico City, but they would be happy to have her come before and be with them after. I gather they would even be quite happy for her to stay in the house in their absence, but I am not sure that is a good idea.

You may tell Roy that I can recommend this family most highly; they are a very lively and enjoyable bunch of people with younger children and a real zest for living. Of course, she should not go to Minneapolis if she minds cold weather!

Thank you for conveying this to Roy.

Sincerely,

Irving S. Friedman

Mr. Douglas W.G. Wass

DELLA...
Extract of letter from Mr. Don L. Waage to Mr. Irving S. Friedman
dated February 28, 1967

"Lori and I have discussed the prospect of the Bridges' daughter coming to stay with us and we have agreed that it would be possible. The young lady could have Suzanne's bedroom and would be welcome to come and go as she pleased. We would attempt to show her the sights of the area as much as possible, and I am sure she would enjoy visiting the Midwest. As a matter of fact, a young woman from London has just come to work in my area of the Company and in talking with her, she said that the Twin City area is most exciting and would occupy a visitor with new things to see and do every day."

P-1

DECLASSIFIED

AUG 16 2023

March 2, 1967

PERSONAL

WBG ARCHIVES

Dear Rodney:

I have been hesitating to write to you on the following subject for fear that in some way or other you might feel obligated to do something uncomfortable or difficult because I am requesting it, so I am beginning this request by urging on you to regard it as something that you should not feel obligated in any way to do if it should prove difficult.

Ken has a young friend named Suzanne Waage just now attending school in Missouri. I do not know whether you remember her father, but I think you met in Washington. At that time he was with the U.S. Chamber of Commerce on the financing side. He has since left Washington and gone back to Minneapolis, Minnesota, as Assistant Vice President of a big investment trust called - Investors Diversified Services, Inc. Suzanne and Ken over recent years have become very friendly and I believe Suzanne and Lindy knew each other - I don't know whether Ken showed her the picture of Suzanne he carries around in his wallet.

Suzanne is very keen on finding a family in England or somewhere else in Europe with whom she might spend the summer as a kind of house guest. She has never been abroad, is about 19 going on 20, is very well trained and mannered, quite accustomed to helping in the house and with young children as she is the eldest in her family, the youngest is about three. Her parents would, of course, pay for her transportation.

I am wondering whether you could be of any help in locating a family, preferably with children, that might find such a person useful and enjoyable. I believe she can be placed through her school, but I have told her parents I would hesitate a great deal

Mr. Rodney Cunnell
Downswood House
63 Downs Wood
Epsom, Surrey
England

before allowing any girl to go abroad without knowing something about the family personally. I would very much appreciate it if you could make some inquiries. I hope this is not too much of a burden.

Edna and I at the moment are planning to go on a trip to Asia, Japan, India and a few other places, returning via London. I think we would be in London for about a day. If we do get to London, we will of course let you know, as we would like to at least say "hello" to you, Elizabeth and Lindy - this would be about April 19 or 20.

With warm regards and thanks again,

Sincerely yours,

Irving S. Friedman

ED - Kamack

Mr. Andrew M. Kamareck

March 1, 1967

Irving S. Friedman

Economic Section of the President's Report

I would like to say that the comments I have been receiving from the Economics Department on the Economic Section of the President's Report are not as penetrating or as thoughtful as I would have hoped. You may be interested in glancing over the comments I have been receiving from Owen as well as some of the comments I have been making, to see what I mean.

As you know I regard this exercise as one of critical importance even though it involves relatively little work. I would hope that you might comment on this at one of your staff meetings.

Mr. de la Renaudiere

March 1, 1967

Irving S. Friedman

CAMEROON - Proposed Bank Loan and Development Credit for a Plantation Project

Attached hereto are some comments on the draft Economic Section of the President's Report on the Cameroon. I endorse the comments made by Mr. Owen as well, and presume they will be taken unless referred back to me.

Thank you.

A-2

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Confidential

Mr. Andrew M. Kamarck

AUG 16 2023

February 27, 1967

Irving S. Friedman

WBG ARCHIVES

Mr. John H. Adler

My discussions this morning with Mr. Adler confirmed your impression that he is agreeable to coming over to the Economics Department as a Senior Adviser.

He raised the point about what would be said in the press release when the appointment of Krishnaswamy to the E.D.I. is announced. He said he assumed that at that time it would be announced that he was joining the Economics Department as a Senior Adviser, but had noted that thus far King and Sacchetti were listed as Advisers. I told him that our understanding was that he was coming over as a Senior Adviser and that would be the title he would have. We also expected that this title would apply to Messrs. King and Sacchetti. I assured him that I would bring this matter to your attention so that there would not be any slip up.

We left it that the necessary paperwork for his transfer would be done. I presume that you and someone in Administration will undertake to have this done.

cc: Mr. Lejeune

O- Asian Dev. Bank
SID

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AUG 16 2023

PERSONAL

WBG ARCHIVES

February 27, 1967

My dear Watanabe:

Andy Rice the Executive Secretary of our Society for International Development has just asked me whether we have heard anything from you with respect to your becoming a Patron of the Society. It occurred to me that perhaps you did not receive my letter of December 27, which I wrote to you in my capacity as Treasurer of the Society, because of your many travels - I am taking the liberty of attaching a copy of it. The reason he is calling now is that this is the time of year when we canvas our Patrons to ensure that they wish to continue in that status. The Asian Development Bank has not, of course, become a Patron, but I hope that it will be possible for it to do so.

My plans on the Manila visit are still not firm. I hope to be able to write to you in the very near future giving you more precise information about when we plan to visit. I am trying to schedule my time in such a way as to increase the likelihood of being in Manila at the same time as you - I would be most disappointed to visit Manila and find you away.

With warm regards,

Sincerely yours,

Irving S. Friedman

Mr. Takeshi Watanabe
President
Asian Development Bank
P.O. Box 126
Commercial Center Post Office
Makati, Rizal
The Philippines

Int - Asia

Mr. Harold Graves

February 27, 1967

Irving S. Friedman

Lecture in India?

Thanks for your suggestion. Let me come back to you when I am
firmer on my plans.

Reading

Mr. Andrew M. Kamarck

February 27, 1967

Irving S. Friedman

IDA Criteria

I think we ought to be thinking of what we would say in a paper on IDA criteria after we have finished the replenishment.

We might talk about it first.

A
Orcutt

Mr. Michael L. Lejeune

February 27, 1967

Irving S. Friedman

Mr. Guy Orcutt

I spoke with Mr. Orcutt on the telephone. He has decided to join the Bank to be responsible for the basic economic research program within the Economics Department, along the lines of your letter of January 3 to him. I informed him that the next step would be an appointment letter from the Bank.

He is planning to come here during the summer - by September 1 at the latest. He is also planning to come to Washington during the spring vacation to try to find a house.

In accordance with our telephone conversation I promised that your Department will be sending him the necessary letter and there is no further action needed by Mr. Kamarck or myself, at least for the time being.

cc: Mr. Kamarck

cl-India

Mr. R.M. Sundrum

February 27, 1967

Irving S. Friedman

Economic Reports

Apropos our conversation the other day on how to do economic reports, please look at the Indian Economic Report dated February 10, 1967, No.AS-122, and tell me what you think of it.

IDA Book

February 24, 1967

Mr. Knowlton -

I believe you will find the attached of interest as the subject came up in our discussions. Please treat them as internal confidential Bank documents.

Mem from Kamarck to Knapp and I.S. Friedman of February 20, 1967 on Possible Sources of Increased Contributions to IDA and table on Possible Sources of Increased Contributions to IDA of January 27, 1967 prepared by Mr. Hulley.

February 23, 1967

Dear Mr. Farr:

Thank you for your letter of February 17.

I have no objection to Dr. Hudson reprinting my article.

Sincerely yours,

Irving S. Friedman
The Economic Adviser to the President

Mr. William V. Farr
Administrative Assistant
The Academy of Political Science
Columbia University
413 Fayerweather Hall,
New York, N.Y. 10027

SC

February 23, 1967

My dear Mr. Escobar:

I would like to record my appreciation for your help in preparing a Spanish version on our Suppliers' Credits Study. It was most generous of you to give of your time and energy to help us in this task and I wish to thank you again.

Sincerely yours,

Irving S. Friedman
The Economic Adviser to the President

Mr. Alejandro Escobar
Organization of American States
Pan American Union
Washington 6, D.C.

UNCTAD

Mr. Andrew M. Kamarck

February 23, 1967

Irving S. Friedman

Next Meeting of UNCTAD

With respect to the next meeting of UNCTAD I would appreciate your talking further with Mr. Demuth about it.

I think that the selection of a leader should depend on the nature of the conference. If, as is now expected, Supplementary Finance will be the centerpiece of the conference, I would regard neither Prasad nor Adler as a particularly good leader, instead I would suggest Sarma. However, if for one reason or another it isn't, then Prasad might do well. In any case it should not be Adler, as I do want him to get familiar with his new duties and not face a long interruption so soon.

ED - Kamarck

Mr. Andrew M. Kamarck

February 23, 1967

Irving S. Friedman

WAS ARCHIVED

Proposal for "Economic Brief"

The suggestion on "Economic Brief" sounds reasonable and is agreeable to me. I have no trouble with Mr. Knapp's suggestions, if feasible.

Unless I hear otherwise from you I will assume that you are proceeding to implement your proposal.

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AUG 16 2023

February 23, 1967

WBG ARCHIVES

Mr. Bela Balassa

Irving S. Friedman

U.S. Balance of Payments Proposition

Thank you for your memo of February 20 on the U.S. balance of payments. I am rather surprised with the U.S. Treasury's analysis of the impact of the ending of the Vietnam war on the U.S. balance of payments. What are they assuming about the future level of defense expenditures? I would have thought that we would be entering a period when we might see a much more rapid increase in exports than in imports. I don't object, of course, to measures of export promotion but feel that they can at most have marginal impact.

I was interested in your remarks on the U.S. attitude in the future with respect to the Bank and IDA. As you know, we are taking the position that we must have continuous and assured new net borrowing in the U.S. of about \$300 million a year in order to carry out the Bank's activities irrespective of what is done for IDA. I am confident that we will get this figure, particularly if the Vietnam war comes to an end.

I was glad to learn that A.I.D. is engaged in an exercise of post-war planning, as we have been urging this idea for over a year.

I do hope that the Economics Department will be coming up with some ideas as to what might be included in an international conference. I have had a number of discussions with senior U.S. officials on this, and would welcome any ideas.

cc: Mr. Kamarck

Mr. J. Burke Knapp and Mr. Andrew M. Kamarck

February 23, 1967

Irving S. Friedman

Possible Sources of Increased Contributions to IDA

Would there be any objection to my sending to the U.S. Treasury Department, on a confidential basis, copy of Mr. Kamarck's memo of February 20 on "Possible Sources of Increased Contributions to IDA."?

Am

Mr. M.M. Mendels

February 23, 1967

Irving S. Friedman

1967 Annual Meetings

Do you know for what period of time the President expects the members of his Council to be in Rio?

I am asking in connection with your memo of February 17.

Thank you.

4-6. 23/67

Study on Supplementary Financing

- (1) Original proposal in response to UNCTAD Resolution (1964).
- (2) Bank staff study - contained analysis and recommendation - (1965).
- (3) Essence of Proposal:
 - (a) Definition of unexpected shortfall in export proceeds: export projections internationally agreed - used in national planning or programming.
 - (b) Judgment on who qualifies: (desire to estimate need for timely assistance with need for international review, i.e. not automatic) agreed policy package and check up at time of shortfall.
 - (c) Cost: based on national experience - \$300-\$400 million p.a. for first five years - provided for rationing.
 - (d) Relation to IMF, past Compensatory Financing Scheme: wherever possible use IMF first - also Fund advice taken in its areas of international responsibilities.
 - (e) Administration - undecided - called Agency.
- (4) Events since Bank submission to U.N.:
 - (a) Committee on Invisibles and Financing Related to Trade - generally favorable reaction - should be studied by Inter-governmental group.
 - (b) Second Meeting-of-Intergovernmental Group:
- (5) Present Position:
 - (a) French continue to emphasize that basic problem is price instability and uncertainty of markets - could be useful complement.
 - (b) Others give less qualified acceptance of Supplementary Finance.
 - (c) Majority: favored Bank Scheme essentially as is, included all LDC's, U.K. and Sweden.
 - (d) U.S. - arrangement international level - bit indefinite attitude until later in year - stresses need for careful technical examination.
 - (e) Germany: made important suggestions for another approach to S.F. - more generalized - recognize problem and but less certainty and more likely to remain within established costs.
 - (f) Japan: concerned with costs - pushed deeply into areas of Scheme that might mean more costs.
 - (g) Poland: interested.
 - (h) On Costs: agreed to use \$300-\$400 million figure as basis for further tal
 - (i) On Agency: from IDA or affiliate of IDA (my observations on close collaboration with Fund) - no. IBRD position requested at this time.

(6) Next:

- (a) Committee on Finance meets in April.
- (b) Intergovernmental Group meets in October, unless reason to meet earlier.
- (c) Meantime further informal talks - our paper on other causes of shortfalls.
- (d) UNCTAD - next February - agencies to have something definitive by then.
- (e) Businesslike manner of discussions and _____ of publicity.

Mr. George D. Woods

February 23 1967

Irving S. Friedman

Use of Bank Resources

There have been a number of suggestions in recent weeks that the Bank consider adopting some form of "rationing". This is based on the assumption that we may be entering a period of time in which availability of funds will be significantly less than projects suitable for Bank financing in countries which meet our economic performance criteria.

You will recall that one of my principal responsibilities in the Fund for fourteen years was dealing with so-called exchange restrictions and related policies of member countries. Exchange restrictions are essentially a form of rationing foreign exchange and the related policies were frequently domestic rationing devices to help implement the foreign exchange controls. Admittedly the problem of so-called rationing within the Bank is different but I believe that the experience of countries is relevant.

Rationing systems usually discourage incentives necessary to cure the underlying problem and even encourages the perpetuation of the problem. So-called success normally proves to be temporary, at best.

I believe that rationing of Bank resources would encourage capital-providing countries to believe that a mechanism had been found to reconcile their own relative shortage of domestic capital with the eagerness of the World Bank to fulfill its functions of tapping capital markets for the developing countries. On the recipient side borrowing countries might well begin to act as though they had some kind of right to the rationed resources. Failure to provide loans because of poor economic performance or inappropriate projects would meet with the new argument that the countries concerned would receive as a consequence less than their "fair share" of the Bank's resources.

I believe that if we enter into a period when even after taking into account the economic performance of countries there would be more projects suitable for investment than the availability of funds, we should think in terms of raising our standards of both economic performance and project suitability, coupled with occasional slow-ups if they prove necessary from time to time. In this way we would be meeting the problem of growing relative scarcity of resources by trying to improve the purposes for which the resources were used and bringing pressures to bear on capital-exporting countries to allow us greater access to markets to provide more funds.

I appreciate that there might be administrative problems, particularly in the field of project administration, but hope that the concept of rationing would not be seriously considered unless these administrative problems were considered overwhelming and could not be handled by other methods.

I am not circulating this memorandum.

Asian Imp

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AUG 16 2023

WBG ARCHIVES

February 21 1967

PERSONAL

Dear Gengo,

I have just returned from a meeting in Geneva on Supplementary Finance and was happy to find a letter from you on my desk. I am sorry to learn that your furniture is wandering somewhere around the South Pacific and hope that by this time you have received it. I also hope that you have solved the heating problem in your house -- would an electric heating unit be of use? They seem to be increasingly popular here.

I am glad to learn that aside from the room temperature you and Mrs. Suzuki have found nothing seriously difficult in the adjustment process.

We are planning to visit Tokyo approximately from April 13 to April 20. We will be coming from India and Manila. Edna will be coming with me. Needless to say we are both looking forward very much to seeing you both again. I am also looking forward to meeting again a number of your Ministers and senior officials, both in the Government and the Bank of Japan. It just doesn't feel right to have been away from Japan for over two years.

I hope that people will continue to regard me as someone who is primarily interested in Japan and not only interested in the World Bank or IDA! I am, of course, informing the Japanese authorities of my travel plans and I presume they will be making up some kind of itinerary. In any case we are hoping to spend time with you personally.

The work in the Bank continues to be hard, challenging and rewarding. This development business is really tough. There is no room or time for the luxury of protracted debates or postponed decisions. I am proud of the economic staff we have put together and we are now beginning to get some of the fruits of the improved staff. I hope to be able to tell you more about it in Tokyo.

With warm regards to Mrs. Suzuki and other members of your family,

Yours,

Irving S. Friedman

Mr. Gengo Suzuki
Auditor
The Bank of Japan
Tokyo, Japan

February 21 1967

My dear Fukuda,

I was very glad to hear from you again. I am sure that the Asian Development Bank and Mr. Watanabe will profit from the presence of so many experienced people on his Board.

Under separate cover I am sending some material on Supplementary Finance and Suppliers' Credits and the Settlement of Investment Disputes. I am also sending a copy of our last Annual Report, which I hope you will find useful.

I attended the second session in Geneva last week of the Intergovernmental Group on Supplementary Finance. The discussions were most interesting and constructive. I am most hopeful that the Scheme will materialize. I am confident that it would make a major contribution to the achievement of the goals of development finance.

I am looking forward to being in Manila sometime during the first part of April and am in correspondence with Mr. Watanabe on the precise dates.

With congratulations and best wishes on your new assignment,

Yours sincerely,

Irving S. Friedman

Mr. Masaru Fukuda
Director for Japan
Asian Development Bank
Metropolitan Building
Ayala Avenue
Makati
Rizal
Philippines

Irving S. Friedman

FEB 7 1967

Dear Takeo,

It has been too long since I had the pleasure of seeing you and your family. Edna and I are hoping to be in Japan the week of April 13 coming from India, probably via Bangkok and Manila. Needless to say we are looking forward to seeing you and your family very much.

I don't know as yet where we will be staying but I am sure the Bank of Japan and the Ministry of Finance people will know. In any case I will try to write before we leave.

Looking forward very much to seeing you again,

Sincerely yours,

Irving S. Friedman

Mr. Takeo Yumoto
No. 1 24-Chome Nishi - OUI
Shinagawaku
Tokyo
Japan

ISFriedman/dm
Feb. 6 1967

NOT SENT

Dear Gengo,

My travel plans for Japan have become somewhat firmer. I am now planning to be in Japan approximately from April 13 to April 20. Edna will be coming along and needless to say we are both looking forward very much to seeing you and Mrs. Suzuki. I kind of hope to be able to meet with old friends in the Ministry of Finance and the Bank of Japan, as well as to meet some new people in the public and private sectors. I will be coming from India, probably via Bangkok and Manila.

I do hope that you have begun to settle comfortably and happily into your new position. I do miss our chats and look forward to at least one long one, if not more, in Tokyo.

With warm regards,

Sincerely yours,

Irving S. Friedman

Mr. Gengo Suzuki
Bank of Japan
Tokyo
Japan

ISFriedman/dm
Feb. 6 1967

Asian Inv

FEB 7 1967

Dear Takeo,

It has been too long since I had the pleasure of seeing you and your family. Edna and I are hoping to be in Japan the week of April 13 coming from India, probably via Bangkok and Manila. Needless to say we are looking forward to seeing you and your family very much.

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Looking forward very much to seeing you again,

Sincerely yours,

Irving S. Friedman

Mr. Takeo Yumoto
No. 1 24-Chome Nishi - OUI
Shinagawaku
Tokyo
Japan

ISFriedman/dm
Feb. 6 1967

Asian Trip

FEB 7 1967

My dear Anjaria,

I am taking the liberty of sending you a copy of a letter I am sending to Mr. Bhattacharyya. I assume that the Asian Department may have been in touch with you directly but thought it also desirable for me to write to the Governor. I don't think I have to spell anything out to you.

We would, of course, like to have a chance to see, perhaps over the weekend, one of the many beautiful places in India, perhaps something in the hills or the mountains.

Because of your comments on the elections, you will note that I have extended the trip somewhat to make sure that I would be in India for virtually the entire first week in April, and hope that by that time there will either be a new Cabinet or perhaps Cabinet Ministers designated with whom I could meet and have informal discussions.

I need not say how much Edna and I are looking forward to this trip.

With warm regards,

Yours sincerely,

Irving S. Friedman

Mr. J.J. Anjaria
Deputy Governor
Reserve Bank of India
Bombay 1
India

Personal

Asian Trust

DECLASSIFIED

SEP 19 2023

FEB 10 1967

WBG ARCHIVES

Dear I.G.,

It looks like there is some chance that Edna and I will be coming out to India for about 10 to 11 days from March 27. Since the invitation was extended to me by Bhattacharyya I have also written to him accepting the invitation.

I need not tell you how much we are looking forward to visiting India together. Edna is most excited and I am afraid nothing could come up to her expectations!

For your own personal information I am enclosing copies of letters I have sent to Bhattacharyya and Anjaria. I am not writing at the moment to anyone in the Indian Government as such. I am off this afternoon for Geneva for a meeting on Supplementary Finance and hope to be back by next week. I would appreciate it very much if you would advise me if I should be doing more in the way of formally contacting the Government of India. For example, should someone be writing to the Minister of Finance, or to someone like B.K. Jhaikr. I know that Peter Cargill will be writing to people as Director of the Asian Department.

Needless to say our only reason for going to India is to see the Patel family, and we expect the baby to be shining bright when we arrive. But that must remain a state secret among us. For the less sophisticated and more poorly informed I am coming to exchange thoughts on the Indian situation and outlook. Since Woods wants me to continue to play a major role on India I know these discussions will be most useful to me.

Hoping to see you soon,

Yours,

Irving S. Friedman

Mr. I.G. Patel
Chief Economic Adviser
Ministry of Finance
New Delhi
India

Asia Trip

FEB 10 1967

My dear Governor,

As you may have heard I am looking forward to being in India from approximately March 27 to April 6. I assume that my first port of call will be Bombay. I will be accompanied by my wife.

Needless to say I am looking forward to calling on you and having a chance to exchange thoughts with you and your colleagues in the Reserve Bank. I had the opportunity of discussing this trip informally with Anjaria before he left Washington. I know that there is the question of whether the Cabinet would be designated by that time, but do hope to have a chance to meet the senior people in Government on a Ministerial and official level to the extent available.

My hope is to be able to benefit from informally discussing with them problems of mutual concern, particularly with respect to the economic policies and outlook. At the moment I have no formal piece of business to conduct and rather hope to keep this visit on an informal basis in order to maximize the amount of time for informal talks with people.

I hope the timing is not inconvenient to you. My wife and I are looking forward very much to this visit, both to see your country again and to have a chance to meet again with so many old friends.

With warm regards,

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

The Honorable
P.C. Bhattacharyya
Governor
Reserve Bank of India
Bombay 1
India

517

February 7, 1967

Dear Pastor Sison:

I am hastening to reply to your letter of February 6 on postal rates, because I am leaving for Geneva for a couple of weeks. The letter seems fine but I assume you have checked it out with our General Counsel.

Sincerely yours,

Irving S. Friedman

Pastor B. Sison
Society for International
Development
1346 Connecticut Avenue N.W.
Washington, D.C. 20036

Mr. J.E. Twining, Jr.

A-
February 7, 1967

Irving S. Friedman

ORGANIZATIONAL MANUAL

I am on the verge of leaving for Geneva so I am taking the liberty of giving you some quick comments on the proposed bulletin for the Economic Committee.

- (a) I believe it should be clearly stated that the Director of the Economics Department is Deputy Chairman.
- (b) You might also include the titles and names of the Secretariat of the Committee.
- (c) The third paragraph speaking about attendance of Directors of Area Departments -- I prefer our original language in Operational Memorandum No.1.03. The original language makes clear that temporary alternates may be designated by the Department Director in case of absence. I am afraid the new language would encourage this and would attach considerable importance to this suggested change.

I note that other matters dealt with in the Operational Memorandum are not included, particularly subjects considered by the Economic Committee and meetings of the full Committee. I don't mind these omissions if the statement in the Organizational Manual is not regarded as a substitute for the Operational Memorandum.

I also note that the new Organizational Manual will have new bulletins describing the responsibilities of each department. I would like very much to have the opportunity to comment on the statement of the economic work in all departments and on the entire statement on the Economics Department.

cc: Mr. Fraser

*folder on Corndin
Lecture - June 7, 1967*

Messrs. Macone and Gassner

February 7, 1967

Irving S. Friedman

I had wished to speak to you both before leaving but snow and other things interfered. I wonder if you could prepare the following for me in the next week or two.

Correlation in various countries between: rates of growth; rates of domestic savings; levels of total savings; rates of public investment; rates of private investment; rates of total investment; growth of exports; growth of imports; growth of agricultural output; degree of production.

What I am looking for are some keys to understanding why certain economies, such as Japan, have done better than others. I am expecting to give a few talks on this in the near future when I return from Geneva. My intuitive guess is that countries do best which have:

- (a) Directed their investment into growing points in the economy, particularly in the export sector.
- (b) Avoided long-term import substitution by excessive protection, tariffs, q.r.'s, multiple rates, etc.
- (c) A mechanism - usually a marketing mechanism - for introducing the use of most modern technology, particularly in agriculture, industry and mining.
- (d) Governments that have tried to provide essential infrastructure and thus avoid bottlenecks but otherwise have disregarded investment needs for infrastructure in favor of investment in dynamic growing sectors of the economy.
- (e) In existence incentive systems to bring about the desired result.

I believe that foreign aid is essentially unimportant in this picture, except to the extent that it helps to bring about an inferment that proper government policies are being followed, including the encouragement of an effective incentive system.

AR

Mr. Andrew M. Kamarck

February 7, 1967

Irving S. Friedman

Annual Report Advisory Group

If you want to have a preliminary meeting on the Annual Report before I get back, please do so.

I believe the main thrust of the Annual Report this year ought to be on the importance of trade and performance for the LDC's rather than a plea for money or better terms.

50

Mr. Ugo Sacchetti

February 7, 1967

Irving S. Friedman

Suppliers' Credits Study Translations

The younger Escobar is checking the Spanish translation and I have told him to get in touch with you if he has any questions.

Please go ahead and finalize the Spanish and French translations for distribution but don't distribute them until you get in touch with me which can be by phone or cable if you are ready to distribute by the end of this week or early next week. However, don't wait at all for me if you find from Graves' office that distribution does not involve clearance from Mr. Woods or any other action by Mr. Woods, but is merely something that can be handled by Mr. Graves or the Secretary's Office.

ECOSOC

Mr. Andrew M. Kamarck

February 7, 1967

Irving S. Friedman

ECOSOC - 1967 Summer Session

If the question should arise in my absence about the Summer ECOSOC meeting (see Mr. Consolo's memo of February 3), I would be glad to do this if asked. Mr. Consolo had asked whether I would do this in the past but I don't know who has the decision to make in this case.

I assume that Mr. Woods will not want to do it himself since it is a general economic debate.

cc: Mr. Consolo

SARMA
HOTEL DES BERGUES
GENEVA

FEBRUARY 7 1967

FULL RATE

SWITZERLAND

ARRIVING GENEVA TWELVE THIRTY WEDNESDAY DELAYED DUE TO SNOWSTORM STOP
PLEASE ADVISE CHAIRMAN

FRIEDMAN

Irving S. Friedman
Office of the President

~~interbank~~ INTERBANK
BASLE

FEBRUARY 7 1967

LT

SWITZERLAND

PLEASED ACCEPT PRESIDENT'S LUNCHEON INVITATION SUNDAY IN HONOR
GOVERNOR COOMBS REGARDS

FRIEDMAN

Irving S. Friedman
Office of the President

Mr. A. Davis

February 6 1967

Irving S. Friedman

Representation

I would appreciate it if you would arrange payment to the IMF for the attached luncheon bill. The Bank Dining Room was unavailable due to the SID official lunch.

My guests were: Mr. Maurice Viaud, Adviser, Permanent mission of France to U
Mr. Ivan Witkowski, Financial Attache, " " "
Mr. Consolo - Bank staff
Mr. Sarma - " "
Mr. Isaiah Frank - Bank consultant

Thank you.

INTERBANK
BASLE

FEBRUARY 6 1967

LT

SWITZERLAND

ATTENTION FERRAS: DELIGHTED TO JOIN YOUR DINNER PARTY
FOR GOVERNOR COOMBS ON SATURDAY WARM REGARDS

FRIEDMAN

Irving S. Friedman
Office of the President

*Canadian paper
(on desk)*

February 6, 1967

Dear Win:

I have given some thought to the question of a title for the paper. At one point the title of Economic Development: "Quo Vadis" occurred to me but it seemed kind of corny. If you agree then, I would suggest it be Economic Development: A Reappraisal.

I have tended to think of a broad title because I am not yet sure what I would like to include in the paper. My basic thoughts run along the lines of why we need new approaches to economic development both in the fields of theoretical analysis and investigation and public policy, and some suggestions as to what these new approaches might be. I hope to include some evidence for supporting my view point but at the same time not make the paper too heavy or turgid.

If the above is not satisfactory, please let me know and I will give it some further thought.

With warmest regards,

Sincerely yours,

Irving S. Friedman

Mr. A.F.W. Plumptre
Principal
Scarborough College
University of Toronto
P.O. Box 218
West Hill, Ontario,
Canada

SC

February 6, 1967

Dear Mr. Anselle:

Thank you very much for translating the Suppliers' Credit Study into Spanish. Your help is very much appreciated, as I realize this was in addition to your workload in the Projects Department. I am very grateful.

Sincerely yours,

Irving S. Friedman

Mr. Jean Pierre Anselle

C+N - Tainsh

February 3, 1967

Dear Mr. Tainsh,

Thank you for sending me the manuscript of your book "Gross National Waste".

I have read the manuscript carefully. In view of the highly personalized nature of the narrative as well as the fact that a reaction to your observations and experiences is quite outside my own area of competence as an economist, I must, however, express my inability to write a foreword as you had requested, or to otherwise comment on your manuscript.

I shall also be grateful if you would kindly delete all references to me in the book including those in the chapter headings. These occur in Chapter Fifty-Two, Pp. 408-409 and Chapter Fifty-Four, pp. 413-415. I took our meetings as purely personal and informal, and since I did not keep any records of my meetings with you, I am unable to judge the accuracy of the conversations that you relate. Moreover, as an officer of the IBRD, it would be quite improper for me to be quoted in your book.

I am mailing the manuscript back to you under separate cover.

Yours sincerely,

Irving S. Friedman

Mr. A.R. Tainsh
Ostermalmsgatan 61
Stockholm 8
Sweden

cc: Mr. Ivar Rooth

IDA
Bash

Mr. J. Burke Knapp

February 3, 1967

Irving S. Friedman

This came out of our discussions with the U.S. on IDA replenishment. No information has been given to them as yet.

I wonder whether you agree with Kamarck and which of this kind of information we could pass on to the Americans on a confidential basis?

(Countries to be transferred from Part II to Part I as table made by Mr. Hulley)

SC

February 3, 1967

Dear Mr. Escobar:

This is the Spanish version of the
Suppliers' Credit Study.

Thank you very much for your help,
it is most appreciated.

Sincerely yours,

Irving S. Friedman

Mr. Escobar
5700 Mohican Place
Washington, D.C.

(on desk)

Mr. Knapp

February 2, 1967

Irving S. Friedman

Commitment of Remaining IDA Funds

We have no comments on this - it seems reasonable to us although perhaps some of the remarks that are cited would be somewhat different if we were making them.

Feb. 1 1967

Mr. Goor and Mr. Leon

Could you do whatever you can on this,
and pass it back. Thanks.

(Graves' note to Mr. Woods & Woods request --please
have it checked & improved if possible - per capita IDA
contributions - Part I countries)

The Role of Economics in Bank Operations

L-1

A. Introduction

- (1) Bank operation as 3-legged stool (Woods analogy)
- (2) Two major aspects: (i) past economic ploys in Bank operations and (ii) how organized to do it, if time permits
- (3) No objections to interruptions --

B. Bank operations -- Raising money

- (1) Estimates of effective use of develop. capital by LDC members -- idea of what Bank could do, if adequate funds available by its own standards.
- (2) Estimates of Bank income and disbursements.
- (3) Analysis of capital market trends -- ex. countries with shortage of capital
- (4) Analysis of the balance of payments effect -- believe have convinced U.S. authorities, for example, Bank assists U.S. balance of payments.

C. Bank operations -- Lending money

(Bulk of economic work related to this) --

(a) What economic decisions have to be made

Of what investments might be economically desirable, if made (leads to work on section of economy, ex. agric, industry (IFC), transportation, power, etc. -- including relative priorities among and with other sectors)

(b) Is suggested or proposed project investment economically sound?

(Variety of cases -- private company with govt. guarantee; govt body (Electing Bd); govt.) -- cost benefit analysis in detail -- from accounting (financial) and economic viewpoints) -- must yield attractive return -- also impact on general economy -- inflation, balance of payments, growth, investment _____ - etc.

(c) Country economic position justify lending: economic performance criteria

mismanaged economies frustrate desired results from investments -- capital scarce immediately -- need for judgments -- no easy or simple criteria--

(d) What are _____ and terms for paying country-related to output, saving and external debt position and outlook (so-called "credit-worthiness").

0-4
ADB

DECLASSIFIED

AUG 16 2023

February 1 1967

Personal & Confidential

WBG ARCHIVES

My dear Takeshi,

This is in reply to your inquiry about Mr. Narasimham. I think that Narasimham would make a good addition to your staff in the post suggested. He is rather opinionated and perhaps a little bit too conceited, but on balance I would be very happy to add him to the staff of the World Bank, and I think that you will find him a good addition.

Incidentally I hope to be able to visit with you and your Bank sometime early in April, approximately about the first week in April. I will be letting you have more precise details later. Please let me know if this is inconvenient to you. I am hoping that Edna will be along with me.

Hoping to see you soon,

Sincerely,

Irving S. Friedman

Mr. Takeshi Watanabe
President
Asian Development Bank
P.O. Box 126
Commercial Center Post Office
Makati, Rizal
The Philippines

Jan. 31 1967

Mr. Kamarek

800

I would like to glance at some of
these things after others have had a
chance to see them.

(Mr. Woods's Cannes Conference papers)

January 31 1967

Dear Mr. MacEachron,

Thank you for sending me a copy
of Ted Geiger's book.

I am afraid that my contribution
was small indeed, but I did enjoy the
experience.

Yours sincerely,

Irving S. Friedman

Mr. David W. MacEachron
Council on Foreign Relations Inc.
58 East 63th Street
New York, N.Y. 10021

Jan. 31 1967

Mr. Lejeune

1210

Any possible action on this?

(Mr. Sturc's request for his niece's husband
for consultant job with IBRD. Memo dated Jan. 27)

Mr. Woods

January 31 1967

Irving S. Friedman

Meeting of Berne Union

You might find it interesting to glance at these notes
on the recent meeting of the Berne Union, at your convenience.

Attachment

NN memo of Jan. 25 on above subject.

Jan. 31 1967

Mr. Kamarck

800

I have cleared your report, but do you really want to include the last paragraph on page 5?

GATT Report of Uruguay meeting

January 30, 1967

Dear Maurice,

I was glad to receive your letter and of course will be happy to discuss any ideas with you from time to time as they develop.

Hoping to see you soon,

Yours sincerely,

Irving S. Friedman
The Economic Adviser to the President

Mr. M.F. Strong
Director General
External Aid Office
75 Albert Street
Ottawa 4
Canada

C & H - Tainsh

Mr. Bimal Jalan and Mr. Dieter Els

January 27, 1967

Irving S. Friedman AUG 16 2023

The Gross National Waste - Mr. Ramsay Tainsh

I attach hereto the typescript of Mr. Tainsh's book The Gross National Waste. Mr. Tainsh has also asked that I write a foreword to the book. I would appreciate having your views on the following:

1. What do you think of this volume?
2. Would you bring anything to my attention of particular interest.
3. Draft a foreword to this volume, unless you think I should not write one.

Attachments

DECLASSIFIED

AUG 16 2023

PERSONAL

WBG ARCHIVES

January 27, 1967

My dear Tainsh,

I have just received your volume and hope to be able to send comments to you on it. In the meantime you might be interested in glancing at a copy of a memorandum done for me. I would be glad to have any comments you may have on it. Please regard this as a confidential memorandum for your use only, although of course I would have no objection to Ivar seeing it.

As you can see I have been trying to step up interest and possible action in this field, based on whatever hard facts we can bring together.

With warm regards,

Yours sincerely,

Irving S. Friedman

Mr. A.R. Tainsh
Ostermalmsgatan 61
Stockholm 6
Sweden

Mr. Jalan

January 27 1967

Irving S. Friedman

Salient Points

I found your notes most helpful. I would appreciate your doing some brief notes on what might be some reasonable replies in the light of the background brought forward in your notes.

Attachment

SID

January 27, 1967

Dear Andy,

Before I forget I have been meaning to ask you whether we have considered SID getting consultative status with the Economic and Social Council of the UN, and a non-governmental organization. I don't know whether we would rate Category A status, but Category B does include the International Economic Association and similar institutions. There is also something called the Register, which strikes me not as attractive from our point of view.

I would rather hope that getting this status might help both in developing further our international character and in raising money -- mercenary as always!

Sincerely,

Irving S. Friedman

Mr. Andrew Rice
Executive Secretary
Society for International Development
1346 Connecticut Avenue NW
Washington D.C. 20036

Pending

Jan. 27 1967

Mr. Kamarck

800

I would appreciate it if someone drafted
a reply to this. Thanks.

(Memorandum re Aldereweld request to handle
Flemish Economists meeting May 19-20, Ghent, Belgium.
van der Tak (via Kamarck) was not enthusiastic)

January 27, 1967

Dear Mr. Mosak,

This is in reply to your letter of January 18.

I have had looked into further how far it would be possible for us to give you some help in making your estimates of "pre-investment" needs. In our country economic work we do not attempt to make such estimates specifically. In some of the country mission reports there might be some indications as to the magnitude of needs of this kind. To the extent this is true the information would be available in the Bank country economic reports of which the United Nations receives copies. If you need additional copies for your own use, I would be glad to have them sent to you.

As far as tapping the Bank's own experience in financing projects, it is possible that in some cases by making a thorough search of the file on a particular project some information on the pre-investment element might be isolated. Unfortunately, at the present time we have not yet set up a proper data bank on our operations so that trying to dig out this kind of information is most time consuming. I hope we remedy this defect in the coming months but I'm not sure how long it will take.

I am sorry that I cannot be more positive in being of help to you. In any case, I was very pleased to have a chance to see you and to exchange ideas with you. I hope we can do it again soon.

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

Mr. Jacob L. Mosak
Director
Centre for Development Planning
Projections and Policies
United Nations
New York, N.Y.

ISFriedman/AMKamarck/dm
1/27/67

copy Mr. Kamark - for info

January 27, 1967

Dear Gardner,

Thank you for sending me an advance copy of the Economic Report of the President together with the Annual Report of the Council of Economic Advisers.

I read with pleasure the statement of the President that the United States would continue to respond constructively to the aspirations of the developing nations, as well as the statement that the cooperation of other major donor countries would be sought this year to replenish the resources of IDA.

I found myself in agreement with nearly all that is written in the section on the less developed countries in the Annual Report. I was pleased not only with your clear statement of the need for more development capital, but also the recognition that achieving rapid and substantial growth in the less developed countries is -- and I use your words -- by no means a hopeless task. I believe that if the philosophy of your report is implemented in action, namely that foreign aid both bilateral and multilateral should have a priority claim on the resources of high-income countries, then we can look forward to the future with hope of coping successfully with the universally recognized urgent problems of the less developed countries. I know that you are personally devoted to this philosophy.

Thanking you again.

With warm regards,

Sincerely yours,

George D. Woods

Honorable Gardner Ackley
The Chairman of the Council
of Economic Advisers
Executive Office of the President
1600 Pennsylvania Avenue
Washington, D.C. 20500

ISFriedman:rgw
January 26, 1967

January 27, 1967

My dear Krieger Vasena,

This is just to confirm that my chauffeur will pick you up at the du Pont Plaza Hotel on Saturday at 5.15 p.m. - his name is Giuseppe Monterastelli.

Sincerely,

Irving S. Friedman

His Excellency Adalbert Krieger Vasena
C/o du Pont Plaza Hotel
Dupont Circle
Washington, D.C.

NOT SENT

Mr. George D. Woods

January 27, 1967

Irving S. Friedman

Brazil

On your meeting with the President Elect of Brazil I think we can take a much more positive line than is indicated in the memo of January 24 to you. The suggested position on page 2 sounds like the kind of thing that the Managing Director of the Fund ought to say (although if I were in the Fund I would be recommending that he say it somewhat differently). I think that you can be more positive by stressing such things as more realistic pricing policies, the reduction of certain tariffs and the attempt to have a more realistic wage policy; all of which are most helpful for the development process.

I too am in favor of trying to overcome the Brazilian inflation and am disappointed in the continued large price rises but feel that an attack on the inflationary problem is very complicated because of the prices and income distortions which have been inherited from the past and now have to be undone for a program to succeed. This in effect means a willingness to face up to widespread bankruptcies and losses among all sectors of business, particularly industry and trade. It is in the area of elimination of price distortions, however, that the Brazilian program has made the most progress.

On the straight monetary side they were more than overwhelmed by a large coffee crop and the need to finance the keeping of a large part of it in stock so that it would not bring down coffee prices abroad.

INTERBANK
BASLE

JANUARY 26, 1967

LT

SWITZERLAND

FOR FERRAS

THANKS FOR YOUR CABLE STOP SCHWEITZERHOFF RESERVATION

ALREADY CONFIRMED HERE REGARDS

FRIEDMAN

Irving S. Friedman

Office of the President

January 26, 1967

Dear Walter,

Thank you for your letter of December 27, 1966 setting forth the conclusions reached at our meeting in November. I am glad to confirm that we would be pleased to submit papers on "The Experience of the World Bank Group in financing industrial development" and "The Role of national development finance companies in industrial development" for discussion at the International Symposium.

I have brought your letter to the attention of my colleagues who would be working on the above papers, and I believe we will be able to meet the deadline of March 31 1967 that you have proposed.

With warm regards,

Yours sincerely,

Irving S. Friedman

Mr. Walter A. Chudson
Assistant Director
Technological Division
Centre for Industrial Development
United Nations
New York, N.Y.

cc: Mr. Kamarck
Mr. de Vries
Mr. Walstedt
Mr. Diamond

Mr. Kamarck

January 26, 1967

Irving S. Friedman

Publication of Indonesian Report - Mr. McIvor

On balance I tend to favor the publication of such reports if it contains no confidential material or if the country concerned agrees to publication; however, I have not read the report. Incidentally, did you see the report before it came out?

I think that if McIvor sees no objection to its publication then someone in the Economics Department should read it over carefully as a check. In the meantime I believe I would reply to Arndt along the lines that we are looking into this matter and are trying to find ways and means of making it possible to publish the report.

Mr. George D. Woods

January 25, 1967

Irving S. Friedman

Countries with Food Problems

The attached material grew out of a request I made to the Economics Department to describe which less developed countries have a food problem in a sense that food is an important part of their foreign exchange bill. I believe that you will find the attached material interesting, particularly Table II. (Incidentally, the Goran Ohlin referred to is the son of Bertil Ohlin the famous Swedish economist, and himself a good economist.)

Mr. Goran Ohlin has done a rather elaborate study for the Development Center entitled Population Control and Economic Development. Mr. Ohlin assumes that self-sufficiency in food production for all countries is neither necessary nor desirable. He sees only the most remote danger of "catastrophic food shortage" but does emphasize that a high rate of population growth renders "most unlikely a significant improvement whether of food consumption levels or economic conditions generally." Thus in this sense he feels that the population problem is not primarily a food problem but a general development problem. He is a strong advocate of population control.

Attachment

cc: Mr. Kamarck

January 25, 1967

Dear Susan,

As promised I have been asking around for possibilities and information on your trip to England. One of our British Executive Directors has sent over the attached material. He is now in England where he said he would make enquiries of his friends.

I think we are making progress (however slowly)!

With warm regards,

Sincerely,

Irving S. Friedman

Miss Susan Waage
Stephens College
Columbia, Missouri 2264

Jan. 25, 1967

Mr. Kamarck

800

Wouldn't it be possible to be a little bit more positive and a more forthcoming attitude?

Reply to Jacob Mosak UN re estimates of pre-investment needs.

January 25, 1967

Dear Escott,

I think the best way to meet your request is simply to send you the two enclosed memos. It would seem that your "guesses" are pretty good.

I hope your talk goes well. Please send me a copy.

With warm regards,

Sincerely yours,

Irving S. Friedman

Mr. Escott Reid
C/o Chateau Laurier Hotel
Ottawa, Ontario,
Canada

cc: York University

ISFriedman:rgw

January 25, 1967

Dear Eli,

I now find that I am most likely to be in Asia from the latter part of March until about the end of April. What do we do about the promised seminar? Can we postpone it until later in the spring?

I am sorry this has come up this way but I know you will understand the sort of constraint under which I work!

sincerely,

Irving S. Friedman

Dr. Eli Shapiro
Harvard University
Graduate School of Business Administration
Soldiers Field
Boston
Massachusetts 02163

Mr. Macone

January 25, 1967

Irving S. Friedman

Cocoa negotiations - Statement of Dr. Prebisch

Through the intervention of a friend of mine some of the U.S. cocoa people are coming to see me on Monday next. In that connection I read with great interest your note of January 19 on Prebisch's statement.

Could you have prepared immediately for me a brief paper summing up what we have on cocoa, including the prices and the Cocoa Agreement. If I have it by Friday that would be fine -- I could then read it over the weekend.

cc: Mr. Kamarck

January 24, 1967

Dear Win,

Here are two more sets of tables on IDA and the U.S. balance of payments! You will recall that, at our luncheon last Thursday, it was suggested that we consider the effects of two modifications of the tables of January 18. The two modifications are as follows:

a) Tables dated January 19: deferment is extended for as long as IDA funds permit, without a 3-year minimum;

b) Tables dated January 20: countries not in balance of payments difficulties are assumed to release accumulations of unused conditional contributions to IDA.

Sincerely yours,

Irving S. Friedman

Mr. Winthrop Knowlton
Asst. Secretary
U.S. Treasury
Washington : D.C.

cc: Mr. Hirschtritt
Mr. Finkel
Mr. Demuth

FERRAS
INTERBANK
BASLE

JANUARY 24, 1967

LT

SWITZERLAND

AM PLANNING TO BE IN EUROPE ABOUT TIME OF FEBRUARY BIS MEETING STOP
WOULD BE HAPPY TO ATTEND YOUR MEETING IF AGREEABLE TO YOU REGARDS

FRIEDMAN
INTBAFRAD

Irving S. Friedman

Office of the President

COPY

January 23, 1967

Mr. Demuth

845

Attached hereto is a revised copy of the memo to files on the meeting with the U.S. Treasury people incorporating your suggestions.

Irving S. Friedman

January 20, 1967

Dear Dr. Prebisch,

I now forward a brief paper on the subject of import prices for purposes of Supplementary Finance Scheme. In this note, the nature of the available data on import prices is discussed and the question is also dealt with whether import prices should be an integral part of the Scheme's approach. I do hope this would provide a basis for further discussion of the subject at the forthcoming session of the Intergovernmental Group.

With warm regards,

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman

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

cc: Mr. Sidney Dell
Office of the Secretary-General
United Nations Conference on
Trade and Development
New York, N.Y.

Irving S. Friedman

Meeting with Representatives of the U.S. Treasury on Thursday,
January 19, 1967

A luncheon meeting was held to discuss the Treasury proposal on IDA replenishment. Present were Messrs. Knowlton, Hirschtritt and Finkel for the Treasury; Mr. Emmet Rice, U.S. Alternate Executive Director; and Mr. Demuth and Mr. Friedman for the Bank.

After discussion of the various aspects, it was agreed:

1. The Treasury would give further thought to the question of the three-year deferment. It would consider the suggestion that the three-year deferment would be subject to the qualification "if IDA resources permitted". They could assure the Congress that the projections of their own staff and that of IDA indicated that the three-year deferment was likely to prove feasible and that IDA management would be doing what it could within the framework of its established policies to realize such deferment in practice, for example, by the prior use of special contributions from Part I countries, or releases by Part II countries, or World Bank contributions. We emphasized the importance of the amount of fast disbursing commitments for the feasibility of any deferment proposal. This was particularly important if IDA was to play an important role in non-project financing, e.g., India. The statistical work indicated that with as much as \$300 million or more per annum of fast disbursing commitments, a three-year deferment as proposed by the Treasury could create liquidity problems for IDA. In any case, IDA could not commit against uncertain resources so that the suggested safeguard was essential for IDA. The Treasury representatives stressed the importance of the three-year deferment as proposed by them as a means of obtaining necessary Congressional support. They felt that their chances for achieving a Congressional majority would be considerably enhanced by this proposal and reiterated points made by Secretary Fowler on the difficulties of obtaining a Congressional majority.
2. Consideration would be given by Treasury to including a declaration in the IDA replenishment agreement that countries in balance of payments surpluses would be expected to make available their conditional contributions for use anywhere. It was explained that by so doing the U.S. would be arguing for its proposal on purely balance of payments grounds. Hereto the argument for conditional funds has been on other than balance of payments grounds since a country did not have to be in balance of payments difficulties to take advantage of its option to limit the use of conditional contributions to one-half of IDA procurement in its country.
3. On the 60-40 scheme versus the 2-1 scheme, the Treasury representatives indicated that they were certain that the Secretary would not make any further concessions. He had very reluctantly agreed to the 60-40 suggestion as compared to the 50-50 suggestion. It was noted that the significance of the 60-40 scheme would be affected by the treatment of conditional contributions by countries with balance of payments surpluses as discussed in previous paragraph. We undertook to work through statistical effects of assuming that countries in balance of payments surpluses would not withhold conditional funds, i.e., would permit their use anywhere.

4. With respect to the decline in the U.S. percentage from 41.4% to 40%, the Treasury representatives advocated that Mr. Woods urge certain countries, particularly Japan, to increase their contributions and try to increase the number of Part I countries. We promised to give them informally a confidential list of countries that might conceivably become Part I countries or make special contributions, even though they remained Part II countries. We registered the point that the question of relative shares in contributions to IDA was essentially a question for the countries concerned. However, we would give further thought to whether in some cases Mr. Woods might suggest increases, but, in any case, not related to the desire of any country to decrease its share.

5. The question of how far Mr. Woods could go in recommending the U.S. proposal to the other Part I countries was left open. It was noted that a number of countries, such as Canada, had already indicated that they hoped that Mr. Woods would not be presenting them with an accomplished fact or "take it or leave it" position or even a proposal to which he was so strongly attached as in effect not to be open to important amendment. We indicated that whenever the matter had arisen, Mr. Woods had made clear that there was no intention of having a "take it or leave it" proposal and that any U.S. suggestion was a matter for further discussion with the Part I countries. Any suggestions by these countries would, of course, be given the fullest consideration. Mr. Woods had in this sense always urged that the U.S. not have a "firm" or "concrete" proposal. The Treasury representatives indicated that they understood this position and anticipated that there would be counter suggestions to any proposal made by the U.S.

At the end of the meeting the attached tables, which we had prepared, were given to the Treasury representatives at their request.

The Treasury representatives indicated that they thought that Secretary Fowler would be prepared to meet again with Mr. Woods toward the latter end of next week. At that time Secretary Fowler would probably be prepared to give Mr. Woods the U.S. position in writing. It was left open to them whether they wished to meet again with us. We assured them that we were available for further talks if they thought they would be useful. They promised to contact us by the middle of next week to indicate how their discussions were going.

Attachment

cc: Mr. Woods
Mr. Demuth

January 19, 1967

Dear Don,

Just a note to say thanks for
all your assistance.

Mr. Don Waage
Investors Diversified Services, Inc.
Investors Building
8th and Marquette
Minneapolis
Minn. 55402

Intergovern. group

January 18, 1967

Dear Dr. Prebisch,

I am transmitting herewith copies of two additional papers prepared for the Intergovernmental Group on Supplementary Finance. I am also sending copies to Mr. Dell.

We are working on a paper on Import Prices which I hope to be able to send to you shortly, with a copy to Mr. Dell.

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman

Dr. Raul Prebisch
UNCTAD
New York, N.Y.

cc: Mr. Sidney Dell
Office of the Secretary-General
New York, N.Y.



Record Removal Notice

File Title Irving S. Friedman - Chronological File - 1967 Correspondence - Volume 1		Barcode No. 1598700		
Document Date 1/17/1967	Document Type Memorandum			
Correspondents / Participants To: J. C. Reamy From: Irving S. Friedman				
Subject / Title Expenses - Cambridge Trip November 23 - 27, 1966				
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			

Incoming letter and copy of
reply to Bentel files

January 17, 1967

Dear Harold,

I was pleased to receive your letter of January 6. I too thought that the session was most successful and was glad to have the opportunity to participate.

Thanks for your thoughtfulness in sending me an honorarium but I am taking the liberty of returning it. The funds are of course yours to dispose of, but if you wish I would be very pleased if you would give the money to some worthy institution, such as Unesco or the American Cancer Society, in my name.

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman

Mr. Harold L. Cheadle
Deputy Manager
The American Bankers Association
90 Park Avenue
New York, N.Y. 10016

ISFriedman:rgw

In hold file

Messrs. Kamarck and de Vries

January 17, 1967

Irving S. Friedman

Possible Future Development in Bank/IDA Work

Lets talk soon about the memo Mr. Aldewereld sent to Mr. Woods on January 9, copy of which has already been sent to you.

I would like to know the Economics Department's reaction to his suggestions.

Mr. Reamy

January 17 1967

Irving S. Friedman

Representation - Dinner Dec. 7 1966 for Mr. Maurice Strong

I attach hereto the list of guests who attended the December 7 1966 dinner which I hosted in honor of Mr. Maurice Strong.

Attachment:

Guest List

Breakdown of dinner prices

SHRI & SHRIMATI P.S. NARAYAN PRASAD
CARE SRI K.S. TEWARI
MANAGER RANA COLLIERY
SRIPUR P.O.
KALIPAHARI

JANUARY 17 1967

LT

WEST BENGAL INDIA

~~SORRY WE COULD NOT BE WITH YOU STOP EDNA AND I SEND~~
CONGRATULATIONS AND BEST WISHES TO THE COUPLE

IRVING FRIEDMAN

Irving S. Friedman

Office of the President

January 17, 1967

Dear Sidney,

Thanks for your letter of January 12.
Although I have no objection to the releasing
of correspondence between Raul and myself,
your proposal to do nothing more about it is
fine with me.

Yours sincerely,

Irving S. Friedman

Mr. Sidney Dell
New York Office
UN Conference on Trade and Development
United Nations
New York, N.Y.

Jan. 16 1967

Mr. Jalan

1026

Would you please prepare a draft
reply for me on this?

Chudson correspondence - UN Symposium

Jan. 16, 1967

Mr. Collier

868

I would appreciate it if you would follow up on this. There seems to be all sorts of people being mentioned as going to that February 1 meeting!

Mr. Hoffman

January 13, 1967

Irving S. Friedman

DAC Meetings

I am glad to learn that we will not have to send a special representative to the DAC meeting on Supplementary Finance, however, there is still the open question of whether we ought to be sending someone for February 1 when they deal with the subject of promoting closer harmonization on lending terms.

May I suggest that you or Collier contact Karasz to make sure that his recommendation that no special representative is needed applies also to that subject. If not, I think Collier should plan to go.

cc: Mr. Collier
Mr. Sarma

Mr. Lejeune

January 13, 1967

Irving S. Friedman

Society for International Development

As Treasurer of SID I would like to express my appreciation for the increase in the Bank contribution. You may be interested to know that in the meantime the Caisse Centrale de Cooperation Economique has agreed to an annual contribution of \$4,000 per year. It seems that the French are determined to keep alive the concept that in the field of foreign aid they provide the largest per capita share!

cc: Mr. Andrew Rice
SID

Mr. Anzelle

January 13, 1967

Irving S. Friedman

Spanish Translation of Suppliers' Credits Study

Mr. Picciotto has kindly agreed to let me have the benefit of your collaboration for one week beginning January 23.

In the meantime if you have any questions on the Suppliers' Credits Study you may talk to Mr. Sacchetti.

cc: Mr. Sacchetti
Mr. Picciotto
Mr. van Wagenen

JAN 20 1967

Dear Philippe,

I take pleasure in enclosing a copy of the Bank staff's Study on Suppliers' Credits from Industrialized to Developing Countries. I am also sending you a copy of the letter by which Mr. Woods transmitted to Mr. Prebisch a copy of the same Study.

I would like to thank you for the cooperation which we have received from your staff in the preparation of this Study. Mr. Nespoulous Neuville will be writing directly to Mr. Lachman, with whom he has been in touch.

Yours sincerely,

Irving S. Friedman

Mr. Philippe de Seynes
Under Secretary
Department of Economic and Social Affairs
United Nations
New York, N.Y.
ISFriedman;dm
1/12/67

cc: Mr. Nespoulous-Neuville

JAN 20 1967

Dear Philippe,

I take pleasure in enclosing a copy of the Bank staff's Study on Suppliers' Credits from Industrialized to Developing Countries. I am also sending you a copy of the letter by which Mr. Woods transmitted to Mr. Prebisch a copy of the same Study.

I would like to thank you for the cooperation which we have received from your staff in the preparation of this Study. Mr. Nespoulous Neuville will be writing directly to Mr. Lachman, with whom he has been in touch.

Yours sincerely,

Irving S. Friedman

Mr. Philippe de Seynes
Under Secretary
Department of Economic and Social Affairs
United Nations
New York, N.Y.

ISFriedman;dm
1/12/67

cc: Mr. Nespoulous-Neuville

JAN 20 1967

Dear Mr. Prebisch,

I take pleasure in attaching a copy of a letter sent today to U Thant and a copy of the Study prepared by the Bank staff on Suppliers' Credits from Industrialized to Developing Countries.

I hope that this Study will be of use in the deliberations of your Trade and Development Board and thereby make some contribution to our common concern, namely economic growth in the developing countries.

Yours sincerely,

George D. Woods

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

ISFriedman/dm
1/12/67
Cleared with Mrs. Boskey

Mr. Woods

January 12, 1967

Irving S. Friedman

Transmission to UN - Supplier Credits Study

Attached hereto for your action:

1. Transmittal letter to U Thant sending forward the Supplier Credits Study.
2. A suggested press release.
3. Transmittal letter to Mr. Prebisch.

The letters have been cleared with Mrs. Boskey and the press release has been done in collaboration with the Information Department.

The Study has now incorporated all the comments received from Executive Directors and their colleagues and various Governments.

I am not sure how long it will take to do the reproduction but it should be ready some time next week. However, I believe it would be better if you signed the letters than anyone else in your absence. I would therefore recommend that you sign the letters and they will be dated when the Study is ready to go forward.

Attachments

JAN 20 1967

U Thant
Secretary-General of the United Nations
United Nations
New York

My dear Secretary-General:

I have the honor to transmit herewith a Study on Suppliers' Credits from Industrialized to Developing Countries, which has been prepared by the staff of the International Bank for Reconstruction and Development in response to Recommendation A-IV-14 adopted by the United Nations Conference on Trade and Development in June 1964.

The Study traces the growth of suppliers' credits as an important medium of international finance and examines the nature and causes of various problems which have arisen in their use, with special reference to effects on the debt situation of developing countries. It concludes with a series of recommendations for action by both the debtor and creditor countries.

I believe that these recommendations warrant careful consideration in view of their relevance to the orderly growth of developing countries, as well as to the stability of international trade and finance. In accordance with past practice in similar cases, this Study does not purport to represent the views of the Executive Directors of the Bank, or of the governments which appointed or elected them.

Sincerely yours,

George D. Woods

ISF/USacchetti:rgw
January 12, 1967

Cleared with Mrs. S. Boskey

file - J. Morris Left

Mr. Hugh Latimer

January 16, 1967

Irving S. Friedman

World Bank Staff Occasional Papers

Will you please include The Hon. A.M. Stamp, 34 Moorgate Street, London, E.C.2, England, on the distribution list for future publications of Bank Staff Occasional Papers. He has already been given copies of publications No.1 and No.2.

January 16, 1967

Dick,

I think George has sent you a copy of the original version of this, but I have gone over it and am substituting the attached for the version he sent you.

Revised 1/16/67

Minute of Meeting in Secretary Fowler's Office
on January 10, 1967, at 4:30 p.m.

A meeting was held in Secretary Fowler's office on IDA replenishment. Present for the Treasury were Secretary Fowler and Assistant Secretary Knowlton -- Mr. Livingston Merchant was also present. Attending for the Bank were Mr. Woods and Mr. Friedman.

The meeting had been called to exchange views between Secretary Fowler and Mr. Woods on IDA replenishment.

Secretary Fowler called on Mr. Knowlton to outline the Treasury proposal -- a summary of this proposal was sent to the Bank on January 12.

The Secretary then outlined the Congressional prospects for the IDA replenishment, underlining the need to take steps to obtain the necessary majority. Mr. Woods thanked the Secretary for setting forth the Treasury's suggestions. He expressed appreciation that this meeting was being held and that the Secretary was obviously making efforts to achieve a very large replenishment of IDA. Mr. Woods felt that this was a big step forward. He also said that he was sympathetic to the problem of the Secretary's obtaining the needed Congressional support. He wished to make clear that the only proposal he had made was the one of July 1966. Other suggestions had been made in staff discussions with his knowledge. As for the suggestion which had been outlined by Mr. Knowlton, he wished to study it carefully.

The question of magnitudes was essentially one for the Part I countries to decide. On the other aspects, he had to give careful consideration to how such proposals might operate in practice from the point of view of IDA objectives and management. In any case, he wished to have from the U.S. something that was still open to discussions which would take place with the other Part I countries. He emphasized the leading role of the U.S. in IDA replenishment.

The Secretary said that he understood Mr. Woods's position but he felt that it was desirable to have a firm and clear U.S. position which could be had only after clearing with "across the street".

The Secretary and Mr. Woods agreed that nothing had been agreed at this meeting. Mr. Woods said that the Treasury proposals would be studied carefully. The Secretary said that he wanted to talk "across the street" and get a firm position. In the meantime, it was agreed that the staffs of the Treasury and the Bank would continue their talks.

Irving S. Friedman

January 13, 1967

Miss Sunanda Sen
35 Lynwood Place
New Haven, Conn. 06511

Dear Miss Sen:

This is in reply to your letter of December 20, 1966. You were correct in assuming that the Bank would have some information on capital movements concerning the developing countries you mentioned in your letter. However, much of the available information is not classified along the lines of the IMF Balance of Payments Yearbook. Details on these matters are available only for recent years and do not go as far back as 1950. In addition, most of the data refer to the external public and publicly guaranteed debt of developing countries, and are confidential. As an indication of the data we have, I attach a report entitled "External Medium- and Long-Term Public Debt, Part and Projected Amounts Outstanding, Transactions and Payments: 1956-75". I hope it can be of help to you.

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman
The Economic Adviser to the President

Attachment

PLeon:USacchetti:fc

Minutes of Meeting in Secretary Fowler's Office on
January 10, 1967, at 4.30 p.m.

A meeting was held in Secretary Fowler's office on IDA replenishment. Present for the Treasury were Secretary Fowler and Assistant Secretary Knowlton - Mr. Livingston Merchant was also present. Attending for the Bank were Mr. Woods and Mr. Friedman.

The meeting had been called to exchange views between Secretary Fowler and Mr. Woods on IDA replenishment.

Secretary Fowler called on Mr. Knowlton to outline the Treasury proposal - a summary of this proposal was sent to the Bank on January 12.

The Secretary then outlined the Congressional prospects for the IDA replenishment, underlining the need to take steps to obtain the necessary majority. Mr. Woods thanked the Secretary for setting forth the Treasury's suggestions. He expressed appreciation that this meeting was being held and that the Secretary was obviously making efforts to achieve a very large replenishment of IDA. Mr. Woods felt that this was a big step forward. He also said that he was sympathetic to the problem of the Secretary's obtaining the needed Congressional support. He wished to make clear, to avoid misunderstanding, that the only proposal he, Mr. Woods, had made, was the one of July 1966 - other suggestions had been made in staff discussions but they were not to be considered as his proposal - as for the suggestions which had been outlined by Mr. Knowlton, he wished to study them carefully.

The question of magnitudes was essentially one for the Part I countries to decide. On the other aspects, he had to give careful consideration to how such proposals might operate in practice from the point of view of IDA objectives and management. In any case, he wished to have from the U.S. something that was still open to discussions which would take place with the other Part I countries. He emphasized the leading role of the U.S. in IDA replenishment.

The Secretary said that he understood Mr. Woods' position but he felt that it was desirable to have a firm and clear U.S. position which could be had only after clearing with "across the" street."

The Secretary and Mr. Woods agreed that nothing had been agreed at this meeting. Mr. Woods said that the Treasury modifications of his July proposal would be studied carefully. The Secretary said that he wanted to talk "across the street" and get a firm position. In the meantime, it was agreed that the staffs of the Treasury and the Bank would continue their talks.

Mr. George D. Woods

January 11, 1967

Irving S. Friedman

U.S. Treasury Proposal of January 10, 1967

1. We have analysed the U.S. Treasury proposal which we understand to be the following:

- (i) U.S. contribution of 40% of \$600 million, \$800 million and \$1 billion in fiscal years 1968/69, 1969/70 and 1970/71 respectively. The corresponding figures for the U.S. are \$240 million, \$320 million and \$400 million.
- (ii) 60% of the U.S. contribution would be unconditional and 40% conditional. Conditional funds would finance one half of the identifiable procurement in the U.S. Unconditional funds would be used to finance the other half. Any unconditional funds remaining after such use could normally be used to finance IDA procurement in any member country. However, to the extent that the latter use would add to serious balance of payments difficulties of the contributing country, encashment of the unconditional funds could be deferred for three years (see paragraph iv below).
- (iii) Unused conditional funds would remain outstanding until such time as the U.S. share in identifiable IDA procurement increased sufficiently to absorb such funds.
- (iv) Unconditional funds could ordinarily be used to finance procurement in any member country. However, if the country was in serious balance of payments difficulties, unconditional funds would be used the same way as conditional funds, i.e., to finance half of the procurement in the United States. There would then be amounts of the unconditional contributions which were not called even though such calls would have been made by IDA in the absence of balance of payments difficulties. It is this difference -- between what would "ordinarily" be called and what would be called in times of balance of payments difficulties -- and only this difference -- which the United States Treasury is suggesting be postponed for three years.
- (v) This portions of the total U.S. contributions, which in any case are not called on in any one year because of the normal lag between IDA contributions and IDA disbursements under IDA commitments would simply be carried forward from year to year -- essentially as at present.

2. We have assumed that approximately \$100 million a year would be available to IDA from the World Bank and other sources in currencies which could be used for procurement anywhere.

3. We have also assumed that available funds from IDA from previous replenishments could be drawn on to bridge over any financial difficulties until the proposed replenishment contributions are made. (This becomes important if a large amount of fast-disbursing IDA credits are assumed.)

4. On the above assumptions our analyses would indicate that the 60/40 scheme would permit \$800 million per annum of commitments for three years, even if as much as \$350 million per annum is for fast-disbursing credits. (This figure is not a forecast of how much fast-disbursing credits will be, but is rather designated for comparative purposes.) However, it would mean that the World Bank contribution was being used instead of, rather than additional to, IDA Part I contributions to meet disbursements under the \$2.4 billion of credit commitments.

5. The Treasury proposal of three year deferments also does not prove to be particularly difficult from the statistical viewpoint, essentially because accumulated liquid balances of IDA are available for the early years, and after three years, the deferred three year payments begin to come back to IDA.

6. Thus, the Bank contributions are needed essentially to offset the effects of conditional monies. As long as the U.S. contributes about 40% of IDA while about 20% of identifiable procurement takes place in the U.S., then practically half of the U.S. conditional contribution would simply not get used. If the conditional contribution is 40% of the total U.S. contribution, then one-fifth of the total conditional U.S. contribution does not get used. Moreover, since other Part I countries contribute more than procurement in their own countries, a portion of their conditional contribution would also not be used. Among such countries at present are France and Canada. It may, of course, happen that the pattern of procurement will change in the future. Our own assumptions are based upon historical experience and are those which we have agreed with the Treasury as reasonable to make at this time.

7. It is in the difference in the amount of conditional monies unused that we find the fundamental difference in the effects between the 2-1 and the 60/40 scheme. In the 2-1 scheme we foresee about \$65 million of the U.S. contribution remaining unused after eight years. We estimate about an equal additional amount of unused conditional contributions from other countries for a total of about \$125 million to \$150 million. In the 60/40 scheme we may anticipate unused U.S. conditional contributions of closer to \$125 million or a total for all countries of about \$250 million. Contributions from the World Bank or other sources could offset this accumulation of unused balances, as suggested above.

8. As for the balance of payments effects, both approaches produce no effects until 1971/72, since the use of the U.S. contribution is limited to U.S. procurement during those years, assuming the continuation of balance of payments difficulties. Beginning in 1971/72 there will be some adverse balance of payments effects, but with relatively small differences between the 2-1 and 60/40 schemes. Possible additions to a U.S. deficit are somewhat larger under the 2-1 scheme than the 60/40 scheme, primarily because of the differences in the amounts of unused conditional contributions referred to in the previous paragraph.

January 11, 1967

9. The above comments are limited to a statistical analysis of the U.S. Treasury proposal and its comparison with the 2-1 scheme, assuming the same amounts, namely \$600 million, \$800 million and \$1 billion. If it was agreed to have a replenishment of \$3 billion, i.e., to allow commitments of \$1 billion per annum beginning in 1967/68, then the Treasury proposal of a three year deferment of unconditional contributions might raise difficulties. The higher level of commitments would mean a more rapid use of available IDA resources accumulated from the past. However, this would not seem to be an unmanageable problem unless there is a substantial increase in fast-disbursing credits. Even at the level of \$350 million per annum of fast-disbursing credits, it seems, at least statistically, that this could be managed. But the contribution of the World Bank would then be of critical importance. It would then be necessary both to offset the unused conditional contributions and the consequences of the proposed three year deferment. Non-use of conditional contributions would amount to about \$300 million under the 60/40 scheme and \$180 million under the 2-1 scheme; about half of these would be in the U.S. contribution alone.

10. In our discussions with the Treasury on various suggestions for deferment of unconditional contributions, we have always emphasized that what is most important in the last analysis is the certainty that if the U.S. unconditional contribution is needed to make payments abroad, then IDA must be able to use such unconditional funds, irrespective of the balance of payments position at the time or how long they had been deferred in practice.

11. The above conclusions were written with the benefit of the tables which we have done and which are now being finalized and typed.

12. As a postscript, I might add that the above comments are based on the Treasury's present proposal; not on possible changes which may be made in the future. I have not tried to assess the administrative aspects of the proposal or judge the reactions of other governments as well as its susceptibility to further amendment. The attractive features are obviously the recognition of the need and desirability of a very large increase in IDA operations and the maintenance of the principle of international competitive bidding. However, the way of doing it, is obviously vulnerable. For example, the present proposal would be much less difficult, if the monies were given to us legally as in the past and all the additional features, including the division between conditional and unconditional, were made a matter of present IDA policy and understanding, subject to future modification as conditions changed.

CT Argentina

Mr. Chaufournier

January 12, 1967

Irving S. Friedman

Visit of Mr. Krieger Vasena

You will be interested to see the attached reply I received from Krieger Vasena. I would appreciate it if you would be sure to set up some time before he arrives here to discuss what we might be saying to him.

Attachment

Files

January 11, 1967

Irving S. Friedman

L.M. Goreux

Mr. Goreux telephoned this morning. I told him that we were interested in having him come to Washington and suggested the week of January 23 because Mr. Kamarck would also be in Washington at that time. I also suggested that he plan to spend a few days with us since I wished to give him the opportunity to get familiar with the Bank staff and the Bank's activities. Mr. Goreux said that he would plan to come on January 24.

I explained to him that we would be prepared to pay transport and other expenses.

cc: Mr. Kamarck
Mr. Dyer

SC

January 9, 1967

Dear Mr. Merchant,

I would like to thank you and your colleagues personally for the prompt and careful attention given to the staff's Supplier Credits Study. We were able to incorporate the comments in the final version, and I do appreciate your cooperation. The Study will be going to the United Nations this week.

Sincerely yours,

Irving S. Friedman

510

January 6, 1967

Commerzbank
Briefanschrift
4 Dusseldorf 1
Germany

Gentlemen:

Thank you very much for your letter and draft for US\$100.00 of January 4, 1967 for membership in the Society for International Development. It is gratifying to us in the Society to have your Bank as a member.

I am sending a copy of your letter on to the Executive Secretary of the Society, who I am sure will be writing to you himself.

Yours sincerely,

Irving S. Friedman
Treasurer

SID

January 6, 1967

Dear M. Dervichian:

Thank you very much for your letter and draft for \$US 100.00 of December 28, 1966 for membership in the Society for International Development. It is gratifying to us in the Society to have your Bank as a member.

I am sending a copy of your letter on to the Executive Secretary of the Society, who I am sure will be writing to you himself.

Yours sincerely,

Irving S. Friedman
Treasurer

M. Edouard Dervichian
Financial Corporation for
Overseas Countries
3-5, rue du Conseil-General
Geneva
Switzerland

cc: Mr. A. Rice
SID, Washington DC

SC

Mr. Sacchetti

January 10, 1967

Irving S. Friedman

Supplier Credits - Ghana

Please include something about Ghana in the final text. The U.K. people also gave the same point. If necessary, please confirm with our own Department, Mr. Cizeushas (State Dept. X8757) or the Fund,

(re phone call from Mr. Harley. Contact Mr. Cizeushas who would be happy to give the facts.)

FC

Mr. Clifford F. Owen

January 9, 1967

Irving S. Friedman

Economic Committee Meeting - January 10

Because of the IDA matter mentioned to you earlier, I will not be able to chair tomorrow's meeting. I will leave it up to you and Mr. Kamarck whether we should have the meeting with Mr. Kamarck in the chair, or postpone it.

cc: Mr. Kamarck

SFS

January 9, 1967

Dear Mr. Dell,

I am attaching copy of a letter which I am sending to Raul. I gather that you would like to release the exchange of correspondence between Raul and myself - I have no objections.

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman

Mr. Sidney Dell
Office of the Secretary-General
UNCTAD
United Nations
New York, N.Y.

Mr. Y.C. Chen

January 9, 1967

Irving S. Friedman

1961 Chevrolet Car

Please let me have the title to the above car at your earliest convenience.

January 9, 1967

Dear Mr. Merchant,

I would like to thank you personally for the prompt and careful attention you have given to the staff's Supplier Credits Study. We were able to incorporate your comments in the final version, and I do appreciate your cooperation. The Study will be going to the United Nations this week.

Sincerely yours,

Irving S. Friedman

January 9, 1967

Dear Mr. Escobar,

I would like to thank you personally for the prompt and careful attention you have given to the staff's Supplier Credits Study. We were able to incorporate your comments in the final version, and I do appreciate your cooperation. The Study will be going to the United Nations this week.

Sincerely yours,

Irving S. Friedman

January 9, 1967

Dear Mr. Donner,

I would like to thank you personally for the prompt and careful attention you have given to the staff's Supplier Credits Study. We were able to incorporate your comments in the final version, and I do appreciate your cooperation. The Study will be going to the United Nations this week.

Sincerely yours,

Irving S. Friedman

January 9, 1967

Dear Mr. Rajan,

I would like to thank you personally for the prompt and careful attention you have given to the staff's Supplier Credits Study. We were able to incorporate your comments in the final version, and I do appreciate your cooperation. The Study will be going to the United Nations this week.

Sincerely yours,

Irving S. Friedman

January 9, 1967

Dear Mr. Ayub,

I would like to thank you personally for the prompt and careful attention you have given to the staff's Supplier Credits Study. We were able to incorporate your comments in the final version, and I do appreciate your cooperation. The Study will be going to the United Nations this week.

Sincerely yours,

Irving S. Friedman

Letters to: Mr. Merchant
Mr. Rajan
Mr. Mr. Donner
Mr. Escobar

January 6, 1967

Dear Dr. Prebisch,

Thank you for your letter of December 20, 1966. The three papers I forwarded to you earlier deal with some of the questions that were raised in the discussion of Supplementary Financing at the April 1966 meeting of the Committee on Invisibles. These, as you know, also cover some of the questions which were subsequently taken up in the first session of the Intergovernmental Group. It is my understanding that these and other aspects of Supplementary Finance would be considered further by the Group.

The Intergovernmental Group had also requested certain specific studies, to which you refer in your letter. We have given some thought to the question of the relative importance of export shortfalls and other causes of instability (Item 1). We feel that some further discussion is called for regarding the scope and purpose of such a study but, in any case, would be happy to give our thoughts on this subject at the meeting. Our paper on Policy Package could provide a useful basis for Item 2. In fact, this subject of Item 2 was dealt with fairly extensively in our original study itself, as well as in our statements at earlier meetings, and I wonder if any additional paper is now required until after our study is discussed in more detail. Item 6 is being attended to by the Fund staff in consultation with the Bank staff. As regards Item 5, it may be annotated on the lines suggested by you.

We will also be prepared to discuss at the meeting in detail any other aspects of the Bank staff Study, in particular the underlying principles and purposes as well as possible procedures for implementation.

With warm regards,

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman

Dr. Raul Prebisch
UNCTAD
New York, N.Y.

cc: Mr. Sidney Dell
Office of the Secretary-General
New York, N.Y.

CE - Argentina

DR. A. KRIEGER VASENA
MINISTER OF FINANCE
BUENOS AIRES

JANUARY 4, 1967

FULL RATE

ARGENTINA

I AM PERSONALLY MOST PLEASED TO HEAR OF APPOINTMENT STOP REPRESENTS
GOOD NEWS FOR ARGENTINA AND REST OF THE WORLD STOP PLEASE CALL ON ME IF
I CAN BE OF HELP STOP WARMEST REGARDS

IRVING FRIEDMAN
INTBAFRAD

Irving S. Friedman

Office of the President

~~CONFIDENTIAL~~

MW1

Mr. George D. Woods

January 3, 1967

Irving S. Friedman

Speeches

1. The other day I mentioned to you having a chat about speech preparation - perhaps it might be useful for me to set down a few ideas which we might discuss if you so desire. I believe that the preparation of speeches should make use of all available talent in the Bank and that at least the first draft of thoughtful speeches should be prepared by people who have given prior thought to the subject. The suggestions are made primarily for speeches to be given by the President, although the suggestions could probably apply to speeches made by others.

2. Various members of the President's Council and Mr. Graves should have the responsibility for having prepared for your consideration a good draft of a speech; a division of the assignments among them should be based on their background and responsibilities in the Bank. It would be assumed that they would call upon individuals in their own staffs to do the necessary research and writing but they would undertake to go over the drafts before they were transmitted to you, unless time simply did not permit. The following indicates possible division of areas of responsibility:

- (a) Graves: informational speeches (or informational sections of speeches).
- (b) Demuth: speeches primarily dealing with past history and policies of the Bank, its technical assistance activities, and relations with other international organizations.
- (c) Knapp: speeches primarily dealing with Bank lending activities and policies (past, present and future) and lending experiences in individual countries.
- (d) Broches: speeches primarily dealing with the responsibilities of the Bank as an international organization, Bank borrowing and the settlement of international disputes.
- (e) Shoaib: (presumably with the help of Lejeune, Mendels and their staffs) structure and organization of the Bank.
- (f) Aldewereld: speeches primarily directed to Bank project policies and activities.
- (g) Friedman: trends and outlook in development finance, including philosophy and mechanisms; Bank economic policies and economic activities in individual countries; and economic developments in particular countries.

3. Speeches may of course cover a considerable number of areas involving more than one person on the President's Council. Depending upon what you regarded as the main thrust or purpose of the speech, one person could be given the responsibility for seeing that a good draft is presented to you. He would get the cooperation of others in their own fields of competency. If you had read over this good draft and felt that the content was basically satisfactory, the draft could be turned over, if necessary, to the "speech writers." Mr. Graves could have the responsibility for riding hard on these speech writers to ensure meeting the inevitable deadlines. The role of the speech writers would not primarily be to contribute ideas or other substantiative content, it would essentially be the effectiveness of communication.

4. In my own experience I was called upon to write speeches for the highest levels of the U.S. government at quite an early age - well below thirty. This gave me a bias in favor of using young people in speech writing, they have ideas, knowledge and enthusiasm. Writing even the first rough draft speech for the President of the World Bank is a tremendous morale booster as well as excellent training. Thus, the suggestions made above would mean very little extra work for the President's Council, or other senior members of the staff.

A-1(c)

Mr. Reamy

January 3 1967

Irving S. Friedman

Professor Guy Orcutt

Professor Orcutt visited the Bank at my invitation. It was agreed that we would pay his full expenses incurred during the visit.

Mr. Consolo

January 3 1967

Irving S. Friedman

IBRD Representatives at 2nd Session UNCTAD Intergovernmental Group

With reference to your note of December 29, 1966, attaching the letter of invitation from Mr. Prebisch for the Intergovernmental Group on Supplementary Financing, the Bank will be represented by myself, and Mr. N. Sarma and Mr. Bimal Jalan.

cc: Mr. Sarma
" Jalan