Folder Title:	McNamara correspondence - 1972 (2 of 2)
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Series:	Support and communications of the Office of the President and senior staff
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91000 - 03 VPE McNamara Correspondence, 1972

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File Title	Barcode No.
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Document Date	Document Type
December 12, 1972	Memorandum

Correspondents / Participants
From: M.M Ahmad
To: Robert S. McNamara

Subject / Title
Improving Knowledge of the World Bank's Operations

Exception(s)

Additional Comments
Declassification review of this record may be initiated upon request.

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.

Withdrawn by	Date
Kim Brenner-Delp	October 26, 2022

FORM No. 89
(2-66)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

ROUTING SLIP

Date 11/17/72

OFFICE OF THE PRESIDENT

Name	Room No.
Mr. William Clark	D 928

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
xx	Information		Signature
	Initial		Send On

Remarks

From

THE POPULATION COUNCIL

245 PARK AVENUE
NEW YORK, N.Y. 10017

TELEPHONE (212) 687-8330
CABLE: POPCOUNCIL, NEW YORK

November 14, 1972

Mr. Robert S. McNamara
President
International Bank for Reconstruction
and Development
Washington, D.C. 20433

Dear Mr. McNamara:

This will acknowledge with grateful thanks not only your generous grant to the Council but also your kind words.

I am especially grateful for the increase in the Bank's support. Since that is the way I am programmed, I note that the increase was at the rate of 40 per cent and I have calculated that if the funding continues to increase at that rate, it will take only 16.3 years before the entire budget of the Council is taken care of in this manner!

Sincerely,

BB

Bernard Berelson
President

November 7, 1972

Dear Dr. Peccei:

Thank you for your letter of July 28 introducing Mr. Oltmans to me.

Members of my staff have had several contacts with Mr. Oltmans who proved most obliging in trying to meet my needs. But I am afraid that eventually I had to refuse to answer his excellent set of questions.

The reason, which I am sure you will appreciate, is that I have not yet obtained sufficient evidence on which to make up my mind. I am very disinclined to commit myself publicly till I am perfectly sure of my ground.

With my personal good wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Aurelio Peccei
The Club of Rome
Via Giorgione 163
00147 Rome, Italy

WDClark:sf

November 2, 1972

Mr. Max R. Grossman
Washington Editor
Finance
603 G Street, S.W.
Washington, DC 20024

Dear Mr. Gross:

Thank you for your letters of October 31, concerning a feature article on the World Bank and Mr. McNamara for the January issue of FINANCE Magazine. Your request comes at a difficult time, since the basis of the proposed articles would be an interview with Mr. McNamara. Today, I am leaving for an extended trip to Africa to accompany Mr. McNamara on a visit to a group of the Bank's developing member countries on that Continent.

I am sorry that it is impossible for us to accede to your request and only hope that you understand that the demands of travel on Mr. McNamara's time materially reduces his availability for interviews.

Again our thanks for your interest in the activities of the World Bank.

Sincerely yours,

William Clark
Director
Information and Public Affairs

WLB:apz

Bob Lind to act.

November 1, 1972

Dear Bob:

I enjoyed talking with you and learning about the plans for the International Federation of Associations of Business Economists the other day.

The meeting of the International Association of Agricultural Economists in Sao Paulo next August promises to be interesting and useful. Although the Bank only supports international conferences in rare circumstances, I consider the Sao Paulo meeting important enough for us to support it with four travel fellowships of $500 each. I would hope that these fellowships could be earmarked for the participation of agricultural economists from developing countries.

If this is of interest to you and you have any further queries, please contact my colleague, William Clark, who will make the substantive arrangements.

I hope you will let us have a record of the meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Robert J. Eggert
Staff Vice President
Economic and Marketing Research
RCA, 30 Rockefeller Plaza
New York, New York 10020

WDClark:ml

November 1, 197

Dear Jim:

The Overseas Development Council has undertaken an important, difficult and timely task in pulling together the complex strands of the issues presented in Development Today. This book should provide a valuable contribution to public knowledge and discussion in all countries engaged in the world-wide development effort. I hope ODC will continue to pursue this work over the years to come.

[redacted], I am particularly impressed by your "Jobs and Justice" because it emphasizes the role of local people, who are both the object of our effort and its greatest resource. I hope the book will encourage a wider awareness among Americans of the dimensions of development and their stake in it.

Sincerely,

Robert S. McNamara

JEMerriam/pam

Mr. James Grant
Overseas Development Council
1717 Massachusetts Avenue N.W.
Washington, D.C. 20036

FINANCE

THE MAGAZINE OF MONEY

ELIZABETH MacDONALD MANNING
Editor-in-Chief

P. O. BOX G
LENOX HILL STATION
NEW YORK, N. Y. 10021

(212) 535-6100

MAX R. GROSSMAN
Washington Editor

603 G STREET, S. W.
WASHINGTON, D. C. 20024

(202) 554-4218

October 31,1972

Mr. Robert F. MacNamera
President
World Bank Group
1818 H street northwest
Washington, D.C.

Dear Mr. MacNamera:

We of Finance magazine will appreciate greatly the privilege of an interview with you--at your convenience--for a period not to exceed half an hour.

Finance magazine, which nearly all national banks receive, is approximately 30 years old and, if I may say so, is widely known.

Indeed, you are probably familiar with the magazine. (I enclose a copy.)

My publisher intends to devote the January 1973 edition to international financial and monetary articles--and desires to feature the World Bank.

I shall appreciate greatly your consideration of this request.

Sincerely yours,

Max R. Grossman

Max R. Grossman

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP

Date: 10/20/72

NAME	ROOM NO.
Mr. Clark	
Larry Could you draft p/s one	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

I propose we earmark $3000 in next year's budget for travel support of Ag. economists from LDC's.

Larry Witted

From

RCA | 30 Rockefeller Plaza | New York, NY 10020 | Telephone (212) 265-5900

10/19 to Mr. Clark
Please draft
a reply.
R.S.M.

Mr. Robert S. McNamara, President
World Bank
1818 H Street, N. W.
Washington, D.C. 20433

Robert Eggert
Staff President
Econo. and
Marketing Research

Dear Bob: October 17, 1972

Thank you for taking the time out of your busy schedule this morning to visit with me about our program for the International Federation of Associations of Business Economists.

Am writing you about another subject that I hope will be of interest to you and your associates. As you know, your Dr. S. R. Sen is President of the International Association of Agricultural Economists this year. At a recent meeting with Dr. Sen and others interested in this important activity I was asked to obtain your support for travel funds to bring worthy participants to the International Conference which will be held next year in Sao Paulo, Brazil, August 20-29.

Am enclosing a leaflet which gives in capsule form the history and the purpose of this group. Also attached is an official request which details the reasons why travel help is needed.

We are particularly anxious to obtain travel funds for this Conference since the cost of transportation to Brazil will seriously strain the limited budgets of agricultural economists in most of the countries, but especially in the developing countries. Without help it will be impossible for them to attend, but with the help of a little seed money it will be possible to obtain additional support from within their own countries. Grants as small as $100 will be welcomed and those in multiples of $500 can each be identified as a World Bank Travel Fellowship.

With few exceptions, the countries of the world have a dire need for the information and assistance that agricultural economists can give them. This will be the fifteenth such conference held since the Association was founded in 1929. The conferences provide the outstanding economists from each country with the opportunity to broaden their field of knowledge and to meet with their colleagues from all over the world to exchange information and opinions on problems of mutual interest and concern.

Bob, I am sure that Dr. Sen would be glad to give you any additional information that you might want about the Association. We appreciate the cooperation you have already given us in making Dr. Sen available - but, in addition, we hope you can join us in support of the travel fund grants which we believe will contribute to fostering the constructive efforts of the World Bank as well as the International Conference of Agricultural Economists.

The next time I am in Washington will give your office a ring and will try to take advantage of your good invitation to join you for lunch.

Cordially,

Bob

Robert J. Eggert

RJE:Ann
Enclosures: Descriptive Folder
Official Request
Proposed Program Outline

cc: Dr. S. R. Sen

International Association of Agricultural Economists

Purpose

The International Association of Agricultural Economists is a world-wide organization of agricultural economists. Its objectives are: to foster development of the science of agricultural economics, with special emphasis on assistance to developing countries, (2) to apply the results of economic investigations to the improvement of economic and social conditions relating to agriculture and rural life, and (3) to enable economists with mutual interests in different areas to make direct contacts with their colleagues.

History

The Association was established in 1929 by a group of 50 agricultural economists from eleven countries who met at Dartington Hall, Devon, England. Countries represented at this conference included Canada, China, Denmark, Finland, Germany, New Zealand, Norway, South Africa, Trinidad, the United Kingdom, and the United States. Those who attended concluded that such conferences would be of great benefit to agricultural economists throughout the world in increasing their

knowledge and understanding of other peoples and their problems, and in promoting mutual understanding and good will. Fourteen conferences have been held with a nine-year bre from 1938 to 1947 due to the war.

Mr. Leonard K. Elmhirst of Dartington Hall, Devon, England, Dr. George F. Warren and Dean Carl Ladd of Cornell University planned the initial conference. Others who took prominent part in developing the early conferences were: A. W. Ashby, J. R. Currie, J. P. Maxton, and Edgar Thomas of the United Kingdom; Max Sering, Constantin von Dietze, and Max Rolfes of Germany; J. Coke, J. E. Lattimer, and J. F. Booth of Canada; and H. C. Taylor, J. D. Black, H. C. M. Case, G. A. Pond, W. I. Myers, and E. C. Young of the United States.

The time and place of the conferences held, together with the attendance, is as follows:

Year	*Place*	*Attendance*
1929	Totnes, Devon, England	50
1930	Ithaca, New York, U.S.A.	300
1934	Bad Eilsen, Germany	170
1936	St. Andrews, Fife, Scotland	219
1938	Ste. Anne de Bellevue, Quebec, Canada	510
1947	Totnes, Devon, England	82
1949	Stresa, Italy	271
1952	East Lansing, Michigan, U.S.A.	340
1955	Helsinki, Finland	364
1958	Mysore, India	350
1961	Cuernavaca, Mexico	485
1964	Lyon, France	562
1967	Sydney, Australia	501
1970	Minsk, U.S.S.R.	685

At the 1961 conference the members voted to change the name from the International Conference of Agricultural Economists to the International *Association* of Agricultural Econo mists, in order to denote a continuously fun tioning organization.

A conference is held every third year. The official languages of the Association are English and French, but the papers presented at

the conference as well as the floor discussions are translated simultaneously over earphones into such other languages as may be appropriate and possible. For certain discussions the conference is divided into small study groups to permit a freer exchange of views on specialized topics of particular interest to the participants.

Guided tours of the host country and adjacent areas have become an important adjunct of the meetings. These tours offer conference participants an opportunity to become better acquainted, to study agricultural conditions and agricultural industries in different countries, and to gain first-hand knowledge of other people and their problems.

Scope of Interest

Previous conferences have treated a wide range of subjects bearing on individual and public farm problems and also international problems relating to agriculture and research. Topics discussed include:

- Agricultural production, population trends, and public needs
- Food and agriculture in the European recovery program
- Production methods and farm management
- Marketing methods and marketing organizations
- International trade in relation to agricultural development
- The place of state buying and selling in free world trade
- Land tenure in relation to economic and social development
- Capital and credit systems in relation to technical, economic, and social developments
- Technological developments and their influence on economic and social conditions
- Taxation
- Agricultural education, research, and extension
- Relations of agriculture to industry and the community
- Balance between agriculture and other activities in the process of economic growth
- The role of agriculture in economic development
- Disparities in the pace and form of agricultural and rural development
- Agricultural economists and the farmer

The International Association of Agricultural Economists publishes its conference proceedings. Its members also receive the *International Journal of Agrarian Affairs,* a journal dealing with subjects of current international interest in agricultural economics, published by the University of Oxford Institute of Agrarian Affairs in conjunction with the Association.

The Association endeavors to stimulate the development and improvement of agricultural economics research, teaching, extension, and administration in all countries. It encourages the formation of national and regional associations of agricultural economists.

Membership

Membership in the organization is for a three-year period on an individual basis. The membership fee is twelve dollars. Members are primarily professional agricultural economists engaged in research, teaching, or administrative work. Currently 76 countries are represented.

Organization

The elected officers are president, vice president, and secretary-treasurer. They are elected by the council at a formally constituted meeting held during each conference. Other officers are Leonard K. Elmhirst (founder president) and the immediate past president.

Each national group with not less than five members may name one representative to the council and appoint its own chairman and correspondent. Countries with fewer than five members may join together to form an area group. A nation or group of nations with 10–25 members is entitled to two council representatives; 25–60 members, three representatives; and more than 60 members, a maximum of four representatives. The officers are ex-officio members of the council. All officers and council members hold office from the close of one conference through the following conference.

The executive committee, consisting of the officers and the chairmen of all national groups, acts for the council between meetings of the council. In addition to the executive committee, the Association has a finance committee, whose function is to obtain funds for the operation of the Association.

Financial Support

Membership fees provide funds toward publication of the conference proceedings and supplemental publications, such as the *International Journal of Agrarian Affairs*. The early conferences were financed largely by Dartington Hall. As the group increased, funds from this source have been supplemented by grants from various foundations, industries, individuals, and governments.

The Association now desires to obtain funds in order to encourage fuller attendance at conferences from the developing countries, to strengthen and expand its organization, and to get established on a sound financial basis. Funds are needed to permit travel of its officers to keep in touch with the agricultural economists in various countries and to help in applying agricultural economic analysis to problems in the developing countries.

OFFICERS FOR 1970–73

Founder President
L. K. Elmhirst
Dartington Hall
Totnes, Devon TQ9 6EL, England

President
S. R. Sen
World Bank
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

Immediate Past President
Nils Westermarck
Department of Agricultural Economics
Helsinki University
Helsinki 71, Finland

Vice President
K. E. Hunt
Dartington House
Little Clarendon Street
Oxford OX1 2HP, England

Secretary-Treasurer
Joseph Ackerman
600 S. Michigan Avenue, Room 1200
Chicago, Illinois 60605, U.S.A.

REQUEST FOR FINANCIAL ASSISTANCE
FOR THE
INTERNATIONAL CONFERENCE OF AGRICULTURAL ECONOMISTS, INC.

Nature of Request. The Fund for the International Conference of Agricultural Economists asks financial assistance to provide travel grants for educational and research workers in the field of agricultural economics to attend the Fifteenth International Conference of Agricultural Economists that is to be held in São Paulo, Brazil, August 20-29, 1973.

The theme of the Conference is to be: The Future of Agriculture. Some of the titles of the papers to be given are: The main streams of the world economy--trends, influences, programmes; The future of agriculture--new technology, new policies?; Economic, social and political priorities in agricultural policy formulation; New analytical tools in Agricultural Economics. There will be a symposium on agriculture in Brazil. There will be special groups in discussions including subjects such as Foreseeing the future; Preparing for the future; Adjusting to the future and Living with the future.

Purpose of the Conference. The International Association of Agricultural Economists, organized in 1929, holds a meeting every third year in a different part of the world. Its objectives are: (1) to foster the development of the science of agricultural economics, and (2) to further the application of the results of economic investigations of agricultural processes and conditions in the interests of improving agriculture throughout the world.

Reasons for Request. Funds are requested to provide travel grants to selected agricultural economists to attend the 1973 Conference. It is frequently impossible for educators and research workers from countries where salaries are low to finance the trip to the Conference. The individuals who have the most to contribute to the Conference often fall into this category.

It is well known that international cooperation within the field of agricultural economics is the concern of a number of organizations other than IAAE. The latter, however, differs from these organizations in that its members meet and work as individuals. In gathering together agricultural economists who represent different sectors of the world, but who are interested in the same subjects, the IAAE has a highly important task which it is especially well suited to carry out. Because of the remarkable development which has taken place in agricultural economics and the increasing demand, especially from the developing countries, for a share in the benefits of this development, it is of great general interest to expand and intensify the efforts of IAAE. In short, therefore, it is the goal of IAAE to provide a stimulus to (1) strengthen work in agricultural economics which should and needs to be done, (2) develop leadership, particularly in the emerging nations, and (3) develop a means for promotion of educational literature in agricultural economics. Of equal importance is the need to keep agricultural economists in all parts of the world up-to-date in the latest developments and theories in their field.

Tax Exempt Status. "The Fund for the International Conference of Agricultural Economists, Inc." has been ruled to qualify as an organization described in Section 509(a) (3) of the Tax Reform Act of 1969, by the Internal Revenue Service of the United States Treasury Department. Thus it is not a "private foundation" and can receive gifts as a tax exempt organization.

Board of Directors. The Board of Directors of the Fund is composed of the following:

President: L. L. Boger, Dean, College of Agriculture and Natural Resources, Michigan State University

Vice President: S. O. Berg, Dean, Institute of Agriculture, University of Minnesota

Secretary and Executive Director: Joseph Ackerman, Ford Foundation, India

Assistant Secretary Treasurer: R. J. Hildreth, Managing Director, Farm Foundation, Chicago

G. L. Mehren, Associated Milk Producers, Inc., San Antonio, Texas

E. L. Butz, Secretary, U. S. Department of Agriculture

H. C. Trelogan, Statistical Reporting Service, U. S. Department of Agriculture

Don Paarlberg, Director, Agricultural Economics, U. S. Department of Agriculture

F. F. Hill, Scarsdale, New York

B. F. Stanton, Chairman, Department of Agricultural Economics, Cornell University

R. J. Eggert, Vice President, RCA, New York

W. I. Myers, Ithaca, New York

M. L. Upchurch, Department of Agricultural Economics, University of Florida, Gainesville

Previous and Current Support. Organizations which supported the Conference held in Minsk, USSR, 1970, included: Agricultural Development Council; American Agricultural Economics Association; Caterpillar Tractor Company; John Deere Foundation; General Foods Corporation; Calouste Gulbenkian Foundation; IBM World Trade Corporation; International Minerals & Chemical Corp.; W. K. Kellogg Foundation; Kraftco; Charles Merrill Foundation; Robert R. Nathan Associated, Inc.; National Milk Producers Federation; and the William C. Whitney Foundation.

We respectfully request your consideration of our request and will greatly appreciate any assistance you may give.

July 20, 1972

Tentative Programme for 15th International Conference of Agricultural Economists
19-30 August 1973 - Sao Paulo, Brazil

Theme

The Future of Agriculture

Day and Time			
20 Mon.	Day 1	15.15	Opening
		20.00	Reception
21 Tues.	Day 2	09.00	Plenary Paper 1. The main streams of the world economy--trends, influences, programmes.
		11.00	Plenary Paper 2. The future of agriculture--new technology, new policies?
		14.00	Symposium on agriculture in Brazil
		20.00	1) Meeting of Discussion Group leaders with Organiser 2) Meeting of I.A.A.E. Council
22 Wed.	Day 3	09.00	Discussion Groups 1st meeting
		11.00	Further discussion on subjects of Plenary Papers 1 and 2.
		14.00	Half day excursion
		20.00	Free
23 Thurs.	Day 4	09.00	Plenary Paper 3. Economic, social and political priorities in agricultural policy formulation.
		11.00	Plenary Paper 4. Alternative income and employment policies.
		14.00	Discussion Groups 2nd meeting.
		20.00	Meeting on World Agricultural Economic and Rural Sociology Abstracts
		21.00	Meeting of Country and Regional Groups
24 Fri.	Day 5	09.00	Further discussion on Plenary Papers 3 & 4 together.
		11.00	Plenary Paper 5. New analytical tools in Agricultural Economics. Two papers. (1) Agricultural production and marketing (2) Sectoral analysis and regional development
		14.00	Special Groups A-D. Foreseeing the future. A. Forecasting methods with special reference to technological developments. B. Influences on the market for farm products deriving from changes in distribution and the competition by synthetics. C. The outcome of population policies. D. Examples of specific agricultural economist/statistician co-operation in data collection.
		20.00	Free
25 Sat.	Day 6	09.00	Plenary Paper 6. Price formation for incentive and allocative purposes. Two papers. (1) Experience in centrally planned economies. (2) Experience in capitalist economies.
		11.15	Plenary Paper 7. Effects of land reform and implications for its administration.

Day and Time			
		14.00	Discussion Groups 3rd meeting
		20.00	Meeting of Council of I.A.A.E.
26 Sun.	Day 7	All day excursions	
27 Mon.	Day 8	09.00	Special Groups E-H. Preparing for the future. E. Methodology of decision making in L.D.C.'s. F. Planning agricultural research - concepts and practice. G. Planning a progressive agricultural infra structure. H. Alternative methods of programme decision making.
		10.15	Special Groups I-J. Adjusting to the future. I. Policies to promote adjustment in D.C.'s. J. Providing for effective specialisation in regional integration. K. Institutions as aids to development. L. Integrating biological and economic considerations building intensive production systems.
		11.30	Unallocated session (tentatively allotted to contributed papers)
		14.00	Discussion Groups 4th meeting
		20.00	Free
28 Tues.	Day 9	09.00	Plenary Paper 9. Is technologically advanced agriculture consistent with a stable environment?
		11.00	Special Groups M-P. Living with the future. M. New forms of agricultural enterprise. N. Farmer training and its results in L.D.C.'s. O. The social welfare implications of technological developments. P. The place of agricultural economics in training for 1984.
		14.00	Ad hoc discussions
29 Wed.	Day 10	09.00	Synoptic view.
		10.15	General meeting of I.A.A.E.
		11.00	Closing address by a distinguished speaker.
		14.00	Free
		20.00	Banquet
30 Thurs.	Day 11	Depart for tours.	

find your feet limited

An Association for the relief of communities distressed by political or economic forces beyond the control of the responsible governments. Registered under the 1960 Charities Act No. 250456

21, Wilsham Road, Abingdon, Berkshire

(Reg. Office: Carlisle House, 8 Southampton Row, WC1) Abingdon 4857

Copy to :- H.G. Casparius, Esq.

10th October, 1972.

Dear Mr. McNamara,

I would like to ask your advice on a project to combat malnutrition.

This project, on which my organisation has been working for the last five years, has the support of a number of British and international authorities, a list of which I attach.

We have sought, in vain, to get British government backing for this work, and are now appealing to trusts and foundations for help to get the project off the ground.

If it succeeds it will, we hope, introduce a new do-it-yourself approach to protein production in chronic malnutrition areas.

Knowing of your personal concern with hunger problems, I take the liberty of asking you for some suggestions as to which grant making bodies in the U.S. might be susceptible to our appeal for starter finance.

With warm admiration to your devoted work for the poverty stricken areas of the world, I remain

Yours sincerely,

C. Martin

O RSEAS DEVELOPMENT COUNC
17 Massachusetts Ave., N.W. / Washing D. C. 20036 / (202) 4-8701

October 11, 1972

The Honorable Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bob:

Early in ODC's life, we foresaw a need to begin a new discussion of development issues, with the aim of stimulating interest and debate on all the problems facing the United States in its relations with poor countries. To that end in 1970 and 1971 we held a series of seminars which brought together policy-makers and specialists for discussion of a number of specific issues.

The papers that were produced for those meetings, along with some other contributions, have now been assembled in a collection edited by Robert Hunter and John Rielly. It is entitled Development Today: A New Look at U.S. Relations With the Poor Countries, and will be published by Praeger next month.

I consider the overall quality of the collection to be high. It breaks new ground in a number of areas: new U.S. foreign policy considerations; new strategies required to promote development; the problem of violence; trade; the multinational corporation; and the continuing debate on the role of foreign aid. As such, it goes beyond previous studies and it should prove very useful as a base from which to begin the debate over new U.S. policies towards development.

We hope Development Today will have a wide use among both specialists and generalists and that it will also introduce the lay reader to the new issues in the development field.

We are trying, therefore, to promote the book as actively as possible, and quite obviously endorsements by specialists in the field would be

of great use in enhancing the book's attraction. I would very much appreciate it if you could provide us with a few lines for use in promoting the book.

If you would like, we would be happy to suggest some language. Please give me a call if you have any questions.

With best wishes,

Sincerely,

James P. Grant
President

Enclosure:
Galleys of Development Today

10/3 To Mr. Clark
Please discuss with
Hollis & Warren &
draft a reply.
RSM

THE POPULATION COUNCIL

245 PARK AVENUE
NEW YORK, N.Y. 10017

TELEPHONE (212) 687-8330
CABLE: POPCOUNCIL, NEW YORK

September 28, 1972

Mr. Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C. 20433

Dear Mr. McNamara:

I take pleasure in enclosing a report on the activities of our Information Office during the past year and also a copy of our latest edition of the Factbook on population and family planning programs which has just been published. We have had particularly complimentary remarks about our French translation program during the past several months and both it and the Spanish translation program appear to be very well received in the field. We are routinely translating each issue of Studies in Family Planning, Reports on Population/Family Planning and most Country Profiles, as well as a selection of books and monographs.

We are very grateful for your assistance to this important program. Last year you indicated that you would contribute $25,000 to the program for 1972 and I am now writing to request this sum.

We feel that this is a very important activity and are seeking funding for the years ahead. I am happy to report that the Ford Foundation has renewed its grant and we have requested additional funds from the United Nations Fund for Population Activities. USAID is underwriting most of the translation programs and also is providing one-quarter of the remaining expenses of this program. We do need additional funds and I hope very much that you will be able to help us in 1973. I should like to repeat my request that the Bank double its support from $25,000 to $50,000 a year--especially inasmuch as you have multiplied your participation in the field manyfold--but of course we shall be grateful for whatever you can contribute.

Yours sincerely,

BB

Bernard Berelson
President

Enclosures

12 May 1972

POPULATION COUNCIL - INFORMATION OFFICE

Activities from July 1971 to June 1972

The year from July 1971 to June 1972 has been a period of reorganization in the Population Council Information Office, which was constituted by combining two former offices a little over a year ago. Considerable effort has gone to new distribution practices and inspection of the rapidly growing mailing lists. The five Council periodicals continue at a somewhat higher level of acitivity than before. Programs for publication of books, French and Spanish translations, and two documentation services continue.

During the year a five-man advisory group has been formed for each of the serials published for population and family planning experts (Studies, Reports, Country Profiles, Current Publications). Each has four members from the Council staff and one outsider. Each group has met once, and the editors of the respective publications ask the advice of their groups as each publication appears.

Attachment 1 is a list of documents produced by the office during the year. (Some of its entries are tentative because as this is written they are in production and actual production dates are uncertain.) Attachment 2 shows the 1972 calendar-year budget for Information Office activities.

Reorganization — As it is presently constituted the office has 12 persons: the director, an administrative assistant, five editors, a distribution supervisor, a production assistant, a distribution clerk, and two secretaries. The administrative assistant is a substitute for one editor who left, and the position is intended to relieve the director of some administrative functions so that the director can devote more time to editorial work, press relations, and policy development. The distribution supervisor is a temporary addition to the staff assigned to construction of a book distribution list, inspection of the existing mailing lists, and establishment of distribution procedures for both regular mailings of serial publications and fulfillment of requests for already issued serials, occasional papers, and books.

Lists and Distribution — Distribution of both current and back issues of Council publications continues to rise substantially in volume. Since a similar report was written a year ago, the master list, to which are mailed Studies, Reports, Country Profiles, and Current Publications, has increased from 7,700 labels to more than 10,000, of whom approximately half are non-U.S. Additions and corrections to the list occur at a rate of about 200 per week. Similarly, distribution of back issues has grown both because the number is increasing and because the number of requests is increasing.

To improve distribution of back issues, arrangments have been made with the Council printer so that he stores all back issues and responds to requests for them as directions (including typed labels) are sent to him from the Council.

A postcard survey of the master list was instituted in December and made the responsibility of the new distribution supervisor when that person joined the office staff in January. Three postcard mailings are asking recipients to confirm their addresses or indicate required changes. Second and third mailings go only to those whose addresses have not been confirmed, and the third will announce the intention of dropping names that we have not been able to confirm. A list of names to be dropped will be inspected by hand to see whether confirmations can be secured by other means, and eventual elimination of incorrect and obsolete addresses will institute savings in printing and mailing costs.

Similar inspections of other mailing lists will be undertaken as soon as the burden of the first survey is relieved and the method has been shown to be successful or modified to eliminate shortcomings.

Studies

The Council monthly journal, Studies in Family Planning, has appeared on schedule through the year. Its 12 issues have contained 32 articles in 248 pages. One issue was devoted entirely to excerpts from the report of the Commission on Population Growth and the American Future. The other articles can be classified by subject roughly as follows: programs (14 articles), abortion, education, and attitudes (3 each), incentives, methods, and fertility (2 each), legislation and costs (1 each).

Reports

As this is written, five issues of Reports on Population/Family Planning have appeared and two are in final stages of preparations. They include issues on findings in postpartum programs, contraceptive technology, family size and child spacing, mobile units, commercial distribution of contraceptives, and the 1972 edition of the annual "Factbook."

Country Profiles

In the Country Profiles series, new issues were devoted to Trinidad and Tobago, Israel, Thailand, Nepal, and France.

A few departures from custom have occurred in this series. One is a change from maps printed in black only to maps in green and black. The result is an easier-to-read map with more recognizable features. The Thailand Profile is the second on that country and the first example of such a new edition. France is the first developed country treated in the series.

Current Publications

The Council bimonthly abstract bibliography continues on its regular schedule, and the editor continues to conduct the service whereby reprints of abstracted articles are sent to readers in developing countries who ask for them.

A few revisions in the system are intended to make the publication and its services more valuable. One is a reassignment of the Council staff who nominate articles and books for inclusion in the bibliography; the plan is to distribute the load more evenly and make sure that people are covering literature that they see anyway. Notices on the pages of the recent issues have called more emphatic attention to the documentation service carried on by the editor. During a year the editor receives about 150 requests and in reply mails about 600 documents.

Population Chronicle

During the past year the Population Chronicle has had, for the first time, an editor devoted exclusively to this publication. As a result the schedule has become more regular with four issues during the year in the months of September, January, April, and May. The intention for the future is a true quarterly schedule.

During the year the publication added book reviews, guest essays, and invited features by outside authors to its former contents. One issue (May)was devoted to the report of the Commission on Population Growth and the American Future.

Books

As attachment 1 shows, the book program continued to be an outlet for books through both commercial publication and publication by the Council, producing five books in the July-to-June year. The editor in charge of the program has also prepared a catalog intended to make people aware of the books and promote their sales. Better sales and distribution arrangements have been worked out with a book distributor in Connecticut so that the Council can ship books without undue inconvenience and people in the developed world can have access to the books through sales.

"Key People"

The Information Office has continued its documentation program whereby it sends packages of relevant documents to a list of 400 "Key People." During the past year the office has sent three packages containing 17 books and articles. Nominations for the mailings are made by those who recommend literature for abstraction in Current Publications, and the nominations are sifted by the Information Office with the advice of demographers and other specialists on the Council staff.

Translation Programs

French and Spanish translation programs continue, although the Spanish program has suffered a delay caused by political difficulties in one of the organizations that shares the responsibility with the Council: the Colombian Association of Medical Schools (ASCOFAME). As this is written, arrangements

are being made to pick up the program with another organization. Meanwhile, ASCOFAME is completing the work undertaken before disruption of the schedule, and indications are that by the end of June some more translations will be added to the three already completed and listed in attachment 1.

Under the Council's agent in Paris the French program is progressing well; all issues of Studies, Reports, and Country Profiles are routinely translated and distributed; occasional books are put into the program from time to time. Efforts just beginning will extend the mailing lists and distribution services handled by the French office.

Miscellany The Information Office also handles smaller services for the Council and participates in smaller ways in programs conducted by other parts of the Council. For example, preparations are under way for assumption of administrative responsibility for the Basic Library program under which the Council supplies small libraries to institutions of the developing world that have programs in population and family planning. Three Basic Library lists are already functioning--the Technical Assistance Division list, the Demographic Division list, and the Spanish list. Preparations are being made for the addition of a French list, which will probably be handled by the Paris office that operates the French translation program. The FIGO manual intended for teachers of obstetrics/gynecology is close to completion, under the editorship of Dr. Howard Taylor.

Basically the intention of the Information Office during the past year has been to continue those information programs that have been successful in the past. The overall program is looked to, we believe, as a major systematic source of population information throughout the world.

ATTACHMENT 1 12 May 1972

POPULATION COUNCIL - INFORMATION OFFICE

Publications Issued from July 1971 to June 1972

PERIODICALS

Studies in Family Planning: 12 issues, vol. 2, no. 7 to vol. 3, no. 6

Country Profiles: 5 issues, Trinidad and Tobago, Israel, Thailand, Nepal, France

Reports on Population/Family Planning: 7 issues

no. 8. Jacqueline E. Forrest. "Postpartum services in family planning: Findings to date."

no. 1. (1971 edition) Sheldon J. Segal, Ph.D. and Christopher Tietze, M.D. "Contraceptive technology: Current and prospective methods."

no. 9. Joe D. Wray, M.D. "Population pressure on families: Family size and child spacing."

no. 10. Gretel S. Munroe and Gavin W. Jones. "Mobile units in family planning."

no. 11. Arthur D. Little, Inc. "Commercial distribution of contraceptives in Colombia, Iran, and the Philippines."

no. 2. (1972 edition) Dorothy Nortman. "Population and family planning programs: A factbook."

no. 12. John A. Ross, Adrienne Germain, Jacqueline Forrest, and Jeroen van Ginneken. "Major findings from family planning research."

Current Publications in Population/Family Planning: 6 issues, no. 15 to 20

Population Chronicle: 4 issues, nos. 6 to 9

BOOKS

Commercial publishers

S. Fred Singer, ed. Is There an Optimum Level of Population? A Population Council Book. New York: McGraw-Hill Book Co., 1971. xiv + 426 pp. $12.50.

J. Mayone Stycos. Ideology, Faith, and Family Planning in Latin America. A Population Council Book. New York: McGraw-Hill Book Co., 1971. xiv + 413 pp. $15.00.

Population Council publishers

Lee L. Bean, Richmond K. Anderson, and Howard J. Tatum. A Study of Population and Family Planning: Manpower and Training. 1971. 136 pp. $3.95.

Taek Il Kim, John A. Ross, and George C. Worth. The Korean National Family Planning Program: Population Control and Fertility Decline. 1972. viii + 232 pp. $4.50.

Sidney H. Newman, Mildred B. Beck, and Sarah Lewit, eds. Abortion Obtained and Denied: Research Approaches. 1971. 208 pp. $4.50.

MISCELLANY

Basic Library Program: Demography and Population Studies (Demographic Division book list revised January 1972)

Basic Library Program: Family Planning and Population. (Technical Assistance Division book list revised January 1972)

TRANSLATIONS

French

Studies vol. 2, nos. 1-12; index to vol. 1, nos. 51-60

Reports 2 (1970 edition), 1 (1971 edition), 2 (1971 edition), nos. 6-10.

Country Profiles: Japan, Jamaica, Indonesia, Kenya

A catalog of French translations

Books and Pamphlets

Bernard Berelson. Programmes de Régulation des Naissances dans le Monde. / original title; Family Planning Programs: An International Study /. 303 pp.

John C. Caldwell et Chukuka Okonjo. La Population de l'Afrique Tropicale / The Population of Tropical Africa /. viii + 624 pp.

Josiah Macy, Jr. Foundation. Intégrer la Régulation des Naissances dans l'Enseignement Médical /Recommendations for Teaching Family Planning in Medicine/. 8 pp.

Miriam Manisoff. Régulation des Naissances: le Rôle de l'Infirmière /Family Planning: A Teaching Guide for Nurses/. xiv + 114 pp.

Phyllis T. Piotrow, ed. Population et Planning Familial en République Populaire de Chine /Population and Family Planning in the People's Republic of China/. Washington: Victor-Bostrom Fund Committee and the Population Crisis Committee, 1971. 46 pp.

Population Council. Enquêtes de Fécondité et de Planning Familial: Connaissances, Attitudes et Pratiques /A Manual for Surveys of Fertility and Family Planning: Knowledge, Attitudes, and Practice/. viii + 340 pp.

The Commission on Population Growth and the American Future. Rapport Intérimaire Soumis au Président et au Congrès des Etats-Unis /Population Growth and America's Future: An Interim Report Prepared by the Commission on Population Growth and the American Future/. 54 pp.

Spanish

Studies in Family Planning 2, nos. 6 and 7

Pamphlet:

The Commission on Population Growth and the American Future. Crecimiento Demográfico y el Futuro de los Estados Unidos de América: Un Informe Interino al Presidente y al Congreso /Population Growth and America's Future: An Interim Report Prepared by the Commission on Population Growth and the American Future/. 36 pp.

Attachment 2 12 May 1972

POPULATION COUNCIL - INFORMATION OFFICE

Budget for Calendar 1972

Salaries	$161,800
Book publications program	58,000
French translation program	152,000
Studies in Family Planning	75,000
Reports on Population/Family Planning	32,000
Country Profiles	18,000
Current Publications in Population/ Family Planning	6,100
Population Chronicle	10,000
Lists and distribution	39,500
Spanish translation program	75,000
Public information and miscellany	17,600
TOTAL	$645,000

FORM No. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: SEPTEMBER 13, 1972 1116

LOG NO.: 160 / 14

TO: MCNAMARA INTBAFRAD

FROM: LONDON

ROUTING	
ACTION COPY:	MR. MCNAMARA
INFORMATION COPY:	MR. Wm. CLARK
DECODED BY:	

TEXT:

CORRECTED COPY

CONFIRM INVITATION GIVEN BY ROY JENKINS TO YOU TO GUEST SPEAKER AT DINNER IN LONDON ON 25TH OCTOBER WHICH WILL BE ATTENDED BY GOVERNMENT MINISTERS AND OPPOSITION SPOKESMAN AS WELL AS LEADING INDUSTRIALISTS AND TRADE UNIONISTS AND WILL BE CLIMAXED OF THIRD WORLD CONFERENCE. CONFERENCE SPEAKERS INCLUDE JENKINS RIPPON AND MANSCHOLDT. HOPE VERY MUCH YOU CAN ACCEPT.

GEORGE FOULKES

EUROPEAN LEAGUE FOR ECONOMIC COOPERATION

16 REGENCY STREET LONDON SW 1

ee

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

DUPLICATE

FORM No. 26
(4-69)

SEP 13 REC'D

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: SEPTEMBER 13, 1972 1116

LOG NO.: 160 /13

TO: MCNAMARA INTBAFRAD

FROM: LONDON

ROUTING

ACTION COPY: ~~MR. MCNAMARA~~ Mr. Clark

INFORMATION COPY: ~~MR. W. CLARK~~

DECODED BY:

TEXT:

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9/13

GEORGE FOULKES

NOTE: ~~ORIGINATOR HAS PROVIDED PREPAID REPLY VOUCHER NO.41500 (RCA) FOR $4.89~~

SC

President has seen

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

ORIGINAL

OVERSEAS DEVELOPMENT COUNCIL
1717 Massachusetts Ave., N.W. / Washington, D. .0036 / (202) 234-8701

September 11, 1972

The Honorable Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bob:

I am writing to ask if you would be our guest speaker at the ODC's next press luncheon. The luncheon would be keyed to this month's meeting of the Bank's board and would give you the opportunity to brief the press on the points laid out in your speech.

We inaugurated this series of press lunches last year on the theory that in Washington there rarely is a neutral forum where newsmen and radio and television journalists can meet informally to discuss policy issues with specialists. Journalists feel they have little opportunity to participate in the kind of intellectual interchange which would give depth and scope to their analyses. The aim of the ODC's lunches is not so much to stimulate stories (although we certainly have no objections to that and it has been the result in the past), but rather to sensitize newsmen to the importance and complexities of particular policy issues.

In the past year we have held five of these lunches, on subjects ranging from the prospects for UNCTAD III to the complexities of linking the new issuance of the SDR's and the needs of the poor countries. The response on the part of the newsmen was quite enthusiastic, and we found no trouble in attracting a high level of participation. The regular participants include people like Ed Dale of the Times, Bart Rowen and Steve Rosenfeld of the Post, Joe Kraft, Dick Janssen of the Wall Street Journal, Rod MacLeish of Westinghouse Broadcasting Company, Henry Trewhitt of Newsweek, and a number of representatives of other local and national publications.

Your participation would be particularly useful from our standpoint because it would alert the journalists to the ramifications of the IBRD meeting. Clearly the issues being discussed at the IMF are going to take the largest number of headlines, and we need to make an effort to ensure that the needs of the poor countries are not obscured by the need for overall monetary reform. It would be very useful, therefore, if you could give your perspective of the needs of the poor countries in say fifteen or twenty minutes and then participate in what should be a freewheeling discussion of these problems. I plan to chair the meeting and members of ODC's senior staff also will be participating.

If you can fit this into your schedule, we will make every effort to ensure a high level of participation from the press. We will want to get not only the bureau chiefs but several of the national syndicated columnists as well as radio and television commentators. Of course, the session will be off-the-record, but it will serve to alert the journalist to the topics being discussed at the Bank's upcoming meeting.

The best time for the meeting would be some time next week. I would suggest that Tuesday, Wednesday or Thursday would be best, depending entirely on your schedule. We normally convene at 12:15 p.m. and break at 2:00 p.m.

Best regards,

James P. Grant
President

INSTITUTE OF DIRECTORS
10 BELGRAVE SQUARE · LONDON · SW1
01-235 3601 (BELGRAVIA 3601)
TELEGRAMS BOARDROOMS LONDON SW1

From The President: Sir Derek Pritchard

31st July, 1972

Written from 27, Baker Street,
London, W. 1.

Dear Mr. McNamara,

Although I am naturally very disappointed that you cannot be with us in November, I quite understand the reason behind your refusal and only hope that perhaps you will honour us with your presence another time. If I may I will give you more warning in the hope that you will think it worthwhile to include this in your programme.

In any event perhaps you will be visiting the United Kingdom sometime soon and, if so, I do not have to tell you how delighted my colleagues and I at the Midland Bank or at Samuel Montagu would be to have you as our lunch guest.

With regard to your kind suggestion that we might have another member of your organisation, the fact is that it was you as an individual we hoped to hear and I think we would rather wait until perhaps one day you may be able to make it. This is the penalty of being famous.

With best wishes,

Yours sincerely,

Derek Pritchard
President

Mr. Robert S. McNamara,
The International Bank for Reconstruction and Development
International Development Association
Washington DC 20433,
United States of America.

THE CLUB OF ROME

AUG 4 REC'D

1972 OCT 13 AM 11:39

Rome, July 28, 1972
DAP/amp

The Honorable
Robert S. McNamara
President
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington, D. C. 20006.

Dear Mr. McNamara:

I take the liberty of writing you after the meeting we had in New York on March 11 for the presentation and discussion of the MIT report on 'The Limits to Growth'. This letter is an aftermath thereof.

In fact, Mr. Willem Oltmans, the journalist who first brought The Club of Rome and the MIT report on TV--NOS, the Dutch National Television--is preparing a book and TV coverage on the impact that these ideas have had on world public opinion. He would like to construct his book around a number of interviews with leading personalities of science, the arts and humanities around the world. I wonder whether you could receive Mr. Oltmans, because he would very much like to include your views among those of some of the other scientific and intellectual leaders he is going to interview. Of course, your views are well-known because you have expressed them, and very forcefully, on so many occasions. But a personal contact is what could give Mr. Oltmans the right feeling of your thinking on these very important problems for our common future.

Thanking you very much and hoping to have the pleasure of seeing you in the very near future, I am, with kind personal regards,

Sincerely yours,

Aurelio Peccei

Mr. Oltman's address is:
Mr. Willem Oltmans, Amerbos 205, Amsterdam-Nieuwendam, Holland.

Secretariat:

- Rome: Via Giorgione 163, 00147 Rome - phone: (06)5107 - telex: Tecnital 61497 - cables: Romclub

Offices:

- Geneva: c/o Institut Battelle, 7 route de Drize, 1227 Carouge, Geneva - phone: (22)439831 - telex: Batel 23472 - cables: Battelle
- Tokyo: c/o Japan Techno-Economics Society, Masuda Building, 4-5 Iidabashi, 2-Chome, Chiyoda-ku, Tokyo - phone: 2635501
- The Hague: Club van Rome Nederland, Scheveningseveer 1, The Hague - phone: (70)180280

Rome, July 26, 1972
PAP/amp

The Honorable
Robert S. McNamara
President
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington, D. C. 20006.

Dear Mr. McNamara:

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Aurelio Peccei

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Mr. Willem Oltmans, Amerbos 205, Amsterdam-Nieuwendam, Holland.

Sources:
• Rome: Via Giorgione 106, 00147 Rome - phone (06)5187 - telex 612441 (007) - cables: Romeclub
Offices:
• Geneva: c/o Institut Battelle, 7 route de Drize, 1227 Carouge, Geneva - phone (022)42 81 51 - telex Batel 289 72 - cables Battelle
• Tokyo: c/o Japan Techno-Economics Society, Masuda Building, 4-5 Hakabashi 2-Chome, Chuo-ku, Tokyo - phone 2053501
• The Hague: Club van Rome Nederland, Scheveningseweg 1, The Hague - phone (070)180780

Bias cancel & circumvent above

July 21, 1972

The Honorable Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bob:

In line with the ODC's long-standing interest in American attitudes on development issues, we are planning to commission a nation-wide survey to be conducted by Peter Hart Research Associates, Inc., (of Washington) during the remainder of 1972. This survey will attempt to examine not only the knowledge level of Americans on various international development issues, but will also investigate sources of information from which Americans form attitudes on issues of rich/poor relations. The survey will also get some reading on the commitment Americans are willing to make to ameliorate development problems. These analyses and results of the survey to be available by year's end.

The ODC is conducting this survey in tandem with the United States Coalition for Development (USCD), which is commissioning the same survey among 18 to 25 year olds. The USCD was founded in January of this year by seven youth and student organizations involved in public education on issues affecting our relations with the developing countries. The activities of the USCD are designed to help carry out more effectively public education programs on development issues. The USCD decided to seek financial support for the youth attitudes survey early this year. The ODC Executive Committee decided to support a broader study encompassing the total adult population when it became apparent that most of the funding for the USCD survey had been secured, and that a total adult survey not only would provide a valuable contrast but could be undertaken at a reduced cost on a tandem basis. A serious financial shortfall, however, remains on the ODC side of the fence. We still need $13,500 in addition to the $5,000 budgetary allocation which the ODC Executive Committee authorized earlier this month out of our limited funds.

OVERSEAS DEVELOPMENT COUNCIL
717 Massachusetts Ave., N.W. / Washington, D.C. 20036 / (202) 234-8701

As you well know, most other industrialized nations have already conducted surveys of this nature. Such information gathered in the Netherlands, West Germany, the United Kingdom and Canada, has immeasurably enhanced public education programs in these countries. We do not have similar important data available here in the United States, which probably most needs such education on development issues at this time. Our survey, which is in somewhat greater depth than most of the others, will not only be useful for development education in the United States but should facilitate educational efforts designed to reach groups in several developed countries as well.

Before initiating this survey, the USCD and the ODC have convened an Advisory Group with broad representation of the Washington development community. Duke Merriam and William Clark from your staff are on this advisory group and their counsel has proven very helpful. We will continue to consult with our advisory group in the conduct of this survey on individual bases.

It would be unfortunate indeed if the ODC were unable to conduct the general populace survey as planned because of a financial shortfall. I do hope that it will be possible for the Bank to give us some financial support for this survey project, which should provide significant additional insights into industrialized world attitudes on developing nations.

I enclose as a brief description of the two surveys the summary prepared by Hart Research Associates. Obviously, additional information is available if desired by your or your staff.

With best wishes,

Sincerely,

James P. Grant
President

Enclosure:
Memorandum from Peter Hart

cc: Mr. William Clark

PETER D HART RESEARCH, INC.
213 C STREET N. E.
WASHINGTON, D. C. 20002
(202) 547-8030

June 15, 1972

MEMORANDUM

TO: Paul Laudicina

FROM: Peter Hart

In response to your inquiry concerning a study of adults that would parallel the study of youth that we will be conducting for the U.S. Coalition for Development, we would propose the following:

1) Two additional panel groups that would be composed of adults only, covering the same topics that will be discussed in the four youth panels. This is to insure that the instrument used in the adult study will cover the spectrum of adult opinion.

2) A national cross-section sample of 1200 respondents based on total adult population. This sample size should be sufficient to provide statistically reliable bases on a regional level.

3) The questionnaire to be used in the adult study would closely parallel the questionnaire for the youth in order to develop comparable data.

4) The panels, questionnaire development, interviewing and delivery of the report would follow exactly the same time sequence as the youth study.

The cost for the two additional adult panels would be $2500. The cost for a national cross-section of 1200 adults conducted simultaneously with the youth study would be an additional $16,000. If this study were conducted completely independent of the youth study, the costs would be approximately 25 percent higher.

Our terms for this study would be similar to those for the youth study: fifty percent of the costs would be due upon approval, the remainder prior to delivery of the final report. As the costs for this study are contingent upon the youth study, we would need approval as soon as possible.

We trust this memorandum covers the fundamental questions of a sample of adult opinion, but should you have any further questions, please do not hesitate to contact us.

PROPOSAL:

ATTITUDINAL SURVEY AMONG YOUNG PEOPLE ON DEVELOPMENT

Prepared by:

Peter D. Hart Research Associates
213 C Street, N.W.
Washington, D.C. 20002

The United States Coalition for Development has proposed to conduct a national survey of young Americans to determine the intensity of attitudes and opinions concerning international development. In the context of this study, the word "development" is intended to encompass a broad spectrum of programs designed to meet the needs of the world's poor. The purpose of the survey would be to understand more fully the basic awareness of the part of the nation's young people of development-related problems, the sources of communication through which these ideas flow to the youth, and the factors that can motivate more intensive participation of young people in international development.

This would be a unique survey. Past studies have delved into attitudes and opinions of youth over a wide variety of issues, but there has never been a poll probing, in-depth, the area of social concern that we define here as international development. There are clear indications that the trends among this nation's youth are in the direction of an entirely new set of values, away from the "success-equals-money" ethic toward an ethic of humanism. All measurements concerning this movement have been superficial until now; a comprehensive study on international development would help unlock some of the new attitudes in this area, and provide a clear-cut set of recommendations on what the priorities should be in the seventies.

This proposal has been prepared by Hart Research Associates for the United States Coalition for Development to outline what we believe would be the optimum survey research approach to measure the attitudes of young people, 18 to 24 years old, on those issues directly related to international development.

SURVEY DESIGN

In a study of this nature, where the informational level of the general public is acknowledged to be quite low, it is always best to allow considerable time for the development of a workable questionnaire. It would be a costly exercise to conduct a nationwide survey of youth only to confirm that very little indeed is known about international development. Thus, the design of the questionnaire must be given considerable attention. We have divided this study into three parts: A. Developmental, B. National survey, C. Opinion leaders.

A. Developmental

The best approach, in our opinion, is initially to use a method by which we can derive qualitative information about the subject of development. We should not allow our own bias or the bias of the USCD influence the types and wording of questions that are to be included in a full national cross-section study. Instead we must derive the types of questions which will be understandable to the respondent and at the same time provide meaningful data for USCD. We would therefore propose to conduct a series of four "focus groups," to understand more fully the level of awareness and the attitudes toward the specific problems covered in the project prospectus.

A "focus group" would include between eight and ten young people of different backgrounds. The discussion would be led by a trained research professional, and would last approximately two hours. All of the major development issues would be discussed to gain a general idea of attitudes concerning the different areas. The entire discussion would be recorded and transcribed.

Once we had in hand transcriptions of the different focus groups, USCD and Hart Research would be much better prepared to develop the basic survey instrument. Once this questionnaire was designed, our professional interviewers would conduct between 25 and 50 pre-test interviews. The pre-testing phase would refine the wording of the questions, help to broaden areas that are found to be too narrow, and eliminate questions that are found to be unworkable. At the completion of pre-testing we would be prepared to conduct a national survey of youth.

During the preliminary stage we would want to work very closely with members of the USCD staff. We would want to have full and detailed discussions of the issue areas to be covered before we begin the focus groups. We would also ask that staff members of the USCD participate in the pre-testing phase, that they actually find some respondents and try out the survey instrument to their satisfaction. This is not only a valuable experience, it greatly enhances the development of the questionnaire.

B. The National Survey

A survey of a national cross-section of 1200 respondents between the ages of 18 and 24 would be conducted. The final determination of how the sample will be designed will depend to some degree upon the results of the focus group sessions. Any disproportionate sampling of key subgroups (college educated, minority groups, etc.) will of course be weighted in the final data so that we will have an accurate overall picture of the attitudes and opinions of the younger generation in general.

Where possible, interviewing will be conducted on college campuses. For non-college youth, interviews will be conducted at the respondent's home. Procedures used for respondent selection will be controlled to assure that the rigid statistical principles in random sampling are closely observed. The interview would last between 40 minutes and one hour. All interviewers would be trained professionals under the direction of our national field director.

Our firm uses interviewer supervision to assure the greatest reliability of data. A portion of the work of each interviewer is verified by direct telephone call by an independent New York firm to insure accuracy.

C. Survey of Opinion Leaders

In addition to the basic cross-section, we believe it might prove most useful to add a supplemental sample of youth leaders and opinion makers. These would be primarily conducted with the college groups. They would include interviews with student body officers, leaders of radical organizations, presidents of political groups, college or university newspaper editors, young published writers and so forth. A sample of a selected group of 100 youth leaders would be interviewed. The questionnaire would be the same as that used for the national sample.

COST AND TIMING

The development of the questionnaire, including four focus groups and pre-testing of the questionnaire would take four to six weeks from the time of approval. The cost for this phase would be $5,000 due upon authorization.

A national cross-section of 1200 complete interviews, tabulation, a comprehensive report, and a personal presentation of the data will cost $20,000; half payment would be due upon authorization, with the remainder due at the time the report is delivered.

The supplemental youth opinion leaders survey would cost $5,000.

The national survey and the opinion leaders survey would take six to eight weeks from the time of questionnaire approval to delivery of the final report. The total time for the project then would be approximately 12 weeks. With approval by the end of April a report could be delivered in early August.

HART RESEARCH ASSOCIATES

Hart Research Associates is a young, social and public opinion research firm based in Washington, D.C. President, Peter D. Hart has had extensive background working for Louis Harris and Associates for six years. In addition to working on public opinion projects and election coverage for C.B.S. he directed a special pilot project for Newsweek Magazine on college students' attitudes toward education.

David Cooper, Vice President, has worked with the Field Research Corporation of San Francisco and with Louis Harris and Associates. He had primary responsibility for corporate studies conducted for: Ford Motor Company, Boeing, Pond's Blitz and other major clients. He also conducted a survey of diplomats for the Travel Programs for Foreign Diplomats, an organization working at the United Nations. Mr. Cooper spent his last two years as Director of Research for the Democratic National Committee.

Although a young firm, Hart Research Associates has done work for Senator Edmund Muskie, Governor John Gilligan, and Congressman

Michael Harrington among others. Our firm was also selected by the Washington Post to provide election day analysis in selected primary states to allow their reporters greater depth in understanding election patterns.

India ABROAD
the media for indo-u.s. news

SUITE 2044 · 60 EAST 42ND STREET · NEW YORK, N.Y. 10017
212 · 490-1770

July 19, 1972

Mr. Robert McNamara
President
World Bank
1818 H Street N. W.
Washington D. C.

7/1/75 Destroyed

Dear Mr. McNamara:

Permit me to introduce to you our paper India Abroad, sample copies of which are enclosed.

This is a fortnightly newspaper, the only one for Indian immigrants, American scholars, students and libraries involved with India. It reaches opinion-molders here and in India. It is a private newspaper which has been in existence for two years and has a national circulation. The paper serves as a forum for Indian immigrants to express their commitment to the United States of America.

On August 15 we are planning a special issue to commemorate the 25th year of Independence of India, which is being very widely celebrated in India and by people of Indian origin throughout the world.

It is for the August 15 issue, I and our Chief Editor, Anand Mohan, would like to interview you. It would, indeed, be an honour to us and gratification for our readers to know some of your comments because of your association with Indian organizations and the people and leaders of India.

Could you kindly give us a date between August 5 and 10? We would come down from New York to Washington to meet with you.

..2

India abroad
the media for indo-u.s. news
SUITE 2044 · 60 EAST 42ND STREET · NEW YORK, N.Y. 10017
212 · 490-1770

I will call you up on July 24 or July 25 to receive an answer.

Looking forward to an opportunity to meeting with you,

Sincerely yours

Mrs. Kusum Lal Mohan
Managing Editor

July 19, 1972

Dear Sir Derek:

Thank you very much for your letter of July 7, and its very flattering invitation to address the Institute of Directors this November.

I am very well aware of the extremely distinguished and influential audiences which you manage to collect for these occasions, and I am delighted that you thought of the World Bank as an institution in which they would be interested. Unfortunately I am unable to accept at this time as I am planning to be travelling overseas in some of our developing member countries at that time. I am afraid that this form of travel does take a great deal of my time.

I do not know if you would be interested in any other member of this organization addressing your members, but if you were I would be delighted to try and meet your needs.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Sir Derek Pritchard
President, Institute of Directors
10 Belgrave Square
London, S.W.1, England.

WDClark:sf

July 13, 1972

Dear Mr. Harpprecht,

Mr. McNamara has now received your letter of June 30, and has asked me to reply to it.

As I suggested to you on the phone he is very sorry that he cannot undertake an interview on his part in the Kennedy Administration. He feels that it would be quite improper for him as the Head of an International Institution to engage in this sort of reminiscence,and he has set his mind against it ever since he came to the Bank.

If as I believe you are coming to work in Washington I do hope you will give me a ring very soon and come and have lunch here at the Bank. I would like you to meet Mr. McNamara on some occasion, and I am sure you would find him willing to talk about World Bank affairs at some future date - which I can assure you he can make very interesting.

I am sorry to send you a disappointing reply, but I am afraid that is the rule which we have established.

Yours sincerely,

William Clark
Director
Information and Public Affairs

Mr. Klaus Harpprecht
West German Television 2
2914 M. Street, N.W.
Washington 7, D.C.

WDClark:sf

INSTITUTE OF DIRECTORS
10 BELGRAVE SQUARE · LONDON · SW1
01-235 3601 (BELGRAVIA 3601)
TELEGRAMS BOARDROOMS LONDON SW1

From The President: Sir Derek Pritchard

7th July 1972

Dear Mr. McNamara,

The reason I am writing to you is that I am President of the Institute of Directors, which has some 42,000 not undistinguished members throughout the world, and we hold our annual one-day Conference every November in the Royal Albert Hall here in London which is attended by over five thousand of the leading industrial figures of Europe.

We have had as our guest speakers six Prime Ministers, Prince Philip, Prince Charles and from your own country John Lindsay, Ronald Reagan and Billy Graham and many others.

It is no exaggeration to say that this is the biggest event of its kind in Europe and on behalf of my Council I am writing to ask if you would address us this year on any subject of your choice but with particular reference in general terms to banking and finance on an international scale. This year the Conference is taking place on Thursday 9th November.

I enclose a copy of the booklet which we issued last year which will give you some idea of the type of Conference it is, and I look forward to hearing from you.

7/1/75 Postponed

I do hope you can come – needless to say we'd hope you'd be our guest.

Yours sincerely,

Derek Pritchard

Mr. Robert McNamara

DIRECTOR-GENERAL SIR RICHARD POWELL, BT., M.C.

ZDF

ZWEITES DEUTSCHES FERNSEHEN

WEST GERMAN TELEVISION 2
2914 M STREET, N.W.
WASHINGTON 7, D. C.
TELEPHONE: 333-3909 /10/11

June 30, 1972

Mr. Robert S. McNamara
President of the
International Bank for Reconstruction
and Development
1818 H Street
Washington, D. C.

Dear Mr. McNamara:

This network which is a Public Institution and non-commercial, is producing two forty-five minute reviews of the Kennedy Years. This will be seen nationwide in West Germany.

The first part would concentrate on the importance of the Kennedy Administration for the social change in this country. The second part is supposed to trace the dramatic events in international politics (such as Cuba, the Berlin Crisis, the Asian development) and the first achievements of the policy of the d'entents.

It would be very convenient if you could see me for a few minutes on Wednesday or Thursday of next week so we can discuss the possibility of your participation in this project.

We would be very grateful if you would grant us a filmed interview before the first week in August. We will take the liberty of calling Mr. William Clark on Wednesday morning. I am staying at the Georgetown Manor (202-337-0900).

Yours very truly,

Klaus Harpprecht

Klaus Harpprecht

FORM No. 89
(2.66)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

ROUTING SLIP

Date
June 29, 1972

Name	Room No.
OFFICE OF THE PRESIDENT	
Mr. ~~Maddux~~ Mr. Clark	

XX	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

Remarks

William

would this kind of thing be useful in our efforts to widen support for aid in US?

Or would this group be more interested in previous incarnations?

Anders Ljungh

From

JUN 29 REC'D

THE NATIONAL ACADEMY OF TELEVISION ARTS AND SCIENCES

New York Chapter
1270 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
TELEPHONE: (212) 582-0190

Dear Mr McNamara:

Twice each month members of The Correspondents Breakfast Series meet with a noteworthy guest at The Harvard Club of New York City.

These breakfasts are designed to give News Correspondents, Reporters, Producers, and Writers the unique opportunity to meet at an informal, off-the-record session with the Newsmakers of the world.

We would consider it a singular pleasure if you would agree to be our honoured guest at one of these private breakfasts at your convenience in the near future. Participating newsmen include: Walter Cronkite, Bill Beutel, John Chancellor and eighteen other producers and writers of the major news and documentary programmes.

We look forward to your acceptance, and assure you that we will be completely at your disposal.

In the meantime, I am,

Yours faithfully,

Matthew Mattiello,
Chairman,
Correspondents Breakfast Series.

Mr Robert McNamara, President,
The World Bank,
1818 H Street, N. W.,
Washington, D.C. 20433.

Monday, June 26th, 1972.

DCC

WASHINGTON INTERNATIONAL CENTER
OF THE MERIDIAN HOUSE FOUNDATION

DOORWAY TO THE U.S.A.

ARTHUR L. RICHARDS
Executive Director

June 29, 1972

The Honorable
Robert S. McNamara
President
International Bank for Reconstruction
and Development
Washington, D.C. 20433

Sir:

The 1972 Washington Conference of the Association International des Etudiants en Sciences Economiques et Commerciales, generally and conveniently known by the acronym AIESEC, is to be held from August 2 through August 5.

It is earnestly hoped that you can meet with these foreign scholars on Friday, August 4th, at 9:00 a.m. at a place convenient to you but preferably in a conference room at IBRD.

As you undoubtedly know, AIESEC is an international organization which arranges for exchanges of carefully selected and highly qualified young graduate students in the fields of economics, trade and business administration. This year over sixty, representing perhaps twenty-five countries will take part in the Washington conference which is financed by Meridian House International and arranged by the Washington International Center. We sponsor their Washington visit because we consider it important that these exceptional young people should see and learn as much as possible about the United States during their stay in the United States. It is a long range investment in international friendship and understanding. The participants are potential leaders who can be expected to occupy prominent positions in their home countries in years ahead.

MERIDIAN HOUSE 1630 CRESCENT PLACE, N. W. WASHINGTON, D. C. 20009 (202) 332-1025

It is of special importance that these visitors should have an opportunity to hear a leader in international finance, a field which many may be expected to enter.

As of possible interest I enclose a copy of last year's program. That for this year will be similar although some of the speakers will be different. I also enclose some brochures which describe AIESEC and the Washington International Center.

We hope that you can meet with this group and I shall await your reply.

Sincerely yours,

Arthur L. Richards
Executive Director

Enc: program
brochures

Destroyed 7/1/75

Young Presidents' Organization Inc.
Headquarters: 375 Park Avenue
New York, New York 10022
212/751-2840
Cable: YPOCABADD/Telex: 422271 YPO UI

Peter M. Tobia
Director
Leadership Activities Committee

June 27, 1972

Mr. Robert McNamara
International Bank for Reconstruction and Development
1818 "H" Street
Room A 1230
Washington, DC 20433

Dear Mr. McNamara:

Thank you for taking time from your busy schedule to meet with me last week. Our conversation was constructive and gave me a better sense of possible interfaces between the World Bank and YPO. I have as yet not heard from Mr. William Gaud, but I did leave word at his office at Mr. Clark's suggestion.

I am enclosing sample resumes of YPOers submitted to the State Department for three-month assignments in Africa and Eastern Europe. This should serve as an example of the kind of volunteer talent YPOers can bring to bear on industrial problems abroad.

Once again, many thanks for your interest.

Sincerely,

Peter M. Tobia
Director
Leadership Activities Committee

PMT:tm
Enclosure

Record Removal Notice

The World Bank Group Archives & Records Management

File Title		Barcode No.
McNamara Correspondence - 1972		30247527
Document Date	**Document Type**	
undated [June 1972]	CV / Resumé	

Correspondents / Participants
n/a

Subject / Title
Curriculum Vitae - K.A. Lifson

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.

Withdrawn by	Date
Kim Brenner-Delp	October 26, 2022

June 26, 1972

Dear Mr. Passman:

Mr. McNamara has asked me to thank you for your recent letter, requesting a personal interview in connection with the study you are conducting.

While he appreciates your thinking of him, the pressures of World Bank business here, compounded by visits to our developing member countries abroad, regretfully make it necessary for him to decline.

He does hope you will understand.

Sincerely,

John L. Maddux

Mr. Norman Passman, President
Guideline Research Corporation
Gulf-Western Building
15 Columbus Circle
New York, New York 10023

JLM:dcc

FILE: PASSMAN, N.
4

June 20, 1972

Dear Maurice:

Now that the Environment Conference is over I want to send you my congratulations on the way you prepared and handled it, and my very best wishes for the future organization, which I trust you will head.

I have enjoyed our collaboration in the past, and particularly valued your conversation in Stockholm. Now I look forward to our working together again, and assure you of the full support of myself and the Bank.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Maurice Strong
Secretary General
United Nations Conference on the
Human Environment
Palais des Nations
CH-1211 Geneva 10
Switzerland

WDC:SF

July 3, 1972

Dear Matt,

Mr. McNamara asked me to respond to your letter of June 26 inviting him to meet with the TV correspondents at breakfast.

He would be delighted to do so, but thinks it best to put this off till after the election. Sometime in late November or early December might be best for him.

Could you and I have a word on the phone right after the Bank's Annual Meeting, say the first week of October?

It would be nice to hear from you again.

Yours sincerely,

William Clark
Director
Information and Public Affairs

Mr. Matthew Mattiello
Chairman, Correspondents Breakfast Series,
The National Academy of Television Arts
and Sciences
1270 Avenue of the Americas
New York, N.Y. 10020

Guideline
Research Corporation
Gulf+Western Building, 15 Columbus Circle, New York, N.Y. 10023, (212) 765-5650

June 19, 1972

The Hon. Robert S. McNamara
President
International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington, D. C.

Dear Mr. McNamara:

Precisely how are the communications media affecting, and being affected by, the vast changes occurring today in our society?

Several of the media are seeking the answer to this question and my organization has been retained for what promises to be a highly interesting as well as useful study.

A current phase of this investigation requires personal interviews with influential persons - in and out of industry - whose own experiences may help throw light on the interaction between the media and social change.

Since the success of this study depends on the cooperation of persons like yourself, I would appreciate it if you could spare an hour of your time to answer some questions.

Our interviewer will call you in about a week and she will arrange for a personal interview at your convenience.

Your individual opinions will, of course, be kept strictly confidential, and will be included with those of others in the form of a statistical analysis, so as not to divulge personal identities.

Many thanks for your cooperation.

Cordially,

Norman Passman

Norman Passman
President

NP/jl

April 11, 1972

Dear Tony:

Thank you for your letter of March 24 about the funding of the Reading University/ODI joint program on rural development.

I am sorry that we eventually had to turn down your request for funds from the Bank. There was some disagreement within the Bank as to whether this project fell within the narrow lines we are establishing for our program of research support. Eventually it was decided that it did not because it was a program already in mid-stream, and somewhat lacking in the rigorous research design which we are seeking to establish. As you will realise we are inundated with requests and need to establish at the outset very strict guidelines for grants.

However, there was some feeling that your program was of sufficient interest to the Bank for it to make an exceptional grant outside the research fund. This proposal was put to me and I reluctantly turned it down on the grounds that your program was not more closely related to our activities than many others which we could not hope to finance.

I regret the long delays in this case which were due to our reluctance to return a negative answer on a project that was on the margin of acceptability.

You know how highly we regard the O.D.I.'s work, and I am glad the Bank is continuing its support to the Institute.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. A. Tasker
Director, Overseas Development Institute
10-11 Percy Street
London WIP OJB, England.

WDClark:sf

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 7, 1972

FROM: William Clark

SUBJECT: ODI/Reading Research Scheme

I have written this rather lengthy explanation because I hope it will help to remove a sense of grievance.

I personally somewhat regret the decision of C.E.S. not to accept the original research program as I feel it is just the sort of dirty-finger research that can best help the Bank. But because of my connections with the program I did not press it at all.

WDClark:sf

JAY. MARGARET

BBC tv

BRITISH BROADCASTING CORPORATION

LIME GROVE STUDIOS LONDON W12

TELEPHONE 01-743 8000 CABLES: BROADCASTS LONDON PS4

TELEGRAMS: BROADCASTS LONDON TELEX TELEX: 22182

April 6th 1972

Dear Mr. McNamara,

Welcome to London. We are very much looking forward to seeing you on Sunday at the 'Panorama' programme. At the moment the plan is that I should pick you up at 'Claridges' at 6.15 p.m. and we will then come to the BBC studios in Shepherds Bush. The film report, by Nicholas Harman, on Jamaican development, will be shown at 7.0 p.m. and there will then be time to talk about the interview and discussion, which will be recorded at 8.15 p.m.

I'm sure that William has talked to you about the format of the programme, which consists of the film report, followed by an interview with you, followed by a short discussion with Terence Higgins (Minister of State at the Treasury) and Harold Lever (an ex-Labour Treasury minister), which we hope you will join in, and then finally the interview with the Secretary General.

The questions which Nicholas Harman will want to raise with you after the Jamaica film will include some specific references to projects discussed in the film, and will then lead to more general discussion of development policy:

(1) Has aid policy in the past emphasised prestige, capital projects too much?

(2) Can this be changed? How can a different form of assistance be organised, given the prejudices of governments, and private investors in the developed world?

(3) To what extent is aid, even through the multilateral agencies, distorted by the political interests of donor countries?

(4) How do the international currency fluctuations - for example recent devaluation of the dollar affect the stability of development? Should the third world countries be included in international organisations (like the Group of Ten) which take decisions which affect their economies so vitally?

contd...

Jamaica - relatively well-off ~ 1/3 less than $100; $100m Indians 50-
$550 pc pa vs ~ 1/3 less than $100; $100m Indians 50-
death rate 7.5/1000 vs 20+ in many
1 doc per 1000 vs 1 per 60,000 in upper Volta

failure to comprehend subhuman conditions which characterize live of hundreds of millions
grasp just how severe is maldistribution of inc between rich nations & poor nations
despite 60's inc. If world inc by almost £500 billion: 80% to rich nations with 25% of pop;
understand how modest are the sums of wealthy nations share inc: high to meet needs only 6% to those nations with inc p/c of 250 or less
targets could be met if only 1½% of inc were allocated but contained 60% of the pop.

(5) Should the developed nations be more generous to the third world? How can they be persuaded to make larger transfers? How should growth priorities be arranged in the rich and poor nations?
Problems of broadening base of partic in econ dev.; functional lit; employ; urban; pop. plng

The discussion with Mr. Higgins and Mr. Lever will take up these last points with particular reference to the UK policy and we then plan to widen the scope of the conversation again to include you. We would then expect to talk more about the administration of bilateral and multilateral assistance.

Peter and I are very pleased that you will be free after the programme. I think that the BBC are arranging a buffet between the showing of the film and the recording, so you may prefer to eat then. In any case we can go back home and have dinner, or a drink after the programme as we are only 10 minutes from the studios.

I will call you on Friday morning about 10.15, when we can make final plans, and sort out any questions you may have about the programme.

Very best wishes.

Yours sincerely,

Margaret J.

(Margaret Jay)

60-70 GNP inc 1100% < 80% D.C's with ¼ of pop
62 LDC with inc of 200 + 60% of pop

70 aid p.c. inc < DC 2400
LDC 180

Robert S. McNamara Esq.,
Claridges Hotel,
Brook Street,
W1

70-80 GNP DC 2x 100%: 1½% of inc trade. 70 ODA
70 ODA FRG .34; Japan .29; UK .38; US .30

A developing world in which
- children under 5 account for only 20% pop but 60% deaths
- ⅔ of the children who live will be restricted in growth by malnutrition which stunts bodies & minds alike
- there are 100m more illiterate adults than 20 yrs ago
- death & disease are rampant educ & culture stifled, squalor & stagnation common & opportunity & realization of personal potential drastically limited

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr.William Clark.

DATE: April 4, 1972

FROM: Arnold J. Clift. AC

SUBJECT: JAMAICA - Mr.McNamara's BBC Television Interview

1. I attach a note on the political and economic situation in Jamaica, including information about the Bank's activities in the country, as a brief for Mr.McNamara's forthcoming interview with BBC television.

2. During the course of an Area Department Bank mission to Kingston from March 27 to 31, I talked briefly with Mr.Nicholas Harman, the BBC representative who, I understand, will interview Mr.McNamara, and who happened to be in Kingston last week. Mr.Harman, who had already interviewed Mr.Coore, the new Minister of Finance and Deputy Prime Minister, and was scheduled to meet with Mr.Manley, told me that he hoped to use Jamaica in his program as an illustration of the kinds of problems which confront many developing countries. It was not his intention to question Mr.McNamara about individual Bank projects in Jamaica. Mr.Harman mentioned a number of issues he had in mind for discussion:

(i) Unemployment - How do the Bank's activities contribute to alleviating unemployment? Paragraph 14 of the attached note deals with this question. It is also dealt with more fully in paragraphs 9-18 of the Bank's last Economic Report on Jamaica, dated June 4, 1971 (copy attached). This is a problem of concern to the Bank not only in Jamaica but throughout the Caribbean area, and the forthcoming Bank economic mission to Trinidad and Tobago this month will make a special study of employment and ways in which future Bank lending might help in creating more jobs.

(ii) Income Distribution - Related to the unemployment problem is the question of income distribution. This is dealt with in paragraph 4 of the attached note. It is partly a fiscal-political problem involving redistribution of income through domestic tax and expenditure policies, but increased employment and a more diversified economy would help.

Macroeconomic policies: avoid sub. [illegible] exports vs labor: [illegible] rates avoid stimulus to imports + penalty exports overvalued [illegible] avoid stimulus to non-comp. [illegible] tariffs + quotas - high wage rates drew rural pop to cities + will [illegible] transm. Failure to adj. [illegible] sys to prod. of tech. [illegible] tariffs [illegible] deficit [illegible]

(iii) Cost of Money - Jamaica finds it costly to borrow foreign funds. It is reported that the recent borrowing from Eximbank for power (paragraph 15 (iii) of the attached note) was at an effective overall rate of interest of about 8 percent. In spite of its relatively high per capita income, should it not be possible for Jamaica to borrow from Bank/IDA at a rate intermediate between 7-1/4 percent and zero?

don't raise the question

(iv) Population Control - How does the Bank deal with the moral - political issues arising from population control projects? What would be the Bank's attitude to a request for finance for a project to provide abortion facilities?

ask Jamal + Nyerere or Tito

(v) "Economic Imperialism" - How does the Bank counter the accusation that aid, whether multilateral or bilateral, is a form of "economic imperialism" on the part of developed countries?

by avoiding policies which advantage the DC's vis the LDC's - ask Nyerere

speaking with Eric in Chile

(vi) The Pearson Commission Report - What is the World Bank doing to encourage member countries to implement the recommendations of the Pearson Commission Report?

need to keep price rise (10% pa) below real rate

(viii) Devaluation - How can developing countries like Jamaica pursue sound development policies when they are so frequently the victim of the international economic and financial system. For example, Jamaica revalued its currency along with sterling against the U.S. dollar following the international financial crisis last year. This could have unfavorable repercussions on earnings from the bauxite industry and from tourism, but was necessary in order to moderate the rate of domestic price increases.

Cleared with & cc: Messrs. Wright
Memon
Sung
Burfield
Richter
Mrs. Maraviglia

cc: Messrs. Gutierrez
Wyss (o/r)
Schloss

Attachment: Briefing Paper

BRIEFING PAPER

JAMAICA

Introduction

1. Jamaica, the third largest Caribbean Island, shares the political traditions and social and economic structure of other Caribbean Commonwealth countries: high population density (2 million), a colonial plantation heritage, and enclave bauxite mining and tourist operations. Foreign management of much of the island's natural resources and industrial capital has been basic to the island's economic development thus far. In recent years economic power has shifted from the original plantation sector, based mainly on sugar and bananas, to a new group of mainly U.S. and Canadian companies active in bauxite mining, hotels and some manufacturing. An emerging group of Jamaicans has also benefited from structural shifts in the economy and from political independence, although a large proportion of the population, living on small hill farms, have barely improved their material standard.

2. With the relative decline in the plantation sector, better education and the lure of higher industrial wages, there has been large scale migration to the urban centers, and particularly to Kingston which now accounts for nearly one-third of the island's population. The current population growth rate is about 1.4 percent per annum, and but for heavy emigration would be about 2.7 percent. Job creation has not kept pace with the growing population and the present unemployment rate is about 15 percent, although some estimates, probably exaggerated, put it nearer 20 percent.

The Economy

3. Over the past decade the Jamaican economy has experienced dramatic changes with agriculture declining and bauxite mining, alumina production, tourism and non-food manufacturing increasing rapidly. Bauxite-alumina now provides about two-thirds of exports and manufacturing 23 percent. Exports contribute about 40 percent of GDP which has expanded at a rate of about 4.5 percent annually, or 2.5 percent on a per capita basis. During the last two years capital investment has remained high in relation to GNP (about 28 percent) although there has been some slackening in the rate of growth. This is primarily attributable to the leveling off of investment in the private sector due to some decline in investment in the bauxite-alumina industry as some large projects were completed. This was in part offset by an increase in construction of tourist facilities and office and commercial accommodation.

4. The concentration of production in sectors such as bauxite-alumina and tourism has tended to skew income distribution. In 1968, perhaps three-quarters of the Jamaican population earned less than the country's average income; a day's wages in the sugar industry can be earned in less than an hour with a bauxite or aluminum company. The Jamaican tax system has been made progressive to a point where there could be adverse affects on incentive, efficiency etc. if further pursued. However, expenditure policies might offer some scope for action, for example, improved education and health services, low cost housing. The problem can also be mitigated by increased employment, and to the extent possible, increased diversification, but it is not susceptible to easy solution.

5. The rapid rate of growth in mining production slowed down during 1971 due to the weakening in world demand for alumina. On the other hand during the last two years agricultural production seems to have recovered from the previous three years of drought. There has been some recent increase in sugar production partially offset by a decline in banana exports. The prospects for sugar look brighter now than for some time past, since world prices have been moving upwards and a favorable settlement was reached in December 1971 under the Commonwealth Sugar Agreement. Jamaica's tourist industry has fared rather better than most other Caribbean countries during the last two years with the total number of visitors in 1971 up 16 percent over the previous year. However, partly due to the rapid increase in hotel construction, room occupancy is only about 65 percent.

6. Overall the balance of payments has remained strong. Last year there was an improvement in the current account balance due to a contraction in the visible trade deficit and increased tourist receipts. This has been accompanied by a continued strong capital inflow.

7. In recent years Jamaica, like many other countries, has experienced a rapid increase in prices which rose by over 9 percent in 1969 and 11 percent in the year ended June 1970, compared with increases in the region of 4 to 5 percent a year during 1966-68. The rate of price increase slackened during the latter part of 1970 and early 1971, although it has speeded up again in recent months. These inflationary pressures are due to very high wage increases in the unionized sectors, to liberal credit expansion and to protection afforded to domestic industry.

8. The need to check the domestic price rise was one of the main reasons which led the Government last December to maintain the parity of the Jamaican dollar (J$) unchanged against the pound sterling, thereby revaluing the J$ by 8.6 percent in relation to the US$. However, there will be consequential declines in the J$ value of receipts from bauxite and alumina exports (since prices are quoted in U.S. dollars), and from tourism. Overall the revaluation will probably amount to about 5 percent in relation to Jamaica's main trading partners.

Political Background

9. Jamaica has a two-party system. For ten years, since just before independence in 1962 until February this year, the Government was in the hands of the Jamaica Labour Party (JLP) first led by Mr. Bustamante and then by Mr. Shearer. The JLP was heavily defeated by the Peoples National Party (PNP) led by Mr. Michael Manley, son of Mr. Norman Manley, at the General Elections on February 29, this year. Observers attribute this defeat to the rift in the leadership of the JLP (primarily between Messrs. Seaga, Hill and Lightbourne) and to the well-organized PNP campaign in the rural districts, traditionally JLP strongholds; other contributing factors were the rising cost of living, allegations of corruption and "job victimization" on political grounds by the JLP and high unemployment. More generally, there was a feeling that after 10 years of JLP rule the time had come for a change - for a "swing of the pendulum".

10. There are no major ideological differences between the two parties each of which draws its support from one or other of the two major unions. Both parties also support a major role for private enterprise coupled with gradual Jamaicanization through equity participation. Politically, the PNP stands slightly to the left of the JLP, but neither party can be considered in any sense radical. The new Prime Minister, characterized as a moderate Fabian Socialist, has said that he will give priority to healing social divisions in Jamaica, to enhancing public integrity and to creating greater opportunities for all classes of Jamaicans to participate in government. "Participation" is likely to be the keynote of the new Government. So far the Government has not spelled out precisely how it proposes to achieve this policy, although it is already taking some steps in this direction with the creation of a number of sector and regional economic planning councils on which representatives of the private sector will sit.

11. The Government is still trying to find its feet after 10 years in Opposition and it will be a few weeks yet before themain lines of its policies become clear. However, the PNP Election Manifesto provides some clues to the new Government's thinking. It is cautiously worded on the matter of the bauxite industry announcing that the PNP will establish a National Bauxite Commission "to assess bauxite resources and set guidelines for planned exploitation", to undertake research, to secure training of Jamaicans to run the industry, and to "plan for and implement, in partnership with the existing bauxite companies, the smelting of alumina and the development of fabricating plants to produce aluminum products". Provided the bauxite companies cooperate with the Government in its future efforts to establish a greater degree of alumina processing in Jamaica and to secure some Jamaicanization of local management, it is unlikely that the PNP would wish to follow the example of Guyana in nationalizing this industry. Other important points in the election manifesto include:

(a) Agriculture: the introduction of a system of guaranteed prices for a wide range of agricultural products, coupled with subsidies to moderate the price to the consumer; also a "crash program" of rural farmroads, water supplies and electricity to rural areas.

(b) Tourism: the development of the Negril Area; the expansion of the international airports.

(c) Public Utilities: removal of public utilities - electricity, telephone and public transportation - from politics and strengthening of the financial and legal powers of the Public Utilities Commission.

(d) Education: a school leaving age of 17; emphasis on primary education; establishment of polytechnics.

(e) Youth: a National Youth Service for persons aged between 16 and 19 for non-military training.

(f) Taxation: tax relief on income used for special classes of investment; a special "incentive allowance" for employees whose skills are in short supply, for example, teachers, nurses, police; introduction of an indirect tax system to encourage imports of raw materials but discourage import of finished products.

External Assistance

12. The principal sources of external assistance are the IBRD, IDA, USAID (and Eximbank) and CIDA. However, Jamaica has been successful in domestic resource generation which supplied approximately 85 percent of public investment in 1970-71. Jamaica is a member of the Caribbean Development Bank (CDB), although the contribution from CDB is likely to remain very small for some time, given the requirement in its Articles that it should give preference to the poorer islands of the Commonwealth Caribbean. IDB's lending, on the other hand, is likely to increase, concentrated mainly on agriculture, industry, marketing, water supply and rural roads. AID has recently resumed lending to Jamaica ($10 million for tertiary roads, $10 million for the development of a secondary mortgage market). CIDA also has an active program.

Bank Lending Program

13. Given that Jamaica, with a per capita GNP of $559 in 1970, is a relatively prosperous country when compared with many other Bank borrowers, and enjoys a variety of sources of external aid, the Bank's lending program has tended to emphasize the institutional value of its assistance. This is especially importance since the civil service remains weak as do other institutions such as the Jamaica Development Bank (JDB), the Water Commission and Jamaica Public Service Company (JPSC).

14. A second major objective of the Bank's program is to provide help to the Government in dealing with the serious unemployment problem. The Government decided in the early 1960's that in the long-run a reduction in the population growth rate was required, and the Bank's population loan ($2.0 million in FY1971) will aid this effort. Also the Bank is playing a principal role in strengthening the education sector with increased emphasis on technical training to supply the market both with specific skills and a quickly trainable work force. In part, these efforts will compensate for the sizeable drain of qualified personnel abroad. An agricultural loan to the Jamaica Development Bank ($3.7 million in FY1971) is designed to support the Government's policy to promote "viable farms" and thereby check the drift of the rural population to the towns. The Bank is also considering the possibility of a loan to the JDB for credits for industry and tourist development, an area which the Government is itself actively promoting.

Bank Prog
1. Pop
2. Educ tech tng
3. Agri
6. Tourist Ind
6. Pol advice avoid wage rise & effective protect.
Roads: Kingston 1/3 fed
Sch/Sew prog

15. The Bank's lending program for the period FY1965-71 (see Country Program Note attached) amounted to $59.9 million. The ongoing projects comprise the following:

(i) Roads - A Bank loan of $5.5 million was made in FY1965 for the construction of several stretches of road. Due to sharp cost increases and initial delays in execution, the scope of the project was reduced. The last part of the project, reconstruction of the Kingston-Spanish Town road, should be completed by September this year.

(ii) Power - The Bank experienced difficulties with the previous Government over the Jamaica Public Service Company (JPSC), a large borrower from the Bank ($20.7 million in FY1967), and in which the Government now has a controlling interest. For short-term political reasons the previous Government was not prepared to agree to a much needed increase in power rates to re-establish JPSC's financial viability. Therefore, the JPSC has turned to other sources of financing for debt service and part of its investment program. It negotiated a $7 million Eurodollar loan last year and it was announced on March 26 that the U.S. Eximbank had authorized a loan of US$11.8 million, and that it would guarantee additional loans from the U.S. and Eurodollar sources amounting to about US$14.5 million. However, shortly after the new Government came to power, the JPSC applied to the Public Utilities Commission for increases in rates between 30 and 40 percent. Our impression is that the Commission, recently reconstructed by the new Government, will consider the case favorably. This should clear the way for a future Bank loan in this sector.

(iii) Education - The Bank has made two loans ($9.5 million in FY1972 and $13.5 million in FY1971) for the construction and equipment of new junior secondary schools, senior comprehensive schools and for the expansion of post-secondary institutions. There

was an article in the Washington Post of March 6 which said that "The Education Ministry spent more than $5 million of a World Bank loan for new high schools and left most of them half-built". Although construction of 8 of the schools was suspended for a short period in 1970 to examine cost increases, 40 of the 50 junior secondary schools under the first loan have been completed and handed over and are in use, while the remainder are scheduled to be completed by September 1972. The new Government has stressed publicly the importance it attaches to developing primary education, and we understand that after it has completed its review of public sector projects it may wish to modify or reduce the scope of the second Bank loan which, like the first project, is oriented towards secondary education.

(iv) Population - Initially, due mainly to political difficulties the Bank project ($2.0 million in FY1970) started more slowly than we had hoped but it is now progressing more satisfactorily. However, steps are being taken to improve professional coordination and management, particularly in the execution of the physical aspects of the program. Also in the last few months considerable progress has been made in personnel training and in establishing information systems. The Bank's loan agreement provided for a team of independent experts to review the family planning program at stated intervals, and the first review will take place in June this year. At that time it will be possible to assess how much impact the project has had to date in this area. We understand, however, that public debate is increasingly focusing attention on the question of abortion. Apparently there is considerable religious opposition to relaxing the present law against abortion, but we have been told that the Government still has an open mind on this issue.

(v) Kingston Water Supply - This project ($5.0 million in FY1969) is progressing satisfactorily and should be completed by the end of this year.

(vi) Agricultural Credit - The Bank started in FY1971 to operate through the Jamaica Development Bank with a loan of $3.7 million to develop farms producing a range of agricultural products.

16. There is no Bank lending scheduled for FY1972, but the future lending program includes further possible projects in education, roads, urban development, sewerage, water, power and credits through the JDB for industry and tourism and agriculture. The previous Jamaican Government expressed strong interest in obtaining Bank financing for airport development and there is an airport project in our FY1975 lending program.

Attachments: Economic Report
Country Program Note

Central America and Caribbean Department
April 4, 1972

31/31 To Mr. Clark

MAR 28 REC'D

Overseas Development Institute Ltd
10-11 Percy Street London W1P OJB
Telephone: 01-637 3622
Cables: Picodi, London W1

24th March, 1972

William, I don't know enough about this to have any thought as to the form of a reply. Please prepare a draft. [illegible]

Dear Bob,

You will remember our conversation about agricultural research at the Tidewater meeting in April last year; and I subsequently wrote to you on 20 October about our application for support by the Bank for the Reading University/ODI joint programme, directed by Guy Hunter.

After our Tidewater meeting Hunter went, as you suggested, to see Hollis Chenery and Jim Evans in May 1971. With Jim Evans a provisional agreement was reached that it would be useful to have a research officer in Evans' division to study the effectiveness of various Bank Mission choices of agency for implementing agricultural development schemes, chiefly in credit, irrigation, and in establishing agricultural development corporations. That Evans still wanted to go ahead with this was confirmed by him in London last October, and again to Hunter and myself in Washington in December. But nothing has come through.

On the issue of general support for the programme, Hollis Chenery saw Hunter briefly in May and passed him on to Reutlinger, to whom a full explanation of the project was given.

We heard nothing more for a long time, despite enquiries and an offer to provide any further information needed. Finally, Hunter and I visited Washington in December, when we had a day long meeting with Reutlinger and other members of the Bank staff. We were then informed that the Research Committee did not like the form of our proposal, although there was no dissent at the meeting from Reutlinger's comment that it was a key area of practical research. We were told that our application would be re-submitted to the Research Committee, and Hunter agreed to provide further information on the structure of the studies being undertaken by the research groups overseas.

In mid-January I heard from Reutlinger that he was "particularly exploring whether the Bank can find a way of supporting the

/very interesting...

very interesting Reading/ODI programme in some other way, if not from the Research Budget." Now I have Lind's letter of 15 March saying that the Bank is unable to support the programme. No reason is given, other than that the project "does not quite fit into the sharply delineated research program of our Economics Staff, and support funds from this department are quite limited."

During its first two years the programme has been financed by grants totalling £31,500 from the Freedom From Hunger Campaign and the Ford Foundation, with additional small grants from Shell and Barclays Bank. The British Government (through the Overseas Development Administration) has provided a research officer for the programme in Kenya, under technical assistance arrangements, and has agreed to provide another for the extension of the programme to Nigeria. More important still, ODA is sufficiently convinced of the value of the programme to have offered us a grant of £51,000 over three years starting next month, provided that we raise the balance of £22,500 from other sources. This is the relatively modest sum for which we sought Bank support at our meeting last December, and without which we risk the loss of the much larger ODA grant.

At the meeting in December we were told that our proposal was not in line with the criteria established by the Research Committee; but we have never been told what these are, nor have we been given an opportunity to provide evidence to meet them. The sole indication we have had was that the Research Committee was doubtful about the supervision of the research, which is carried out overseas, Whether this is a reflection on Hunter, or on the Steering Committee (on the calibre of which Waterston commented very favourably), or on the staff conducting the research overseas, we do not know. In fact, we had felt that in using institutions in the developing countries, with guidance from a central unit here, we were moving in a desirable direction. (You will remember John Hannah's comment, at Tidewater last year, that AID's emphasis in future would be on support for research <u>in</u> LDCs, <u>by</u> LDC institutions.) As an illustration of how this is working in practice, you may be interested in the sidelined portions of the enclosed report by Hunter on his recent visit to India and Kenya.

I am of course very disappointed at the outcome of our efforts to enlist the Bank's support for a programme which I

/understood.....

understood you to think was on sound and sensible lines. And given the importance of the subject, the time spent on negotiations, the modest amount involved, and the absence of clear reasons why the project is unacceptable, I do feel this is an unhappy history. I would therefore be very grateful if we could at least know the reasons for our rejection - if only to avoid making such a false start in future.

Yours sincerely,

Tony

(Antony Tasker)

Mr. Robert S. McNamara,
President,
IBRD,
1818 H Street, N.W.,
Washington, D.C. 20433,
U.S.A.

Enc.

AB

READING/ODI PROGRAMME

TOUR TO INDIA AND EAST AFRICA.

1. I left London on January 23rd. and spent January 25th./27th. and February 3rd./5th. in Hyderabad, 28th. January/3rd. February in Delhi. I spent February 7th./15th. in Kenya, returning to London on February 16th.

I. INDIA.

2. In Hyderabad (National Institute of Community Development) two full days of continuous discussion with the Dean (Coordinator) and the Senior Research Officer (Dr. Sheshadri), who is actually in charge of the N.I.C.D. research with Dr. Jain and Dr. Khan; Professor Sarveswara Rao and Dr. T.V.S. Rao were present from Waltair, and Dr. M.D. Desai and Dr. Seetharaman from Vallabh Vidyanagar. No representative from Ludhiana was available.

3. N.I.C.D. Work. In terms of work done on the existing literature and general outline of new work, the N.I.C.D. contribution should be most valuable. There was some difficulty in designing field work to give watertight results on a subject (the relation between Administration and Panchayats) which must necessarily be descriptive in the main. There was also some difficulty in finding an objective standpoint in assessing what may seem to be a 'trade-off' between political education, implying greater responsibility to Panchayats, and 'efficiency', which might imply a clearer field for administrative control of development planning and implementation. This subject was again exhaustively discussed on my second visit, and I provided two quite detailed new Papers for discussion. The field work for the N.I.C.D. group will now take place in four contrasting areas - Gujarat; Madhya Pradesh; Andhra Pradesh, and Tamil Nadu. There are strong contrasts between the relative weight of responsibility given to District or Block Panchayats, and in the powers of the Administration, between these States.

4. Vallabh Vidyanagar. Some detailed work on Primary Cooperatives as credit agencies, based on comparison between Districts, in Gujarat and Maharashtra, had already been done. It was decided:-

(a) To confine further work to Gujarat, partly because of language difficulties;

(b) to repeat the study at Block level, since differences within Districts blur the distinctions between success and failure;

(c) to take more account of alternative sources of credit;

(d) to preface the Study with an introduction to the credit situation.

This work will certainly be most useful.

5. Waltair. A different, but very valuable, approach has been made by this Centre, which is studying 'management systems' (Organisation of inputs, marketing, etc.) by alternative methods and in contrasting areas. Five senior members of the Agro-Economic Centre and of the University have contributed preliminary Papers, including a Study of initial development methods (Cooperation and other) in tribal forest areas, and a Study of the economics of Cooperation. These articles will be used as raw material for the final Study, which will concentrate on four Blocks in East Godavari District (Andhra Pradesh), one tribal, one dry-land farming, and two irrigated. A detailed survey of these Blocks is already available.

The Study will, amongst other things, contrast Cooperative and Company management of Tobacco growers, and this work will be supplemented by a parallel Study of rubber growers in Kerala by Dr. Khan of N.I.C.D. It was necessary to use 3 more field investigators, and authority to spend an additional £500 has been given.

Professor Sarveswara Rao is devoting great experience and thought to this Programme, and it should be one of high value. It will also compare most interestingly with work on the Kenya Tea Development Authority which is going on outside the Reading/ODI Programme.

6. Ludhiana. There was some more serious difficulty about this work, since the Papers received, apart from a good introduction by Dean Kahlon, were not altogether acceptable. This was discussed at a meeting of the Management Committee in Delhi and with Dean Kahlon. The prime difficulty is to secure a balance between the strongly held views of the University about Extension work and the views of the State and Union Ministries of Agriculture. In fact, I believe that this can be handled, not by contrasting different agencies (University or Government) but by looking at changes in structure and deployment and training of staff to adjust to a more advanced technology in the Punjab and more sophisticated farmers. I prepared a fresh Paper on this subject, and I believe that Dr. Kahlon is now in agreement with this modified approach.

7. Delhi. Mr. J.C. Mathur has moved to the Ministry of Home Affairs, and was replaced by Mr. I.C. Naidu as Chairman of the Management Committee, within the Ministry of Agriculture. I had a long talk with him, and I am sure that he is fully understanding and sympathetic.

The meeting of the Committee was to the point, and most useful. Mr. J. S. Sarma, Member/Secretary of the National Commission on Agriculture, drew attention to their Interim Reports, covering highly relevant ground, and there was some useful discussion of methodology.

8. Coordination. Dean Haldipur (N.I.C.D., Hyderabad), who has acted so energetically and helpfully as Coordinator, is being transferred. This is a great loss, although I am sure that an excellent replacement will be found. I am awaiting any suggestion about how his work can be carried on after March.

9. Future Arrangements. It was agreed in Hyderabad:-

(a) That 'final' drafts of all four Reports should be available in Hyderabad by the second week of September, for editing, approval and the writing of an overall introduction. I shall have to be there for this, for about a week or ten days;

(b) that the whole will then be circulated to a number of key people in Government (Ministry of Agriculture) and certain other organisations (Reserve Bank, Cooperation, etc.) and a small number of eminent social scientists, for comment;

(c) that a Working Seminar will be held in Hyderabad approximately December 1st. - 5th. for critical assessment of the whole work.

(d) finally, the results will be published, with account taken of criticisms and suggestions made in this Seminar.

It is hoped, through a grant from the Commonwealth Foundation, to ensure attendance of members from Kenya and Nigeria (Reading/ODI) for this meeting. Finance for the local expenses is already budgeted in our financial forecast.

II. KENYA

10. I spent a most useful week with Mr. Trapman, who looked after me most kindly in every way. I saw Mr. Charles Mbindeo and Mr. James Leach in the Ministry of Finance and Planning, Mr. J. Kibe (P.S., Agriculture) and Dr. Ware (Head of Agricultural Planning Division), Dr. Belshaw, Dr. Chambers and Dr. Nellis in the Institute of Development Studies, Mr. Anderson and Dr. Gerhardt (Ford Foundation) and some others in Nairobi. I also accepted a kind offer from Mr. Doggett (A.I.D.) to accompany him and Mr. Trapman to Vihiga Division (Kakamega District) and to Kapenguria Division, two 'Special Rural Development Programme' areas (S.R.D.P.), spending one night at Kisumu and one at Kitale.

11. Mr. Trapman has, rightly, plunged deep into administrative work in the Ministry, and is at present looking after S.R.D.P. work there, and deeply concerned with the formation of a Committee on Agricultural Inputs, following the stimulating Report of the Havelock Committee on this subject. He has had an excellent opportunity to assess many administrative problems in the Ministry of Agriculture, as well as being very useful.

12. Almost inevitably, study of administrative and institutional problems in Kenya tends to focus on the S.R.D.P., since this is a deliberately experimental programme, in six contrasting areas, and is partly designed to test the efficacy of agricultural administration for development.

13. There is obviously some difficulty in deciding just how much executive work Mr. Trapman should continue to do, and how much time should be devoted to 'research'. In my own view, the most thorough understanding of how the administration works, at Centre, Province, District and Division, and what difficulties beset it, is the essential stage of accumulating primary data. This, combined with existing secondary sources (special monographs from the University and I.D.S., and comparable work from Makerere and Dar-es-Salaam) make up the raw material for eventual analysis. However, it is necessary to narrow the range of investigation, to avoid excessive involvement in purely routine administration and processing of paper, and to set aside time for intensive work on the accumulated data, if a study valuable to the Kenya Government and to the Reading/ODI Programme is to be completed in 15 months' time.

14. After careful discussion, including a talk with Dr. Ware, who is head of Mr. Trapman's Division in the Ministry, I drafted two Papers, the first putting some historical perspective of agricultural development in Kenya, and the second directly concerned with a programme of work.

15. Very briefly, the second Paper suggested:-

(1) That work should focus on 3 main issues:-

(a) the point of contact between the lowest level of agricultural and administrative staff (Division, Location) and the farming community itself, with some emphasis both on the need for farmer groupings, or organisation, through which advice, inputs, credit, etc. could be diffused, and on the possible focussing of service to farmers at small, local 'Farmers' Service Centres';

(b) methods of decentralisation of administrative and financial control in preparation for 'District Planning', which the Kenya Government may shortly introduce. (There is evidence of excessive upward reference from the field to Nairobi; with four tiers of administration (Division, District, Province, Centre), a reference may take 4 to 6 weeks going up and possibly as long coming down, causing grave delays in implementation.);

(c) the degree of commercialisation of the rural community, in contrasting areas, and its implications for administration and institutions.

This last issue is intimately connected with the other two, since almost all farmers are, in lesser or greater degree, in contact with a commercial system (merchants, stockists, or semi-public sector Boards - for credit and/or marketing). The degree to which the commercial system, both private and public, and eventually including greater activity by commercial Banks, can relieve officials from the burden of organising inputs, credit, equipment and marketing is a crucial index for administrative policy.

(2) The second suggestion is that Mr. Trapman, when relieved of the routine of S.R.D.P. administration in Nairobi, should spend more time in the field, studying the actual operation of schemes, mainly, though not exclusively, in S.R.D.P. areas, being also extremely useful as a liaison officer. He would also continue some work on the Inputs Committee, but an African officer would take over responsibility as Secretary to the Committee.

(3) The third suggestion is that for at least the last three months of his assignment in Kenya, he should be withdrawn altogether from administrative work in order to prepare a thorough Report on the main topics studied.

16. I think these suggestions are acceptable in principle, and that work by Mr. Trapman will be increasingly focussed.

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17. Copies of the Papers for Ludhiana and N.I.C.D. in India and for the work in Kenya will be available for the Steering Committee if requested.

GUY HUNTER

February 23rd. 1972.

March 21, 1972

The Honorable Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bob:

I have just returned from a week's absence to find the World Bank check for $25,000 as a contribution to the Overseas Development Council. Needless to say, this continued support is deeply appreciated.

I might add that we at the ODC are grateful also for the excellent working relationship established with the staff of the Bank. They have been most helpful and we look forward to continued mutual cooperation.

The forward momentum on SDRs appears to be continuing. We had an excellent press lunch-seminar on the subject last week; the day before Senator Javits and Congressman Reuss introduced their concurrent resolution to distribute more SDRs to developing countries. So far, as the enclosed sample of clippings indicates, the exposure has been favorable.

Again, many thanks.

Sincerely,

James P. Grant
President

Enclosures:
Press clippings on SDRs

President has seen

OVERSEAS DEVELOPMENT COUNCIL
1717 Massachusetts Ave., N.W. / Washington, D.C. 20036 / (202) 232-7701

THE CHRISTIAN SCIENCE MONITOR, Monday, March 20, 1972

Reuss, Javits on money

Scrutiny turns toward SDRs

By David R. Francis

Business and financial correspondent of The Christian Science Monitor

Washington

In international monetary affairs, Rep. Henry S. Reuss (D) of Wisconsin and Sen. Jacob K. Javits (R) of New York have often been a step ahead of the government.

Last summer the two were responsible for a report by the subcommittee on international exchange and payments of the Joint Economic Committee of Congress that broke the last resistance to devaluation of the dollar against other currencies.

Released Aug. 7, the report recommended that "the exchange rates of industrial na- s should be realigned to eliminate the existing structural payments deficit of the United States."

A rush of currency speculation followed, forcing the Nixon administration to act eight days later.

On Sept. 30, 1971, the two introduced a concurrent resolution urging that the U.S. negotiate a devaluation of the dollar against gold — well before the administration at least publicly accepted this position.

Going further into history, Mr. Reuss was advocate of a two-tier gold system before the Johnson administration negotiated such a deal in March, 1968.

Recommendation recalled

The subcommittee he chairs urged in a 1968 report that currencies be allowed to trade within a wider margin around par value on foreign-exchange markets. That sion was made by the Group of Ten industrialized nations at their Smithsonian Institution meeting last December.

So it may well be significant that last Friday the two ranking members of the subcommittee again introduced a joint concurrent resolution to alter the formula for distributing special drawing rights (SDRs) so that poor countries get a larger allocation.

This idea has been kicking around for years. The less-developed countries advocated such a plan at the time of the formation of the "paper gold" reserve asset in 1967. The rich, industrialized nations killed any such link between reserve creation and development aid.

With the international monetary system now up for a major overhaul, the linkage plan is once more being pushed by foreign-aid enthusiasts, such as those at the Overseas Development Council here.

In effect, a linkage scheme would fracally redistribute worldwide income. Its eptance would be quite revolutionary.

Most national governments have devised various techniques for taking money from the well-to-do citizens and giving it to their less affluent people. Foreign aid has had such a goal on the international side. But a linkage plan would do it more automatically, without so much of the "give-me-a-handout" aura to it.

Thus the underdeveloped countries will be pressing hard for such a linkage at the third session of the United Nations Conference on Trade and Development in Santiago, Chile, next month.

Tariff issue likely

From the standpoint of the rich northern countries, these conferences are usually highly embarrassing. They are dominated by the poorer countries. These developing nations do not hesitate to charge that the industrialized nations at times stack the cards against their economic development by discriminating trade or monetary measures. They point to the difference between the diplomatic rhetoric of the rich countries and their actual pocketbook performance.

They will undoubtedly point to the failure of the United States to live up to its promise to grant preferential tariffs to the manufactures of the developing countries.

A protectionist-minded Congress foredooms any administration attempt to obtain legislative authoritiy for such tariff reductions.

It might be noted that in this country, the relatively powerless UNCTAD makes little news. In poor nations, where the majority of the world's people live, its decisions are front-page material and help shape world opinion.

Also, the delegates to the Santiago conference will often note that industrial countries now receive 73 percent of newly created SDRs and poor nations only 27 percent.

SDRs are a form of international money. Their owners can indirectly use them to buy machines, fertilizers, technical help, and other resources from other nations.

Messrs. Reuss and Javits argue that the disparity in the distribution of SDRs tends to exacerbate, rather than diminish, the income gap between industrial and developing nations.

The industrialized nations have had several objections to linking SDRs to development aid.

Probably the most basic one is that those countries first receiving a new allocation of SDRs are, in a sense, getting free money. It's tough to turn away free money. If a country's balance-of-payments position gets weak, it can use SDRs to pay its bills.

Potential suggested

A second argument contends that the formation of "liquidity" — reserve assets — should not be mixed up with aid. It is too messy. Indeed, such a linkage might have stymied the creation of the SDR system in 1967.

The related current objection is that any linkage plan would "overload the circuits" for the forthcoming talks to redraft the international monetary system. These negotiations are crucial to the maintenance of international economic peace.

Nevertheless, Edward R. Fried, an economist at the Brookings Institution, hopes that late in the negotiations, say two years from now, some linkage scheme might be wrapped into a monetary-reform package. This tie-in with the essential reform plan might give the less popular linkage idea some hope of surviving the scrutiny of legislatures in the industrialized nations.

Anyway, a high United Nations official recently touring Europe found some signs that resistance to any linkage is weakening a little.

Experts recognize, however, that a linkage plan will get nowhere without backing from the United States. Views within the administration are quite divided on the question.

Appealing to popular mercantilist views within Congress — the opinion that exports are better than imports, Messrs. Reuss and Javits make much about the job-creating exports that an SDR-aid linkage would encourage. Poor countries would use their enlarged supply of SDRs to buy U.S. goods, they presume.

In fact, the two men are sufficiently humanitarian and far-sighted to be just as concerned about the great-wealth gap between nations primarily of the north and south — a gap that could someday endanger world peace.

statements I have heard were confirmed. These young people truly are doing an outstanding job. They and their patrons, many of whom are forming carpools and taking turns delivering the neighborhood's recoverable resources, deserve our praise and support.

In closing, Mr. Speaker, I would like to list the names of the businesses and agencies which have contributed to the center's efforts:

Backyard Farmers & Ecology Garden Club.
Becker Electric.
Behm Glass.
Bonbright Distributors.
Borchers Ford.
Clark Oil Company.
Cotter Sign Company.
Dayton's Bureau of Parks & Division of Waste Collection.
Dayton Outdoor Advertising.
Delco Moraine.
Diem & Wing Paper Company.
Flori Mill Supply Company.
Franklin Iron and Metal.
Fryman Display Company.
Garden Club Federation of Dayton and Vicinity.
GEL Electric.
Industrial Waste Disposal.
Loose Nursery.
Marathon Oil Company.
Martin Electric Company.
Midwest Beer Distribuors.
Montgomery County Beer Distributors.
Multimedia, Inc.
Parking Management, Inc.
Pepsi-Cola Bottling Company.
Photo-Span, Inc.
Quality Beer Distributors.
Siebenthaler Nursery.
Siegler Bottling Company.

NASHVILLE BANNER PRAISES HOUSE ACTION ON BUSING

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 15, 1972

Mr. EVINS of Tennessee. Mr. Speaker, the Nashville Banner in a recent editorial commented favorably on the recent action of the House in standing fast on strong antibusing amendments to prohibit busing to achieve racial balance in the schools.

Because of the interest of my colleagues and the American people in this matter, I place the editorial in the RECORD herewith.

The editorial follows;

[From the Nashville Banner, Mar. 9, 1972]

ON BUSING ISSUE, HOUSE SAYS NO!

The U.S. House of Representatives demonstrated yesterday why it is called the legislative instrument closest to the people. By a 272–139 vote—virtually two to one—it instructed members on that House-Senate conference committee to stand fast behind the strongest anti-busing amendments yet introduced in Congress to block busing for achievement of racial balance in the schools.

Critics are weeping on the premise that this stand will paralyze or destroy the present Educational Finance Bill now before Congress. Apparently they regard that as untouchable.

The nation's concern at the grassroots level that the busing devotees will destroy the school system—by inflicting outrageous hardships on the children, black and white alike, and by removing all local controls in favor of strings in the hands of a centralized bureaucracy.

Senators on the side of the people came within a hair's breadth of adding that corrective rider to the Education Bill in their own chamber. Unquestionably they will be spurred by the decision in the House—the net being progress on a two-fold approach, banning busing specifically by the written law, or by amendment of the Constitution.

Tennessee notes with gratitude that its House delegation yesterday was on the people's side. Eight Tennessee votes there were registered against busing and Rep. William Anderson, out of the city, was paired against it.

That conforms assuredly with the people's sentiment expressed more than inferentially by the state House of Representatives yesterday. It moved to put a busing referendum on the presidential primary ballot.

Hardly could there be any question on how the electorate will vote on that question.

It is one of those states, north, south, east and west, that have instructed—or would instruct—their representative law-makers to vote against this inordinately costly, cumbersome, totally unacceptable busing extravaganza.

The schools still belong to the people. As President Nixon has said, the controls belong there. Let Washington take due note of that, and act accordingly; the will and right of the people demanding it.

JAMES W. HOWE ANALYZES SPECIAL DRAWING RIGHTS SYSTEM IN OVERSEAS DEVELOPMENT COUNCIL STUDY

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 15, 1972

Mr. REUSS. Mr. Speaker, the Overseas Development Council has just issued a highly informative examination of special drawing rights and of proposed changes in the system, authored by James W. Howe, a former longtime official of the U.S. foreign assistance program.

In the course of his paper, Mr. Howe cites prospects for a more efficient world economy which could result from revising the present SDR distribution formula. The potential advantages include increased prospects for a U.S. trade surplus and increased pressures for fiscal responsibility by both developed and developing nations, he suggests.

The paper follows:

DISTRIBUTING THE BENEFITS OF SPECIAL DRAWING RIGHTS AMONG NATIONS RICH AND POOR

(By James W. Howe)

SDR RESERVES

Two years ago the International Monetary Fund (IMF) began creating something akin to international money in large amounts—over $3 billion per year. It was called Special Drawing Rights (SDR's) and is often popularly referred to as "paper gold." SDR's may be used by governments as official reserves. As world trade expands and governments desire more reserves, it is expected that additional SDR's will be needed. The U.S. New Economic Policy of August 15, 1971, and the recent devaluation of the dollar may make the dollar less desirable as official reserves, and hence may cause the importance of SDR's in the world's monetary system to increase.

Since World War II, most reserves have consisted of gold and dollars. But gold supply is not increasing fast enough or at a reliable enough pace to meet the expanding need for reserves. Insofar as the supply of dollars is concerned, it can only expand if the U.S. runs a deficit, and issues dollar obligations to cover it. These obligations are used by others as reserves. For a time was acceptable but it has a number of drawbacks when done continually. Thus a new reserve was needed, such as SDR's, whose supply could be controlled by deliberate international decisions. Otherwise, nations were apt to create barriers to international trade, devalue their currency or follow internally deflationary policies in order to protect their inadequate reserves.

The basic decision to create SDR's was made by a group of the ten richest trading countries outside the Communist world, called the Group of Ten. Its decision was formalized by the International Monetary Fund which has 118 members and a weighted voting system in which the rich nations control 73% of the vote. That decision, ratified on July 28, 1969, was to create $9.5 billion of SDR's over a three year period and thereafter to decide at suitable intervals how many additional SDR's to create. On January 1, 1972, allocation of SDR's under the first three year period was completed. Hence during the current year a new decision by the IMF is expected on the duration of the next basic period, the volume of SDR issuances and on any change that may be agreed in the formula for distributing them.

SPECIAL RULES ON SDR'S

Many of the rules governing the SDR agreement are designed to assure that members accept SDR's when they can afford to do so and do not try to get rid of them unless they genuinely need to. "Need" is, in the first instance, judged by each country for itself, but the rules generally adhered to are that a country may exchange its SDR's for a currency it desires only when it is running a persistent deficit in its balance of payments, or has problems with its reserves. Similarly, participation in the scheme requires those countries with balance of payments in surplus and which are designated by the IMF as being able to afford to do so, to accept SDR's and give up an acceptable convertible currency. The maximum amount of SDR's that "designated" participants may be required to accept is two times their original SDR allocation.

DISTRIBUTION OF SDR'S

SDR's are distributed free of charge to those members of the IMF which elect to participate in the SDR scheme. The distribution is in accordance with the members' "quota" in the IMF. Roughly, this means in accordance with the amount of money such countries originally put up back in 1945 (or under subsequent amendments) to get the IMF started. Thus the members which set up the IMF and subscribed the largest quotas tend to get most SDR's. The 25 so-called "developed countries" receive nearly 73% of the total, the same percentage as their votes in the IMF. The 86 less developed countries (LDC's) that participate in the SDR scheme get the remainder (27%). Seven IMF members do not participate in the SDR scheme. Nonmembers get no SDR's. With the exception of Yugoslavia, no Communists have joined the IMF.

The reason the SDR system was created was to put liquidity where it is needed in order to encourage countries to reduce trade barriers and to follow wise economic policies in order that there might be a more efficient world economy.

A number of monetary experts have criticized the present distribution formula because it provides no incentive for recipients to follow sound internal economic policies and to reduce barriers to international trade.

LDC's criticize the system because it does not sufficiently support their development. There are a number of proposals for revising the distribution formula to achieve these objectives and to give more of the benefits of the SDR scheme to the LDC's. Some would give SDR's directly to LDC's, or to the international banks which would lend to them thus making developed countries earn SDR's by exporting. Others would make the developed countries pay for the SDR's with, for example, their own currency, and give or lend those currencies to the LDC's through the international development banks. Some would require the developed countries to "voluntarily" give some of their SDR's or the equivalent in national currency to the international development banks.

In addition to these proposals applying to the annual creations of SDR's, a proposal has been made recently that there be a special issuance of SDR's which would be exchanged for some of the excessive balances of dollars and sterling being held as official reserves by certain countries. Estimates of the size of the "overhang" of unwanted reserve currencies range between $15 and $30 billion. The SDR's issued by the IMF currently pay 1½% interest (on amounts held over and above the original allocation) whereas dollar and sterling obligations pay a much higher rate. The difference in interest between what the IMF would receive from the U.S. and the U.K. and the interest the IMF would have to pay to the holders of the special issue of SDR's could be devoted to development.

Most of the rich countries originally opposed the idea of distributing to LDC's more of the benefits of annual SDR creations. They have raised a number of objections which are discussed in the paragraphs that follow.

WOULD GREATER DISTRIBUTION OF THE BENEFITS TO LDC'S IMPAIR THE SDR SYSTEM?

The developed countries were convinced that directing more of the benefits of annual SDR creations to development would impair or possibly destroy the SDR system. It would be hard enough, they reasoned, to get participants to accept these untried instruments and retain them as part of their official reserves. If recipients had to pay for them with their own resources, they might simply be unwilling to participate. Thus, the first thing any proponent of a redistribution formula has to prove is that such a formula will not make members unwilling to accept and hold SDR's. This in turn depends upon whether members consider SDR's to be a valuable reserve asset. If they do, they will presumably be willing to pay resources to get them. If not, they would not be willing and hence adopting one of the redistribution formulas (which would require the rich countries to pay resources to get SDR's) would effectively impair the operation of the SDR system.

The acid test is whether countries want SDR's enough to spend their own currency (and therefore their own goods and services) to get them. Only two years have elapsed, so any conclusions must be tentative. But there is growing evidence that rich countries do consider SDR's to be a real reserve asset, if not as good as gold, then at least good enough to justify holding a substantial amount of them in their reserves. Several countries, when given a choice by the IMF of receiving gold or SDR's (on a special transaction not realted to SDR allocations) have chosen SDR's. And the IMF in its most recent Annual Report (page 38) has set down its own summary conclusion of experience to date:

"During the period of January 1, 1970 to June 30, 1971, special drawing rights have become established as usable and acceptable reserve assets in transactions among participants and in transactions and operations between participants and the General Account; participants have been willing to hold and acquire them and have been able to use them readily to obtain needed foreign exchange."

Since that time the decision to devalue the dollar in December has probably enhanced the value of SDR's in the minds of some national monetary authorities. If this preliminary evidence of the acceptability of SDR's is reliable, this means that adopting one of the redistribution formulas would not destory the SDR system.

COULD FUNDING UNWANTED RESERVE CURRENCIES BE DONE IN A WAY THAT WOULD DISTRIBUTE SOME OF THE BENEFITS OF THE TRANSACTION TO DEVELOPMENT?

In order to rid the international monetary system of the destabilizing effects of the large balances of dollars and sterling, proposals have been discussed under which a portion of such balances would be obtained by the IMF in exchange for a specal issuance of SDR's. These proposals would devote to development the difference between the relatively high interest rate the IMF receives on the reserve currency obligations and the 1½% paid on SDR's. One problem is that the holders of the reserve currencies might object to losing this interest rate differential even though they gained an asset with an exchange rate guarantee. Thus, it might be necessary to pay more than 1½% on the special issuance of SDR's, and the differential available for development would be correspondingly smaller. Moreover, if reserve currency countries were required to maintain the gold value of IMF holdings of such currencies, they might ask for a reduction in interest rates paid thereon. Conceivably the combined effect of these two positions might kill any interest rate differential available for development.

In addition to (or as an alternative to) the interest rate differential, there might be an agreement between the IMF and the reserve currency countries under which the IMF holdings of excess dollars and sterling would be amortized by the U.S. and the U.K., for example under a flexible schedule which required payments in times of balance of payments surplus but not in times of deficit. The assets received by the IMF as these reserve currency obligations were retired could be devoted to development.

WOULD A REDISTRIBUTION FORMULA ASSOCIATED WITH ANNUAL SDR ALLOCATIONS PUT PRESSURE ON THE IMF TO CREATE MORE LIQUIDITY THAN THE WORLD NEEDS FOR TRADING PURPOSES?

Some observers have objected to a formula which gives more of the benefits of annual SDR creations to the LDC's on the grounds that the latter will press for a larger volume of SDR creations than is necessary to meet the world's need for liquidity because a large volume of SDR's would give more resources to the LDC's. Two factors would discourage this from happening.

First, LDC's have only a minority vote in the actual decision-making. Their vote amounts to 23% and it takes a majority of 85% to make the decision to create SDR's. Thus, LDC's could not force through a plan to create SDR's excessively. On the other hand, they could veto an SDR scheme if they thought it was creating too few SDR's. Since that would give them zero resources it is unlikely they would do so, but it is a possibility.

Second, as a condition of accepting the redistribution formula, the rich countries could insist that the IMF adopt an unequivocal statement of principle that volume of SDR issuances is to be governed *only* by considerations of need for liquidity and explicitly not by need for development resources. Thereafter, any pressure by LDC's to create additional SDR's to meet development needs would be weakened by the fact that it would be out of order under the IMF's statement of principle.

Another possibility exactly the opposite of the one discussed above is that the LDC's might strike a deal with Europe in which Europe, which currently wants fewer SDR's than the U.S., would support an SDR distribution formula favorable to the LCD's in return for LDC support for fewer SDR's. Mathematically such a deal could work out to yield more resources for the LDC's than the present system. This might hurt the U.S. which has welcomed a large volume of SDR's. But of course, no such deal could go through without the concurrence of the U.S. which has enough votes to cast a veto.

The above discussion points up a danger perhaps equal to the danger that LDC's will seek to force excessive creations. This danger is that powerful developed countries which expect a deficit in their balance of payments, may press for larger creations. The U.S., with 23% of the vote, the largest "user" to date of SDR's and with a prospect of continued deficit can veto any SDR scheme it considers inadequate. Moreover, it not only has votes, it has great economic and political power. Commentators on the various redistribution formulas have often taken it for granted the LDC's would press irresponsibly for large creations to serve their needs whereas the rich countries would always be responsibly conservative. Such may not be the case at all.

Let us consider the voting lineup in the hypothetical case where 100% of the SDR's annually created was allocated to the World Bank to convert to convertible currencies to be used for development. All of the LDC's would be in favor of a large volume of SDR's. But since no developed country could receive any windfall (as a number of them do at present) all of them would be more likely to favor the volume they objectively believed to be required by world liquidity needs. Under the present system, any country which expected a deficit might vote for excessive creations. Instead of only 27% of the vote (the LDC share) being in favor of excessive creations, it is not hard to imagine situations where a much larger percentage would so vote (e.g., U.S., U.K., and the LDC's together total over half the vote).

This discussion of just a few of the possible interplays of interest illustrates that it is by no means certain what effect, if any, adoption of a redistribution formula might have on volume of SDR's.

WOULD ALLOCATING MORE SDR'S—OR THEIR EQUIVALENT IN NATIONAL CURRENCIES—TO POOR COUNTRIES BE INFLATIONARY?

Would it create more demand for goods from the developed countries than the present allocation formula? In all probability it would. Indeed, since one major purpose of the redistribution formulas is to move resources from the rich to the poor, total world demand should go up unless offset by a decrease in demand in the rich countries. Such a decrease might occur, for example, as a result of tax increases in the rich countries to raise the revenue to pay for the SDR's.

But let us assume worldwide demand would rise. Would this cause inflation? It would not, if the demand were directed to countries having unused productive capacity, such as the U.S. currently has. But to some extent demand would be directed to countries whose factories, farms and labor force were already fully employed. This would have an inflationary effect on such countries.

Some observers have suggested the way to deal with the problem is to tie (or partially tie) funds generated by the redistribution formula. Then these funds could only be used for procurement in the country that put up such funds to pay for the SDR's, (or under alternate versions of the formula, the country that put up a share of its SDR's). Because of the tying, the inflationary pressure would not concentrate in the full-employment countries. The flaw in the tying suggestion is that the full-employment countries probably would not permit it. For

the most part they are not as worried about inflationary pressure as they are about losing potential business to the U.S. and other economies. This in itself is a sign the inflation argument does not currently reflect real political forces in the rich countries.

The inflation argument would be valid only if the world as a whole were experiencing full employment. So long as there is substantial unemployment among the exporting countries, the inflation argument is not very powerful. And even if the whole industrialized world were enjoying full employment, that might be an argument for limiting the creation of SDR's, but not for creating them and then allocating them predominantly to the rich countries.

To argue this way is to say that the rich countries cannot spare resources for the poor. In fact, that is what the whole inflation argument comes down to: can the rich spare resources for the poor? Most of the arguments I have seen against the redistribution formulas are prefaced with declarations of support for more aid for development. Some of these commentators explicitly endorse the idea that the rich should supply one percent of their GNP in aid. Having taken this stand, it is therefore inconsistent for such observers to use the inflation argument against redistribution since (with some variations) the inflation argument is as applicable to an increase in aid appropriations (of comparable size) as it is to development funds generated by a redistribution formula.

Finally, a look at the figures suggests the inflationary impact may be quantitatively insignificant. Let us assume that SDR's were created at an annual average of $5 billion per year, a $2 billion increase over present levels; that 100% of the SDR's or their equivalent in currencies were given to the LDC's and that the LDC's were twice as prone to use them as the rich. (Some of these assumptions are deliberately exaggerated.) The extra inflationary impact on the world of such a redistribution system would be $2.5 billion compared with a system which gave 100% of the SDR's to the developed countries. The total annual demand in developed countries at present is $1,866 billion (in 1969) excluding Communist countries. So, assuming that all of the increased demand wound up in the developed countries of the free world, the inflationary impact on them would be a little over one-tenth of one percent. If full-employment countries "suffered" twice as much impact (got twice as much of the additional business) as the average participating country, the pressure on them still would be well under three-tenths of one percent. This suggests the inflation threat may have been exaggerated.

WOULD FUNDS GENERATED BY A REDISTRIBUTION FORMULA MERELY SUBSTITUTE FOR AID FUNDS?

One of the most frequently cited redistribution formulas would allocate SDR's or funds generated by SDR's to the international development banks for lending to the less developed countries. This has stimulated the objection that whatever resources may be transferred to the three international development banks by such a formula may not be additive. Donor countries may simply reduce the funds they would otherwise have made available to the banks through appropriations, by a like amount.

How much appropriated money do the banks receive now? The three banks which receive appropriations are (1) the International Development Association (IDA) which is the soft loan window of the World Bank, (2) the Inter-American Development Bank (IDB) and (3) the Asian Development Bank (ADB). A fourth bank, the African Development Bank, has not yet gotten sufficiently under way to receive major contributions from the donor countries. The donors now have agreed to finance IDA at a rate of $800 million per year. In the case of the soft loan window of the IDB, the U.S. (the only developed country contributor) has sought an authorization from Congress of about $350 million per year. There is no basis yet for calculating an annual rate for the soft loan window of the ADB. The original contributions in hand or being sought for ADB come to $300 million from all countries. For awhile the ADB rate of use will be small.

Thus, the soft loan windows of these three banks together are scheduled to receive about $1.2 billion in annual contributions of appropriations from donor countries. This would be an expansion over recent levels of actual use which have been about $1.0 billion per year. If the current rate of $3 billion of SDR's were created and if 50% of the SDR's or funds generated by SDR's were provided to the banks the annual amount would be $1.5 billion, a modest increase over the present rate of use. It might be some time before the banks could use more than $1.5 billion. Meanwhile therefore, it is reasonable to suppose the annual replenishments of the banks with donor country appropriated funds might be discontinued or reduced. This is even more likely to be true if in addition to the above funds, banks are the beneficiaries of funds generated by funding the excess of holdings of dollars and sterling official reservers. Yet even if annual appropriations were entirely discontinued, three important gains would have been achieved by adopting a redistribution formula:

First, obtaining funds through such a formula involves no budgetary burden for donor countries. Thus it is much less painful than annual foreign aid appropriations. *Second*, adopting the redistribution formula eliminates what appears to the LDC's to be a clear case of unfairness built into the international monetary system, thus alleviating a needless irritant. *Third*, at least judged from the numbers above (which I believe are conservative) adopting one of the formulas would permit an expansion in the soft loan activities of the international financial institutions. If one of the formulas were also applied to funding the dollar and sterling "overhang" an even greater expansion could occur.

However, it is not necessarily the case that resources generated by such formulas would be programmed through the banks. Proposals abound for using such resources to help development, other than through the lending programs of the banks. For example, one proposal would use such funds to help LDC's raise money by placing their bonds in the expensive private bond markets of the developed countries. Funds resulting from redistribution formulas could be used to pay part of the interest charges on such bonds. Another proposal would use such funds to subsidize trade among the less developed countries. There are other proposals. Hence it does not automatically follow that adoption of a redistribution formula would even temporarily relieve donor countries of the burden of appropriating funds for the banks.

Some observers argue that adopting such a formula would cause Congress to cut appropriations not only for the banks but also for bilateral development aid as well. No doubt some opponents of aid would use this as a reason to argue for such cuts. But depending on the way funds generated by a redistribution formula are used, such a formula could weaken rather than strengthen their case. For example, if the formula reduced the budgetary burden of aid by removing the banks' appropriations from the budget, that might enable supporters of aid to more easily win approval for the remaining bilateral development aid package since the total volume of appropriations for development would be smaller. On the other hand, if funds generated by such a formula were so used that there was no reduction in appropriations requested for the banks, the existence of the formula might be used by aid opponents to achieve some cuts in bilateral appropriations.

But even if the worst befell and the cuts in bilateral and multilateral appropriations completely offset the flows of benefits from SDR creations, there would still be the first two gains cited above plus one other applicable to bilateral aid. Funds generated by the formula would be of higher quality than bilateral aid funds because they would be untied, more concessional and would not be subject to the many legislative and administrative restrictions that have reduced the flexibility and utility of bilateral aid funds.

And there is the additional factor that—in the case of the U.S.—aid appropriations for development seem to be in profound trouble, condemned in the view of many seasoned observers, to continuing stagnation. For example, the recent aid bill approved by Congress makes clear the sense of Congress that bilateral development loans should drop to $100 million by 1975. Thus the question may not be "will SDR-generated funds cause appropriations to decline?" but rather, "since appropriations are declining anyway, will SDR's help to meet the need?"

WOULD THERE BE HARMFUL FLUCTUATIONS IN THE FUNDS SUPPLIED BY A REDISTRIBUTION FORMULA?

Related to the above, some have objected that during periods when fewer additional SDR's were needed for liquidity the international financial institutions dependent on the SDR creations would suffer. The argument is that once having discontinued appropriations it would be hard to start them again. In the U.S. the reverse may be the case. If we had gone without appropriations for international banks (or managed with reduced appropriations) for a period of years, and if there were a prospect that the need to reactivate appropriations was a one-time need, caused by the failure of the SDR system to generate funds, it might be much easier to get appropriations than if annual appropriations were a regular occurrence. In the case of foreign aid, seeking Congressional appropriations annually, instead of building tolerance for appropriations, seems to have built cumulatively greater resistance. A system which relied on SDR's, using appropriations only intermittently when it was not necessary to create SDR's, might work much better. Compared with the grim prospects for appropriations—at least in the U.S.—the argument that SDR-generated funds might fluctuate is not very strong. In addition, if annual SDR-generated funds were supplemented by funds from funding the overhang of dollars and sterling the latter would help to cushion any shock resulting from the interruptions in the former.

On the other hand, some observers suggest a future decline in need for liquidity might not be temporary. For example, if the monetary reforms now being negotiated are so successful that necessary adjustments in trade can be made quickly and smoothly through exchange rate realignments, it is possible that, in time, countries may want to accumulate fewer reserves. Future SDR annual creations might drop in volume to a fraction of the current rate and even run at negative levels for short periods. At present, that does not appear likely since the hoarding urge seems to be part of the genetic fiber of Man. But no one can be sure it will not happen. Hence caution is necessary. At this stage it would be premature to count on being able to discontinue appropriations for international banks permanently.

ARE THE REDISTRIBUTION FORMULAS AN EVASION OF PARLIAMENTARY CONTROL OVER "AID"?

Another objection sometimes heard to the redistribution formulas is that any flows which help development ought to go through parliaments and be subject to appropriations. Otherwise parliaments lose control over

"aid." The 27% of SDR's now allocated to poor countries is not thought of as "aid." Nor is the 73% which goes to the developed countries considered "aid" in spite of the fact that two such countries, the U.S. and U.K. have used more SDR's (exchanged them for foreign currencies) than all of the LDC's taken together. Yet any proposal for increasing the share of the benefits going to LDC's is almost always referred to as "aid" by proponents as well as opponents. Why should this be the case?

The most likely reason is that people regard the present 73% as "belonging" to the developed countries. Anything that belongs to us which we give up to others is "aid." In fact, however, tying the allocation of SDR's to the quotas of participants in the Fund is only one of many possible formulas and by no means uncontroversially superior to others, either from the point of view of efficiency in achieving the monetary and trading purposes of the SDR system or from the point of view of achieving collateral world objectives such as development, (one of the stated purposes of the IMF) or from the point of view of inherent fairness. Thus it does not follow that 73% of the benefits are immutably "ours," and that any sharing of them constitutes "aid."

Therefore, throughout this paper I have avoided using the commonly accepted term "link" which refers to any formula for linking SDR creation to increased "aid" to development. I have avoided the term because it accepts the idea that any increase to LDC's in the benefits of SDR creation is "aid." Thus, instead of "link" I have used the term "redistribution formula" since it seems to me to be more objective and to avoid raising false issues such as the loss of parliamentary control over "aid."

It is true, however, that if such a formula kills the need for regular parliamentary appropriations for the banks, then parliaments will have lost the right to review and debate those sums of money. But parliaments have not in fact been able to use the appropriations process to exercise control over the international banks, so the redistribution formula does not involve a loss of parliamentary control. In the nature of things it would be difficult and destructive if any one parliament attempted to exercise control over the banks since there are many countries which make financial contributions. The redistribution formulas make no change in this basic fact.

REVIEW OF OBJECTIONS SUMMARIZED

Thus, summarizing my review of objections to the various formulas for redistribution, it appears that many if not all of the alleged disadvantages are exaggerated. The formulas would not kill the SDR system. There is no evidence they would cause excessive creations of SDR's. It is quite unlikely they would cause inflation. They would not reduce parialmentary control over "aid." Compared with appropriations they would not make less stable the flow of funds for development.

POSSIBLE ADVANTAGES OF REVISING THE SDR DISTRIBUTION FORMULA

On the affirmative side, revision of the formula has certain possible advantages which are enumerated below:

More efficient world economy—These proposals to require recipients to earn SDR's rather than receive them free of charge and to distribute more of the SDR's or their equivalent in national currencies to LDC's through the international development banks (under most proposals) would benefit the world's economy in three ways.

First, they would have a beneficial effect on the policies of the developed countries. They would continue an ancient and proven practice that international reserves must be earned. Throughout the history of Man the trader, international reserve assets have always been earned, never given away. Two years ago that tradition was interrupted with the decision to give SDR's free of charge, mostly to the rich countries. The redistribution formulas would, in whole or in part, restore the old tradition broken by the present SDR system. Developed countries at least (and under some proposed formulas LDG's as well) who want more reserves would have to earn them by exporting their own goods and services to LDC's. Requiring recipients to earn SDR's will benefit their policies (a) by encouraging them to devalue when needed in order to get their share of sales to LDC's, thereby earning SDR's; (b) by encouraging them to limit domestic inflation for the same reason; and (c) by denying them free SDR's, thereby encouraging them to resort to the General Account of the IMF when in need which in turn subjects them to the salutary discipline of the IMF's review procedures. The result should be economically much healthier than the present system which allocates benefits according to a rigid historical formula under which there is no effort to reward good policies and penalize bad ones. Indeed, countries with balance of payments deficits get the benefits of using their SDR's and those with surpluses are denied such benefits—a most inefficient world system of incentives. Moreover, there is no recognition that economic needs and relationships of the trading nations change over time. It is a nearly static system.

Second, they would have a favorable impact on the policies of the LDC's. (a) Placing more liquidity at the disposal of the LDC's helps finance the surplus which the developed countries desire to export to them. Developed countries in general do not want to balance their external account. They want to run a surplus if possible and in any event to avoid a deficit. But for every surplus there must be a deficit.

Therefore, it is obviously impossible for them to simultaneously achieve this goal except as LDC's are willing to run and able to finance a deficit. LDC's are normally willing to run a deficit but not able to finance it. Revising the SDR distribution scheme would help them finance the deficit. In those developed countries with painful unemployment, these extra exports are politically important even though they may be quantitatively marginal.

(b) Countries resort to trade barriers in part because they have limited reserves they wish to protect. LDC's in general have less adequate reserves than developed countries because of disadvantages in the structure of international trade and in the structure of their own economies. Hence, they are in general under greater pressure to take extraordinary measures to protect their reserves. Placing SDR's where they are most needed—with the LDC's—will therefore in general be more effective in preventing additional trade barriers than placing them where they are relatively less needed—with developed countries.

(c) Because, under most proposals, SDR's or their equivalent in national currencies would not be given directly to LDC's, but rather would be programmed through the international development banks and because the latter normally review the economic policies of borrowers and require them to achieve certain performance criteria, the discipline of that international review would apply to the distribution of SDR-created liquidity. Thus instead of SDR distribution weakening the discipline of international review as it does at present by relieving recipients of the need to make use of the General Account of the Fund, it would strengthen that discipline by programming the distribution of such liquidity to LDC's through the international banks.

Third, the revised distribution formula would improve the efficiency and reduce the costs of the international adjustment process. The international adjustment process goes on all the time. When Japan produces lower cost TV's, the U.S. stops producing them and shifts into other—usually higher technology (and therefore higher paying)—lines of activity. If this adjustment is made quickly with not much unemployment during the transition, the world's adjustment costs are low and the world's economy is more efficient as a result.

However, LDC's, having less sophisticated economies, cannot make such efficient adjustments. When they lose a line of exports (or when a line of production for domestic consumption is threatened) they often cannot switch into another line. The people and facilities thrown out of work simply remain unemployed. Rigid protective devices are erected to protect domestic markets. The world's costs of adjustment are high, its economy little more—or in some cases—even less efficient.

By allocating SDR's to those who bear these high costs of adjustment, the world provides resources which, when invested, will reduce the adjustment costs by providing alternative employment to those thrown out of work.

More Development—In addition to improving the world's economy in the three ways discussed above, the proposed revisions in the distribution system would help promote development. They would probably add to the quantity and quality of resources available for loans for international development, an important world objective.

They would help development without any balance of payments or budgetary costs to the donor country. The only "cost" is a resource outflow. In other words, the so-called "cost" is an increase in exports from the rich countries which are paid for just like any other export. Far from being a cost, this is, of course, something actually considered beneficial by most countries, particularly those with unemployment. They will solve a growing problem particularly acute for the U.S.: how to meet our quota in the internationally agreed formulas for supporting international development banks.

Correct an injustice—They will correct what appears to LDC's to be the rankling injustice of giving ¾ths of the windfall to the developed countries.

CONCLUSIONS

The *first* conclusion of this paper is that the disadvantages of revising the SDR distribution formula are not as great as they have often been portrayed. The ones which may prove to have some substance are that aid appropriations will be cut to offset the SDR flows and that those flows may one day decline as need for reserves declines making it necessary to reactivate appropriations. Only the future can tell. The *second* conclusion is that there are several possible advantages of revising the SDR distribution formula to give more benefits to LDC's. Not all of these advantages are proven. But they are worth further exploration. The *third* conclusion is that the issues are so many and so tangled and the negotiating forums so pressed with other major problems that a great deal of debate will be essential before these issues are seen in proper perspective. Thus scholars, interested businessmen and policy-makers would do well to promote dispassionate discussion of the topic. Such is the purpose of this paper.

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(NOTE.—James W. Howe, ODC's first Visiting Development Fellow, was with the U.S. foreign assistance program from 1955 to 1971. Mr. Howe was Director of the U.S.A.I.D. Mission to the East Africa Community; Director of the Program Office of the Latin American Bureau of A.I.D.; Deputy Director of the U.S.A.I.D. Mission to Brazil; and Director of the Program Office of the A.I.D. Mission to Vietnam. From 1966 to 1969 he was a member of the Department of State's Policy Planning Council, concerned with the less developed countries.)

THE WASHINGTON POST, Friday, March 17, 1972

More Equitable SDRs Splits Urged

By Hobart Rowen
Washington Post Staff Writer

The world's major nations were urged yesterday to devise a more equitable may of dividing the supply of "paper gold" so that poor countries can share fully in the benefits of the system.

James W. Howe, a senior fellow of the Overseas Development Council, suggested abandoning the present system of allocating SDRs (paper gold) which distributes them free of charge according to voting power within the International Monetary System.

Net result of the present approach is that the few rich nations have received 73 per cent of the SDRs ($9.3 billion have been created so far) leaving only 27 per cent to all others.

The Overseas Development Council is a non-profit research group devoted to increasing American understanding of the developing countries.

The question of how to get more SDRs into the hands of the poor countries, or how to link the SDR creation with increased aid to poor countries, has persisted since the SDR program was begun.

It comes up again for two reasons: 1) the first SDR allocation period having been completed on Jan. 1, 1972, and IMF and the major powers have to decide this year on the volume and duration of a new issue; and 2) as part of long-range reform of the monetary system, it is possible that there could be a special issue of SDRs exchanged for the dollar "overhang" held by foreign countries.

One proposal is that the difference between the interest paid on the dollar (and some sterling) balances,—about 4.5 per cent —and the lesser rate paid on SDRS—1.5 per cent—could be distributed to the poor countries.

Howe outlined some of the advantages and disadvantages of a new distribution formula, noting that the issues "are so many and so tangled" that dispassionate debate is needed. But he concluded that a more equitable plan could be worked out without impairing the SDR system itself, and one which would swell the total volume of available aid.

A concurrent resolution to alter the SRD distribution formula in favor of the developing countries was introduced yesterday by Sen. Jacob Javits (R-N.Y.) and Rep. Henry S. Reuss (D-Wis.).

THE JOURNAL OF COMMERCE, Friday, March 17, 1972

Larger Share of SDRs Urged for Poorer Lands

By RICHARD LAWRENCE
Journal of Commerce Staff

WASHINGTON, March 16 — New calls — in Congress and academia — were sounded today for making the international monetary system work better for the world's poorer nations.

The suggestions focused on the International Monetary Fund's special drawing rights — a relatively new kind of international reserve asset that is supplementing gold and the dollar.

In Congress, Sen. Jacob Ja- R-N.Y., and Rep. Henry h s, D-Wis., introduced a joint resolution urging the U.S. to support a move giving the poorer nations a larger share of the SDRs.

Would Ease Reform

A general reform of the international monetary system, which the U.S. and other nations want, is "likely to come more easily and speedily," said Sen. Javits, if more SDRs are portioned to the developing nations.

The Overseas Development Council — a private nonprofit organization based here — meanwhile released a 24-page paper also recommending a "redistribution" of SDRs in favor of the poorer countries.

The paper, written by James Howe, a former U.S. foreign aid officer, suggested that, unlike now, nations, including the U.S., should be made to "earn" their SDRs through the export of goods and services.

Such a system, he said, would be more efficient than the existing formula, by which countries are automatically allocated SDRs according to their subscriptions to the IMF. It would, he said, encourage nations to apply more flexible exchange rate policies and limit inflation, while giving the poorer countries more "liquidity" for financing development.

As a foreign aid tool, Mr. Howe said, SDRs should appeal to the industrial nations because it would not involve balance of payments or budgetary costs.

Quick Decision Unlikely

The U.S. and West European governments are seriously studying SDRs as more of an economic development instrument for the poorer countries. But it is regarded unlikely now that a decision on the question will be reached quickly. Still, the developing nations will be sure to press the issue next month at the United Nations Trade and Development Conference in Santiago, Chile.

'Major Question'

In a recent talk, Frank Southard, the IMF's deputy managing director, said use of SDR's for development financing has "become a major question." He cautioned, however, that it "raises difficult technical and policy issues" relating to the future of SDR's as potentially the world's key international reserve asset.

France meanwhile is reported "reconsidering" the idea of providing more SDR's to the poorer nations, and the Netherlands, where opposition to the idea has been especially strong, may do so, too, informed sources say.

The Javits-Reuss resloution urges more SDR's for the developing countries as partly a matter of "equity." Under present rules, 25 relatively wealthy countries receive nearly three-fourths of the SDR total. More than 80 less developed countries share the remainder. So far, $9.4 billion of SDR's has been issued.

With more SDRs the poorer countries, the argument goes, will be able to buy more from the industrial countries. That, Sen. Javits pointed out, should mean more jobs for American workers.

In his paper, Mr. Howe discounts the various objections made against changing the present SDR mechanism. He doubts that excessive liquidity or inflation would result. He allows, though, that if SDRs are used as a kind of foreign aid, Congress might further reduce the established aid program.

From : The Rt.Hon. Roy Jenkins, MP

20th March 1972

Dear Bob,

Many thanks for the telegram about the Charlemagne Prize. It was very good of you all to send it.

I hope we shall meet again soon.

Yours ever,

Roy.

The Hon. Robert S. McNamara,
International Bank for Reconstruction and Development.

President has seen

February 29, 1972

Dear Miss Nugent,

I am very sorry to be the bearer of further poor news. Mr. McNamara has just told me that I really ought to write to you and tell you that it is very unlikely he will be able to attend the dinner in April. In fact he says that it is so unlikely that he ought in decency to refuse. I retain a faint hope that it may be possible in a few weeks time to get him free in which case I would ring you up to see whether there is any possibility at your end.

Let me explain in confidence what the problem is. Mr. McNamara during that week of April 10-15 is hoping that he can get back on a late plane on Monday afternoon in order to preside over the IBRD's weekly Board Meeting when there is some particularly important business. The next day he has to go on to Santiago for UNCTAD, and returns at the end of the week for another meeting in the Bank. I am sure you will appreciate how disappointed he and I both are at the failure of this plan. I only hope that it will be possible to fix it up on some other occasion. It is certainly not for lack of good will.

With apologies,

Yours sincerely,

William Clark
Director
Information andj Public Affairs

Miss Sally Nugent
Meetings Secretary
The Royal Institute of International Affairs
Chatham House, 10 St. James's Square
London SW1Y 4LE, England.

WDClark:sf

February 25, 1972

Mr. Agha Abdul Hamid
Assistant Secretary-General
Office of Public Information
United Nations
New York, N.Y.

Dear Mr. Hamid,

I wish to thank you for your letter of February 4 addressed to Mr. McNamara concerning the OPI Round Table in Bangkok, April 3 to 7, about which we also heard in Vienna.

We note the professional character of the forthcoming Round Table and we shall be pleased to avail ourselves of your kind invitation to participate. The World Bank's representative will be Mr. Pat Sison, the East Asia specialist in our Department. Mr. Sison will be in the region at the time as he is making the final preparations for the joint Malaysian Government/World Bank press tour later this year about which I had the privilege to inform you and other colleagues at our recent Vienna meeting.

With my very best personal regards,

Sincerely,

Lars J. Lind
Deputy Director
Information and Public Affairs

cc: Mr. Sison

Mr. Franco

LJL:jhg

Mr 3 to Mr. Clark
Let's discuss

FEB 18 REC'D

The Royal Institute of International Affairs

CHATHAM HOUSE, 10 St. James's Square, London SW1Y 4LE

Telephone 01-930 2233 *Cables* Areopagus, London SW1Y 4LE

15th February 1972

Mr. Robert McNamara
International Bank for Reconstruction and Development
1818 H Street NW
Washington DC 20433
USA.

Dear Mr. McNamara,

I am writing to ask whether you would be willing to come to a buffet supper on Monday 10th April after the reception being given by Sir Alec Douglas-Home.

It would be a great honour for our members to be able to hear a short summary of some of your problems. We would invite about 30 people especially concerned with the developing countries. We should ensure that the City of London and business and finance in general were strongly represented and I think you would find it a well-informed audience.

We hope that it may be possible for you to arrive at Chatham House soon after 7.30 p.m., which I understand would fit in with your official programme, and then after meeting some of those present informally and eating, perhaps you would agree to introduce a discussion with a few comments lasting for fifteen or twenty minutes. There would then be ample time for those present to raise points with you.

We understand from William Clark that there are complications about your schedule but we should be most grateful if you would let us know as soon as possible whether you would be able to accept this invitation.

Hoping so very much indeed that you will be able to come here on Monday 10th April.

Yours sincerely,

Sally Nugent

Miss Sally Nugent
Meetings Secretary

UNITED NATIONS  NATIONS UNIES

NEW YORK

CABLE ADDRESS—ADRESSE TELEGRAPHIQUE: UNATIONS NEWYORK

REFERENCE:

4 February 1972

Dear Mr. McNamara,

On behalf of the United Nations Office of Public Information and of U Nyun, Executive Secretary of the Economic Commission for Asia and the Far East, it is my great pleasure to extend to your Information Service an invitation to participate in the Third Asian Editors' Round Table Conference which will be held at ECAFE Headquarters in Bangkok from 3 to 7 April 1972. This will be the ninth in a series of editors round table conferences initiated by the United Nations Office of Public Information in 1962, in co-operation with the various Economic Commissions for the United Nations.

A major objective of the forthcoming Editors' Round Table will be for the representatives of the Office of Public Information to explore with the participants the ways and means whereby the OPI can provide the type of service most needed by the various media in order that the message and activities of the United Nations can be adequately conveyed to the peoples of the world. The Bangkok Round Table will come at a most opportune moment since the General Assembly has, at its last session, held a thorough discussion of a Review and Reappraisal of United Nations Information Activities submitted to it by the Secretary-General.

In his report to the General Assembly, the Secretary-General emphasized the importance of OPI's relations with national information media. Since the functions of OPI and of the national media are complementary, it is obviously desirable that the problems of informing the peoples of the world about the United Nations should be jointly examined by the OPI and the media representatives.

As you will observe, the forthcoming Editors' Round Table is likely to centre on questions of a professional character specifically related to information activities. There will be somewhat less emphasis than in previous years on briefing participants in regard to the substantive

Mr. R.S. McNamara
President
IBRD/IFC/IDA
1818 H Street, N.W.
Washington, D.C. 20433

Dinesh.
What views?
RSM

work of the United Nations system. Nevertheless, I feel sure that participation by your Organization in the professional discussions planned, would be of common benefit and I therefore hope your Information Service can attend.

Yours sincerely,

Agha Abdul Hamid
Assistant Secretary-General
Office of Public Information

THE FIRST BOSTON CORPORATION
MEMBER NEW YORK STOCK EXCHANGE, INC.

EMIL J. PATTBERG, JR.
CHAIRMAN OF THE BOARD

20 EXCHANGE PLACE
NEW YORK, N.Y. 10005

CABLE: FIRSTCORP, N.Y.

January 31, 1972

Mr. Robert S. McNamara, President
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C. 20433

Dear Bob:

The First Boston Corporation has reviewed the Bank's financial plan for the period FY 1974-1978. As outlined in your memorandum to the Executive Directors, we have assumed that the Bank will have a loan demand from creditworthy borrowers and, therefore, we have directed our study to the financing aspects of the plan.

Our conclusion is that the Bank can meet the goals set for the United States market. In arriving at this conclusion we have assumed (and believe) that the securities of the Bank will continue to command an AAA rating by Moody's and Standard & Poor's; that the character of the United States bond market does not deteriorate from where it is presently; and that international political tensions will not increase to a point where investors become concerned.

We are enclosing a paper outlining a suggested financing plan together with our comments on marketing techniques which might be used in carrying out this program.

We shall be happy to discuss our comments and conclusions at your convenience.

Sincerely,

Emil Pattberg Jr

EJP: mc
enclosure

cc: Messrs. Knapp
Aldewereld
Rotberg

I gave Mr Aldewereld a copy

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Market for the Bank's 5-Year Notes

The 5-Year Notes have been widely accepted as high-quality, short-term investments and enjoy good secondary markets. Both issues were marketed successfully and tapped a source of funds not generally available to the long-term market at an interest rate 3/4% to 1% less than the 25-year interest rate. The 5-Year Notes were sold at approximately 1/4% to 3/8% over comparable outstanding United States Agency securities due principally to the broader investment eligibility of Agency securities, but World Bank notes were marketed in line with, or at lower yields than, comparable outstanding corporate notes.

Issue	Rating	Yield to Maturity	Yield Differential from IBRD 5-Year Note
IBRD 6 1/2%, 1/15/76	Aaa/AAA	6.50%	--%
Commonwealth Edison 7 1/2%, 1/1/2001	Aaa/AAA	7.45	+.95
FLB 5%, 2/24/76	---	6.16	-.34
FHLB 6 1/2%, 11/25/75	---	6.14	-.36
Commonwealth Edison 7 3/4%, 10/1/76	Aaa/AAA	6.48	-.02
Amer. Tel. & Tel. 7 3/4%, 12/1/77	Aaa/AAA	6.53	+.03
IBRD 6 3/8%, 1/15/77	Aaa/AAA	6.375%	--%
Bell Tel. of Pa. 7 1/8%, 1/1/2012	Aaa/AAA	7.20	+.825
FNMA 4 1/2%, 2/10/77	---	6.15	-.225
FHLB 6.95%, 5/25/77	---	6.12	-.255
So. Central Bell Tel. 6 3/4%, 11/1/77	Aaa/AAA	6.45	+.075
Mountain States Tel. 6 1/2%, 11/1/77	Aaa/AAA	6.40	+.025

We believe that the 5-Year Note offerings could be expanded to $500 million to $700 million annually during the period 1974-1978. This program would raise $2.5 billion to $3.5 billion over a 5-year cycle, and could be refunded or paid off in the future depending upon the Bank's requirements. If during the 1974-1978 period a broader market for 6, 7 or 8-year maturities developed, the Bank might take advantage of this as each year of extension to the cycle would raise additional funds. Currently, many United States commercial banks are financing in the 7 to 8-year maturity range but the size of this market is materially smaller. We believe the World Bank should continue to finance in the 5-year area to tap the largest market and lowest interest rate. This market preference may change, however, and longer alternatives should be reviewed from time to time.

Increased investment eligibility (see Page 9, Investment Eligibility) would have a very beneficial effect in increasing the potential size of the Bank's note market as well as decreasing the interest cost. We recognize the difficulties involved in increasing such eligibility and have assumed there will not be any major change in this area.

The Market for the Bank's 25-Year Bonds

The securities of the Bank have a broad acceptance on the part of the long-term institutional investors. Under current market conditions, we believe the Bank could market $250 million to $500 million in any one year without paying a penalty interest rate. Whether

the Bank could raise $500 million to $700 million annually over a 5-year period in the present size market without paying some penalty interest rate is uncertain. We recognize that the size of the market will probably increase. Nevertheless, such sums will require new sources of funds, much larger commitments by current buyers and good marketing conditions. New sources of funds might include the private market (see Page 6, Direct Placements), individual investors and foreign investment in World Bank dollar denominated securities other than by Governments and Central Banks (see Page 11, Foreign Investors). While we believe these three potential sources of additional funds would contribute to the long-term financing program of the Bank, the best and most important market for long-term bonds is among the hundreds of large and small institutional type investors who have been buying the public offerings in the past. To markedly increase the size of the public market will require:

a) A clear understanding on the part of investors of the Bank's 5-year financing objectives, a confidence that the lending standards of the Bank will not be reduced and that the businesslike approach will not change.

b) Unquestioned confidence in the Bank's ability readily to meet its debt service requirements, and that in the event of default the commitments of the members of the Bank will safeguard their investment. As the debt of the Bank measurably exceeds the United States commit-

ment, investors will be more careful in analyzing the commitments of other member countries, particularly the Group of Ten, as well as the earnings of the Bank, the interest coverage of its debt, and the creditworthiness of its borrowers.

c) Maintenance of the AAA rating by the rating agencies (see Page 10, Bond Ratings).

d) Development of a bigger and better secondary market.

e) Finally, an acceptance that the Bank will be fulfilling a role that is necessary and important to the future of all people and all nations and, most importantly, the United States.

We believe a better understanding of the Bank's objectives and operations will require a larger and better directed public relations campaign. While few would disagree that the World Bank has done a fine public relations job in the past, an even greater effort should be made in the future to assure the success of its planned expansion. For example, in the past small groups of dealers and large investors have attended one-day World Bank seminars as guests of the Bank in Washington. We believe they have been good but should be expanded to cover a much wider group of investment decision makers; therefore, the Bank should consider going directly to the investors'

territory. One-day seminars held in Boston, New York, Chicago, San Francisco and Los Angeles would attract important investors who might not journey to Washington. This list of cities might or might not be increased, with investors in other parts of the country invited to the one-day seminar in Washington. Too, the annual meetings of the American Bankers Association and the Securities Industry Association present opportunities for the President of the Bank to address large audiences with wide press coverage. In the area of publications, in the past most have been directed to the institutional investor and the analyst. To help develop the individual market, we suggest new pamphlets explaining in simple terms the Bank, its operations and the quality of its securities, for distribution to the hundreds of thousands of securities salesmen in this country. Wide distribution of such material could be gained through the underwriting members of the World Bank syndicate.

A final thought, which may not be feasible because of space or expense, would be the opening of a World Bank exhibit in the Bank's building in Washington. With the thousands of visitors, students and their parents who come to Washington each year, it might be an opportunity to sell the Bank at the grass roots level, which could have many advantages, including the broadening of its market among individuals.

A strong effort should be made to educate the World Bank underwriting group on the financing plans of the Bank as well as to encourage them to become market makers. We believe that as the size of the World Bank financing plans are disclosed, more dealers will be cooperative and underwriters can be rewarded for their selling and secondary market

efforts through improving their positions in the underwriting group (see Page 13, Underwriting Groups).

Direct Placements

The direct placement market is a big market though generally more expensive than the public market. It is dominated by very large investors, such as the five largest insurance companies, who are less interested in AAA quality than in the interest rate. Usually, borrowers can arrange to take the loan proceeds at future payment dates without paying a commitment fee. A recent example was the American Telephone & Telegraph placement of $1 billion at 7 3/4%, which included $375 million 25-year debentures and $625 million preferred stock with a sinking fund. At that time, a $375 million public offering of AT&T debentures would have commanded an offering yield of between 7.30% and 7.35%, a price difference of 40 to 45 basis points. The preferred stock would have been priced under 7.50% although the public market could not have absorbed anything of this size. AT&T paid a price to make this private placement, but they did tap a market made up of buyers who do not generally buy public issues. With their large financing plans, AT&T reduced the pressure on the public market, which may be reflected in the prices they receive on future public offerings.

We believe the World Bank should periodically explore with

its investment bankers the possibility of arranging a large private placement with a very small number of large investors who do not generally buy market issues. However, we believe frequent or broad use of the private placement market would hurt the public market, as many buyers of marketable World Bank securities also buy private placements and would resent being excluded or would reserve their funds for the private deals. The timing of private placements should be keyed to a near minimum spread between public issues and the private placement market as well as the ability of the Bank to absorb a large amount of long-term funds from this source without upsetting its other marketing plans. The private placement would reduce the amount necessary to borrow in the public market -- and have a beneficial effect on the overall financing plans of the Bank.

Individual Investors

Over the past few years, as interest rates increased individual investors became more important buyers of taxable fixed income securities. During this period savings increased and individuals were net sellers of equities, with many reinvesting the proceeds in high yielding bonds.

Net Acquisition of Bonds by Individuals
(Including Personal Trusts)

United States Governments

Year	Net Increase in Issues Outstanding	Acquired by Individuals Amounts	Acquired by Individuals %	Market Yields on Outstanding Governments: Long Governments	Market Yields on Outstanding Governments: 3-Month Treasury Bills
1967	$12.5 bil.	$ 0.9 bil.	7.2	4.85%	4.30%
1968	16.7	5.2	31.1	5.25	5.33
1969	5.5	13.2	240.0	6.10	6.64
1970	21.6	0.3	1.4	6.59	6.42
1971	24.8	-20.9	(84.0)	5.82	4.63

Corporates

Year	Net Increase in Issues Outstanding	Acquired by Individuals Amounts	Acquired by Individuals %	Market Yields on Outstanding Corporates
1967	$17.2 bil.	$ 3.6 bil.	20.9	5.82%
1968	15.1	5.4	35.8	6.51
1969	14.8	5.4	36.5	7.36
1970	23.7	12.2	51.5	8.51
1971	25.4	7.8	30.7	7.99

Source: Board of Governors, Federal Reserve System

You will note that the purchases of individual investors have tended to fluctuate with interest rates. Even so, it is an important market and will probably continue to be as long as interest rates are

relatively high and investors have some confidence that the fixed income will not be dissipated by inflation. Generally speaking, the largest demand for corporate and United States Government fixed income securities occurred when interest rates fluctuated between 8% and 9 1/2%. Even during this period, investors showed a preference for shorter-term securities, such as 5-year corporate issues and United States Government and Agency securities. We believe the World Bank and the managers of the underwriting group should make every effort to develop the individual investor's interest in World Bank securities. Two suggestions: a public relations campaign as previously discussed -- and incentives created through the formation of new underwriting groups (see Page 13, Underwriting Groups).

Investment Eligibility

Currently, the Bank's securities are as broadly qualified as most corporate securities insofar as legal investment eligibility is concerned. Generally speaking, further work in this area would not significantly broaden the individual market or the market for long-term issues. There are certain admittedly difficult steps which could be taken, however, which would considerably broaden the market for the Bank's Note issues by giving them the characteristics of Agency securities, i.e.:

1. eligibility: a) as collateral for Federal Reserve Bank advances to member banks, b) as collateral for dealer repurchase agreements, and c) for purchase by Federal Reserve Banks in open market operations.

2. eligibility for purchase by U. S. Government investment accounts, national banks (limited), Federal savings and loan associations and mutual savings banks (qualifying assets).

#1 (a) (b) and (c) involve Section 14 of the Federal Reserve Act and an interpretation under Regulation A specifically states that World Bank securities are not eligible. #2 involves a series of Federal Statutes governing the investments of these accounts. We are advised there is no administrative action that can be taken by the Federal Reserve or any other government agency to make the Bank's securities eligible and that such changes can only be effected by an Act of Congress.

Bond Ratings

Against the Plan background of an increasing debt ratio, decreasing interest coverage and an aggressive lending program, the 1974-1978 borrowing program can only be accomplished if investor confidence in the Bank's credit standing is absolute. This goes beyond the question of cost of money to the matter of having markets broad enough to raise the indicated amounts of capital. In the United States capital market (and several others) this means maintenance of AAA ratings with both rating agencies.

In our opinion, the primary underpinning of the Bank's credit standing is the ratio of the call on unpaid subscriptions (plus liquid

reserves) to funded debt and the quality of that call. We have taken into consideration both the absolute ratio and its quality and believe them to be satisfactory during the 1974-1978 period. Secondarily, the ratio of interest to net income is important as an index of the Bank's economic efficiency. The trend or stability of this ratio is more important than its absolute level, although as the coverage approaches 1.25 times it should be considered dangerous from the rating standpoint.

There does not appear to be any inherent contradiction between the 1974-1978 program and maintaining a AAA rating. Considering the ambitiousness of the program, however, and that standards change as people and times change, the Bank should maintain a close relationship with the rating agencies. In an adverse environment, it is conceivable that it would be advisable to increase members' uncalled subscriptions.

Foreign Investors

It has been suggested at various times that the World Bank consider the sale of a Eurodollar issue. This is a relatively small market compared with our domestic market and we think that in general it would hurt the Bank's United States and external financing programs. However, there may be future occasions when Eurodollar interest rates are in line with those in this country when it might be advisable to market dollar issues abroad. We suggest a specialized sub-underwriting group be added to the normal United States group, managed by several European banks and consisting of European banks and dealers. This was done in the case of a large Ford secondary issue where the bulk of the

stock was sold in the United States but where there were sub-managers and underwriters in Europe. Under these circumstances a relatively substantial amount of long-term funds might be raised. We think it would be a mistake, however, to have foreign underwriters in American accounts when the Bank is also interested in other national capital markets and the Eurodollar market is not then attractive in terms of size or cost.

Standby Commitments

We believe it would be possible for the Bank to get a very large standby commitment from the commercial banks in this country and abroad. However, this would involve a commitment fee and it is questionable whether there would ever be a need for it. There is also a possibility that the Bank could get a standby commitment from a group of large insurance companies for the sale of long-term bonds at a rate which would be tied to a percentage of interest over the AAA market rate. This would provide funds at relatively high cost but would have the advantage of being assured, if needed.

Commercial Paper

It has been suggested from time to time that the Bank sell commercial paper as an additional source of funds. Currently, the Bank has $3 billion invested in bank deposits and short-term securities, and we question whether the sale of 90-day to 1-year paper would add much

to the Bank's financing abilities.

Advanced Refunding

As the Bank's 1974-1978 financing plans develop, consideration might be given to the advanced refunding of the older long-term World Bank issues. This is a technique which has been used successfully by our United States Treasury. If in the financing of the 1974-1978 program a large part of the financing is done in the 5-year area, an advanced refunding offering could be made to all or part of the outstanding dollar bonds coming due in the 1980's. All of these issues have coupons of 5% or less, and a plan could be devised whereby holders of securities could exchange them for a longer-term issue with a higher coupon. The new interest rate would reflect the current market for long-term bonds as well as the prepayment of a low coupon issue. The benefits to the Bank would be an orderly lengthening of its debt and a reduction in its sinking fund charges.

Underwriting Groups

We believe sales performance should be rewarded in the formation of future underwriting groups of World Bank issues. This can be done in several ways, namely, underwriters be given a higher underwriting bracket when they have performed well, and secondly, through an associate management group which might be rotated as to the underwriters because of their sales performance or to emphasize a particular

area of the market. We could visualize that when interest rates are relatively high and the individual investor a bond market factor, the account would be made up of Morgan Stanley & Co. Incorporated and The First Boston Corporation as the senior managers, with four large retail firms as associate managers. They might include: Bache & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Paine, Webber, Jackson & Curtis Incorporated and Dean Witter & Co. Incorporated. At other times when it would appear that individual interest for fixed income securities was unimportant, recognition of good performance with institutional investors could be rewarded by including four firms who had done well in past issues as associate managers. From past performance on long-term issues, they might include: Blyth & Co., Inc., Equitable Securities, Morton & Co. Incorporated, Halsey, Stuart & Co. Inc. and Salomon Brothers. Associate managers would be expected to function as managers and would receive a portion of the management fee and other manager prerogatives as incentive.

We believe that the underwriting groups for both the long and short-term issues should be reviewed before each issue and consideration should be given to dropping those underwriters who do not distribute.

There is a large group of commercial banks who have a major position in World Bank financings. In most cases, these banks do not distribute and in general detract from the ability of the underwriting group to function. Although many of the banks do not distribute, in some cases their trust departments are large buyers of the issue from

other dealers and dropping them might cause more harm than good. A possible solution might be that those underwriters who have performed poorly be notified that in the future they will have an underwriting liability but will no longer be allotted bonds for retail sale and can participate only in sales when they have firm orders, which the managers may or may not allot. This procedure would put more bonds in the hands of selling underwriters and it would also tend to concentrate the efforts of the entire underwriting group. The question of an underwriting group should be discussed with the management of the World Bank to determine how far the managers can go in building up the best distribution group for the World Bank.

Final Comment

On the premise that nothing succeeds like success, the Bank should strive to continue its record of market successes by continuing to offer relatively attractive market features such as the 12 1/2 years of call protection and 2-year deferred payment on its long-term issues.

The First Boston Corporation

January 31, 1972

Mr. Clark

Lars Lind

This is the largest of the Japanese TV network-stations, owned by Yomiuri newspapers,(Japan's third largest newspaper) and therefore with considerable audience appeal.

But given the nature of the program --which seems to interview just about everyone in the U.S. --I don't think McNamara ought to accept. For one thing, the man seems to be looking for Americans and one of our principle concerns in Japan is to impress the Japanese with the international character of the Bank.

I think, too, we ought to hold our fire and our big guns for actual developmental programs and stories --like the NHK thing.

SWS/~~20-1-~~72

western union

Telegram

RB

LLD003 PB019

P IPB0187 ZCZC VIA ITT 0444/24

AWR016 VIA ITT JMA870 ATU704 LDA039

USWA HQ JPTU 087

TOKYO 87/86 24 1651 P1/50

JAN 26 REC'D

1972 JAN 24 AM 5: 14

LT 7.00

RP21.00

RM. ROBERT S. MCNAMARA 2412 TRACY P1

WASHINGTOND.C.

BT

GRATEFUL IF YOU WOULD AGREE TO TV INTERVIEW FOR NEW JAPANESE SERIES FOCUSING ON ONEHUNDRED FOUR TOP WORLD MOVERS STOP HAVE ALREADY SETUP APPOINTMENTS WITH THE POPE, PRESIDENT

SF-1201 (R5-69)

western union

Telegram

1972 JAN 24 AM 5:14

NIXON, KISSINGER, ETC. WE WILL BE IN THE US

COL RP21.00 2412 P1

LDA039 MR. ROBERT P2/36

FROM FEBRUARY THIRD TO NINETEENTH STOP APPRECITATE WORD IF YOU COULD SPARE TWENTY MINUTES AND WHOM I SHOULD CONTACT STOP PREPAID REPLY COUPON ATTACHED STOP PLEASE CABLE ME NAKAKOKUSAIKEN TOKYO REGARDS

CABLE ME NAKAKOKUSAIKEN TOKYO REGARDS

SF-1201 (R5-69)

western union

Telegram

1972 JAN 24 AM 5:14

MRS. KAORU MAKAMARU

NNNN

SF-1201 (R5-69)

Form No. 26
(4-69)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: JANUARY 21, 1972 2120

LOG NO.: WU TELEX/22

TO: MCNAMARA INTBAFRAD

FROM: GENEVA VIA UN NEW YORK

ROUTING	
ACTION COPY:	MR. CARGILL
INFORMATION COPY:	MR. MCNAMARA MR. DEMUTH
DECODED BY:	MR. WM. CLARK

TEXT: I SHOULD LIKE TO BRING TO YOUR ATTENTION THE FOLLOWING TEXT OF AN AIDE MEMOIRE WHICH I RECEIVED FROM THE GOVERNMENT OF INDIA ON 20 JANUARY "AIDE MEMOIRE FROM THE GOVERNMENT OF INDIA.

THE MILITARY REPRESSION OF BANGLADESH, FROM MARCH TO NOVEMBER 1971, HAD RESULTED IN A HEAVY INFLUX OF REFUGEES INTO INDIA. AT ITS PEAK, THE NUMBER OF THESE REFUGEES FROM BANGLADESH HAD REACHED THE STAGGERING FIGURE OF NEARLY TEN MILLION. ABOUT 6.8 MILLION OF THESE WERE HOUSED IN REFUGEE CAMPS SET UP BY THE INDIAN AUTHORITIES WHILE THE REST STAYED WITH THEIR FRIENDS AND RELATIVES. ALTHOUGH IT HAS BEEN UNIVERSALLY ACCEPTED THAT THESE REFUGEES ARE AN INTERNATIONAL RESPONSIBILITY, THE ACTUAL TASK OF LOOKING AFTER THEM ON BEHALF OF THE WORLD COMMUNITY FELL ON INDIA DUE TO THE FACT THAT THESE REFUGEES WERE ON INDIAN SOIL. THE PRESENCE OF THESE REFUGEES HAS CONSTITUTED AN EXTREMELY HEAVY BURDEN ON THE INDIAN ECONOMY. FORTUNATELY, THE END OF THIS TRAGIC SITUATION IS NOW IN SIGHT AND THIS MIGHT BE A GOOD MOMENT TO REVIEW THE TASK THAT HAS BEEN ACCOMPLISHED AND TO OUTLINE THE ROLE THAT THE INTERNATIONAL COMMUNITY COULD STILL PLAY IN COMPLETING THE TASK AND PARTICULARLY IN HELPING THE REFUGEES RETURN TO THEIR HOMES.

BY THE END OF DECEMBER 1971, THE GOVERNMENT OF INDIA HAD ALREADY INCURRED AN EXPENDITURE OF APPROXIMATELY RUPEES 240 CRORES (DOLLARS 320 MILLION) ON THE

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RELIEF OF REFUGEES IN THE CAMPS. THIS FIGURE REPRESENTS ONLY THE DIRECT BUDGETARY EXPENDITURE ON THE CAMPS, AND DOES NOT REFLECT THE HEAVY INDIRECT COSTS TO THE INDIAN ECONOMY OR THE BURDEN OF MAINTAINING THE EXTRA POPULATION REPRESENTED BY THE REFUGEES STAYING OUTSIDE THE CAMPS OR THE EXPENDITURE INCURRED BY THE VOLUNTARY AGENCIES. WITH THE ESTABLISHMENT OF AN INDEPENDENT SOVEREIGN STATE IN BANGLADESH THE REFUGEES HAVE STARTED RETURNING TO THEIR HOMES, BUT BECAUSE OF THE SHEER NUMBERS INVOLVED, IT WILL BE AT LEAST TWO TO THREE MONTHS BEFORE THEY CAN ALL LEAVE. IN THE MEANTIME, RELIEF EFFORTS FOR THEIR UPKEEP WILL HAVE TO CONTINUE. IT HAS BEEN ESTIMATED THAT A FURTHER EXPENDITURE OF ABOUT RUPEES 45 CRORES (ABOUT DOLLARS 60 MILLION) WILL BE INCURRED ON THE REFUGEES IN THE CAMPS BY THE END OF MARCH, 1972.

IN ADDITION TO THESE COSTS, HEAVY EXPENDITURE WILL BE INCURRED ON THE REPATRIATION OF THE REFUGEES TO THEIR HOMES IN BANGLADESH. THE FOLLOWING IS A BRIEF OUTLINE OF THE MEASURES BEING TAKEN TO FACILITATE THEIR JOURNEY.

TRANSPORT

IT HAS BEEN DECIDED TO PROVIDE TRANSPORT TO THE REFUGEES FOR THEIR JOURNEY HOME INSIDE BANGLADESH. NEARLY 500,000 REFUGEES WHO HAD BEEN DISPERSED TO THE INTERIOR OF THE COUNTRY WILL HAVE TO BE BROUGHT BACK TO THE BORDER OVER LONG DISTANCES. THE TOTAL COST OF TRANSPORTING THE REFUGEES IS EXPECTED TO EXCEED RUPEES 3 CRORES

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(DOLLARS 4 MILLION).

JOURNEY ALLOWANCE

REFUGEES WHO DO NOT AVAIL THEMSELVES OF GOVETNMENT TRANSPORT WILL BE GIVEN A SMALL "JOURNEY ALLOWANCE". THE AMOUNT WILL DEPEND ON THE DISTANCE AND THE RATES WILL BE RUPEES 2 PER ADULT UP TO A DISTANCE OF TEN MILES FROM THE BORDER: RUPEES 5 FOR A DISTANCE BETWEEN TEN MILES TO THIRTY MILES; AND RUPEES 10 FOR LONGER DISTANCE. THIS JOURNEY ALLOWANCE MAY ALSO HAVE TO BE GIVEN ON REQUEST TO THE NON-CAMP REFUGEES. SINCE DISTANCES INVOLVED ARE FAIRLY LARGE, THE AVERAGE PAYMENT WILL BE ABOUT RUPEES 8. ASSUMING THAT ONLY ABOUT 5 MILLION REFUGEES OUT OF A TOTAL OF 10 MILLION CLAIM THIS ALLOWANCE, THE TOTAL PAYMENT INVOLVED WILL BE RUPEES 4 CRORES (DOLLARS 5.3 MILLION).

RATIONS

REFUGEES DEPARTING FROM CAMPS WILL BE GIVEN TWO WEEKS' RATIONS TO MEET THEIR MINIMUM SUBSISTENCE REQUIREMENTS DURING THEIR JOURNEY HOME. IN SOME AREAS, WHERE IT WOULD BE DIFFICULT TO CARRY HEAVY LOADS, ONE WEEK'S RATIONS AND A CASH ALLOWANCE EQUIVALENT TO THE SECOND WEEK'S RATIONS WILL BE GIVEN. USING THE PRESCRIBED SCALE OF RUPEES 1 PER ADULT PER DAY, RUPEE 0.60 PER MINOR PER DAY, THE TOTAL COST WILL BE ABOUT RUPEES 9 CRORES (DOLLARS 12 MILLION).

CASH ALLOWANCE

ON ARRIVAL AT DESTINATIONS, EACH REFUGEE WILL BE GIVEN A CASH ALLOWANCE AT

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TEXT:

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THE RATE OF RUPEES 30 PER ADULT AND RUPEES 15 PER CHILD. IT IS EXPECTED THAT A SUBSTANTIAL NUMBER OF NON-CAMP REFUGEES WILL ALSO CLAIM THIS ALLOWANCE. THE EXPENDITURE INVOLVED WOULD BE ABOUT RUPEES 24 TO 27 CRORES (DOLLARS 32-36 MILLION.)

THERE WILL ALSO BE OTHER REQUIREMENTS FOR THE REPATRIATION PROGRAMME. IT WOULD, FOR INSTANCE, BE NECESSARY TO PROVIDE THE REFUGEES WITH RATIONS WHILE THEY AWAIT REHABILITATION. THE GOVERNMENT OF INDIA HAS ALREADY MET AN IMMEDIATE REQUEST FROM THE GOVERNMENT OF BANGLADESH FOR 42,000 TONS OF FOOD GRAINS VALUED AT RUPEES 5 CRORES (DOLLARS 6.7 MILLION) FOR THIS PURPOSE. LARGE ADDITIONAL QUANTITIES WILL BE NEEDED BEFORE LONG. SOME EXPENDITURE MIGHT ALSO HAVE TO BE INCURRED ON TRANSIT CAMPS AND OTHER UNFORESEEN REQUIREMENTS. TAKING ALL THESE NEEDS INTO ACCOUNT, THE TOTAL BUDGETARY EXPENDITURE THAT WILL BE INCURRED BY THE GOVERNMENT OF INDIA ON REFUGEES BY THE TIME THEY RETURN HOME WILL EASILY AMOUNT TO RUPEES 350-360 CRORES (DOLLARS 465-480 MILLION).

AS AGAINST THESE REQUIREMENTS, THE CONTRIBUTIONS ACTUALLY RECEIVED FROM THE WORLD COMMUNITY SO FAR ARE ONLY ABOUT DOLLARS 130 TO 140 MILLION. THE TOTAL PLEDGES THROUGH OFFICIAL CHANNELS ARE ABOUT DOLLARS 220 MILLION, OF WHICH ABOUT DOLLARS 180 MILLION HAVE BEEN PLEDGED THROUGH THE UN FOCAL POINT IN NEW DELHI AND THE BALANCE BILATERALLY TO THE GOVERNMENT OF INDIA. OUT OF THE DOLLARS 180

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MILLION PLEDGED TO UNHCR AS MUCH AS ABOUT DOLLARS 25 MILLION IS OF A TYPE WHICH DOES NOT OFFSET THE EXPENDITURES MENTIONED ABOVE SINCE IT IS EITHER PAID TO VARIOUS VOLUNTARY AGENCIES, OR SPENT ON SUCH ITEMS AS ADMINISTRATIVE EXPENSES OR AIRLIFTING OF GOODS. VOLUNTARY AGENCIES HAVE PLAYED A VERY USEFUL ROLE IN SUPPLEMENTING THE OFFICIAL EFFORTS AND REDUCING THE BURDEN ON THE GOVERNMENT OF INDIA. IT NEEDS TO BE REMEMBERED, HOWEVER, THAT THE EFFORTS OF THE VOLUNTARY AGENCIES RUN PARALLEL TO THE PROGRAMMES SUPPORTED BY THE UNHCR AND THE GOVERNMENT OF INDIA. THE FIGURES OF OFFICIAL EXPENDITURE MENTIONED ABOVE ARE, THEREFORE, EXLUSIVE OF THE EFFORTS OF THE VOLUNTARY AGENCIES. HAD IT NOT BEEN FOR THESE EFFORTS, OFFICIAL EXPENDITURE WOULD HAVE BEEN MUCH HIGHER. A PORTION OF THE CONTRIBUTIONS BEING RECEIVED NOW, SUCH AS SHELTER MATERIAL, ARE ALSO BEING DIVERTED FOR USE IN BANGLADESH. EVEN ASSUMING, THEREFORE, THAT ALL THE AMOUNTS PLEDGED SO FAR ARE ACTUALLY DELIVERED, THE RELIEF TO THE GOVERNMENT OF INDIA IN MEETING THE BUDGETED EXPENDITURE OF DOLLARS 465-480 MILLION IS NOT LIKELY TO EXCEED ABOUT DOLLARS 190-195 MILLION.

AGAINST THIS BACKGROUND, THE GOVERNMENT OF INDIA WOULD REQUEST THE UN FOCAL POINT: (A) TO EXPEDITE THE DELIVERY OF WHATEVER AMOUNTS ARE STILL AVAILABLE WITH IT IN CASH OR IN KIND; AND (B) TO MAKE A FINAL CALL ON THE INTERNATIONAL COMMUNITY FOR ADDITIONAL CONTRIBUTIONS.

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SOME GOVERNMENTS HAVE ALREADY ANNOUNCED NEW PLEDGES WHOSE UTILISATION HAS BEEN UNDER DISCUSSION BETWEEN THEM AND THE UN FOCAL POINT. IT WOULD HELP IF THESE DISCUSSIONS COULD ALSO BE EXPEDITED AND THE AMOUNTS INVOLVED TRANSFERRED TO THE REFUGEE ACCOUNT. THE UN HIGH COMMISSIONER FOR REFUGEES MAY ALSO LIKE TO REMIND THE INTERNATIONAL COMMUNITY THAT, WITH A LITTLE ADDITIONAL EFFORT, IT IS NOW POSSIBLE TO BRING TO A HAPPY CONCLUSION THE TASK OF SENDING THE REFUGEES HOME IN DIGNITY AND WITH RENEWED CONFIDENCE. THE TASK OF REHABILITATING THESE REFUGEES IN THEIR OWN COUNTRY REMAINS TO BE ACCOMPLISHED AND IT IS TO BE HOPED THAT THE WORLD COMMUNITY WILL SOON BE ABLE TO DEVOTE ITS FULL ATTENTION TO IT. INDIA, ON ITS PART, WOULD BE HAPPY TO CONTRIBUTE TO ITS UTMOST TO THIS PHASE ALSO AS INDEED IT HAS ALREADY BEGUN TO DO.

FINALLY, THE GOVERNMENT OF INDIA WOULD LIKE TO EXPRESS ITS DEEP APPRECIATION OF THE INDISPENSABLE ROLE PLAYED BY THE UN FAMILY IN THE STUPENDOUS TASK OF CARING FOR THE REFUGEES. THE UNTIRING EFFORTS OF THE FOCAL POINT IN NEW DELHI, AND OF THE HIGH COMMISSIONER PERSONALLY, HAVE CONTRIBUTED IN NO SMALL MEASURE TO MITIGATING THE SUFFERING OF THESE UNFORTUNATE MILLIONS WHO HAD BEEN SO TRAGICALLY UPROOTED FROM THEIR HOMES.

NEW DELHI, 20 JANUARY 1972"

FOLLOWING DETAILED DISCUSSIONS WITH THE SECRETARY-GENERAL IN NEW YORK ON 6 JANUARY

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AND THE TWO MEETINGS WHICH WERE HELD AT UN HEADQUARTERS ON 5 AND 6 JANUARY I AM, ACCORDING TO THE WISHES OF THE GOVERNMENT OF INDIA AND FOLLOWING PAST FOCAL POINT PRACTICE, ADDRESSING THE FOLLOWING LETTER TO GOVERNMENTS IN RESPECT OF AID TO AND REPATRIATION OF EAST BENGALI REFUGEES IN INDIA DURING THIS CONCLUDING PHASE OF THE FOCAL POINT ROLE "SIR, I HAVE THE HONOUR TO TRANSMIT, HEREWITH, FOR THE CONSIDERATION OF YOUR GOVERNMENT, AN AIDE-MEMOIRE DATED TWENTY JANUARY 1972 ADDRESSED BY THE GOVERNMENT OF INDIA TO MY OFFICE IN ITS CAPACITY AS FOCAL POINT FOR ASSISTANCE BY AND THROUGH THE UNITED NATIONS SYSTEM TO REFUGEES IN INDIA. AS IN THE PAST, THE TEXT IS BEING TRANSMITTED IN ITS ORIGINAL FORM AS RECEIVED FROM NEW DELHI.

AS YOU ARE UNDOUBTEDLY AWARE, THE REPATRIATION OF REFUGEES TO THEIR HOMESTEADS, WHICH CONSTITUTES THE FINAL PHASE OF THE WORK OF THE FOCAL POINT, HAS ALREADY BEGUN AT LARGE SCALE. THE ATTACHED AIDE-MEMOIRE OUTLINES THE ESTIMATE BY THE GOVERNMENT OF INDIA OF COSTS INVOLVED FOR THE REPATRIATION AND FOR RELIEF MEASURES NEEDED UNTIL ALL REFUGEES HAVE RETURNED HOME.

IT GOES WITHOUT SAYING THAT WHAT THE GOVERNMENT OF INDIA HAS QUALIFIED AS "THE INDISPENSIBLE ROLE PLAYED BY THE UNFAMILY IN THE STUPENDOUS TASK OF CARING FOR THE REFUGEES" WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE SPEEDY AND GENEROUS RESPONSE OF THE INTERNATIONAL COMMUNITY. AS OF NOW, THE CONTRIBUTIONS MADE TO THE FOCAL

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TEXT:

POINT IN CASH AND KIND AMOUNT TO OVER 180 MILLION DOLLARS. ALTHOUGH THIS FIGURE FALLS SHORT OF THE GIGANTIC REQUIREMENTS, THERE IS NO DOUBT THAT THE UNPRECEDENTED SUPPORT BY THE INTERNATIONAL COMMUNITY OF THE UN EFFORTS HAS GONE A LONG WAY TO SAVE HUMAN LIVES AND ALLEVIATE SUFFERING OF MILLIONS OF UPROOTED PEOPLE.

IT IS, HOWEVER, CLEAR THAT IN ORDER TO CONTRIBUTE SIGNIFICANTLY TOWARDS THE SOLUTION OF THIS TRAGIC REFUGEE PROBLEM IN THE ASIAN SUBCONTINENT, A FURTHER AND FINAL EFFORT IS REQUIRED ON THE PART OF THE INTERNATIONAL COMMUNITY. IT IS WITH CONFIDENCE THAT I AM APPROACHING YOUR EXCELLENCY WITH THE REQUEST THAT YOUR GOVERNMENT GIVE THIS MATTER ITS MOST URGENT CONSIDERATION IN THE KNOWLEDGE THAT THOSE WHO HAVE DONE SO MUCH TO HELP THE REFUGEES WHEN THEY DEPENDED ON RELIEF FOR THEIR SURVIVAL WILL NOT FAIL TO GIVE THEIR SUPPORT TO HELP THE REFUGEES RETURN TO THEIR HOMESTEADS. MY OFFICE REMAINS AT YOUR ENTIRE DISPOSAL FOR ANY FURTHER TECHNICAL INFORMATION THAT YOUR GOVERNMENT MAY REQUIRE ON THE WAYS IN WHICH TO ASSIST IN THE FORM OF CONTRIBUTIONS IN CASH AND KIND.

ACCEPT, SIR, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

SADRUDDIN AGA KHAN HIGH COMMISSIONER FOR REFUGEES"

REGARDS

SADRUDDIN AGA KHAN

MT

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

DUPLICATE

TYPED

JAN 24 11 00 AM 1972

COMMUNICATIONS
SECTION

FORM No. 75.03
(3-71)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ~~ASSOCIATION~~

MAIL ADDRESSED TO THE PRESIDENT

INCOMING MAIL ROUTING SLIP			Date JAN 31 1972	
	Mr. Aldewereld	A1226	Sir Denis Rickett	A1230
	Mr. Alter	A837	Mr. Ripman	D1029
	Mr. Baum	C303	Mr. Rotberg	A1042
	Mr. Benjenk	A712	Mr. Stevenson	D532
	Mr. Broches	A813	Mr. Twining	D1032
	Mr. Cargill	A613	Mr. Votaw	A613
	Mr. Chadenet	C303	Mr. Wiese	A837
	Mr. Chaufournier	C702	Mr. Williams	A1013
	Mr. Cheek	C702	Mr. Wright	A1136
	Mr. Chenery	A1221		
	Mr. Wm. Clark	D928		
	Mr. Cope	A1214		
	~~Mr. Demuth~~	~~D1128~~		
	Mr. Diamond	D829	cc Office of the President	
	Mr. El Emary	A1143		
	Mr. Fontein	C602		
	Mr. Fowler	A1219		
	Mr. Gabriel	H700		
	Mr. Goodman	C602		
	Mr. Graves	D1122		
	Mr. Gutierrez	A1136		
	Mr. Hartwich	A712	Mr. Lund	
	Mr. Henderson	D529		
	Mr. Hoffman	D1123		
	Mr. Knapp	A1230		
	Mr. Lejeune	A1013		
	Mr. Lerdau	D441		
	Mr. McNamara	A1230		
	Mr. Mendels	A1219		
	Mr. Muller	G1053		
	Mr. Nurick	A802		

Lars: This is one for you to handle.

From: Communications Section, Room C219, Extension 2023.

BAHAMAS INFORMATION SERVICES

P. O. Box 818 NASSAU -:- BAHAMAS Telephone No. 2-7501/9

19th January, 1972

Mr. Robert S. McNamara,
President, World Bank,
1818 H St. N.W.,
Washington D.C. 20433,
U. S. A.

Dear Mr. McNamara,

I am authorised by the Government of the Bahamas to let you know we are holding an International Conference on "Problems of Development in New Nations," from May 15 through May 20, 1972. It is intended to ensure an in-depth exchange of ideas on this very important subject.

The names of the specially invited speakers are yourself and the following (alphabetically):-

Lord Balogh .....Oxford
The Rt. Hon. Linden Forbes Burnham .....Guyana
Lord Caradon .....London
Mr. William Clark .....Washington
Senor Gala Plaza .....Latin America
Professor John Galbraith .....New York
Mr. Robert Gardiner .....Ethiopia
Dr. George Gretton .....London
Mr. Knut Hammarskjold .....Montreal

continued . . .

The Rt. Hon. Lee Kuan Yew .....Singapore
Sir Arthur Lewis .....West Indies
The Hon. M. R. Masani .....India
Mr. Cedric Matthews .....Geneva
The Rt. Hon. Julius Nyerere .....Tanzania
The Rt. Hon. Lester Pearson .....Canada
The Rt. Hon. Lynden O. Pindling .....Bahamas
The Rt. Hon. Geoffrey Rippon .....London
Mr. David Rockefeller .....New York
Mr. Arthur Schlesinger Jr. .....Washington
Monsieur Jean-Jacques Servan-Schreiber .....France
The Rt. Hon. Hugh Shearer .....Jamaica
Lady Robert Jackson (Barbara Ward) .....Washington
The Rt. Hon. Harold Wilson .....London

We have already received through private soundings unofficial acceptance from several of the above mentioned names. They have also expressed their belief in the considerable benefits to be derived from such a Conference.

Being fully aware of your busy schedule, the Government of the Bahamas would wish immediately to extend to you an invitation to join them and the other participants to the Bahamas during the brain-storming week of May 15-20.

Enclosed are two short papers outlining:-

(a) Subjects to be discussed, and

(b) Conference format.

From the attached copies you will clearly see:-

(1) How much importance we attach to your presence as the principal speaker on a topic of your choice under one of the faculties headed

(a) International Finance and Regional Economic Institutions

(b) Defense, National Sovereignty and Interdependence, and

continued . . .

(2) The absolute need to secure the widest possible in-depth exchange of ideas.

We would be deeply honoured if you would agree to preside as an alternate Chairman at one Session of your own choosing.

I am further authorised to inform you that your travel and hotel expenses in connection with this conference would be absorbed by the Bahamas Government.

Should you wish to be accompanied by any officials we trust you will be able to absorb their expenses.

It is our sincere hope you will be able to honour us with your presence and we look forward to your reply to our letter of invitation before February 15.

Yours sincerely,

J. Vibart Wills.

J. Vibart Wills
Head of Public Affairs Division
Bahamas Information Services

PROBLEMS OF DEVELOPMENT IN NEW NATIONS

Subjects for Discussion

Having regard to the "Problems of Development in New Nations", and mindful of the differing points of view on the problems of Development in New Nations, the International Conference Committee has unanimously agreed that the subjects to be discussed at the Nassau meeting May 15-20 should fall under the following ten headings:

(1) World Health and Population Control.

(2) International Finance and Regional Economic Institutions.

(3) International law as it relates to Air, Land and Marine Development.

(4) Democratic Institutions and new forms of constitutional Government.

(5) Systems of Social Security and Social Welfare.

(6) Race Relations.

(7) Defense, National Sovereignty and Interdependence.

(8) Respective Roles of Government and Private Enterprise in Development.

(9) National and International Manpower Development.

(10) Barriers to International Trade and Economic Development.

D. Vibert Wills

Head of Public Affairs Division
of Bahamas Information Services

Nassau
19th January, 1972

PROBLEMS OF DEVELOPMENT IN NEW NATIONS

Conference Format

With regard to the "Problems of Development in New Nations" and mindful of the differing points of view on the problems of development in New Nations, the International Conference committee has unanimously agreed that the Conference Format of the Nassau meeting May 15-20 should provide all participants the widest possible opportunity:-

(1) To speak in their individual capacity with a view to ensuring the most promising ideas for new and more vigorous initiatives relevant to the "Problems of Development in New Nations";

(2) To initiate ideas with a view to ensuring the most profitable starting point for new and more vigorous policies relevant to the "Problems of Development in New Nations";

(3) To speak in the most detailed manner on strategy and tactics with a view to ensuring the most workmanlike policies for new and more relevant criteria to the "Problems of Development in New Nations";

(4) For detailed discussion on the views of individual participants with a view to ensuring new and more vigorous policies relevant to the "Problems of Development in New Nations";

(5) For a detailed account of all documents with a view to ensuring individual awareness to new and more vigorous policies relevant to the "Problems of Development in New Nations";

(6) For a detailed account of all points of common agreement with a view to securing the most fruitful starting point on new approaches to the "Problems of Development in New Nations".

.....Vibart Wills.....
Head of Public Affairs Division
of Bahamas Information Services

JAN 14 REC'D

1/15 To Mr. Clark Williams, what do you recommend? RSM

NTV

NIPPON
TELEVISION
NETWORK
CORPORATION
14 Niban-cho, Chiyoda-ku,
Tokyo, 102 Japan

Mrs. Kaoru Nakamaru
Director
INTERNATIONAL AFFAIR INSTITUTE
995, Oizumi-Gakuencho,
Nerima-ku, Tokyo Japan
January 10, 1972

Mr. Robert S. McNamara
2412 Tracy Pl.,
Washington D. C.

Dear Sir,

We have the pleasure of informing you that we are now planning to broadcast a program titled "104 figures in the world with Kaoru Nakamaru". Over our 27 station network, it will be televised in color every Sunday night for thirty minutes, and will reach an audience of at least 10 million.

In the program, Kaoru Nakamaru will interview famous people of the world. Our aim is to promote mutual understanding of the people throughout the world, socially and culturally, by showing the daily life of world-famous figures. We will avoid political issues; we are interested in people.

We-myself and a camera crew of four-will stay in your country according to the attached schedule. It would be appreciated very much if you could consent to be our interviewee.

In this connection, please inform us your most convenient date, hour and place for the interview during our stay. We estimate about 2 hours total for all technical arrangements, including the interview itself which will take aproximately 30 minutes.

When we receive your reply (you may cable us collect), we will set the filming schedule and send you a confirming telegram.

Thank you in advance for your co-operation in a program, which we believe can contribute significantly to a greater understanding between our two nations.

Yours faithfully,

Kaoru Nakamaru

Kaoru Nakamaru
Director
INTERNATIONAL AFFAIR INSTITUTE

Sachikiku Matsumoto
Executive Director
Nippon Television Network Corp.

Telephone : 265-2111 Cable : JOAXNTV TOKYO Telex : TK4566

NIPPON
TELEVISION
NETWORK
CORPORATION
14 Niban-cho, Chiyoda-ku,
Tokyo, 102 Japan

S C H E D U L E

Dates and times you would be free.

		A.M.	Place	P.M.	Place
January 20	U.S.A.				
21	"				
22	"				
.	"				
.	"				
.	"				
.	"				
.	"				
.	"				
31	"				
February 1	"				
2	"				
.	"				
.	"				
.	"				
.	"				
.	"				
February 20	"				

We would appreciate it if you could let us know the date which would be the most appropriate for you during our stay in your country.

We would be thankful to you if you cable us collect and send back this form to us.

Signature

Name

Title and position

P.S. Please send your reply to the following address.

Attn. Mrs. Kaoru Nakamaru
INTERNATIONAL AFFAIR INSTITUTE
995, Oizumi-Gakuencho,
Nerima-ku, Tokyo Japan

Telephone : 265-2111 Cable : JOAXNTV TOKYO Telex : TK4566

January 10, 1972

Dear Lou:

Thank you for your letter of December 29 suggesting that the Bank might be a sponsor of your survey of the 2,000 largest companies in fifteen countries.

It sounds a most interesting project, but after checking with my colleagues I do not feel that it is one which the World Bank could usefully sponsor.

I hope you have no difficulty in meeting your target.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Louis Harris
Louis Harris And Associates, Inc.,
1270 Avenue of the Americas
New York, N.Y. 10020

WDClark:sf

FORM No. 58 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 7, 1972

FROM: William Clark WDC

SUBJECT: Lou Harris Proposal

I checked with IFC, Treasurer, and Economics Department. No-one saw use for this. Nor do I.

It would be helpful to Lou Harris if we could send this letter as soon as possible.

WDClark:sf

President has seen

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Clark

DATE: January 6, 1972

FROM: Norman Macdonald

SUBJECT:

I have looked at this paper.

The project appears to be primarily based on analyzing various financial implications and impacts of the enlargement of the European Economic Community. The whole approach is, in those terms, very introspective and the LDCs do not come into consideration.

Even the brief sectionson page 7 dealing with changes in world trade patterns and with the terms of present and future investments are clearly directed inwards.

As I see it, the only merit -- if it is one -- for the Bank Group in the scheme is that, according to section 8 on page 11, they would receive what would amount to a photograph of themselves. Whether this is wanted, and whether it would be worth $16,500 is, I suggest, more than doubtful.

Generally, if the Bank needs more information about the 2,000 major companies it is proposed to cover in the sample, there are established and more economical ways of obtaining it.

NPM:jl

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP

Date: January 6 K

NAME	ROOM NO.
Mr. William Clark	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
✓	Information		Signature
	Initial		Send On

REMARKS

(comment attached)

I agree with Mr Stevenson, in feeling very doubtful whether there is any advantage to the Bank in this proposed purchase. But if Robbery (or Philip Hayes, maybe) felt differently this would be another matter.

From P. D. Henderson

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

NTERN'TIONAL FINANCE
ORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date

NAME	ROOM NO.
Mr. Hendrson	

	To Handle		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On

REMARKS

Personally I'm skeptical. Unless Mr R[illegible] or EPD are interested I would not [illegible] reason to get it

(Sense - Holley)

From Alexander Stevenson

1/3 To Mr. Clark
What do you
recommend.
Lou

LOUIS HARRIS AND ASSOCIATES, INC.
1270 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
(212) CIRCLE 5-7414

December 29, 1971

Hon. Robert McNamara
President
World Bank
1818 H Street, N.W.
Washington, D.C. 20433

Dear Bob,

I am taking the liberty of sending you the enclosed study proposal, which we have now sold to 13 commercial banks in the U.S., the UK, Canada, France, and Italy to date. We believe we are going to reach our target of 20 banks by mid-January.

We would like very much to have the World Bank as a sponsor at a fee of $16,000. For this, you would receive 15 volumes (one on each of 15 countries) plus an economic analysis of the capital needs of the 15 countries combined.

If you would like to discuss this study further before making a commitment, we would be delighted to come to Washington to discuss it with you and your staff. Our British colleagues in our London office are originating this study and the Bank of England very much wants the results.

Best personal regards,

Sincerely,

Lou

Louis Harris

LH:cw

Norman McD.
Could you find out what IFC thinks - use.

LOUIS HARRIS AND ASSOCIATES, INC.
1270 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
(212) CIRCLE 5-7414

INTERNATIONAL

FINANCIAL AND ECONOMIC SURVEY

OF MAJOR COMPANIES

To be conducted in 15 countries
By LOUIS HARRIS INTERNATIONAL

LOUIS HARRIS AND ASSOCIATES, INC.
1270 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
(212) CIRCLE 5-7414

INTERNATIONAL FINANCIAL AND ECONOMIC SURVEY OF MAJOR COMPANIES

Brief Outline

Louis Harris International is planning to carry out perhaps the largest, most detailed and ambitious international financial survey ever undertaken.

The intention is to carry out a survey of 2000 of the largest companies in fifteen countries: thirteen European countries together with the United States and Japan.

The survey will have four main aims:

1. It will provide subscribing clients with a detailed picture of the likely impact on the investment and planning of these 2000 key firms of the impending enlargement of the Common Market.
2. It will discover the impact on these major concerns of the recent (and current) international currency crisis in order to discover the present levels of confidence, financial needs and assumptions on which these companies are doing their forward planning.
3. It will provide a detailed assessment of the financial services required by these companies in the decade ahead.
4. It will give a picture, on a completely confidential basis, to each sponsor of its own rating, reputation,

strengths and weaknesses, with the leading companies in each of the 15 countries. Note: No sponsor will get information about the rating, reputation, etc. of any of the other sponsors.

The survey will, therefore, give vital data to banks, financial and economic institutions, and governments, who are about to make their own forward plans based on the coming enlargement of the European Community.

The sample will be made up of approximately 1,000 leading companies in the United States, the United Kingdom, France, Germany and Japan. The other 1,000 companies will be drawn from the other ten countries in such a way as to give an average of 100 from each.

The size of the national sample is important. It means that there will be a large enough sub-sample for individual countries to be analyzed separately. The purpose of this is to give the greatest possible value and flexibility to the research for the convenience of subscribers. If a particular institution is interested in only (say) the present ECC community, it will be possible for them to subscribe to only that part of the survey. In the extreme case, if a bank or other financial organization or government is interested in only one country, it will be possible to subscribe for the results from one sub-sample of 100 or 150 companies.

The interviews will be carried out at a very high executive level: the results will be based on an interview of about two hours with executive chairmen,

managing directors, chief executives, or financial directors.

The full survey will be offered to twenty sponsoring financial institutions. We know from early discussions that there will be a great demand for the full survey and the extra benefits sponsorship will bring. We have therefore decided to limit, for reasons of fairness, the number of sponsors accepted from these countries where we expect the demand to be great. Only five U.S. banks or financial institutions will be accepted. Only five United Kingdom banks will be able to buy the full survey. Other countries will be limited to one or two sponsorships. However, individual parts of the survey will be made available to all who wish to buy.

THE SURVEY

The survey will cover such things as the detailed financial needs of 2,000 of the world's major companies, their levels of satisfaction with available facilities, their knowledge of where these facilities can be obtained, the effect of the enlargement of the Community on their own confidence and planning, an assessment of their forward plans over the next five years, estimates of likely requirements of capital and the type required, the main purposes for which this capital is required, and, very important, an assessment of where their new expansion of effort is likely to be made.

A unique and valuable part of the survey will be to show which of the fifteen countries under survey are likely to be the main beneficiaries of expansion plans by 2,000 of

the world's largest companies in the light of the increased size of the EEC. This information, we believe, will be of the greatest value to both financial and Government institutions in making their forward plans.

Further Details

1. The Interviews

The interviews will be based on a detailed, carefully designed questionnaire to be drawn up after consultation with twenty sponsoring financial institutions.

The interviewing will be done by trained executive interviewers of the nationality of the country in which the interview takes place.

2. The Analysis

The data will be analyzed in a great many different ways of value to Banks, Governments, etc: by size of company, by type of company, by different type of capital requirement, by different levels of confidence, by those with plans to expand in particular countries, and so on. The data will also be readable in whole or in part. For example, all 2,000 interviews can be analyzed as a whole, giving a picture of the requirements and intentions of the major world companies. Or the present six European Community countries can be analyzed as a unit. Or the countries which will make up the enlarged EEC can be analyzed as a unit. Or the European market consisting of the chosen thirteen countries can be looked at. Similarly, we

shall be able to isolate and look at, as a unit, the multi-national companies in the sample. Or again, it will be possible to look at the American companies separately, or the Japanese companies separately, enabling our client banks to judge how major Japanese or American companies are likely to react to the challenge of the enlarged EEC community. Will there be a renewed flow of American capital to Europe and, if so, will it flow to the original EEC members or the new ones? A particularly useful sub-sample, of course, will be the major British companies who are likely to be most affected by the entry of Britain into the EEC.

3. The Countries

The intention is to include the following countries in the survey:

France

Germany

Italy

Benelux (Belgium, Holland and Luxembourg)

United Kingdom

Eire

Spain

Norway

Sweden

Denmark

United States

Switzerland

Austria

Portugal

Japan

4. The Questions

The main areas to be covered in the survey are provisionally as follows:

(i) Factual data about the 2000 companies: type of company (e.g. manufacturing, utility, etc.); size of company in terms of turnover, gross profit; net assets employed; loan capital employed; number of employees; number of banks used; foreign exchange balances and use of dealers; shareholders, etc. by geographic distribution.

(ii) Measure of general confidence in economic prospects and business opportunities: Attitudes toward world trade and economic prospects (particularly in Europe) in the short and medium term, which countries are they doubtful about, economically and politically; do they expect international monetary uncertainties to continue, and if so, how will this affect confidence and planning.

(iii) Attitudes to the enlargement of the EEC: will enlargement of EEC lead to increased investment - how will it be applied; increased competition - how will it be combatted; likeli-

hood of increased mergers and acquisitions; investment switching - how would they be carried out; change in banking needs and relationships.

(iv) Changes in world trade patterns: expectations over the next 3 to 5 years in world trade growth, main growth markets and stagnant markets. In what way will these trends affect companies' financial needs and services.

(v) Direction of present and future investments: in which countries will companies be increasing investments; insofar as the enlargement of the EEC is concerned, which countries will receive most new investments - the existing 6 or new members; the effects of new investments in the EEC.

(vi) Present and future types of finance: details of types of finance and financial services currently used and preferred; how dependable are banks in supplying them; what alternatives would companies prefer and do they expect to be offered. This section would cover such services as: overdrafts, lines of credit, forward exchange markets, term loans, commercial paper, factoring, trade credit, retained earnings, long term debt financing, equity financing; which countries' banks are found to be most flexible in supplying these services; which

countries' banks are found to be least flexible.

(vii) Cost of finance and financial services: details of relative importance of cost of finance and financial services to total cost; what factors influence the acceptance of these financial costs; degree of preference for different types of fees.

(viii) Current and future sources of finance: details of current sources of finance; degree of preference and dependability; alternatives and expected changes in the use of domestic banks, international banks, merchant banks (Banque d'Affaires/ investment banks) and other institutions. Awareness of Euro currency markets, degree to which they have been used and attitude to its future use. Uses of foreign centres as outlets for short term funds.

(ix) Why different banks and financial institutions are used: How many banks are used by each industrial company. How and why each company selected the banks and/or other financial institutions with whom it works. Levels of satisfaction with existing banking arrangements. Do they use foreign banks. If so, why? If not, why not? What are the main advantages of the banks and other institutions used; what are the main criticisms of the banks and financial institutions used. What are the strengths of the criteria used in making these judgements;

likelihood that the number of banks and banking relationships might change or be changed; when and why do companies look for new banking arrangements; what criteria are used in making a change; how knowledgeable about the strengths and weaknesses of alternative banks are company executives; how important are loyalty, inertia, historical or personal ties in banking relationships; what services at present not provided by banks or other financial institutions would be welcomed if supplied; importance of nationalism/patriotism as a criterion for selecting a bank. Where would companies go for different types of financial services.

(x) Knowledge of, and attitudes towards the individual sponsors: Knowledge of individual sponsor; knowledge of services offered by sponsor; rating of sponsors as a source of individual types of finance or financial services. Rating of sponsors in relation to domestic banks. Rating of sponsors by important criteria (efficiency, friendliness, pricing of bank services, knowledge of country, industry, company, completeness of range of services, location of offices). Likelihood of company ever using sponsor; particular type of financial service for which they might use sponsor; reasons why sponsor might/would not be used.

5. The Companies Interviewed

In order to insure that the important business executives required will give our interviewers the necessary time, we intend to release a part of the resulting data to these people. We have found, in the past, that the promise of some data which will be useful to the people interviewed in their own planning is a first class insurance that the right people will make themselves available. It should be stressed, however, that the businessmen interviewed will get only a fraction of the available data. Apart from this, only those who subscribe to the survey will have access to the whole of it or to that part of it in which they are particularly interested. It is intended that the twenty sponsoring banks will have a chance to shape the questionnaire to some extent to cover areas in which they have particular needs and interests.

6. Timing

It is planned to go into the field early in 1972 with the intention of having the survey ready for delivery in mid-1972.

7. The Reports

The full survey will comprise a volume summarizing the results, a separate volume on each country covered and a special, confidential report on the sponsoring bank's own reputation and standing with the 2000 companies sampled. This will show how the subscriber rates in

each country and with each major industry. It will reveal their perceived strengths and weaknesses and should be of great value to sponsoring banks in the light of the new opportunities to be opened up by the enlargement of the EEC.

8. The Cost

Each sponsor will pay $16,500. For this fee he will get an image report of his own bank's reputation, strengths and weaknesses in each of the 15 countries. He will get 15 separate reports covering each country. He will also get one large overall report covering the entire 2000 major companies in the sample. Thus the one fee will pay for 17 separate substantial studies.

9. Special Economic Report

This will be designed to extract the data about attitudes to individual countries, levels of optimism about those countries, etc. and will be written to be of special value to individual Governments as an aid to their own economic planning.

This report will not be covered by the sponsor's $16,500 fee.

The cost of this report to Governments or economic advisory bodies will be $14,000. However, for any Government requiring information only about its own country, this data will be available at $9,500.

10. Terms

One half on placing the order for the report and one half within four weeks of delivery.

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 5, 1972

FROM: Irving S. Friedman

SUBJECT: Asian Trip

I would like to report briefly on my recent Asian trip, much of which may be old hat in view of your own recent trip and those of others, but nevertheless some may be of use.

1. I spent the weekend before going to Ceylon in London. Mr. Gengo Suzuki invited me to stay at his house and this offered an opportunity for long discussions on the European situation, particularly the money and capital markets. The Euro-$ market continues to expand in scope, size and number of financial institutions.

2. In Ceylon I was the "chief guest" at the annual meeting of the Ceylon Association for the Advancement of Science. There were other guests representing the equivalent bodies in the U.S., the U.K., Japan, the Soviet Union and India. In all I gave three public addresses and one radio interview, plus the after-dinner remarks at the closing banquet. As chief guest I addressed the opening session on "Dilemmas of the Developing Countries: The Sword of Damocles". I am having the text as read retyped and will send a copy to you. It will be published by the Association. The opening plenary session was chaired by the Minister of Finance, Mr. Perrera, who, to everyone's surprise, gave a political speech outlining his economic and financial program instead of the customary welcoming remarks. The other speaker at the opening session was Mr. Gamini Corea who was the President of the Association for the year 1971.

On a subsequent day I also gave what was announced as a "popular" lecture. It was a lecture to which people outside the scientific community were also invited, including the Embassies. In view of the fact that the World Bank had been a matter of controversy in the 1970 elections and that individuals in the government parties had expressed anti-Bank points of view, it seemed a useful occasion to speak on the World Bank. My theme was the kind of questions which are raised about the World Bank. The speech was well received and the comment by the Chairman of the session was particularly pleasing. He said that he was sure that the audience would agree that the questions about the World Bank which had been raised by various people had now been fully answered and that he believed that henceforth all would agree that the Bank was an international institution devoted only to assisting the social and economic development of its members. The third talk was to the social science section. My talk to it was on the international monetary situation and its implication for the developing countries. As you can well imagine, there was great interest in the subject. I tried to direct attention to some aspects which tend to receive less attention such as the significance for the developing countries of a general system of fluctuating rates. As you know, I have had a long

interest in the question of the "link" between SDR's and development finance but do believe that this is more a question of how to finance development assistance rather than having an international monetary system which provides the appropriate international environment for achieving goals of economic and social development.

While I was in Ceylon I had some conversations with the Governor of the Central Bank as well as the Minister of Finance. I greatly benefitted from conversations with Messrs. Baneth and Roulet. In accordance with my conversations with them, I emphasized with the Governor and the Minister the need for a surplus in the budget's current account to help finance investment. The Minister said his aim was to increase savings as a percentage of GNP from 12 to 25 per cent.

The Governor, the Minister of Finance and others were principally preoccupied at the moment with the exchange rate question. It seemed to be an open secret that there would be a general exchange rate adjustment by various countries at the end of the week that I was there. I was asked by the Governor of the Central Bank to express my personal views on the exchange rate question to the Minister of Finance, including the desirability of using the occasion of a general adjustment of exchange rates to bring about a more rational exchange rate system in Ceylon. For obvious reasons I was quite cautious in speaking on this matter to the Minister, particularly in avoiding the mentioning of any specific rate for the Ceylon rupee. I did, however, stress the importance of a realistic exchange rate and efficient exchange system for the success of a sound development program.

I found the business community, with very few exceptions, very alarmed about the new government, particularly its views on nationalization, income ceilings, compulsory savings which are not expected to be returned, taxation, subsidization of consumption, confiscation of land with promises of compensation which are regarded as being of dubious value, the continuation of an unsatisfactory exchange control system, etc. A number expressed the view that Ceylon was becoming another Burma. Everywhere there was concern with falling tea prices. The rise which was being experienced was regarded as temporary and expected to be reversed when the Pakistan-India hostilities came to an end. All seemed to expect that the anticipated devaluation of the Ceylon rupee would bring down tea prices in sterling. Some saw this as especially difficult because they saw wage increases on tea plantations as being inevitable.

I mentioned to the Minister of Finance that the business community seemed worried about the policies of the government. He replied that the private sector would continue to have a major role and that its fears with respect to ceilings on income and compulsory savings were not well founded. The government did intend to return the compulsory savings.

As for the student insurgents, the Minister said that they were supporters of the government. They had hoped to find jobs after the new government came into power but their expectations of quick results were unrealistic. The government, he said, was trying to create employment opportunities for these insurgents now held in detention. (One of the more depressing aspects of the situation in Ceylon was the repeated comment that many educated and experienced people were trying to leave Ceylon. This was true not only of people in the private sector but also in government which hitherto had been an attractive career in Ceylon. Confidence had been shaken in the career service tradition by recent actions of the government).

Talking to the scientists with different disciplines at the annual meeting reinforced a conviction of mine that there continues to be a need for some fairly readily available source of foreign exchange to help finance very small foreign exchange needs to cover the foreign exchange costs of research, e.g., rental of equipment, trips abroad, processing of data abroad, etc., in many different fields of importance for development, say multiples of thousands or even hundreds of dollars, rather than multiples of tens of thousands or higher.

3. After Ceylon I visited Manila for a day and a half. I had promised Mr. Watanabe that I would take the occasion of visiting with him and his Bank when I was in the area. He was kind enough to invite me to be his house guest the two nights I spent in Manila. As you well know, he is eager to cooperate with the World Bank but also eager to find a special role for his own Bank. As he probably told you, Mr. Watanabe believes that his relations with the Philippine Government has appreciably improved. Mr. Watanabe expressed appreciation for his chats with you.

While I was there Messrs. Watanabe and Krishna Moorthi made some suggestions with respect to the establishment of a study group to prepare a report and recommendations on the future of the Asian Institute for Economic Development and Planning and the possible role of the Asian Development Bank in supporting this Institute in the future. Since this is a rather separate subject, I am sending you a separate memorandum on it.

When I was in Manila I had the opportunity to call on the Secretary of Finance, Mr. Virata, whom I have known for some years before he entered the government. His uncle, who is now the chairman of the Philippine Development Bank (highly politicalized I am told), was an old acquaintance of mine from the days when he was the one-man professional staff for the Philippine Secretary of Finance. It was he who introduced me to the present Minister of Finance. Secretary Virata was worried about Philippine exports, particularly copper, plywood and copra that were being hit by the economic situation in Japan and the United States. He was rather optimistic about '72, relying essentially on an optimistic forecast for the U.S. economy particularly the construction industry. I was rather struck by the fact that in reply to a query he indicated that his forecasts for the

U.S. economy came from newspapers, popular magazines and U.S. commercial banks' monthly reports. They have, of course, nearly all reflected at least until very recently, the same forecast of 9½ per cent GNP increase for 1972. I myself at least have been skeptical of this forecast for some months; I believe the real growth forecast of 6 per cent or more is optimistic, while the price forecast is also optimistic. On Japan, Secretary Virata said that he expected that Japanese export prices would not rise despite the revaluation of the yen because of Japanese eagerness to keep markets. He also expected U.S. export prices to remain about the same. The great damage done to the Philippine economy and development effort in the 1950's by reliance on exchange controls which resulted in excessive protectionism, inefficient industries and wasted investment is now recognized. At the time the IMF staff (perhaps others also did so) had warned them of these effects but the then Governor of the Central Bank, Governor Cuaderno, had believed otherwise. His views were reinforced by a number of economists in the United States who still held the view that anyone skeptical of exchange controls is essentially "old fashioned" and "anti-development". I believe that Governor Cuaderno finally saw the light but not until much harm had been done from which the Philippines has probably not yet recovered. I am told there is much under-utilization of capacity. The figure of 7 per cent unemployment was cited with probably a higher percentage for Manila.

I then called on Governor Licaros of the Central Bank. He had been in charge of exchange controls in the 1950's and we recalled our conversations at that time. His present view is "never again". He pointed to the corruption as well as the poor economic policy which resulted from these controls. However, he was fairly relaxed about the Philippine balance of payments situation. A fall in export prices had been offset by a sharp rise in output and volume of exports. He said that he intended to stay with the floating rate. The IMF was pressing for devaluation, but he intended to follow the Canadian example and allow the market to determine the level of the exchange rate. But the Philippine authorities were still having a problem with their Congress to get a proper fiscal policy. However, he expected to be able to keep servicing their present external debt and seemed alerted to the potential difficulties in this area.

While in Manila I also had the opportunity for an interesting conversation with the Executive Director from Korea, Bong Cay, whom I had known from the IMF. He was worried about Korea's future. He said that the Koreans were confused as a result in the recent shifts in the U.S. policy. It was no longer acceptable in Korea to be "anti-communist". The students were upset by this switch in official viewpoint. Talks had begun with the North Koreans and he expected them to become increasingly more important, following the pattern of the talks between West and East Germany. He noted that President Park was eager to avoid martial law; among other things, it would imply that the government believed that there was a real danger of insurrection or forceful overthrow

of the government. Therefore, he had adopted emergency decrees based on voluntary compliance. He expressed concern with Korea's external debt situation and said that he agreed with the warnings expressed by Mr. Goodman and other Bank officials. Attempts had been made to inform the private sector of the situation and also to calm any fears held by foreign investors about the ability of Korea to service debt, remit dividends, etc. I gathered the public has been informed of the government's decision to rely more heavily in the future on official capital inflows. However, he was worried whether export rises of 30 per cent per annum would prove feasible in the future in view of the U.S. policy on textile imports and developments in the U.S. and Japan economy. He expressed gratitude on the shift by the Bank to Bank/IDA "blending". I could not help wondering when he spoke whether future private capital inflows to Korea will continue to grow as in the past, as well as exports. Will the Government's assurances to the private sector not be taken as signs of danger to investors?

4. Overnight stay in Tokyo. Enroute from Manila I had an overnight stay in Tokyo. With the assistance of our Tokyo office, I was able to see and talk to a number of my Japanese friends, including Mr. Kashawagi, Mr. Maekawa (formerly of the Bank of Japan and now Vice President of Japan EXIM), Mr. Ishida (whom I first met when he was in charge of international finance in the Ministry of Finance and now President of EXIM), Mr. Makato Watanabe (first met when he was in charge of international finance at the Ministry of Finance and then head of the first Japanese development assistance fund, now head of a major cooperative bank), Mr. Fujioka (former staff member of mine, now one of the senior officials in the Ministry of Finance), Mr. Yumoto (the first Japanese Executive Director in the Fund and Bank, now retired) and Mr. Shigeo Horie. The talks with these gentlemen were particularly interesting coming immediately after the Japanese decision to revalue. Much of our talks were on the Japanese economy. (I would guess that much of what was said to me was similar, if not the same, as that which was told to you.) They expressed fear at least for the short-run outlook for the Japanese economy, though it was expected that it would be helped by the lowering of interest rates which was to take place any day and which by now presumably has taken place. Japan was likely to continue to have a large export surplus as long as the Japanese economy did not expand more rapidly. The slowing down of domestic demand gave greater incentive to pushing Japanese exports while at the same time the import demand tended to flatten out. At present profit margins are said to be declining with the brunt of the pinch being felt by management. However, by next year it may be impossible not to have the pinch felt also by labor. More and more firms were going bankrupt or on the verge of bankruptcy. The economy was more liquid, which of course helped explain the demand for World Bank bonds. This in turn reflected not only the monetary and fiscal policies, but also the relative decline in demand for investment funds. Moreover, increases in public capital to offset these relative declines in private investment were being handicapped by land shortage and other problems which retarded the desired improvement in social capital.

I also found quite interesting the new emphasis being placed by the Japanese Export-Import Bank on imports rather than exports. As you were probably told, they are now emphasizing assistance to Japanese firms interested in developing sources of raw material as in Australia. The Export-Import Bank was engaging in joint financing with Japanese companies and banks in such ventures. It was also financing development loans to countries which were still regarded as creditworthy. Otherwise, it referred borrowers to the soft loan fund. These development loans were now considerably less than 50 per cent of their total loans, although I gather all are counted as part of Japan's contribution of 1 per cent of GNP. Mr. Maekawa said that with respect to the World Bank he preferred joint financing rather than parallel financing. (I assume that his views and those of other Japanese are well known to the Bank.)

I also found interesting some views expressed with respect to the need for the strengthening of the Fund and reexamining the Fund itself as part of the more general reexamination of the international monetary system.

I was also asked to meet with the senior staff of the International Development Center of Japan. Its President, Saburo Okita, was out of Tokyo, but the others present seemed to be talking authoritatively. The Center seems to have widespread support in industry and finance in Japan. It seems keen on broadening the horizons of the Japanese development assistance program. I gather it will be rather closely geared into the activities of the government though maintaining independent status. It is eager to make Japan officials and others more aware of what can be done in the developing countries and to help prepare those involved to do their jobs more effectively. The Japanese aid program is expanding more rapidly than their technical capacity to do the job well, particularly if they are to increase the number of recipient countries and broaden the scope of their activities. They asked if I could spend some time in the future giving them my views on these matters and also lecture to the participants on subjects of my choice. I suggested that this might be done at a time when I also had some other reasons to visit Japan. I promised to inform then when this might be possible. I believe that they would find March very convenient from the viewpoint of their schedule.

cc: Mr. J. Burke Knapp
Mr. I.P.M. Cargill
Mr. Raymond J. Goodman
Mr. William Clark
Mr. Lars J. Lind