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Folder Title: Robert S. McNamara Statements / Speeches - Statements 09

Folder ID: 1772445

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4547S

Series: Statements, speeches and interviews

Sub-fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: June 5, 2012

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Washington, D.C.

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McNamara Papers

Statements  
1976

The World Bank Group  
**Archives**  
1772445  
A1993-011 Other #. 2 309725B  
Robert S. McNamara Statements / Speeches - Statements 09

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BOLIVIA -- WORDS BY MR. McNAMARA AT THE  
SIGNING OF THE INGAVI RURAL DEVELOPMENT PROJECT

Mr. President, Distinguished Ministers, Mr. President of CORDEPAZ,  
Ladies and Gentlemen:

It is a great pleasure to be among you today in Jalsuri and to sign, on behalf of the World Bank, the loan for the Ingavi Project. I wish I could have made this brief speech in Spanish but regretablely my proficiency in this language is far from adequate to suit this special occasion. With your permission, I would like to proceed in English ~~thank you,~~

As you know, development is a complicated and difficult task and involves many hard choices. I do not pretend that we at the World Bank have all the answers. We certainly do not. But we have found, through our experience in Latin America and elsewhere in the world, that we can contribute to what is surely one of the fundamental <sup>systems</sup> propositions of our time -- the quest for a better life by the peoples of the developing countries, especially for the poor, most of whom live in the rural areas.

The rural <sup>development</sup> ~~integrated~~ project in Ingavi is one example of the way the quality of life of the poor farmers can be improved and their productivity increased. Preparation of ~~these types of~~ <sup>such as this</sup> projects is not an easy task, ~~but it can be done.~~ It required boldness, much imagination, dedication and the will to meet the challenge.



BOLIVIA -- SIGNING OF THE INGAVI PROJECT

The signing today of the loan for the Ingavi Project was made possible in large measure because of your actions here in Bolivia. You <sup>prepared the</sup> created a special unit to implement the project, <sup>basic technical data,</sup> ~~prepared the basic technical data~~ and selected the candidates to manage <sup>it,</sup> ~~this project~~. All this makes today a special day for me. I will leave Jalsuri with the satisfaction and the assurance that the funds provided under this loan will indeed help make the provinces of Ingavi and Los Andes a better place to live in for <sup>the thousands whom</sup> ~~those~~ of your people the project <sup>will</sup> ~~intends~~ to benefit.

Signing of the loan is one of the last steps before implementation starts. ~~And this beginning is one of the most crucial steps in the entire development process.~~ It is at this stage that the <sup>responsibility shifts</sup> ~~guard changes~~. From now on we will be looking to you, the Government of Bolivia and the beneficiaries of this project, to provide the drive, the dedication and the initiative you have so <sup>abundantly</sup> ~~absolutely~~ shown in the preparation of the project, to make it a success. We in the Bank will support and provide you with all the technical knowledge which is available to us. With this joint cooperation, I am confident that the project will succeed.

Muchas gracias.







5/19/76

REMARKS TO THE BANK'S PRESS SEMINAR

I want to devote the majority of our time together to your questions, but probably I should start with a few brief remarks on how I view the development system. I will make some brief remarks and then take questions.

To put the problem in a few words, the economic advance of the two billion people in the developing countries is disgracefully slow, particularly for the poorest among them, and needs to be accelerated both in their interest and in the interest of the developed nations.

Let me elaborate on this theme.

Equality of opportunity among men both within nations and among nations is becoming a central issue of our time:

- At the national level it is leading to a questioning of previous growth strategies focussing on problems of mass poverty and a search for new development styles combining growth and equity.
- At the international level it is highlighting the widening gulf between poor and rich nations and focussing attention on the desperate situation of the very poorest nations.

Per capita incomes in many of the poorest nations have actually declined in the first half of the 1970s. And, although per capita incomes of the middle-income developing countries have grown during that period, the disparity in income between them and the developed nations, despite the recession in the latter, has substantially increased.

It is these facts which have brought the demands for a change in the working of the world's economy, and the series of international meetings to discuss the relationships between the developed and developing world: the Special Session, 10/17 Dialogue, the New International Economic Order, etc.



Although I have spoken before of the conditions of the one billion people in the poorest of the developing countries, I want to <sup>repeat them again today</sup> repeat them today. They are shocking:

- . Their infant mortality rate <sup>of these people</sup> is six times as high as ours.
- . Their life expectancy at birth is one-third lower.
- . Their literacy rate is about half.
- . Their nutritional intake is below the minimum acceptable <sup>standards -- for</sup> standards ~~for about half their population.~~ <sup>development of the brain</sup> ~~standards for about half their population.~~ <sup>is eight times more</sup>

A child at birth, by the sheer accident of where he is born, <sup>born in rich countries,</sup> ~~has only one-eighth~~ of the chance of children <sup>to survive beyond age 5.</sup> ~~to survive beyond age 5.~~ And hardly any chance at all thereafter to live a life of dignity. <sup>likely to die than your child or adult.</sup>

Unless both the developing countries themselves and the capital surplus nations as well act in ways not now projected, there will be no substantial increase in the per capita incomes of these poorest nations in the next ten years.

A major part of the responsibility for <sup>their</sup> economic advance must be assigned to the developing countries, but <sup>assuming they carry out that responsibility,</sup> it is difficult to see how they can move forward without additional assistance from <sup>the</sup> rich countries. Six years ago, in the General Assembly of the United Nations, these countries agreed that external concessionary aid amounting to .7% of GNP was <sup>if the US is not to achieve its rates of growth</sup> both needed and would be supplied to the <sup>developing</sup> ~~countries.~~ This year that aid will not exceed one-half of that amount. The U.S. share will be closer to one-third.

I would like to say to you that the prospects of reversing this trend are good. But I am not so sanguine. The outlook for flows on concessional terms,



as via IDA, and other instruments, is poor indeed. Without <sup>sufficient</sup> continued flows  
of capital ~~and technical assistance~~ <sup>both</sup> to the poorest, <sup>interns, etc. etc. etc. 2010 as well,</sup> much of the good work you  
have heard about in the last two days will <sup>be constrained</sup> come to a halt. ~~Indeed to a~~ <sup>And that would be a tragedy</sup>

~~grudging halt~~, because as you have heard, our projects are having <sup>an</sup> some effect <sup>in helping</sup>  
~~in making the poor~~ <sup>to make</sup> <sup>more</sup> productive. Progress is slow to be sure, but we see it.

There are risks too, but as bankers we certainly think they are worth taking.

I for one, and all of us here in the Bank, would feel it an enormous tragedy  
should the rich world fail to take heed of the problem and see that adequate  
resources are available.







## REMARKS ON SIGNING OF MANILA URBAN DEVELOPMENT LOAN

Mrs. Marcos, it is always a pleasure to welcome you back to Washington. But it is particularly pleasant to do so today for the purpose of signing this loan to finance what both literally and figuratively is your project.

As you all know, Mrs. Marcos, in addition to directing national population and nutrition programs, also serves as Governor of Metropolitan Manila.

It is in that capacity that she initiated the work which has led to the events of today.

Her actions need to be put in historical perspective.

The Philippines is a potentially rich nation -- rich in human resources and rich in physical resources. And yet, during much of the 1960s that potential was far from being realized. Economic advance was significantly below the optimum. Moreover, the benefits of economic growth were maldistributed and unemployment rose.

That situation has changed in the 1970s: tax revenues have been raised; public savings have increased; land reform has accelerated; population and nutritional programs have been started; special efforts have been directed toward increasing the productivity of the rural poor, and now, through ~~the~~<sup>the</sup> TONDO project, the same program is being applied to the urban poor.

It is truly a pioneering effort, both for the Philippines and the Bank.

The project is unique in the decision to retain ~~the~~ squatters on prime urban land in the heart of the city close to employment opportunities. It is unique in the investment limits imposed -- cost limits established at sufficiently low levels to permit the project to be duplicated elsewhere in Manila, in the Philippines, and in the world, assuming the benefits are realized as planned. And the project is unique, also, in the care and



attention personally devoted to it by one of its nation's leaders.

President Senghor, a gifted leader of the developing world, in a very moving poem, asks:

"And who will bring back the meaning of life to <sup>the</sup> a man whose hopes have been smashed?"

Today is my birthday. There is no gift I could have received that would give me more pleasure than the opportunity to join with Mrs. Marcos in signing a loan to bring back the meaning of life to 180 <sup>thousand men,</sup> ~~million~~ women, and children.

*Enid*  
June 9, 1976



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June 17, 1976

contribute to your edas  
B.W. Donnelly

REMARKS AT THE COMMERCE DEPARTMENT

Elliot\* has asked me to say a few words about the prospects for economic advance in the developing countries. He suggested I speak for a few minutes and then turn to your questions.

My introductory remarks can be very brief.

In a word, the <sup>rate of</sup> economic advance of the two billion people in the developing countries is disgracefully slow, particularly for the poorest among them, and it needs to be accelerated both in their interest and in ours. Except for the benefits which they will receive from increases in their exports associated with economic recovery in Japan and the West, I can see little prospect of that occurring soon.

Let me elaborate on this theme.

Equality of opportunity among men both within nations and among nations is becoming a central issue of our time:

- . At the national level it is leading to a questioning of previous growth strategies, <sup>it is</sup> focussing on problems of mass poverty and <sup>it is stimulating a</sup> search for new development styles combining growth and equity.
- . At the international level it is highlighting the widening gulf between poor and rich nations and <sup>it is</sup> focussing attention on the desperate situation of the very poorest nations.

Per capita incomes in many of the poorest nations have actually declined in the first half of the 1970s. And, although per capita incomes of the middle-income developing countries have grown during that period, the disparity in income between them and the developed nations, despite the recession in the latter, has substantially increased.

\* Elliot L. Richardson, Secretary of Commerce.



It is these facts, of course, which have brought the demands for the New International Economic Order and the series of international meetings to discuss the relationships between the developed and the developing world: the Special Session at the United Nations last September; the North-South Dialogue in Paris; and the ~~current~~ UNCTAD meeting in Nairobi.

The conditions of the one billion people in the poorest of the developing countries are shocking:

- . The infant mortality rate of these people is six times as high as ours.
- . Their life expectancy at birth is one-third lower.
- . Their literacy rate is about half.
- . Their nutritional intake is below the minimum acceptable standards for about half their population.

A child at birth, by the sheer accident of where he is born, is eight times more likely to die before he is five than your child or mine.

Unless both the developing countries themselves and the OECD nations as well act in ways not now projected, there will be no substantial increase in the per capita incomes of these poorest nations in the next five to ten years.

A major part of the responsibility for economic advance must be assigned to the developing countries, but it is difficult to see how they can move forward without additional assistance from the OECD countries. Six years ago, in the General Assembly of the United Nations, these countries agreed that external concessionary aid amounting to .7% of GNP was both needed and would be supplied to the developing countries.. This year that aid will not exceed one-half of that amount and the U.S. <sup>assistance</sup> ~~share~~ will be closer to one-third. Nothing that was said at the Special Session last September or that has been



said during the North-South Dialogue in Paris, ~~to date~~, or that was said in UNCTAD gives any basis for hoping that this situation will change ~~down~~.

Elliot asked me particularly to comment on the role of private finance in meeting the external capital requirements of the developing countries. In a word, private financing is important (approximately half of the capital flows come from private sources) but it cannot be a substitute for Official Development Assistance from public sources. For the poorest nations with a population in excess of one billion people, creditworthiness limits the amount of capital that can be supplied by commercial banks and direct investment. For the middle-income countries (the Brazils, Mexicos, Koreas, etc.) private capital is unavailable to finance many of the high priority development investments: roads, agricultural production, ~~increases~~, education, small-scale industry, etc. And for even the projects which one might think would attract private investment, the outlook is poor. Multinational companies are increasingly unwilling to invest in many developing countries. The reasons are clear. The risks are too great. Much must be done by the developing countries themselves in their own interest to attract such investment. But much also can be done by the OECD nations to improve the investment environment. I will have more to say about that later if you wish.

Now let me turn to your questions.







Remarks: University of the Philippines

October 1, 1976

I am deeply grateful to the University of the Philippines for this high honor. I accept it, not for myself, but on behalf of those many, many people all over the world who have labored and continue to labor to eliminate the scourge of poverty which condemns hundreds of millions of our fellow human beings to lives of malnutrition, disease and illiteracy. This campaign is, I believe, the central task for our generation and for the rest of this century. It is a war to give meaning back to life, and it is this effort, conducted by international institutions and national development agencies, but above all by thousands and millions of people in the developing countries, which you honor today.

In the fight against poverty, we are all students. None of us has all the answers. Far from it. There are, however, some central themes which begin to emerge from the experience of the last decade or two.

It is clear now that no feasible level of traditional welfare programs -- and no simple redistribution of already inadequate wealth -- will be enough to eliminate poverty. The only realistic way to reduce poverty is to assist the poor themselves to become more productive.

A large part of our efforts must be concentrated in the rural areas. Of the two billion persons living in the developing countries, nearly two-thirds are members of farm families. Of these, about 800 million live under conditions of absolute poverty, so degrading that their basic human needs go unmet.

The search to find some escape from such conditions leads growing armies of the rural peoples to the urban centers. This drift, which is rapidly becoming a flood, guarantees that the urban poverty problem will also grow to



mammoth proportions.

In both the urban and the rural areas, quick, effective remedies must be found to reduce the crushing burden of high rates of population growth. Unless that is done, the task of providing productive employment for the growing numbers of people reaching the labor force will become totally unmanageable.

Finding solutions to these immense problems will, of course, depend primarily on the efforts of the peoples and Governments in the developing countries. But the international community clearly has the means and thus the responsibility to assist them by providing additional resources and strong technical support.

In the transformation of poverty-plagued societies, you in the universities must play a central rôle. It is from you that we practitioners seek practical ideas for accelerating the development process. It is from you we must have timely evaluations of our rapidly changing experience. And it is you who train the personnel who will direct the programs to increase the productivity and incomes of the poor.

It was in recognition of the potential of this University for contributing to the nation's development that the World Bank made its first loan in the educational sector to the University many years ago. And I see in front of me in the audience Dr. Liefstinck, who was then a Director of the Bank. Dr. Liefstinck was a distinguished predecessor of Dr. Witteveen, serving as Finance Minister of the Netherlands immediately after World War II and leading that nation forward economically after the chaos of the war. Dr. Liefstinck has served as a Director of the Bank and Fund for most of the years since that time, and we are all indebted to him for the contribution which he has made to these institutions.



I speak today mainly of problems. But I do not speak with any sense of resignation. Countless people all over the world have dedicated their lives to meet the challenge of poverty, and I am confident that their efforts will ultimately prove successful. It is these people, some famous, some quite unheralded, whom you honor today; and it is in recognition of their efforts, and the exciting role I have been allowed to play in their midst, that I accept this great honor.

Thank you.







## Airport Arrival Statement

### Burma

I am delighted to be in Burma, and greatly appreciate the kind invitation to visit your beautiful and interesting country. As this is my first visit here, I am particularly looking forward to meeting your leaders. From these discussions, I hope to acquire a deeper understanding of your problems and prospects, and of the policies you are adopting to stimulate the economic and social progress of your people.

World Bank lending to Burma has been increasing in recent years. Over the last three years, IDA has provided \$132.5 million for projects relating to agriculture, forestry, livestock and transport. I am especially pleased that this trip will include a visit to paddy areas in the Irrawaddy Delta, where we are already supporting a project and hope to be able to provide assistance for others. I am looking forward to the opportunity of learning more about your farmers, whose efforts will be of crucial importance in building a better future for your country.

As you know, the bulk of the resources -- human and material -- for development come from within the developing countries themselves. In line with your readiness to implement the necessary and often difficult measures that constitute the basis of any serious development effort, we are prepared to assist projects of high priority within the framework of Burma's development plan.

In providing assistance, our aim is to help the people of Burma to achieve the goals that they themselves have chosen. Your country has the potential for rapid as well as equitable growth, and we in the World Bank are ready to assist in any way we can.



Airport Arrival Statement

Bangladesh

Mrs. McNamara and I are very grateful for the opportunity extended by your Government to visit Bangladesh and to become better acquainted with its Government and people.

This is my second visit to Bangladesh since independence. I first came here in <sup>Jan.</sup> 1972, just when you were starting to reconstruct your country. Your Government structure had to be put in place. The economy was dislocated. You had little experience in the difficult task of running a country. Since then, I know that much has been achieved and this visit will be for me an opportunity to assess firsthand the progress achieved so far.

We, at the World Bank, take pride in having been associated with your efforts to develop your economy. The tasks ahead are, as you know, immense. Bangladesh's struggle for development requires further progress in increasing agricultural production and employment opportunities in the rural areas, improving the efficiency of its industrial undertakings, and of expanding exports. In parallel with this, continued progress in family planning is essential if the efforts at economic development are to have an impact on improving standards of living. I know that the Bangladesh people at large are participating in these efforts. Let me assure you of our desire to continue helping Bangladesh in its efforts. During this visit I have hope to learn more about your plans for the future and about the problems with which you must deal.

*to date, have loaned 650 million for you, tele, fpp, roads, phone, water supply*



## Airport Arrival Statement

### India

I am delighted to be back in India for my fourth visit as President of the World Bank. We have been partners in development through good times and bad. It is very gratifying that my present visit coincides with a very healthy economic outlook for India. After successive droughts and the worldwide inflation, the present balance of payments and foodgrain situation is very heartening for me. You have once again demonstrated to the world the resilience of the Indian people and their determination for progress in the face of extreme adversities.

India is, as you know, the largest recipient of Bank Group assistance. The Bank and the International Development Association have committed a total of \$5,800 million for India's development -- more than \$3,200 million of it in the last five years. As a consequence, what happens in India is closely watched and has a major impact on how the rest of the world views the prospects of developing countries and the future role of development assistance. This alone is enough reason for my keen interest in what happens here. It is not, however, the only nor the most important reason. What brings us together is our mutual awareness of the needs of India's urban and rural poor and a commitment to ease their burdens. Equally importantly what we learn together in India helps make the World Bank a more effective development institution in helping others.



Additional Paragraph for

Calcutta

It is very appropriate that I should start my visit to your country in Calcutta. The solutions to the world's urban poverty problem will have to be devised right here, but not just in the city but in an integrated effort involving the surrounding agricultural areas. I look forward to seeing and meeting the people of Calcutta and the farmers of West Bengal in the next two days.



Airport Arrival Statement

Pakistan

I am grateful to your Government for the invitation. ~~When I was~~ *but*  
in Pakistan four year ago, ~~the country was undergoing rapid changes and I~~  
appreciated the opportunity at that time to confer with Prime Minister  
Bhutto and others on your development plans. Since then I have met with  
~~Mr. Bhutto in Washington, and I am looking forward to meeting him here again.~~

*So far*  
In the last four years, Pakistan has encountered many difficulties.  
Droughts, floods, international recession and spiralling import prices have  
all left their mark on the economy. Nevertheless, Pakistan has succeeded in  
maintaining a rising trend of investment, and a growth rate of more than  
four percent per year.

The Bank has long been associated with Pakistan's development  
plans. We have contributed almost \$1.3 billion over a quarter of a  
century, nearly half has been committed in the past four years.

*We have*  
So far, *ed in* our loans have included ports, railways, pipelines, roads and  
telecommunications, in addition to the massive power and irrigation works at  
Tarbela and elsewhere in the Indus Basin. In the future, in response to the  
increasing emphasis which the Government wishes to give to agriculture because  
of its central role in the life of the majority of the people, an increasing  
share of Bank assistance will be directed towards this sector.

I know that much remains to be done, but in the course of my visit  
I look forward to seeing what progress has been made, what problems lie ahead  
and what programs are being developed to deal with them. I shall be  
particularly interested in the plans for moderating the population growth rate  
and programs designed to enable the poor -- both rural and urban -- to  
increase their income productivity.



