

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: Memoranda for the Record - Memoranda 02

Folder ID: 1771489

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4543S

Series: Memoranda for the record

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: June 19, 2012

To cite materials from this archival folder, please follow the following format:

[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

McNamara Papers

Memos for record  
1969

Box 1

The World Bank Group  
**Archives**



1771489

A1995-254 Other #: 1

309654B

President's papers - Robert S. McNamara Memoranda for the Record - Memoranda 02

**DECLASSIFIED**  
WBG Archives

December 18, 1969

792/1/33

Meeting in Mr. McNamara's Office to Discuss Paper dated December 8, 1969, Prepared by the Projects Department on General Guidelines for Pre-Investment Study Programs, December 17, 1969

Present: Messrs. McNamara, Aldewereld, Demuth, Chadenet, Baum, Hoffman and Engelmann

Mr. McNamara said he would not wish to distribute the paper in its present form outside the Bank, particularly not to the UNDP. This subject matter was extremely delicate and he would eliminate any reference to which organization might be expected to undertake the task of preparing pre-investment study programs. It was agreed that

- (a) the paper would be re-edited into a "discussion draft" where no reference would be made to any organization involved;
- (b) the Bank would meet with the UNDP to discuss the new draft;
- (c) prior to the departure of the three "trial" economic missions in which UNDP Resident Representatives would participate, the Mission Chiefs would be briefed about our relationship with the UNDP on this matter.

Mr. McNamara mentioned that his main interest at this stage was to introduce into the Bank the principle that pre-investment study programs were required. He was not now concerned with the speed at which the Bank undertook pre-investment work, but would leave this to the Projects Departments to decide in light of their regular workloads.

L.E. Christoffersen

President has seen

792/1/32

December 17, 1969

MEMORANDUM FOR THE RECORD

Meeting in Mr. McNamara's Office to Discuss Bank Group Financing of Private Industrial Enterprises.

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Chadenet, Fuchs and Gaud

Mr. Knapp had proposed that industrial projects submitted for financing by the World Bank Group should, at their initial stage, be processed through IFC. Mr. Fuchs said that a major task in his new Department would be to undertake sector studies on industrialization, but he expressed uncertainty as to whether such sector studies would be practical enough in their approach unless his staff also had simultaneous experience in project work. Mr. McNamara did not think this latter point would arise and said he thought the Industrial Projects Department ought to devote most of its staff time to sector studies initially.

It was agreed that:

- (a) for a trial period up to July 1, 1970, IFC would process all industrial loan requests;
- (b) if a project submitted to IFC would seem to require a Bank Group investment of more than \$20 million equivalent, the Industrial Projects Department would be asked to undertake responsibility for the project;
- (c) the same group would meet with Mr. McNamara whenever such a situation arose (para. (b) above);
- (d) A review of this procedure would be made in July 1970.

Leif E. Christoffersen

President has seen

792/1/37  
November 5, 1969

MEMORANDUM FOR RECORD

Meeting to Discuss Draft Board Paper on Preference for Domestic Suppliers,  
November 3, 1969

---

Present: Messrs. McNamara, Knapp, Aldewereld, Friedman, Cope, Baum and Votaw

Mr. Knapp said he would recommend a Board paper which would review the domestic preference issue in very simple terms. He would also like to eliminate the discussion of the various alternatives from the final Board paper. Mr. McNamara said that the main point to get across to the Board was that the present system was inadequate. The objective now should be to move from the 15% rule to a discretionary system. Mr. Knapp pointed out that the Bank's management had, since 1965, had authority to use more discretionary principles. The reason why it had not been utilized was that the Board did not fully understand the complexity of the problem. Mr. Aldewereld said that the Bank's experience suggested that the 15% rule was easy to understand and that any other scheme would, by the very nature of the problem, be rather complicated.

Mr. Cope commended the draft paper. He thought it would be wrong to abandon the discussion of the alternatives mentioned. Mr. Baum said that he had found it difficult to decide which details to include but felt that only the most necessary details were left in the paper. He thought perhaps one weakness was that the paper introduced three intermediate solutions. Mr. McNamara agreed and suggested that these be merged into one in the final paper. Mr. McNamara also agreed with Mr. Votaw's suggestion that the value added section be moved into an annex with only a short statement on the value added alternative in the main text.

Mr. McNamara then referred to the recommendations in paragraph 48. He asked which threshold figure the Bank should apply. The meeting agreed that a 20% level would be appropriate. With reference to subparagraph (b), Mr. McNamara queried how often the Bank would experiment with the value-added approach during the next year. Mr. Baum thought there would only be a few instances in which such experimentation would be worthwhile -- perhaps about three to six cases.

Mr. McNamara also wondered what percent protection should be allowed under the value added alternative. It was agreed that about 20% to 50% would be an appropriate range. In those cases where the Bank would experiment with the value added approach, it would be done in the context of normal project appraisals. No advance notice would be given to the Board.

In regard to the use of the exception clause (subparagraph (c)), Mr. McNamara asked that prior agreement be reached within the Bank as to which countries and projects this clause would be applied.

Mr. McNamara commended the draft Board paper. He asked Messrs. Baum and Votaw to have the paper ready in a final form within a week. It should then be distributed to the Board on November 12. A Board discussion would be scheduled for November 25.

LEC

President has seen

October 22, 1969

792/1/30

Meeting to Discuss Policy Paper on Domestic Preferences, October 17, 1969

Present: Messrs. McNamara, Knapp, Friedman, Cope, Cargill, Baum, Stevenson and Votaw

Mr. Knapp suggested that, at least for the time being, the Bank maintain its preference rule based on a nominal rate. At the same time the Bank should experiment with the value-added principle in a few select cases--perhaps for some of the projects in South America. In these cases he thought a 25% preference on a value-added basis would be adequate. India should be treated as a separate case. Here the Bank might be prepared to apply a nominal preference of 27½% but our justifications for this should not, in Mr. Knapp's opinion, be related to the exchange rate problem.

Mr. McNamara agreed in principle with Mr. Knapp's suggestions. He asked Messrs. Baum and Votaw to prepare a draft paper for the Board. It would state that the domestic preference issue was a difficult one and involved both political and economic problems to the parties concerned. The Bank would continue to apply its present policy in 1970--with certain refinements--but at the same time it would experiment with the value-added approach. The preference percentage might in such cases perhaps vary from our general rule of 15%. Meanwhile, the Bank would apply more freely the exception clause in our preference policy, particularly in regard to countries where an over-valued exchange rate is a problem to domestic industries.

Mr. McNamara wondered how often the domestic preference issue might be expected to arise this year. Mr. Cargill said he thought it would be a significant problem in no more than three of the forthcoming Indian projects. Mr. Knapp thought very few other projects would have to face this issue before the end of the year. Mr. McNamara said that, in view of this, he considered it correct not to make any major change in the policy at this time and that the exception clause would instead be applied more freely. It was unlikely that the EDs would oppose this decision since those who favored the value-added principle would recognize that the Bank had begun experimenting with this approach.

Mr. Knapp suggested that the problem of waiver of tariffs on industrial inputs should be carefully studied. He mentioned that most industries in developing countries anyway had to cope with high input costs, often because of inefficient production techniques in other industries in their own country, or because of restrictive government policies. He said he would prefer to disregard waivers of tariffs in bid comparisons, perhaps except when these were higher than 15%. If the preference was to be measured in terms of the foreign value added of domestic industries, he would recommend a 20% rule. He agreed with Mr. McNamara that the Bank should for the time being maintain its present policy. It could perhaps be modified by a more careful scrutiny of how domestic industries should be defined.

Mr. McNamara wished to avoid spelling out the details of our domestic preference policy in the Board paper. At this point he would merely wish to state the changes which were to be made. On the tariff waiver question, Mr. McNamara said he wanted to leave it to the governments to take the initiative. Whenever a domestic preference issue arose in our project appraisals, he hoped these would be brought to his attention at an early stage.

It was agreed that Messrs. Baum and Votaw would prepare a draft memorandum to the Board using most of the content in the background chapter in their draft policy paper of October 13 and appropriate parts of the working papers already prepared. The draft should be submitted to Mr. McNamara by November 1. Another meeting would be held in Mr. McNamara's office a day or so later and the Board paper would be issued on November 6 at the latest.

President has seen

L.E. Christoffersen

October 14, 1969

792/1/29

Meeting in Mr. McNamara's Office to Discuss the Gaud/Demuth Report on IFC, October 9

Present: Messrs. McNamara, Demuth, Gaud and Raj

Mr. McNamara said that he would be reluctant to distribute the report to the Board. Mr. Raj mentioned that the IFC policy pamphlet was being revised and thought it appropriate to spell out changes in IFC policies and procedures in that publication.

Before discussing the IFC report, Mr. McNamara asked Messrs. Demuth and Gaud to examine conflict of interest procedures within the Bank Group. He wanted to know how to deal with such problems and felt that more explicit guidelines were needed. Mr. Gaud was asked to report how they relate to IFC and Mr. Demuth those of the Bank.

Mr. McNamara wished the recommendation on page 5 to be amended to show that Mr. Diamond's Department would have the main responsibility for development finance companies. He thought it was important for the DFC Department to operate somewhat independently. One advantage of this was that when "slippages" threatened the general lending program, the DFC Department would have more flexibility to increase its own program and thus offset a decline in the over-all program. Mr. Gaud pointed out that IFC is actively involved in development finance companies in two ways: it alone can provide equity participations, and it may make loans when government guarantees are not forthcoming. Mr. McNamara agreed that these were IFC matters, but pointed out that in all other cases the initiative should rest with Mr. Diamond's Department.

In respect to the recommendation on page 7, it was agreed that the minimum IFC limit for direct investment in a single enterprise should be lowered from the proposed \$2 million to \$1 million, and, that the upper limit be set at \$3 million rather than \$5 million.

In discussing IFC financing in the form of straight loans, Mr. McNamara said it was important to have more flexible interest rate policies. The Board did not restrict interest rate levels on such loans. These ought to be determined largely by the risk involved in the enterprise. In the past IFC had too often favored equity participation in enterprises which mainly had been interested in straight IFC loans, because the over-all return on funds invested would otherwise have been too low under present interest rate levels. Mr. Demuth mentioned that many investors with adequate equity capital had been turned away in the past when they only wanted straight loans from IFC. Mr. Raj said that Mr. Rosen had worked within a framework which assumed that the Board would not allow higher than 10% interest rates on IFC loans. Because of this it had been necessary to look for good equity participations in order to get adequate yields. Mr. Gaud thought that IFC should not be hesitant in taking risks and should perhaps accept the fact that investment yields would be lower in the initial years of the investment. It was agreed that a more flexible interest rate policy would be pursued by IFC in the future. The IFC pamphlet was considered the most useful way of letting investors know this change in IFC operations.

The following would be added to the first recommendation on page 10: "and where the IFC interest rate is appropriate to the risk." In the second recommendation the last part of the sentence (i.e., "perhaps at an interest rate lower than that normally charged by IFC") would be deleted. Mr. Raj asked what interest rates might be applicable to intermediaries such as ADELA. Mr. McNamara said that he thought IFC should consider an interest rate level around 8½% under present market conditions.

President has seen

In regard to the recommendation on page 12, it was agreed that IFC should not restrict the use of its funds merely because it wished to postpone the day when an increase in its capital would have to be sought. It was also agreed that Mr. Gaud would ask Mr. Blaxall to assist him in setting up a five-year program for IFC. IFC should also be encouraged to have more senior professional staff available for field work in developing countries where they should assist enterprises seeking advice on operational matters. The current budget already provides for two such positions and Mr. McNamara agreed that further positions would be required subsequently when a need for additional services had been properly established.

On page 13 the first part of the second sentence would be deleted. Mr. McNamara said that in appropriate cases he favored going to the Board at an early stage of the negotiations. Mr. Raj pointed out that an advantage would be that other investors might then be more willing to commit themselves at an early stage of a project. On the other hand, two disadvantages might arise:

- (a) investors might subsequently drop off; and
- (b) our present practice of charging commitment fees from 30 days after Board approvals discourages borrowers from wishing to obtain early Board action.

Mr. Demuth mentioned that Mr. Kamarck disagreed with some of the recommendations on page 16. Mr. McNamara asked Mr. Demuth to propose proper guidelines for the various Departments concerned.

Mr. Demuth said that he strongly recommended that technical assistance as proposed on page 17 be made available through the DFC Department. Mr. McNamara agreed and said he had asked Mr. Diamond to acquire staff required for this purpose.

Mr. Demuth said that the Board was quite reluctant to give private investment guarantees of the kind recommended on page 21. Mr. McNamara said that he did not think it necessary to ask for a general approval by the Board on this matter, since there would be few cases when it would be applicable. In regard to whether IFC or the Industrial Projects Department should be the first to review industrial projects, Mr. McNamara said he wished Mr. Demuth would circulate a note on this matter to senior officials in the Bank for a general discussion on this at a later date.

Mr. McNamara asked Mr. Demuth to have Mr. Ripman prepare a proposal on the coordination between the Industrial Projects Department and the Economics Department.

In regard to the proposed industrial coordination committee, it was agreed that this would be chaired by either the Executive Vice President or the Vice President of IFC.

L.E. Christoffersen



792/1/28

October 14, 1969

MEMORANDUM FOR THE RECORD

Joe Sisco asked if we could delay on the Egyptian credit until they had a chance to act on the Egyptian proposal. I asked him to push along their response and told him we could wait a week.

RMcN

792/1/27

MEMORANDUM FOR THE RECORD

October 8, 1969

Mr. McNamara's Meeting with Mr. Prasad, Director of the Asian Institute for Economic Development and Planning (Bangkok), on Monday, October 6, 1969

Mr. Prasad, a Bank staff member on deputation to the Institute, reported that the Institute had been established seven years ago and was modeled on the EDI. Mr. Woods had asked Mr. Prasad to set up the Institute. As Indian Executive Director at the IMF, he had earlier assisted Sir Alec Cairncross when EDI was established. The Asian Institute had been very favorably received by the governments in the region. It had trained about 1100 government officials. Mr. Prasad had indicated he would resign from the directorship of the Institute in July 1970. For personal reasons, he would like to continue in the Bank's service beyond that date.

Mr. Prasad said that he had been particularly proud of two events in his Bank service: the survey mission which he headed to Libya, and the period he served as advisor to the Prime Minister of Nigeria. He also mentioned that he was associated with the Mekong Board. Mr. McNamara asked him about his opinion of the Mekong Basin program. Mr. Prasad said that, while the program was not economically sound, it provided important political benefits. Mr. McNamara asked if sound economic projects could be developed. Mr. Prasad thought that this could be done and said that the main disadvantage of the Mekong Secretariat was that it had been administered and staffed by engineers who had little or no understanding of the economic aspects of development. Mr. McNamara said that he would be delighted to consider an extension of Mr. Prasad's services with the Bank beyond Sept. 1970 and asked Mr. Christoffersen to contact Mr. Ripman to explore this possibility.

L.E. Christoffersen

President has seen

October 6, 1969

792/1/26

Meeting to Discuss Third IDA Replenishment, October 2, 1969

Present: Messrs. McNamara, Aldewereld, Rickett and Adler

Mr. McNamara said that further staff work was needed to evaluate the practical aspects and negotiating points which could be anticipated for the coming negotiations with the Part I countries. He had noted several important points in the Governors' speeches relating to IDA replenishments. Mr. Colombo had suggested that Italy might perhaps voluntarily submit part of their SDR quota to IDA. Several Governors had also pointed out that an intermediary interest rate category was necessary--between the current Bank/IDA lending rates. This point might perhaps be important if the volume of IDA replenishments were not to be significantly increased, but might possibly be ignored if IDA lending reached an annual level of \$1 billion. He asked Mr. Adler to become personally responsible for all staff work relating to the next IDA Replenishment. He would work under Sir Denis and would have to acquire further staff (one-three professionals) to work full time on this task. Mr. McNamara suggested that Mr. Blaxall temporarily take over the departmental work and that Mr. Adler devote himself almost entirely to the IDA replenishment exercise. The staff working for Mr. Adler should be located in the Programming and Budgeting Department. The new unit would replace the group which previously had been working under Sir Denis.

Mr. McNamara said it was important to set up a comprehensive statistical base for all multilateral and bilateral aid programs in order to review total financial development resources within the same framework. He noted several conceptual problems which would have to be faced, such as unilateral SDR linkages to IDA replenishments. Mr. McNamara said that Mr. Adler should participate in the negotiation efforts and thus be prepared to travel with Sir Denis whenever required. Mr. McNamara emphasized that the people working under Mr. Adler should be practically oriented. The new unit should also address its work to all relevant points which had emerged from the Governors' speeches at the Annual Meeting.

In regard to the creditworthiness issues, Mr. McNamara asked the group to avoid getting too deeply involved in this field, except to acquire a clearer understanding of debt-servicing problems facing important IDA countries. Mr. McNamara said the paper on the Bank's capital structure, presently being prepared by Messrs. Broches and Aldewereld, should link up directly with the work on IDA replenishments, since these two issues should be reviewed within the same over-all framework.


L.E. Christoffersen

President has seen

## OFFICE MEMORANDUM

TO: Mr. McNamara

DATE: October 3, 1969

FROM: Richard H. Demuth SUBJECT: P. S. Narayan Prasad

Mr. Prasad, an Indian economist born in 1910, started his professional career as a Professor of Economics. In 1946, he became a member of the staff of the Reserve Bank of India, rising to the position of Economic Adviser. He was Executive Director for India of the IMF from 1953 to 1957, when he joined the World Bank staff as a member of the Development Advisory Service.

In the Bank Mr. Prasad has served as Assistant Director of the Economic Staff (1957); a member of the small Bank team which successfully conciliated the dispute between UAR and the Suez Canal Company arising out of the nationalization of the Canal; Chief of the General Survey Mission to Libya (1958-1960); and, under secondment, Economic Adviser to the Federal Government of Nigeria (1961-1963) and Director of the Asian Institute for Economic Development and Planning (1963 to date). He is also a member of the Advisory Board of the Mekong Co-ordinating Committee and of the Governing Board of the International Institute for Educational Planning.

The Asian Institute was established on the initiative of the Economic Commission for Asia and the Far East (ECAFE) in 1963 and Dr. Prasad has been its only Director. It has been financed by grants from UNDP and from countries interested in it, both those in the region and certain donor countries. It has courses rather analogous to those of the EDI, but at a slightly lower level, and also conducts short ad hoc seminars on special topics and training courses within various developing countries of the ECAFE region. The Bank has provided the Institute with EDI teaching materials and other data and has made Bank staff available for short teaching assignments (usually qualified persons who are already in the area on other Bank business).

Mr. Prasad has said he intends to retire from the Institute and simultaneously from the Bank staff when he reaches age 60 in September 1970.

President has seen

September 19, 1969

792/1/25

Meeting in Mr. McNamara's Office on a Proposed Regional Resident Office in East Asia and the Bank's Involvement in the Mekong Basin Development, September 16, 1969

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Shoaib, Gaud, Cargill, Chadenet, Goodman and Sadove

Regional Representative Office

Mr. Goodman stated that at present his Department's contacts with countries in East Asia were not fully satisfactory. In the past, the Bank had stationed resident representatives in particular countries, such as Thailand, Malaysia and the Philippines, but these assignments had been discontinued. At the moment, there were three reasons why he had recommended that a regional resident office be established in East Asia:

- (i) the growing importance of Japan's bilateral aid efforts in Asia and its future role as a source of funds for Bank and IDA;
- (ii) a higher volume of Bank and IDA lending in the region; and
- (iii) increasing Bank involvement in Mekong Basin affairs.

In the past year Mr. Goodman and his Deputy had spent together a total of almost 200 man-days in the field, which, in addition to staff supplied to missions both from his own Department and from the Projects Departments, had given rise to considerable difficulties. Since it would be difficult to find highly qualified staff for a number of resident missions in individual countries, he had arrived at the conclusion that a regional office, covering several countries, would be the best alternative. He thought Bangkok would be best suited as a location for such an office.

Mr. Knapp agreed that staffing problems would make it difficult to establish several resident country missions but queried Bangkok as the best location for a regional office. He thought perhaps the Bank's contacts with the Mekong Committee could best be dealt with through a representative in Bangkok but suggested that serious consideration should be given the idea of setting up a regional office in Tokyo.

Mr. McNamara said that he might favor a proposal to establish a resident office in Tokyo. In such a case, he would prefer to see a Japanese as head of that office. Japan was most specifically important to the Bank Group as a source of funds. However, he felt that this consideration should be divorced from those relating to a regional office whose prime function would be to deal with our borrowers in the region. Also in regard to our Mekong Basin affairs Mr. McNamara said he would favor separating this task from those of any regional office. However, at this time he would not wish to make a decision as to whether some form of a regional office should be established, or, whether instead one or more country resident offices should be set up in important countries such as Korea and the Philippines. Since the East Asia and Pacific Department had not yet filled many of its budgeted headquarter positions, including one Division Chief job, he would wish Mr. Goodman to complete this task before he made a final decision on resident representation in East Asia. When this had been done, Mr. McNamara said he would be happy to consider the proposal again, presumably within the next two or three months.

Mekong Basin Development

Mr. McNamara reported that it appeared that the Japanese Government would prefer to see the Asian Development Bank take the initiative and prime responsibility for development efforts and future reconstruction programs in Southeast Asia. In

President has seen

principle he would be willing to let ADB take the lead, if it was clear that ADB would be qualified to undertake this function. However, since this was not so, it was evident that a good deal of the leadership in such efforts would have to come from the IBRD. In respect to the Special Projects Department, he was anxious to avoid that Mr. Sadove and his staff should be overloaded with Mekong affairs. He suggested that that Department essentially concentrate on the technical work in the Basin and that perhaps the East Asia and Pacific Department would handle most of the diplomatic work. He hoped to have a high-level representative from the Bank at the next meeting of the Mekong Committee to ensure that the Committee would act on the departure of Mr. Hart Schaaff.

Mr. Gaud mentioned that once this had been accomplished the Committee would have to face the very difficult task of sorting out the various responsibilities and relationships among the various international organizations involved. He was convinced that the IBRD resident representative for Mekong affairs would have to be located in Bangkok. It was important that the Bank eventually appoint someone of adequate rank to deal effectively with the members of the Mekong Committee. Meanwhile, it would be extremely important to appoint an "IBRD ambassador at large" to deal with the Mekong Committee prior to the establishment of a permanent office. Mr. Cargill agreed that the liaison officer with the Mekong ought to be established in Bangkok. He also suggested that perhaps a regional office located in Bangkok also could cover our relations with the ADB.

Mr. McNamara said he was sympathetic to these proposals. However, before a final decision would be made, he would like to ensure himself of the fact that Mr. Schaaff would be leaving the Mekong Committee. He agreed that immediate contact with the Mekong Committee should be established. He expected to appoint someone from within the Bank to such an ambassadorial job. He would discuss this further with Mr. Shoaib.

At the end of the meeting, Mr. McNamara reminded Mr. Chadenet to act promptly on the Donkerly case, in the event the Bank was still interested in his services. He asked that this matter be finalized in consultations between Messrs. Chadenet and Cargill.

L.E. Christoffersen

September 17, 1969

792/1/24

Meeting in Mr. McNamara's Office to Discuss Establishment of Industrial Projects Department, September 15, 1969

---

Present: Messrs. McNamara, Aldewereld, Chadenet, Gaud, Raj and Twining

Discussing the new Industrial Projects Department, Mr. McNamara stated that two principles should be followed in respect to selecting its Director: first, transfer of a staff member should not cause a "serious penalty" to IFC and, second, any qualified staff member in IFC as well as the Bank should have a chance to be properly considered, irrespective of any opinion his present supervisor may have in respect to his availability.

Mr. Gaud reported that Mr. Fuchs has said that he was torn between his loyalties both to IFC and to the Bank. At this point in time, he would be willing to abide by whatever the management decided. Mr. Fuchs had expressed an unqualified interest in the job, should all industrial projects appraisals for IFC and for the Bank be put into one new unit. Mr. McNamara said that that would not be the case. Mr. Gaud said that, while IFC would suffer from the departure of a very able man, he would still concur with this transfer, if Mr. Fuchs was considered the best qualified man.

Mr. Aldewereld mentioned that potential candidates had been explored both in Argentina and in Germany for the job as director of the new department. So far this had been to no avail. Mr. McNamara said that he would prefer to have an engineer as head of the department, but felt that this criterion should be strictly adhered to. Mr. Aldewereld said that he had not been able to find any other candidate within the Bank who would be appropriate for the job. Mr. Gaud mentioned a Mr. Rusk, a Swede who previously was President of SAS, as a possibility, which should be examined.

Mr. McNamara decided that a prompt investigation should be undertaken to determine the qualifications of Mr. Rusk. Unless he appeared to be a very strong candidate for the job, Mr. McNamara would then ask Mr. Fuchs if he wanted the job. Should Mr. Fuchs accept, a transfer should be arranged for a point in time which would be convenient to IFC. Mr. McNamara also stated that he would not wish to see a large transfer of IFC personnel to the new department. In fact he wished to limit the transfers to those six earlier suggested by Mr. Rosen, unless IFC fully agreed with the transfer of any other IFC staff. At the same time, there should be no compulsion on behalf of the new department to necessarily accept the six suggestions.

L.E. Christoffersen

President has seen

792/1/23

MEMORANDUM OF CONVERSATION WITH CONGRESSMAN REUSS - JULY 31, 1969

Reuss stated:

1. He believes, in connection with the Third Replenishment, we should consider introducing a version of the Horwitz Plan on an experimental basis. The Housing Act of 1968 uses a similar formula.

2. He hopes to obtain approval of the Joint Economic Committee of a proposal to set aside 25% of each year's SDRs for use by IDA. This would amount to \$500 million in each of the early years, and would be in addition to the \$400 million per year of the Second Replenishment. The only Congressional approval required would be authorizing legislation which would be handled by his Committee and which he believes could be passed easily. He believes that the UK, Italy and Canada would support such a proposal -- France was once in favor of it.

3. It is an error to believe it would be impossible to obtain Congressional approval of an increase for IDA in the Third Replenishment. He appeared to favor a Third Replenishment at the rate of \$1 billion per year.

4. He is opposed to loans to Greece under present circumstances.

RMcN



792/1/22  
July 17, 1969Meeting in Mr. McNamara's Office to Discuss Country Pre-Investment Programs on July 16, 1969

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Baum and Stevenson

The meeting was called together to discuss the Bank's involvement in efforts to improve country pre-investment programs. Mr. Baum mentioned that the Projects Department was very anxious to play a more active role in this matter. Tunisia and Brazil were examples of where the Bank had taken such initiatives in the fields of power and transportation. However, very little had been done in education and agriculture. Furthermore, there had not been a single case of an over-all country evaluation of requirements for pre-investment studies.

Mr. McNamara suggested Bank action along the following:

1. All country economic reports should include a section describing the existing pre-investment projects or programs. Initially, this would be a mere factual statement of what was underway and what was being requested. Such a section should be included in a number of country economic reports already this fiscal year. At the next stage economic missions would be requested to make a thorough evaluation of the adequacy and coverage of the existing country programs.
2. In a few selected countries (perhaps about five) the Bank may undertake a thorough "in depth" appraisal of all sectorial needs for pre-investment studies for the next two-five years. In this exercise the Bank would enlist the support and assistance of other bilateral and international agencies, particularly UNDP and FAO.
3. In some countries where the Bank has a large involvement in terms of projects within a particular sector, a special effort might be made to analyze the above requirements for this one sector.

Mr. Demuth mentioned that it was the practice of the UNDP to define pre-investment studies as including those relating to training and research. Mr. McNamara suggested that for the Bank's purposes such studies be excluded. Mr. Knapp mentioned that the lead-time between mission's field trip and the final report may be affected by the requirement that a section relating to pre-investment studies be included in the economic report. Mr. McNamara recognized this possibility.

It was decided that Mr. Baum would prepare a proposed program for Bank action on the above matters, and that another meeting would be held in the first week of August.

L.E. Christoffersen

President has seen.

792/9/21

MEMORANDUM FOR THE RECORD

July 15, 1969

Meeting in Mr. McNamara's Office re Annual Meeting Speech on July 15, 1969

Present: Messrs. McNamara, Clark, Kalmanoff, Goreux and Westebbe

Mr. McNamara requested Messrs. Kalmanoff, Goreux and Westebbe to look carefully at the draft speech for the Annual Meeting, as prepared by Mr. Clark, and to review the contents of their own "technical notes," particularly as they relate to the important and complex interrelationship between industrialization, urbanization and unemployment within the over-all context of economic growth. He asked them specifically to comment upon the following points:

- (1) whether the diagnosis of the problem is correct;
- (2) the extent to which the issues are presented dramatically enough to make an impact upon a general world-wide audience; and
- (3) which constructive suggestions could be made as to what the Bank and others could do to help developing countries overcome these important problems.

At this stage, it was important to concentrate on the substance rather than the style of the draft.

Mr. McNamara asked that these comments be submitted to him by Monday evening.

L.E. Christoffersen

President has seen

MEMORANDUM FOR THE RECORD

July 15, 1969

792/1/20

Meeting in Mr. McNamara's office to discuss Prospects for a Consultative Group for Brazil and the Bank's relationship with IDB, July 11, 1969

Present: Messrs. McNamara, Knapp and Alter

Mr. Alter mentioned that the Brazilian Government was quite reluctant to establish a formal consultative machinery. However, it was possible that a more informal aid coordination group might be acceptable. Mr. McNamara said he would be willing to go along with this as a first step. He felt it was most important to establish a closer relationship with the Brazilian authorities if the Bank wished to support the proposed lending program for Brazil.

Mr. Alter mentioned that in the last two years the Bank's relationship with the IDB had deteriorated. He felt that in many countries in Latin America the Bank and IDB were competing for the same projects. This hampered our country programs and wasted valuable staff time. He felt that some of the competition could be avoided if more extensive efforts were forthcoming in project preparation. He planned to talk to Mr. Herrera, President of IDB, next week. Mr. McNamara requested that Mr. Alter obtain a copy of the IDB's three-year lending program, that he find out how important interest rate differences between IDB and World Bank lending were to the borrowing countries, and that he prepare a paper on the status of our relationship with the IDB.

L.E. Christoffersen

President has seen

July 14, 1969

792/1/19

Meeting in Mr. McNamara's office, July 11, 1969, to discuss the Bank's policies and lending program for the Northeast of Brazil

Present: Messrs. McNamara, Knapp, Aldewereld, Alter, Baum, Evans, Husain

Mr. McNamara stated that apparently industrialization of the Northeast of Brazil could not be expected to increase economic growth significantly in the province over the next few decades. In such a case it was important to ascertain very carefully the outlook for agricultural development. He did not think that the Bank had found answers to this difficult regional problem and he was particularly disturbed by the fact that there were very few projects in the pipeline for the Northeast.

Mr. Alter thought the best growth prospects existed in food crops and livestock development, supported by the present program of infrastructure investments, particularly road construction. The major thrust of the Bank's lending program was expected in the field of agricultural credit. However, a serious problem had arisen in that the Brazilians had rejected positive interest rates for the time being. Moreover, basic structural problems still remained, particularly the continued existence of inefficient sugar producers claiming large parts of available crop lands in the coastal areas. For this reason he had asked the agricultural sector mission scheduled for October to review very carefully growth prospects for the Northeast.

Mr. McNamara warned against the danger of only focusing attention on sectoral problems as long as neither the Bank nor the Brazilian authorities had been able to arrive at an adequate over-all strategy for regional growth. He wished the proposed mission would examine the wider outlook, including the population and migration aspects of these problems. He also suggested that perhaps the Bank in its lending program should consider increasing the share for the Northeast.

Mr. Alter promised to prepare a memo summarizing present knowledge about economic prospects and policies for the region, including the results of an industrial mission which had just returned from Brazil.

Mr. McNamara requested that the same group meet again about August 1.

L.E. Christoffersen

President has seen

792/1/18

CONFIDENTIAL

MEMORANDUM FOR THE RECORD

July 11, 1969

Meeting in Mr. McNamara's office, July 9, 1969, to discuss Bank and IDA policies regarding preferences to local suppliers

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Cope, Cargill, Baum and Votaw

Mr. Knapp mentioned that in January a Board paper was prepared discussing our policies of awarding preferences to local suppliers under Bank- or IDA-financed projects. The paper reiterated the old principle which has been in effect in the past, without specifying the level at which the preference should be awarded, but implying an acceptance of the customary practice of allowing a 15% preference margin. Because of negative reactions from many of the EDs, no further action was taken. Mr. Knapp thought that in general this attitude was caused by opposition to alleged discrimination against capital-exporting countries and because it was argued that the principal benefactors of this preference would most likely be the more advanced of the developing countries.

It was decided that a new attempt be made to establish more firmly the general principles upon which the Bank's policy would be based. It was particularly important to review whether or not India should be treated as a special case, requiring a higher level of preference, or whether the case should be argued in favor of a general principle of preferences for developing countries. In either case, the arguments had to be presented in general terms. It was decided that Bank staff be assigned to work full-time on a study of this problem.

Mr. McNamara suggested that the analysis start with a discussion of the rationale for industrialization in developing countries; that it discuss the FED's (European Development Fund) policies regarding preferences for local suppliers in African countries; that it emphasize the practical aspects of whether the preference should relate to gross value or to net value added; that it take into account the effects of local taxes, tax rebates as well as practices of "domestic dumping." At the same time it must obviously take into account the exchange rate problem.

It was decided that Messrs. Votaw and Baum would assign the appropriate staff for the study and that they also would be responsible for its supervision. Another meeting will be held in Mr. McNamara's office during the first week of September.

L.E. Christoffersen

President has seen

792/1/17  
June 9, 1969Mr. McNamara's Meeting with Messrs. Demuth, Ballantine and Graves, June 5, 1969

Mr. McNamara complimented Mr. Graves on his paper of June 4 and encouraged him to pursue the study along the lines suggested in his paper. He hoped it would bring out the sources of expertise in the field of education and the gaps in the use of education for development.

Referring to Mr. Graves' statement that there was "a high correlation between education and development," Mr. McNamara felt that at least three questions were of crucial importance:

- (a) To what degree does a particular capability contribute to development?
- (b) To what degree is that particular capability lacking?
- (c) How could this capability best be obtained?

In particular, the study would have to identify the types of education with an impact on development. Mr. McNamara doubted, for example, that nuclear physics and liberal arts, however useful otherwise, were directly relevant to development. On the other hand, Mr. McNamara guessed that there might be a relationship between functional literacy and development, although Mr. Beheiry had quoted Sir Arthur Lewis as denying that. Consequently, the study should include a summary of the pros and cons of the relevance of functional literacy to development.

Mr. Graves and Mr. Ballantine pointed out possible inverse relationships between literacy and population growth and urbanization and population growth.

With respect to expertise in the field of education, Mr. Ballantine felt that very few people had taken the broad systems approach he and Mr. Graves were proposing. Mr. Ballantine fully agreed with Mr. McNamara on the usefulness of a biannual meeting with a "functional advisory group" of, say, five or six leading experts in the field.

*Rainer B. Steckhan*  
Rainer B. Steckhan

President has seen

792/7/76

MEMORANDUM FOR THE RECORD

March 24, 1969

On Friday, March 21, 1969, Mr. McNamara met with Messrs. Aldewereld, Friedman, Ripman, Rotberg and Sacchetti to discuss the capital markets studies.

The purpose of the meeting was to review progress and to determine how to organize future work. Mr. Rotberg believed there was an urgent need to recruit three experts on European and Japanese capital markets for Treasurer's. He was now scouting in Europe for an expert each on central banking, on capital markets and on bilateral and multilateral guarantee systems. Mr. McNamara agreed that this type of expert was needed most, bearing in mind that the purpose of the exercise was to know where, how much and in what form the Bank could borrow. Mr. McNamara asked Treasurer's Department to assume operating responsibility for studies of the institutional structure of the European and Japanese capital markets and the institutional requirements of particular institutions in those markets.

Mr. McNamara agreed with Mr. Friedman that Treasurer's Department could usefully receive periodical reports from his economists on changes in long-term trends of, and the influence of economic events on, capital markets.

In addition, Economics Department would prepare specific studies at the request of the Treasurer.

Mr. McNamara asked Messrs. Aldewereld and Rotberg to assemble this group once a month for a 10 to 15 minute meeting.

*Rainer B. Steckhan*  
R.B. Steckhan

President has seen

March 20, 1969

792/1/15

Mr. McNamara met on Wednesday, March 19, 1969, with TVA representatives, Mr. Frank Smith, Director, Dr. Nelson, Manager of Agriculture and Chemical Development, and Mr. Vreeland, Washington Representative. Also present were Messrs. Knapp, Aldewereld and Dodd.

Mr. Smith started out by explaining that TVA after World War II had concentrated on fertilizer research and was now the only sizeable fertilizer research organization in the United States. Mr. Smith estimated that the total annual output of U.S. fertilizer plants was equivalent to \$17 billion (retail sales). TVA had reduced their staff over the last years to about 300 fertilizer experts. TVA spent about \$4 million a year on research and development and another \$3½ million on promotion of the results of its research. Mr. Smith and Dr. Nelson continued to describe TVA's activities. TVA developed and tested new fertilizers in cooperation with land grant universities, agricultural cooperatives and fertilizer enterprises. TVA had worked with IRI in the Philippines and a seeds research institute in Colombia. TVA dispatched teams to developed countries to prepare fertilizer studies mostly under contracts with AID. Thus TVA had helped the Moroccans prepare a fertilizer plan which turned out to be highly successful and had assisted in increasing production of an existing plant at Trombay India. Moreover TVA had undertaken studies of phosphate ore deposits in the world and the public sector of the Indian fertilizer industry and studied the best form of shipping fertilizers. TVA published a yearly estimate of world fertilizer production and consumption and helped FAO publish a fertilizer manual. Finally, TVA carried out training courses in the field of fertilizers.

With respect to India, Dr. Nelson felt that progress had been made in the fertilizer field although India was slow in setting up plants to keep up with fertilizer demand. As far as the public sector was concerned, it was TVA's experience that top management was weak although Indian engineers on the lower level were very competent. In general plants in the public sector could not compete with private plants in India.

Mr. McNamara then asked whether TVA would have the management capability for one or two plants in the public sector in India. Mr. Smith expressed his great interest in cooperating with the Bank and believed TVA could recruit, with adequate lead time, the management required for a few plants provided TVA was assured of long-term financing.

Mr. McNamara thanked Mr. Smith and his associates for a very interesting briefing and promised to keep in touch with TVA.

After they had left, Mr. McNamara asked Mr. Dodd to make a management appraisal of TVA and to draft for review by Messrs. McNamara, Knapp, Aldewereld and Cargill a contract between TVA and India with respect to the hiring of management together with a cover letter to GOI.

Mr. Dodd undertook to report on progress within the next two weeks.

*Rainer B. Steckhan*  
Rainer B. Steckhan

President has seen



792/1/14

MEMORANDUM FOR THE RECORD

March 7, 1969

Mr. McNamara met with Messrs. Friedman, Chaufournier, Chadenet, Evans, Schmedtje and Macone on Friday, March 7 at 10 a.m. to review the draft paper on "market prospects for fats and oils in relation to proposed Bank/IDA financing" and to discuss future action.

It was stated that it was still uncertain whether the Cameroons project could be considered at the Board Meeting on March 18 since important documents from the Cameroons were still outstanding. The Ivory Coast project would certainly not be discussed before the Board before April.

It was decided that Messrs. McNamara and Chaufournier would meet with Mr. Oliver on Monday at 10:30 to discuss the paper before it was circulated to the Board. The purpose of this discussion would be to determine at what projected price level the US Government was beginning to show skepticism and to demonstrate that even at that price level the resulting rate of return was still satisfactory.

In this connection, Mr. Macone promised Mr. McNamara a confidential note on the names of USDA experts in the field of fats and oils and their assumptions for the future price of palm oil implied in their production model.

It was further decided that Mr. Chaufournier would also talk to Messrs. Plescoff and Lieftinck and possibly other Directors next week but before circulation of the paper to the Board.

*Rainer B. Steckhan*  
Rainer B. Steckhan

RBS:mek

President has seen

March 6, 1969

792/1/13

Mr. McNamara met on March 5, 1969 with Messrs. Demuth, Chadenet, Ballantine, Graves and Hoffman to start work on a "philosophical foundation" for Bank Group lending for education.

Mr. McNamara emphasized that the basic question in his mind was the relationship of education to development. In particular, he would like the Group to concentrate on problems such as: the reason why and the extent to which lack of education was a barrier to development; ways to remove this barrier; the relevance of various types and levels of education to specific stages of development; the suitability of particular items (teaching materials, buildings, teachers, fellowships) for Bank Group assistance. Mr. McNamara guessed for instance that functional illiteracy was a major obstacle to development in many countries. In reply, Mr. Ballantine stated that his Department had a philosophical foundation for Bank Group assistance to education, however this philosophy had not recently been described in writing.

Mr. Chadenet pointed out that one of his objectives was to attach an economic return to every education project, but this was very difficult to do in practice and had so far been done only once on the basis of a crude calculation. Mr. Ballantine added that his Department was working on a methodological approach, taking Kenya as a test country.

It was agreed that Mr. Graves, in cooperation with Messrs. Demuth, Chadenet and Ballantine would start work on a study of the relevance of education to development and the Bank Group's present and future role in this field. It was also considered desirable to obtain the services of knowledgeable outside consultants.

Mr. McNamara asked Mr. Demuth to arrange for short monthly meetings of this Group.

*Rainer B. Steckhan*  
Rainer B. Steckhan

RBS:mek

President has seen

March 3, 1969

792/1/12

Mr. McNamara met on Wednesday, February 26 at 17:30 with Ray Harold, President, Worchester Federal Savings and Loan Bank; Bryce Curry, President, Federal Home Loan Bank of New York; Michael Elliott, Director, International Home Loan Bank (Wash. division); Kenneth Heifler, Executive Vice President, National League Insurance Savings Association; Norman Stark Executive Vice President, United States Savings and Loan League; Oscar Kruetz, Chairman of the Board, First Federal State Bank, St. Petersburg, Fla.; and Miss Josephine Ewalt, Executive Secretary, International Building and Savings Association.

The main purpose of Mr. Harold's visit was to suggest that an international home loan bank be set up in conjunction with IBRD. The purpose of the institution would be to assist in the establishment of savings and loan associations in the less developed world and to raise funds for this purpose in the capital markets of the West.

It was recalled that United States savings and loan associations could make investments of up to 1% of their resources in Latin American savings and loan institutions for which full guarantees were available through AID. AID had so far issued guarantees in an amount equivalent to \$300 million for housing of which \$70 million related to investments in home savings and loan institutions.

In response to a question by Mr. McNamara, it was explained that savings and loan associations in less developed countries lent almost exclusively for housing.

In reply, Mr. McNamara stated that he was very interested in finding institutions in developing countries which could mobilize local savings for development purposes. However, he was not convinced that such savings should be channeled into housing. In India, for instance, tubewells were of higher priority. Mr. McNamara continued to say that the World Bank had not yet thoroughly studied the question of financing housing per se but Mr. Harold's visit would certainly help him to focus on this problem. Mr. McNamara concluded by expressing his appreciation for Mr. Harold's visit.

*Rainer B. Steckhan*  
Rainer B. Steckhan

RBS:mek

President has seen

February 28, 1969

Polly  
792/1/11

Present: Messrs. McNamara, Aldewereld, Friedman, Chadenet, Chaufournier, Evans, Cheek and Macone on February 26, 1969

The meeting was convened to discuss the future of the oil palm projects in the Cameroons and the Ivory Coast, and a memorandum to be prepared for the Board on price forecasts for palm oil and other factors influencing the rates of return of the upcoming Bank projects.

1) Oil Palm Project in Cameroon

The discussion focused first on a sensitivity analysis showing a rate of return of 7.5% at a projected palm oil price of \$160, of 4% at a price of \$144, and 0.5% at a price of \$120. This did not take into account shadow labor costs and a shadow exchange rate. Mr. Evans submitted that assumed shadow labor cost of 60% of "market" wages would increase each rate of return by 2%. This shadow rate was generally accepted as realistic considering that people in the project area were under-employed without any hope of full employment for the next 10 or 15 years.

With respect to the rate of exchange, Messrs. Friedman and Chaufournier felt that it was overvalued by at least 25%. Mr. Evans mentioned that his Division Chief in charge of the project had been reluctant to support the project without taking into account overvaluation of the currency. It was agreed that Mr. Friedman would confidentially check this with the IMF experts. Mr. Chadenet pointed out that even at a palm oil price of \$112, (which was alleged to be the USDA forecast), the rate of return would still be 6%, assuming a 25% overvaluation of the currency. It was agreed to show in the President's Report a rate of return reflecting a shadow wage and a "realistic exchange rate".

A third factor not considered in the rate of return calculation was the possibility for Cameroon to obtain preferential treatment for palm oil exports to common market countries.

Mr. Evans confirmed that the assumed yield of 2.8 tons per hectare was realistic and certainly not too low. He added that the rate of return was more sensitive to changes in yield than to changes in exchange rate or labor costs.

The discussion then concentrated on the outlook for palm oil prices. It was recalled that all Bank palm oil projects "in the pipeline" would add by 1980 220,000 tons i.e. substantially less than 1% of total 1967 palm oil production of 39 million tons. Assuming even that the 380,000 tons of soybean oil on average distributed annually through PL 480 would be put in commercial channels, the drop in the price of palm oil possibly to \$112 would only be temporary. Messrs. Friedman and Macone believed that within a few years, the supply of soybeans would be adjusted and the price would remount to around \$160 or the United States would start stock piling soybeans and ultimately dispose of their stocks in a way comparable to PL 480.

It was agreed that Mr. Friedman and his associates would confront the United States experts (in particular in the Department of Agriculture) with our price forecasts, obtain their reactions and identify those US experts whose forecasts differed from ours. It was hoped that this procedure would help overcome opposition against the project.

Everybody present agreed to go ahead with the project since the rate of return, properly calculated, was satisfactory, demand for palm oil was increasing, the addition to the world supply of palm oil under Bank projects was minimal, and no other profitable projects were known to exist in Cameroon for the next years.

2) Oil Palm Project in the Ivory Coast

It was also the unanimous opinion of all present to go ahead with the Ivory Coast project which had a higher rate of return than the Cameroon project.

3) Board Memorandum on Price Forecasts for Palm Oil and Rates of Return

Mr. Chaufournier was asked to assume responsibility for preparing a brief paper in cooperation with interested Departments. The memo should be ready for circulation to the Board by Thursday, March 6 after having previously been reviewed by Messrs. McNamara, Friedman, and Chadenet. The memorandum should include: a reference to the general problems of fats and oils and its relationship to palm oil projects under consideration by the Bank, price series for palm oil, forecast of world production and consumption of palm oil, incremental output of palm oil from projects to be financed by the Bank, comparative advantages of palm oil production by geographical areas, effects of termination of PL 480, and data supporting the reliability of the projected price of \$160 per ton. The memorandum should also contain a discussion of the Cameroons project per se showing the effect of a "realistic exchange rate" and a shadow wage rate of 60% on the calculation of the rate of return.

Rainer B. Steckhan

cc: Messrs. Knapp  
Aldewereld/Chadenet/Evans  
Friedman  
Chaufournier

RBS:mek

792/1/10

MEMORANDUM FOR THE RECORD

January 24, 1969

Mr. McNamara met with Messrs. Friedman and Knapp on Thursday, January 23. I was present. It was decided:

1. From now on Mr. McNamara, Mr. Knapp and Mr. Friedman would meet together every two weeks. I was asked to set up these meetings.
2. Mr. Friedman would prepare, as soon as possible, a list of critical events in the completion of the commodity study covering the period January 24 to July 1.
3. The first meeting, to last about an hour, would be scheduled for next week. This meeting would be devoted to a review of the above list of critical events and to a preview of proposals that were likely to emerge from the commodity study.
4. Finally, the timing of the final critical steps such as submission of draft report to the Executive Directors for consideration would depend on the nature and scope of the proposal of the staff commodity study. It was essential to give the Executive Directors ample time to obtain the views of their authorities on the proposals of the staff study.

cc: Mr. McNamara ✓  
Mr. Knapp  
Mr. Friedman

*Rainer B. Steckhan*  
Rainer B. Steckhan

**President has seen**