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Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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McNamara Papers

Contacts
Belgium (1968-1979)

The World Bank Group
Archives



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Contacts with member countries: Belgium - Correspondence 01

DECLASSIFIED
WBG Archives

BELGIUM

BELGIUM

- 4/26-28/68
(Mont Tremblant Conference) Marcel Bauwens, Editor, Le Peuple
Louis Camu, President, Banque de Bruxelles
Baron Snoy et d'Oppuers, Managing Partner, Banque Lambert, Brabant, Belgium
Jacques E. Solvay, Managing Director, S. A. Solvay & Cie.
1. 10/3/68 Baron Snoy et d'Oppuers, Minister of Finance
Hubert Anxiaus, Governor of the Bank of Belgium
- 3/7/69 Baron Kronacker and Ambassador Scheyven
2. 4/14/69 Hubert Anxiaux, Governor of the Bank of Belgium
- 5/27/69 Jean Van Houtte (member of the Krieger Vasena Committee)
3. 6/4/69 Raymond Scheyven, Secretary of Cooperation for Development, Belgian Cabinet (brother of Ambassador Scheyven)
Theo Van Vooren, Member of the Cabinet
- 6/6/69 Philippe de Barsey, Echo de la Bourse (with 11 other newsmen)
- 5/9-11/69
(Bilderberg) Pierre Harmel, Minister of Foreign Affairs
Daniel Janssen, Member of the Board and Assistant General Manager, Union Chimique-Chemische Bedrijven; Lecturer, Brussels University
Andre de Staercke, Ambassador, Permanent Representative to NATO
Michel Woltrien, Professor and General Administrator, University of Louvain
- 7/18/69 Lucien Morissens, Professor of Economics, Brussels University; Head of PPBS application to the Belgian Government
4. 9/30/69 Baron Snoy et d'Oppuers, Minister of Finance
5. 1/22/70 Edouard Dervichian, independent financial consultant, Brussels
- 2/17/70 Jean Durieux, Director, Development Policy and Studies, European Communities (with Henri Rochereau, Commissioner, Commission of the European Communities, et al)
- 2/22/70
(Montebello) Raymond Scheyven, Minister of Development Cooperation
- 4/10-12/70
(Ditchley) Raymond Scheyven, Minister of Development Cooperation
- 5/20-22/70
(Paris) Representatives and Observers at the OECD Meeting:
Henri Fayat, Minister of Commerce
Raymond Scheyven, Minister of Cooperation and Development
Baron Snoy et d'Oppuers, Minister of Finance
Roger Ockrent, Permanent Representative
Jean Leroy, Minister of Foreign Affairs
Theo de Dobbeleer, Director General of Commerce
Alfred Cahen, Chief of Cabinet, Ministry of Commerce
W. Bittremieux, Director, Office of Cooperation and Development
Dominique Laloux, Counselor of the Belgian Representation to International Economic Conferences
L. Meulemans, Counselor, Ministry of Finance
Rene Pieters, Director, Ministry of Foreign Affairs

5/20-22/70
(OECD, Paris,
Contd.)

Permanent Delegates: Rene Merenne
Jacques de Groote
Fernand van Brusselen
Mlle. Ingeborg Kristoffersen
Jan Michielsen

6. 9/23/70
(Copen.)

Baron Snoy et d'Oppuers, Minister of Finance
Baron Hubert Ansiaux, Governor, National Bank of Belgium

3/22/71 Louis Camu, President, Bank of Brussels

5/12/71 Baron Louis Scheyven, Former Ambassador to the U.S.

7. 7/30/71 Jacques Solvay, President, Solvay & Cie.

12/3/71 R. Germain, Professor, University of Louvain
E. De Langhe, Counsellor, Ministry of Development Cooperation
Mr. Delire, Administrator, Development Cooperation
(Meeting of the Consultative Group on International Agricultural Research)

6/16/72 Pol Provost, Chairman and President, N.V. Houtindustrie de Coene & Co.,
(NY) Kortrijk, Belgium

8. 9/27/72 Robert Vandeputte, Governor of the National Bank of Belgium
M. D'Haese, Director General of the Treasury, Ministry of Finance

12/11/72 Ambassador Loridan

9. 3/27/73 Vice Premier and Minister of Finance, Willy De Clercq
J. Van Ypersele de Strihou, Advisor to the Minister

10. 9/25/73 Willy de Clercq, Deputy Prime Minister and Minister of Finance
 Jacques de Groote, Chief Adviser, Research Dept., National Bank of Belgium

11. 10/4/74 Willy de Clercq, Minister of Finance
Jacques van Ypersele de Strihou, Adviser to the Minister of Finance

11/25/74 Ambassador Willy Van Cauwenberg

4/25-27/75
(Cesme,
Turkey)

Bilderberg:

Louis Camu, President, Bank of Brussels
Jozef Houthuys, Confederation des Syndicats Chretiens de Belgique
Daniel-E. Janssen, U.C.B., S.A. - Brussels
Max Kohnstamm, Institut de la Communaute Europeenne pour les
Etudes Universitaires
Baron Lambert, Compagnie Bruxelles Lambert pour la Finance e l'Industrie
Baron Snoy et d'Oppuers, former Minister of Finance

5/22/75 Ambassador Willy Van Cauwenberg)
Jan Willems, Counselor of Embassy) Dinner at the Embassy

8/31/75 Finance Minister Willy de Clercq)
Jacques de Groote, ED) breakfast at de Groote's

1/6-10/76 Willy De Clercq, Minister of Finance
(Dev.Cte.,
Kingston)

- 3/16/76 Baron Snoy et d'Oppuers, former Finance Minister
12. 7/7/76 H.M. King Baudouin
(Brussels) H.M. Queen Fabiola
- " Jacques De Staercke, Director General, Fabrimetal
Fernand Herman, Minister of Economic Affairs
Maurice Esselens, Director General of the Treasury
Wilfried Martens, President, C.V.P.
Ferdinand Nothomb, President, P.S.C.
R. Lamy, Administrator, Societe Generale de Belgique
Baron Lambert, President, Banque Bruxelles Lambert
Luc Wauters, President, Kredietbank
M. Liebaers, le Grand Marechal de la Cour
Ambassador J. P. Van Bellinghen
Emmanuel Coppieters, Director General, l'Institut Royal des
Relations Internationales
Georges Janson, Director, Banque Nationale de Belgique
Edouard Pouillet, Permanent Secretary
Jacques van Ypersele de Strihou, Chef de cabinet-Asst. to
the Minister of Finance
- " Willy De Clercq, Minister of Finance
- 12/7/76 Andre van Campenhout, former ED
5/12/77 Andre van Campenhout, former ED
11/29/77 Andre van Campenhout, former ED
13. 4/25/78 Amb. Andre Erneman, Belgian Ambassador to UN
5/23/78 Andre van Campenhout
14. 9/24/78 Minister of Finance Geens,
Messrs. de Strycker, van Ypersele, de Strihou, and de Groote
11/2/79 Ambassador J. Raoul Schoumaker
15. 12/4/79 Leon Velge
3/12/80 Andre van Campenhout, former ED
7/30/80 Ambassador J. Raoul Schoumaker
farewell dinner for Monseigneur Jadot
11/14/80 Mr. Molitor, President of the King Baudouin Foundation
(Brussels)
Dinner hosted by Mr. Cecil de Stryker, Governor of the Central Bank
Guests: Directors of Central Bank: Mr. Beauvoir
Mr. Bloemberghs
Mr. Genson
Mr. Fraeyns
Mr. Gunius
Minister of Finance Eyskens
Minister of Foreign Affairs Nothomb
Minister of Development Coems
Vice President of the European Community, Mr. Ortoli

11/14/80
(Brussels)

His Majesty King Baudouin I) for CGIAR Award presented by
Queen Fabiola) King Baudouin Foundation

File
~~22 minutes Feb~~
~~during next month 45~~
~~and 8 82~~

Personal and Confidential Memorandum
with respect to Mr. McNamara's visit to Belgium

Suggestions for subjects of conversation
with the Belgian authorities

1. Obviously, the conversations you will have with the Belgian authorities will have to deal with the more general policies and development orientation the Bank has adopted under your leadership in the course of the most recent months. As such, I am convinced that the Belgian Government's thinking is very much in line with your own options, aiming at an increased allocation of the Bank's resources to the poorest member-countries, an emphasis on the agricultural sector and priority for projects which will benefit to the poorest segment of the population in the developing countries.

2. More specific problems which might be stressed to Mr. W. De Clercq, Minister of Finance, could deal with following issues:

i) Increase in the authorized capital of IBRD. Belgium's participation in the proposed Special Increase in the Bank's capital will amount to 207.8 million current U.S. dollars. This proposal is agreeable to the Belgian authorities and we do not foresee any particular problem with respect to its acceptance.

ii) Increase in IFC's capital. The additional subscription for Belgium is fixed at 11.3 million U.S. dollars, which corresponds to 2.35 percent of the proposed total increase of 480 million \$. Until now, the Belgian Treasury Department is considering to subscribe a smaller part of this amount, namely, 10.75 million \$ which corresponds to 2.24 percent of the total and is the same percentage as Belgium's present participation in the Bank's capital. We have already tried to explain to our authorities that due to the facts that China is not expected to subscribe to the proposed capital increase and that some IBRD countries are not members of IFC, the proposed increase in Belgium's subscription would maintain the same relative share of Belgium in IFC's capital as in IBRD. It could be worthwhile to stress this point again to the Minister and to underline the facts that a smaller subscription by Belgium -- which expressed in real amounts is negligible -- could in fact be considered by other member countries as an indirect criticism on our behalf on IFC's policies and operations, which is surely not the case if we take into account the Minister's explicit support for IFC's activities and policies.

iii) Third Window. Minister De Clercq has approved, in principle, a Belgian contribution of 3.8 million \$ to the Interest Subsidy Fund, provided that a similar effort is made by most of the other OECD countries. However, this proposal still has to be approved by Parliament. Since Third Window operations will most likely be committed totally before

the end of this calendar year, it would be appropriate for the Bank to receive official confirmation of the Belgian contribution (provided that Parliamentary approval will be obtained), so that the Management could eventually take account of this supplementary amount in the planning of its projects. PRO MEMORIA: The present total of Third Window contributions amounts to 130 million \$ and following OECD-countries are participating: Netherlands, U.K., Canada, Switzerland, Australia, Norway and Denmark.

iv) IDA-V. Undoubtedly, the most touchy issue which merits our concern given the rather hard and unfavorable position taken by Belgium, with respect to the level of the global amount. During the last meeting of the Deputies, the Belgian representative proposed an amount of 6.75 billion \$ as threshold for IDA-V. Your visit could provide a good opportunity for convincing the Belgian authorities to adopt a more open view with regard to this issue. I would be extremely grateful to you for your support on this issue, on which I have devoted already lots of time and persuasion.

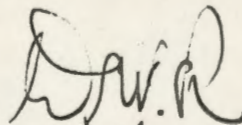
X
Mr. McNamara - to see please.
WBS 10/10

OFFICE MEMORANDUM

TO: Mr. Rainer B. Steckhan

DATE: October 9, 1968

FROM: Denis Rickett

SUBJECT: Annual Meeting - 1968 - Records of Interviews

I attach below notes on the talks between Mr. McNamara and the Finance Ministers of the Netherlands, Belgium and the United Kingdom, and the Managing Director of the Bank for International Settlements and the Governor of the Bank of England.

These notes have been cleared with Mr. Aldewereld in those cases where he was present at the talk.

Attachments

President has seen

ANNUAL MEETING - 1968

BELGIUM

Baron Snoy, the Belgian Minister of Finance, accompanied by Mr. Hubert Ansiaux, Governor of the Bank of Belgium and M. Andre van Campenhout called to see Mr. McNamara at the Sheraton Park Hotel on Thursday, October 3 at 9.00 a.m. Mr. S. Aldewereld and Sir Denis Rickett were also present.

Mr. McNamara first raised with Baron Snoy the question of the place of the 1970 Annual Meeting. The German Government were exerting very strong pressure in favor of holding the meeting in West Berlin and it was clear that Professor Schiller, the Minister of Economics, could not leave this present meeting with a flat refusal of the invitation without serious loss of face. In the circumstances the best course seemed to be to play for time and avoid a decision now. Baron Snoy entirely agreed with this way of handling the matter. The Belgian Government were not in favor of having the meeting in West Berlin but they would find it very difficult to oppose it publicly.

The Governor also raised the question of the dispute between the Government of the Congo and Union Minière. He asked whether Mr. McNamara would be prepared to use the Bank's good offices in bringing about a settlement.

Mr. McNamara said that he would certainly be ready to do what he could to promote a settlement provided it was clear that both parties wished him to do so. There were, in fact, signs that the Congo Government would welcome such action and he intended to follow the matter up actively during the meeting.

Mr. McNamara referred to the proposed World Bank bond issue in the Belgian market and said that he had been sorry not to avail himself of the approval given by the Minister of Finance. Unfortunately, the rates of interest at present prevailing in the Belgian market were higher than we wished to pay. He hoped that if the rates were somewhat lower next year the Minister would approve a public issue at that time.

DR/mt
10/8/68

Prepared by Sir Denis Rickett

April 14, 1969

MEMORANDUM FOR THE RECORD

This afternoon Governor Ansiaux, accompanied by Mr. van Campenhout, called on me. He reported that on approximately March 24 Ndele called on him in Brussels and stated:

a. The report which Mambu had been preparing on the dispute with Union Minière, including recommendations for settlement of that dispute, had been completed.

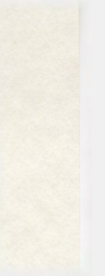
b. Certain aspects of the report had been discussed with Price Waterhouse representatives in Paris.

c. Ndele expected to study the report and have his own recommendations ready for Mobutu's consideration by approximately mid-April.

d. Ndele believed Mobutu would accept his recommendations and would authorize him to negotiate a settlement in accordance with them with representatives of Union Minière.

RMcN

Cc: Mr. Becker 4/30/69



EMBASSY OF BELGIUM
3330 GARFIELD STREET, N. W.
WASHINGTON, D. C. 20008

May 27, 1969

PERSONAL

*Told Aunt's sec
5-29*

Dear Bob:

One of my brothers, Raymond Scheyven, is Secretary of Cooperation for Development in the Belgian Cabinet; concurrently, he is President of the Social Economic Council and is, at the present time, attending the New York sessions of the EC OSOC, job which he also held from 1953 to 1954.

During the last twenty years, Raymond has devoted most of his time to the assistance to the under-developed countries, and I know that he would appreciate very much if he were received by you. On this behalf, I should like to ask whether he could come to your office on any of the following days:

OK (a) Wednesday, June 4: between 4:00 p.m. and 6:00 p.m.

(b) Thursday, June 5, or Friday, June 6: knowing that my brother has a luncheon engagement in New York on both of these days, I should like to suggest

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

. / .

[see next page]

an appointment between 9:30 a.m. and 10:30 a.m., allowing him to catch the 8 a.m. shuttle from New York and a shuttle back to New York in time for his luncheon engagement.

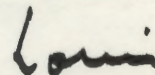
Should none of these dates be suitable, Raymond could come to Washington on Saturday, June 7, and he could see you at any time at your convenience between 9:30 a.m. and 3:30 p.m.

This coming Friday, Raymond will meet Justin Bomboko, Foreign Minister of the Democratic Republic of the Congo (Kinshasa), to discuss with him various problems connected with Belgian assistance to the Congo, and he could convey to you some of the views they exchanged.

OK In case you can see Raymond, is there any objection that he bring with him a member of his cabinet, Mr. Théo Van Vooren, who spent some time at the International Monetary Fund before joining my brother's cabinet?

Trusting to hear from you and with kindest regards, I am,

Sincerely,



Baron Scheyven

September 30, 1969

MEMORANDUM OF CONVERSATION, SHERATON-PARK HOTEL, SEPTEMBER 30, 1969

Others present: Baron Snoy et d'Oppuers, Minister of
Finance, Belgium
Mr. van Campenhout

I outlined our plans for negotiating the Third Replenishment and for studying an expansion of our capital, and for continuing to borrow in the tight and high cost money markets. The Baron was understanding, cooperative, and believed that the capital increase should not cause them a serious problem.

Robert S. McNamara

President has seen

Mr McNamee

For your
4.45 mtg.
lec 1/22

Edouard DERVICHIAN

Docteur en Droit, Bruxelles
M.A., Princeton, N.J.

Former partner of Banque Lambert, Brussels;
Former Managing Director of Société Financière pour les Pays d'outre-mer,
Geneva (Banque Lambert, Bank of America, Banque Nationale de
Paris, Comerzbank)

Now independent Financial Consultant.

Residence: a) Brussels, Belgium
70, Coudenberg
b) Geneva, Switzerland
14, rue de Hollande

In his personal activities as Consultant, Mr. E. Dervichian is supported by a Company registered in Geneva, Switzerland, with a paid in capital of 4,000,000 Swiss Francs called "Consultfinance, S.A.".

The Company has been provided with a fairly large capital (large for such kind of activities) in order to allow staff to be recruited with a reasonable measure of security of employment.

The main purpose of Mr. Dervichian and of his supporting company Consultfinance is broadly:

1) to give advice to private companies in developing countries as to funds available for their establishment or for their expansion; in this respect, it is remarkable how little the private sector or even the authorities of developing countries know of sources of funds available. On the other hand, such sources wish to have reliable intermediaries.

2) private capital is very shy of investment in developing countries. We believe that future investment in such countries should be seen as a blending of private capital with official funds and with loans from various international institutional sources.

3) more and more, Governments have participations in private industries. Such participations need to be looked after from the point of view of day to day financial management: knowledge of company law, general meeting, increase of capital, etc.

President has seen



MEMORANDUM FOR THE RECORD

October 13, 1970

Meeting with the Belgian Delegation - 11.30 am
September 23, 1970, Bella Centre, Copenhagen

Present: Messrs. McNamara and Gaud

Baron Snoy et d'Oppuers, Minister of Finance
Baron Ansiaux, Governor, Banque Nationale de Belgique

Mr. Andre van Campenhout, Executive Director

Two subjects were discussed at this meeting: the recent changes in the Congolese Government and the status of the Tenke Copper Project.

The Belgians were very unhappy over the recent changes in the Congolese Government. They felt that although it had been dressed up to look like a promotion, Ndele's change in status in fact represented a considerable demotion and an indication that he was out of favour with Mobutu. They are particularly distressed over the appointment of Sambwa as Governor of the Central Bank in place of Ndele. He is approximately 28 years old, a cousin or nephew of Mobutu and -- in their opinion -- lacking the necessary qualifications and experience for this important post. In sum, the Belgians felt that Mobutu was isolating himself more and more from sensible advisors, and was increasingly becoming a solitary dictator and was also becoming increasingly unpredictable.

Mr. McNamara indicated that he shared the concern of the Belgians over this development. It would indeed be deplorable from the Bank's standpoint if, as seemed to be the case, the Central Bank was headed by a person not qualified for that position, and if the Government did not behave in a rational way.

The Belgians were not precisely sure where the Tenke project stood. It was their understanding that Mobutu had decided not to do business with the Union Miniere Group, but they did not know whether a final decision had been reached to do business with the Anderson/Tempelman Group. Nor did they know the make-up of this latter group. Mr. McNamara told them about the press release stating that Standard Oil of Indiana, Charter Consolidated Ltd., Mitsui and the Bureau de Recherches Geologiques et Minieres were in the syndicate represented by Messrs. Anderson and Tempelman.


President has seen

Memorandum for the Record

- 2 -

October 13, 1970

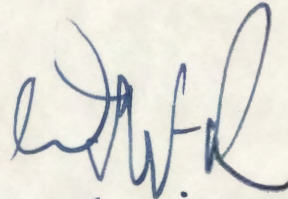
At the conclusion of the meeting Mr. McNamara thanked the Belgians for coming to see him and assured them that the Bank would continue to watch the situation in the Congo carefully.


WSGaud:jm

MEMORANDUM FOR THE RECORD

SUBJECT: Belgium

Mr. Marcel D'Haeze of the Belgian Ministry of Finance accompanied by Mr. L. Meulemans called on me on Wednesday, September 29. I asked him what was the position about the release of the 9% portion of Belgium's additional subscription to the Bank. He said that the Belgian Governor at the Annual Meeting that morning had announced that Belgium would release in full the 9% portion of its subscription.



D. H. F. Rickett
October 1, 1971

cc: Mr. Knapp
Mr. Cope
Mr. Adler
Mr. Gabriel

President has seen

OFFICE MEMORANDUM

TO: Files DATE: September 20, 1971

FROM: L. von Hoffmann

SUBJECT: Brazil - visit of Mr. Jacques Solvay of Solvay & Cie. S.A., Brussels.

On July 30, 1971 Mr. Jacques Solvay, Chairman of Solvay & Cie. group called on Mr. McNamara. The purpose of the visit was to tell Mr. McNamara about the Solvay group's interest in Brazil, and in particular about a VCM project presently under construction for which the Brazilian company associated with the group (COPAMO) was planning to apply for IFC financing. Mr. McNamara assured Mr. Solvay of the Bank group's interest in helping the sound industrialization in Brazil and said that if the project was submitted to IFC, it would be given careful consideration.

c.c. Mr. Christoffersen

LvH/eh

President has seen

OFFICE MEMORANDUM

TO: Mr. R. S. McNamara
FROM: L. von Hoffmann
SUBJECT: Visit of Mr. J. Solvay

DATE: July 29, 1971

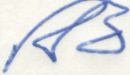
Mr. Jacques Solvay, President of Solvay & Cie., will call on you tomorrow, Friday July 30. Attached is a brief on the company including his personal background. There is also attached a short summary of Solvay's petrochemical investments in Brazil. So far we have no application for financing of any of them, but they are expanding and in need of funds.

Encls.
LvH/eh

President has seen

OFFICE MEMORANDUM

TO: Mr. Ladislaus von Hoffmann

FROM: Roger Blondel 

SUBJECT: Solvay & Cie - Brief for Mr. Solvay's Visit to IFC

DATE: July 26, 1971

Solvay & Cie, the second largest industrial concern in Belgium and the 87th largest outside the U.S., was incorporated in 1863 for the commercial exploitation of the ammonia soda process developed by the company founder, a chemical engineer by the name of Ernest Solvay. Although Solvay shares are listed on the principal European Stock Exchanges including Brussels, Antwerp, Paris, Zurich and Frankfurt, ownership of the company is still largely in the hands of the Solvay family. Of the 15 directors on the Board of the company, 10 including the Chairman, Mr. Jacques Solvay, are direct descendants or relatives of the founder. A short biography of Mr. J. Solvay is attached.

With soda production as a basis, Solvay & Cie developed rapidly into a position of world leadership in the field of mineral chemistry with a total production in 1968 of 3 million tons of sodium carbonate, 8 million tons of salt and potash and 600,000 tons of chlorine and chlorine products. Although soda ash and caustic soda still represent a major proportion of Solvay's business, accounting for 25% of sales revenue in 1970, this proportion has been decreasing as a result of aggressive diversification into plastics and, more recently, peroxide products and petrochemicals. In 1970, plastics accounted for 37% of total sales and peroxygen chemicals, 4%.

Solvay's sales increased over the last 10 years, from US\$ 300 million in 1960 to US\$ 840 million in 1970. Roughly 70% of total sales are concentrated in IFC member countries. Sales within Western Europe represent 86% of total sales.

Although sales revenues increased steadily, profits did not follow in line. From 1962 to 1967, consolidated net profit declined from US\$ 32 million to US\$ 26 million as a result of increases in operating costs particularly raw material costs, wages and depreciation, the latter reflecting Solvay's large scale investment efforts. At the same time, the group was experiencing keen competition in the plastics field with resulting pressure on sales prices. In 1968, profitability started improving following better market conditions for plastics and increased demand for soda products which resulted in higher overall sales, and Solvay's combined efforts to integrate production. From 1968 to 1970, net profit increased from US\$ 34 million to US\$ 41 million and return on equity rose from 5.1% to 5.9%. As of December 31, 1970, the book value of Solvay's assets was over US\$ 1 billion.

Solvay's rapid growth over the last few years reflects the company's aggressive expansion and acquisition policy. From 1962 to 1969 it increased the number of its subsidiaries from 42 to 89; in 1970, 70% of total cash flow of US\$ 260 million was reinvested and 12 new subsidiaries were added. Also in 1970, Solvay entered into a cooperation agreement with

Laporte Industries (Holdings) Ltd. in the U.S. for joint development of peroxygen chemical plants. According to Solvay, an important reason for the association was Laporte's business interests outside Western Europe, particularly in Japan, South Africa and India, where Solvay hopes to develop operations.

As of December 31, 1970 the group comprised a network of 101 subsidiaries in the western world with a total staff of 43,000. In less developed countries, Solvay has 17 subsidiaries located in Spain (9), Portugal (3), Algeria (1), and Brazil (4). Solvay's interests in Eastern Europe (Czechoslovakia, Rumania, Poland and Yugoslavia) were nationalized after World War II and the company is still negotiating compensations.

To date, Solvay has remained essentially European in outlook. However, its experience in soda/chlorine and plastics manufacturing and the company's financial strength should make it a suitable partner for joint operations with IFC.

Solvay's consolidated Income Statement and Balance Sheet for 1970 are given in Annexes 1 and 2.

RBlondel:mp

cc: Mr. Paterson / Grayson

Jacques Solvay

Born: December 1920

Great-Grandson of Ernest Solvay, founder of Solvay & Cie

Education: Engineering degree, Université Libre de Bruxelles

Position: Operational Manager and Board member of Solvay & Cie
since 1955. Elected Chairman of the Board and President
of the Executive Committee at the General Shareholders
Meeting of June 14, 1971

Other Activities: Board member of Société Générale de Banque,
Allied Chemical, etc. Board Member of La Mutuelle Solvay,
a Solvay family-owned investment company with extensive
interests in finance and industry.

Solvay & CieConsolidated Income Statement, 1970

(In millions of Belgian Francs)*

<u>Net Sales</u>	<u>42,024</u>
Less: Production Costs	31,402
Depreciation	<u>4,153</u>
Total Production Costs	<u>35,555</u>
<u>Gross Profit</u>	<u>6,469</u>
Less: Research and Development	1,101
Administration Expenses	<u>632</u>
Total Research and Administration Expenses	<u>1,733</u>
<u>Operating Profit</u>	<u>4,736</u>
Less: Financial Expenses	(1,381)
Other Charges	(1,188)
Add: Income from Securities	369
Other Income	<u>1,465</u>
Total other Revenues (Losses)	<u>(735)</u>
<u>Profit before Income Tax</u>	<u>4,001</u>
Income Tax	<u>1,927</u>
<u>Net Profit</u>	<u><u>2,074</u></u>

Net Profit % Net Sales	4.9
Net Profit % Shareholder's Equity	5.9

* Exchange Rate: US\$ 1 = FB 50

Solvay & CieConsolidated Balance Sheet, 1970

(In millions of Belgian Francs)*

ASSETSCurrent Assets

Cash and Banks	5,832
Accounts Receivable	7,855
Inventories	7,701
Other	3,957
<u>Total Current Assets</u>	<u>25,345</u>

<u>Fixed Assets</u>	67,194
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less: Depreciation	41,987
<u>Net Fixed Assets</u>	<u>25,207</u>

Securities	978
Other	5,818
<u>Total Assets</u>	<u>57,348</u>

LIABILITIES AND EQUITYCurrent Liabilities

Accounts Payable and Creditors	10,344
Short term loans and Bank Credits	3,902
<u>Total Current Liabilities</u>	<u>14,246</u>

<u>Medium and Long Term Loans</u>	6,379
<u>Minority Interests</u>	1,789

<u>Total Liabilities</u>	<u>22,414</u>
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Equity

Share Capital	12,000
Retained Earnings and Reserves	22,934
<u>Total Equity</u>	<u>34,934</u>

<u>Total Liabilities and Equity</u>	<u>57,348</u>
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Current Ratio	1.77
Total Debt/Equity	26:74

* Exchange Rate: US\$ 1 = FB 50

OFFICE MEMORANDUM

TO: Mr. L. von Hoffmann

DATE: July 29, 1971

FROM: John Dolin

SUBJECT: BRAZIL - Solvay's Investments in Petrochemicals

Solvay's interests in Brazilian petrochemicals are:

COPAMO
ELETROTENO
ELCLOR
PLAVINIL

COPAMO - is planned to produce 100,000 mt/year of VCM, which is used for PVC manufacture, and requires 45,000 mt/year of ethylene from Petroquimica Uniao. Project cost is approximately \$26 million, with \$6 million equity, held 65% by Solvay (through Eletroteno) and 35% Unipar (through subsidiaries). Plant is expected to be operational by April 1972. There is an apparent gap of \$9 million in loan financing in the present plan.

ELETROTENO - is a small operation with capacity of 9,000 mt/year of HD Polyethylene based on ethylene produced from alcohol. New plant with annual capacity of 30,000 mt using Petroquimica Uniao's ethylene (up to 50,000 mt/year) is under construction, with completion expected in June 1972. Solvay owns 50% direct and 50% through ELCLOR.

ELCLOR - has present capacity of 40,000 mt/year of PVC and is being increased to 65,000 mt/year. The new plant is expected to be operational by February 1972. Copamo will supply VCM and replace existing internal supply. Solvay holds almost all equity with some small local participation.

PLAVINIL - is one of the major processors of PVC in Brazil. Equity of about \$9 million is held 65% by Solvay and 35% by Brazilian and Spanish interests. There are some minor changes in product lines contemplated (about \$1 - 2 million).

JDolin:vsp

cc: Messrs. Paterson, Hilton
Chanmugam
Rojas
van Loon/Plant

Circ. (3)

July 2, 1971

Dear Mr. President:

As you know, the Solvay group has had business contacts with IFC at various times in the past.

In particular, there has been the offer to furnish a soda manufacturing plant to the Turkish company, Soda Sanajii, with Solvay and ICI providing knowhow and CTB responsible for engineering. The financial participation envisaged for IFC in this project was US\$ 6 million.

Although this project does not seem to have much chance of materializing under present circumstances, we have had excellent relationships with the various representatives of IFC whom we had the pleasure of meeting on that occasion.

On the other hand, our representatives in Brazil (a country where we have important investments in the fields of soda, chlorine and peroxide production, as well as plastic resins) intend to request the assistance of IFC for the financing of a new company, "Consortio Paulista de Monomero Ltda" (Copamo).

The major shareholders of Copamo, which is incorporated under the laws of Brazil, are Eletroteno (a Brazilian subsidiary of Solvay & Cie) and the local group "Refinaria Uniao". Copamo is a producer of vinyl chloride monomer. It is presently under construction on the site of our plants at Vila Elclor in the state of Sao Paulo.

Whatever the outcome of this project, I think it would be desirable (given the magnitude of our investments, particularly in less developed countries such as Spain and Brazil) that we seek to reinforce substantially relationships between IFC and our group.

- 2 -

To this effect, I would be grateful if you would give me an appointment during my forthcoming stay in the United States, which will be towards the end of this month. Would a meeting on July 30 be convenient?

With best regards, etc.

J. Solvay
President
Solvay & Cie

MEMORANDUM FOR THE RECORD

Subject: Discussions with Part I Members - Belgium

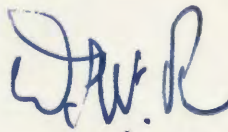
In the absence, through illness, of the Minister of Finance, Mr. R. Vandeputte, the Governor of the National Bank of Belgium, called on Mr. McNamara on September 27th at 2:40 p.m. He had with him M. D'Haeze, Director General of the Treasury, Ministry of Finance, and Mr. Andre van Campenhout, Executive Director. Mr. Aldewereld and I were also present.

The Governor began by expressing his great admiration for the work which Mr. McNamara was doing as President of the World Bank Group and the remarkable speech which he had delivered to the Board of Governors. The Belgian authorities wished to help the Bank in every way and the Belgian market was always open for borrowing by the Bank at any time when the Bank felt the conditions were suitable.

9/28
Mr. McNamara thanked the Governor and said that he would like to raise with him the question of the Fourth Replenishment of IDA. The letter of notification from the U.S. Administration had been received at the end of last week and the Third Replenishment had therefore now come into force. Because, however, of the long delay which had occurred in making the agreement effective, there was now all too little time to negotiate an agreement for a Fourth Replenishment of IDA in time to provide fresh commitment authority by 1st July, 1974. He proposed to ask governments to appoint deputies who might hold their first meeting in Europe in December. He would have suggested an earlier date but for the fact that in several of the member governments elections would take place in November. It would be of great help to us if the Belgian authorities would give us informally their views on the Fourth Replenishment, including any questions they might wish to raise about the period to be covered, the total amount and the terms and conditions.

Mr. D'Haeze said that the speech to be delivered by the Belgian Minister on the following day (if he were well enough) would include a reference to the replenishment of IDA.

Mr. McNamara asked Governor Vandeputte to give his best wishes to the Minister for a speedy recovery.



D. H. F. Rickett
Vice President
September 27, 1972

Note: I subsequently agreed with Mr. D'Haeze that I would call on him in Brussels in the course of the meeting of the Atlantic Institute which I should be attending on December 1st and 2nd.

President has seen

March 28, 1973

BELGIUM - Discussions with Part I Countries

The Belgian Vice-Premier and Finance Minister, Mr. Willy de Clercq, called to see Mr. McNamara on Tuesday, March 27, 1973, at 1:00 p.m. The Minister had with him Mr. Andre van Campenhout, and Mr. J. van Ypersele de Strihou, Adviser to the Minister. Sir Denis Rickett was also present.

The Minister began by saying how much he appreciated the work done by Mr. McNamara and the World Bank Group. He was glad to say that there was a sizeable increase taking place in the Belgian Aid Program, the figures being:-

Belgian Francs
(millions)

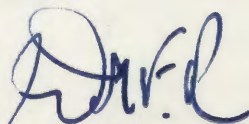
1971	671
1972	850
1973	1350

Hitherto, the bulk of the Belgian Aid Program had been associated with commercial flows. It was now essential that a larger part of it should be used to finance specific investment projects.

Mr. McNamara said how grateful he was to the Belgian Government for the support they gave to the World Bank Group and the part played by Mr. van Campenhout in the work of the Board. The Belgian Government and National Bank had also been extremely helpful in resolving the difficulties over lending to Zaire. He would like to appeal to the Minister for his personal support for the Fourth Replenishment of IDA. Mr. McNamara summarized the timetable proposed for the negotiations and mentioned that at the recent London meeting of the Deputies 13 out of 17 governments had supported a replenishment at the level of 1500 Smithsonian dollars, the only dissidents being Australia, France, and the United States. The negotiations were bound to present very serious difficulties particularly over the question of burden sharing. These had been avoided in the previous negotiations as a result of an understanding reached between him and the British Government. On this occasion, the United States Government was bound to press for some reduction in their share of contributions and it would be impossible to avoid making a reduction in the share of the United Kingdom.

The Minister promised to give the matter his attention. He then referred to the possibility of joint financing of projects by the Belgian Government and the World Bank Group, for example in the Ivory Coast and in Indonesia.

Mr. McNamara said that he would ask Mr. Goodman to be prepared to discuss with the Belgian representative at the next meeting of the Intergovernmental Group for Indonesia the projects which might be suitable for joint financing with the Belgian Government.



D. H. F. Rickett
Vice President

cc: Mr. McNamara's Office (2)
Mr. Goodman, CPD1 - Asia

DHFRickett:emcc

President has seen

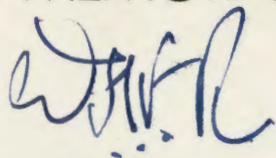
OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Denis Rickett

SUBJECT: Visit of Belgian Minister of Finance

DATE: March 27, 1973



Mr. de Clercq, Vice-Premier and Minister of Finance in the Belgian Government, is calling on you at 1:00 p.m. today. I understand that this is a courtesy visit only and that he has no matters of substance which he wishes to raise with you.

2. Mr. de Clercq is a Flemish liberal and became Vice-Premier and Minister of Finance recently as a result of a change in the composition of the government. This is now based on a coalition of three parties (including the party of which Mr. de Clercq is the leader) as opposed to the two-party coalition which preceded it.

3. Mr. de Clercq is said to be an attractive and able man. He spoke at the Committee of Twenty on behalf of the EEC Governments and made a statement chiefly remarkable for the lack of enthusiasm which it showed for a floating rate system. This has indeed been a feature of the discussions as a whole. Almost every representative of the developing countries has spoken of the disadvantages of fluctuating exchange rates for them (high import costs from non-dollar sources, loss of purchasing power of dollar reserves, higher burden of debt service). They have also complained of the lack of consultation with the developing countries in arriving at the decision in favor of a joint float.

4. Even the developed countries, however, have spoken of the present more flexible rate system as a temporary phase only and have emphasized the need for a return to a system of adjustable par values.

5. On the other hand, the outlook for further creation of SDRs is, as you yourself have said, very doubtful given that the world has been flooded with liquidity in the last two or three years at the rate of more than \$20 billion annually.

6. As regards the Belgian attitude on IDA, you will have seen from the summary that the Belgian representative said that his Minister had been in office for a few weeks only and had been very much occupied with other matters. He had, therefore, not been able to take a decision on IDA replenishment. Mr. Meulemans said, however, that the discussion had been useful to him and would greatly assist him in his task of getting a decision. This was generally understood to mean that the Belgian Government would ultimately support any level of replenishment which might be generally agreed upon.

President has seen

MEMORANDUM FOR THE RECORD

BELGIUM - Discussions with Part I Countries

The Belgian Minister of Finance, Mr. Willy De Clercq, called to see Mr. McNamara on Tuesday, September 25th, at 1:30 p.m. He had with him Mr. Andre van Campenhout and Mr. Jacques de Groote. I was also present.

The Minister introduced Mr. de Groote to Mr. McNamara and said that he would be taking over shortly Mr. van Campenhout's position as Executive Director for the Bank and Fund. Mr. McNamara welcomed Mr. de Groote's appointment and expressed his deep appreciation of the wise counsel and unfailing support which Mr. van Campenhout had given to the Bank for so many years.

Mr. McNamara then said that he wished to appeal to the Minister to make a slight increase in the contribution which he had offered on behalf of Belgium to the Fourth Replenishment. Hitherto the Minister had said that he could not go beyond 1.7% of a total of \$1450 million. There was now virtual unanimity on a replenishment at a level of \$1500 million. We hoped that the Belgian contribution would be maintained at 1.7%. Without this, there would be great difficulty in persuading four or five other countries to make additional contributions which they had offered to enable 100% of the target figure to be reached.

The Minister said that he had originally offered a contribution of BFRs.950 million which represented 1.64% of a total of \$1500 million. To raise this to 1.7% would require a contribution of over BFRs.1 billion. The competing claims on the Belgian Budget were such that this would be extremely difficult. Nevertheless, he was prepared to take the responsibility of agreeing to the increase though he hoped that the phasing of payments might be such as to make it unnecessary for him to find the full amount in the first year. (The meaning of his statement was not altogether clear but he appeared to be referring to a proposal by Mr. Meulemans that countries which paid in three instalments beginning in 1974 might propose payments on an ascending scale.)

The Minister said he wished to raise two further points. The first was that he hoped that a greater number of senior positions in the Bank staff might be found for Belgian nationals.

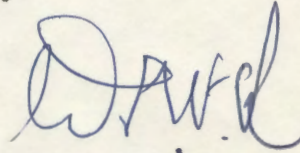
Mr. McNamara said that he would discuss this with Mr. Chadenet, the Vice President in Charge of Administration. He would be only too glad to

President has seen

appoint Belgians to senior positions as vacancies occurred and candidates of the required standard were available.

The Minister then referred to the possibility of joint financing of projects by the World Bank and the Belgian Government.

Mr. McNamara said he warmly welcomed such an idea and suggested that Mr. van Campenhout should arrange for members of the Belgian Delegation to discuss it in the first instance with Mr. Bell or Mr. Hussain of the West Africa Department. There were a number of projects, for example, in Zaire which might be suitable for joint financing in this way.

A handwritten signature in blue ink, appearing to read 'D. H. F. Rickett', is written above the typed name.

D. H. F. Rickett
Vice President

September 26, 1973



MEMORANDUM FOR THE RECORD

Meeting with the Minister of Finance, Belgium, October 4, 1974

Present: Messrs. McNamara, Cargill, de Clercq, de Groote and van Ypersele de Strihou (Chief of Cabinet)

The Minister asked what conclusions he should draw from the Annual Meeting to report back in Brussels. Mr. McNamara said that there had been some progress on recycling of oil revenues but that the situation of the LDCs is still desperate and will become worse if more is not done. There had been some disagreement between the United States on the one hand and the Bank and the Fund on the other as to the ways to go about recycling.

The Minister asked about the attitude of the OPEC countries. Mr. McNamara said they were maintaining a low profile and being cautious in all their actions. The U.S. had proposed that the Bank should borrow from OPEC countries without the full guarantee of the Bank's subscribed capital. This was impossible, not necessarily because that would not make the Bank creditworthy, but because OPEC countries would not accept discrimination. As to the channels of recycling, Mr. McNamara had heard from commercial bankers themselves that the commercial banking system would not be able to handle all the revenues stemming from oil. Mr. Simon, on the other hand, felt this would be possible. Mr. McNamara would be working closely with Mr. Witteveen to formalize the objectives of the Bank and the Fund in the recycling process.

Mr. Cargill said that in his contacts with OPEC countries officials had told him that these countries had become rich so quickly that they are not prepared and are hoping for the Bank and Fund to help educate their officials in thinking on recycling and development. Mr. McNamara agreed and said that only the Bank and the Fund had been really talking seriously to the OPEC countries. The U.S. had been mistaken in approaching them only to discuss oil prices and Mr. Cargill added that the situation would still be essentially the same even if oil prices were reduced substantially.

Mr. McNamara complimented Mr. de Clercq for the excellent work of Mr. de Groote as Executive Director in the Bank.

AL

October 9, 1974

equality of opportunity among nations within nations & among nations is being...
 a major social aspect of development - leading to more growth strategies
 within nations & renewed efforts to disparities between nations - left
 mission for 1980 session; Vaidor; CIGC - to date little progress: look
 at collection of information & no agreement on magnitude of the 6 or 7 parties
 not clear but enter for next session will be held + 10% 9.5% + 1.0%...
 IDA V with 4 phases on the poorest nations; agr (food), + mining
 productivity + rural + urban + health.

Bel Rep at Helsinki proposed 6.75% for old contributors
 This is: fails to provide an increase in real terms (requires 7.2%)
 is the lowest suggested by any EEC member
 fails to provide an adequate stimulus to OPEC
 represents a lower level of support than planned at Helsinki IV (0.04 + 100.038)

Maintaining Bel share (1.72) if say 7.5% would be paid over 78 3.4m; 79 17.0
 80 21.7m -

In 80 would require that dis. to IDA of only +2% ODA or 9.42 over for DAC -
 Belgium's share of IDA present is 3.02 (in 75) or contrib of 1.72 -

IDA program consistent with Bel's emphasis on poorest nations; agr;
 + benefiting the poorest segments of pop.
 Prelim. World Plan for 78-80 should reiterate 7.72 - as it still is by

Evaluation of effect of inflation on prices (multiplier 1.5 for 1st 3h) + demand -
 Zaire -

IBRD
 de Vries stressed at Jamaica that the entire financial community should act
 as an interlocking & facilitate the flow of private capital to the LDC's -
 exactly the role of the BK & the reason why in 78 IBRD commitments in
 real terms should not be allowed to decline

Strength of international Partners
 effect of Bank of Africa
 Outlook for 1980 Dialogue
 During next visit to US, LDCs will visit BK - seminars: P1, LDCs, Dev.
 *Assumes 0.64 2% GNP in ODA altho de Vries said would be .72 by 80 -

Belgium + UK 7/8 & 7/9/76
 de Vries Hasky, Dick King
 Rang Drank
 Parliament

The Poorest Nations with a PDP of 1 Billion

Last 10 yrs over income pc stagnated (from 108 to 116 in '74)

For next 10 yrs, unless their govts + the external world act decisively,
the outlook is bleak: pc growth of 1% or 2% pc pc
leaving them with:

- An infant mortality rate 6 times ours

- A risk of dying before age 8 8x greater

- A life expectancy $\frac{1}{3}$ lower

- An adult literacy rate 50% lower

- A nutritional level for 1 out of 2 below minimal levels & for
millions of infants so low as to prevent optimum development

Maybe 20 Nations

For next 10 yrs, even more rapidly (6.5% pc = 42 pc) + outlook is
brighter if they receive the trade assistance + exp. support they need -

there is a great potential for effort of LDC efforts than req. of DC

trade barriers - i.e. even try to be better gradually over next

decade, by 85 in 85 years efforts could be 65% pc higher (58 for 47 countries)

PETIT DEJEUNER EN L'HONNEUR
DE M. McNAMARA
LE MERCREDI 7 JUILLET 1976, à 8h30
11, avenue de Mercure
Bruxelles.

*with
standing
of trip
Knew*

M. Jacques de Groote et Mme
M. Robert McNamara, président de la Banque Mondiale
M. William Clark, vice-président de la Banque Mondiale
M. Jacques De Staercke, directeur général de Fabrimétal
M. le Ministre Fernand Herman (Affaires économiques)
M. Maurice Esselens, directeur général de la Trésorerie
M. Wilfried Martens, président du C.V.P.
M. Ferdinand Nothomb, président du P.S.C.
M. R. Lamy, administrateur de la Société Générale de Belgique
le Baron Lambert, président de la Banque Bruxelles Lambert
M. Luc Wauters, président de la Kredietbank
le Grand Maréchal de la Cour, M. Liebaers
M. J.P. Van Bellinghen, ambassadeur
M. Emmanuel Coppieters, directeur général de l'Institut Royal des
Relations internationales
M. Georges Janson, directeur à la Banque Nationale de Belgique
M. Edouard Pouillet, secrétaire permanent,
M. Jacques van Ypersele de Strihou, chef de cabinet-adjoint au
Ministre des Finances.

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Equality of Opportunity Among Men, within nations and among nations, is becoming a major social issue of our time - leading to reconsideration of growth strategies within nations and renewed attention to disparities between nations - led to pressure for Spec Session; Nairobi: CIEC - to date, little progress: lack of intellectual foundation and no agreement on magnitude of problem or role of parties but clear that international financial institutions' assistance will be required and role of IBRD and IDA. . . with emphasis on the poorest nationsñ agriculture (food)ñ and raising productivity of rural and urban poor must be increased.

IDA V

Belgian Representative at Helsinki proposed \$6.75b for (old?) contributors
This amount: fails to provide an increase in real terms (requires 7.2b)
is the lowest suggested by any EEC member
fails to provide an adequate stimulus to OPEC
represents a lower level of effort than planned at Nairobi for IV
(.041 vs .038)
of Belgian share (1.7%) of say \$7.5b would be paid over 11
years: '78 3.4m; '79 \$17.0; '80 \$21.7m.
In '80 would require total disbursement to IDA of only 4% * of ODA vs 9.4%
average for DAC.
Belgium's share of IDA procurement is 3.0% (in '75) vs contribution of 1.7%.
IDA program consistent with Belgium's emphasis on poorest nations; agriculture;
and benefitting the poorest segments of population.
Preliminary National Plan for 1976-80 showed realization of .7% - is it still
the objective?

Evaluation of effect of indexation on prices (multiplier 1.5 per National Bank)
and demand.

Zaire.

IBRD

de Clerq stressed at Jamaica that the international financial community should
act as an intermediary to facilitate the flow of private capital to the LDC's-
exactly the role of the Bank and the reason why in 1978 IBRD commitments in real
terms should not be allowed to decline.

Strength of Nationalist Parties
Strength of Prentice (?)
Effect of Budget Cut
Outlook for North/South Dialogue

Belgium and UK 7/8 and 7/(/76
de Clerq Healey, Dick King,
King Derek Mitchell
Parliament

During next visit to US hope HM will visit Bank - seminars: Population, rural
development, food.

*Assumes 0.64% of GNP in ODA although de Clerq said would be .7% by 1980.

Poorest nations with a population of one billion

In last 10 years average income pc stagnated (from 108 to 116 72-74)

For next 10 years, unless their governments and the external world act decisively, the outlook is bleak: pc growth of 1 or 2% pc pa.

Leaving them with:

An infant mortality rate 6 times ours

A risk of dying before age 8 8 times greater

A life expectancy 1/3 lower

An adult literacy rate 50% less

A nutritional level for 1 out of 2 below minimal standards and for millions of infants so low as to prevent optimum development of the brain.

Middle-income Nations

For past 10 years, advanced more rapidly (6.5% pc = 4% pc) and outlook is brighter, if they receive the trade assistance and capital support they need.

here is a great potential for expansion of LDC exports through reduction of developed countries; trade barriers, e.g., were they to be gradually over next decade, by '85 in '85 prices exports could be \$65b pc higher (\$58 for MI countries).

DECLASSIFIED

NOV 28 2012

WBG ARCHIVES

Personal and Confidential Memorandum on BAUDOUIN, King of the Belgians

File

I. Family Background

1. H.M. King Baudouin was born on September 7, 1930. He is the son of King Leopold the Third, who is still alive, and of a Swedish Princess, Queen Astrid, who was killed accidentally in 1935 in a car driven by her husband, at the shores of a Swiss lake. This premature death of a mother, who might have brought in the Court a little more nordic easiness, had obviously a depressing influence on the King's childhood and adolescence.

2. King Baudouin acceded to the throne on July 17, 1951. The Belgians celebrate this year, and particularly in this month of July, the 25th anniversary of his reign. It is typical of his personality and of what public opinion expects in Belgium from the sovereign, that he asked to limit the celebrations to a few very simple public appearances and to a folk festival that is presently going on. The donations assembled at the occasion of his jubilee will be allocated to a fund for environmental improvement.

3. The King is married to a Spanish countess, Fabiola de Mora y Aragon, who is known for her simplicity, piety and devotion to her husband. She is childless, ^{having} had seven premature interruptions of pregnancy. This situation has very deep effects on the psychology of the royal couple: both have a striking attachment for each other, and are very much involved in actions for education of children. The presumptive heirs to the throne are: first, the King's brother, Prince Albert of Liège, aged 42, followed by his two sons, Philippe and Laurence.

4. The conditions of the King's accession to the throne had a deep impact on his personality. Indeed, in order to save the monarchy he had to accept, reluctantly, to succeed his father, in rather dramatic circumstances: for 5 years after the war, the country was divided between those who felt that King Leopold III should not have stayed in Belgium during the German occupation and those who believed he had done his duty. Obviously, his son was in that latter group. He therefore felt very strongly that he had, somehow, taken over prematurely his father's functions in conditions most inequitable to the latter's image. He obviously regrets not having had, for that reason, the occasion to study as much as he wished, before assuming his functions. This accounts for his permanent desire for self-improvement and learning.

5. The King's family acceded to the throne of Belgium in 1831, after the independence movement against Holland. Both countries had been unified by the Congress of Vienna. The first King, Leopold of Saxe-Coburg-Gotha, married the daughter of the last French King, Louis-Philippe. He was succeeded by Leopold II, who established himself as sovereign ruler of the Congo, and then by the latter's nephew, King Albert, who became famous for his resistance to the German invasion during the first world war. King Albert died in a mountaineering accident in 1934 and was succeeded by his son, King Leopold III.

II. Personality

If the King's complex and secretive personality can be summarized in a few prominent features, the following could be indicated:

1. Exceptional devotion to his work and responsibilities. The King regards himself as the first civil servant of the country. One can say that he literally spends all his available time in his office; he takes personal information on all government issues, discusses them at length and with good personal judgement with all responsible officials. He has, accordingly, succeeded in maintaining through his contacts and his personal influence some unity in the political life of an otherwise, under many aspects, divided country. The King's seriousness and perfectionism in the accomplishment of his duties go obviously together with an extremely austere lifestyle, that some find hard to associate with the traditional image of royalty. He spends his holidays in seclusion with his wife, in a rather small house in the countryside, , or in an inaccessible place in Spain. He has no friends in the "jet set" , nor in the circles gravitating traditionally around the monarch. Due to the severity of his personality, his conversation tends to be on the dull side, with a few glimpses of humour, but without much fantasy.

2. Depth and accuracy in judgement. The King likes to study himself and ask the help of all competent individuals on a number of issues he regards as essential. He takes note of all useful elements of information, compares his notes with other statements made later by the same individual or by others, and postpones frequently his decision until he has fully grasped the intricacies of the case. His collaborators find him therefore excessively demanding, though always extremely kind and relaxed in his personal contacts with them.

3. An intellectual orientation clearly directed at economic and monetary issues. Contrary to his predecessors and the other members of his family, the King shows only a mild interest in cultural activities. His main preoccupation, even in his free time, is with economic matters. Though he always insists that he is badly trained in this field, he only seems to read with pleasure, except for comic strips, books and reviews in this field. It is significant, in that respect, that he decided to spend his last holiday period at Yale University, to attend Robert Triffin's classes on international payments. Development problems are at the very center of his preoccupations. I have already frequently informed him in detail on the orientations of the World Bank's activities. He reads with great interest your Addresses to the Board of Governors and has asked me numerous questions on the success of your action.

4. A high degree of sensitivity, which explains that he sometimes resents as directed at himself remarks or attitudes taken from a general viewpoint in the course of the conversation. He is anxious to do well what he is responsible for, over-anxious perhaps, and therefore somewhat vulnerable to criticism.

5. Two subjects on which the King shows great personal pride about the achievements of his family are: the industrialization of Belgium in the 19th century and in obtaining the Congo as a Belgian colony. It

is under the influence of the first King of our dynasty, King Leopold I,
that the industrial techniques came over from England to Belgium, when
the first railroad and the first modern steel mill (Cockerill) were
established on the basis of British capital and experience. The Royal
family acquired a direct interest in these industrial activities.
The Congo was given by international agreement (Congress of Berlin, 1886)
to King Leopold II, who became sovereign in his personal capacity, of
the Independent State of the Congo. King Leopold II had to display
enormous efforts to convince the Belgian Parliament to accept in 1908
the Congo as a colony. This was only done after two negative votes in
Parliament and under the explicit conditions that no Belgian citizen
could ever be obligated to serve in the Congo and that the assets and
liabilities of both countries would remain entirely separate. At the
moment of the Independence of the Congo in 1960, the King has played a
dominant role in the acceleration of the decision to grant independence
to the former colony.

B E L G I U M

Political situation

There are four nation wide political parties, namely in decreasing order, Social-Christians, Socialists, Liberals and Communists. Social-Christians are traditionally stronger in the Flemish - or Dutch - speaking part of the country; the Socialists' strength lies more in the Walloon - or French - speaking part. Except for the Communists, parties have a French-speaking wing and a Dutch-speaking wing which do not always see eye to eye. In addition, there are four regional parties with platforms that are exclusively based on linguistic considerations. The main regional party is the Volksunie (people's unity) in the Flemish part; others cover the French-speaking part and the capital city, Brussels, which is legally bilingual but in fact 85 percent French-speaking. This latter figure is violently disputed by the Flemish.

A possible future system is often discussed: a federation of the Flemish part, with about 50 percent of the population, and the Walloon part with about 35 percent of the kingdom plus a federal capital, Brussels with 15 percent. The constitutional reform required for a federation would have to solve grave problems such as to draw dividing lines by using language criteria, and to delegate powers and responsibilities to the various new entities. These difficulties traditionally have been the stumbling block for all reform efforts.

This year, Belgium is celebrating the 25th anniversary of King Baudouin's (Boudewijn in Flemish) ascent to the throne. The King's person as well as the principle of the monarchy are never seriously questioned. It is even felt that the King would have a greater role to play in a federal set-up than in the present centralized system in that he could prevent both cultural communities from growing too far apart.

The present coalition government of Social-Christians and Liberals is headed by Mr. Leo Tindemans, often called the wise man of Europe because of his constructive proposals for European integration. The political situation is considered stable, at least in the short run, with sporadic linguistic quarrels mainly in Brussels. Local elections will be held in October 1976 and general elections in 1978.

Belgium is associated with the Grand Duchy of Luxembourg in the B.L.E.U. (Belgian-Luxembourg Economic Union) which regulates their common foreign trade. Both countries together with the Netherlands are partners in Benelux in the framework of which a beginning of economic, monetary and political integration is attempted. The Benelux objectives are presently overshadowed to a large extent by the EEC. The most recent Benelux topic is the establishment of a multinational airline company (of the S.A.S. type) which would absorb Sabena, KLM and Luxair.

Economic situation

In 1975 Belgium ranked tenth amongst the wealthy nations with a per capita GNP of \$6540. This was a drop of 1.4 percent against the 1974 figure. Chances are that the economic recovery which started in the fall of 1975 will continue through the year, and the 1976 GNP growth is now forecast at 3.5 percent in real terms. Except for coal, Belgium lacks important natural resources. It therefore imports most of the raw materials it requires and exports more than half of its production. About 70 to 75 percent of exports go to the EEC member countries, mainly France, Germany and the Netherlands.

The Belgian economy therefore relies heavily on the competitiveness of its industries (mainly ferrous and non-ferrous metals and semi-manufactured products, chemicals and petrochemicals, and assembled transport products) which are highly sensitive to inflation. In 1976 consumer prices are expected to rise by 9.5 percent as compared to 12.8 percent in 1975. This is still a sizeable inflation rate which affects the competitiveness of Belgian goods and services on markets where inflation has been lower.

Changes are being introduced into the automatic wage index system but labor unions do not seem to be ready to accept a ceiling on wage increases. Unemployment remains high at about 220,000 or 5.3 percent of the working population; there is little hope to reduce these figures substantially in the near future partly because of labor saving investments made during the years preceding the recession. There has been speculation that the Belgian franc may be devalued; this is being denied by the authorities. The present exchange rate stands at about Frs. 40 to the U.S. dollar; there has been little fluctuation during the last twelve months.

Aid

The Minister of Foreign Affairs and Cooperation to Development is Mr. R. Van Elslande (Social-Christian). Belgium's ODA as a ratio to GNP varied during the last five years between 0.49 and 0.62 percent, with a combined total of official and private financial flows to the LDCs of over 1 percent of GNP. The annual aid budget totals about U.S. \$ 400 million equivalent, of which about 20-25 percent is earmarked for multilateral assistance. Bilateral aid goes mainly into technical assistance (55-60 percent) and it is concentrated heavily on countries with a per capita GNP of less than \$200. The former Belgian colony, Zaire, and territories administrated under UN mandate, Rwanda and Burundi, get about two thirds of total bilateral aid. Terms contain a grant element of about 65 percent.

Notwithstanding the nationalization of foreign and mainly Belgian owned property in Zaire, relations between Belgium and Zaire have remained generally cordial. King Baudouin takes a personal and active interest in keeping relations with Zaire on an even keel because of his friendship with President Mobutu. King Baudouin is godfather of one of President Mobutu's children.

European Office
June 24, 1976

OFFICE MEMORANDUM

TO: Files

DATE: May 4, 1978

FROM: Andre Gue, Director, EACPII

SUBJECT: Meeting Between Mr. Robert S. McNamara and the Belgian Ambassador,
Mr. Ernemann - April 25, 1978

1. Mr. R. S. McNamara met Mr. Ernemann, the Belgian Ambassador to the U.N. on April 25, 1978 at 6:20 PM. The Ambassador was accompanied by Messrs. De Moudt from the Belgian Embassy in Washington, and Guiot from the Belgian Executive Directors office. Messrs. Wapenhans, Gue and Koch-Weser were also present.

2. The Ambassador explained that his Government had appointed him to coordinate the preparations for the Brussels meeting on Zaire proposed by Mr. Simonet and that he was visiting the Bank and Fund on a fact-finding mission. He referred to conversations held earlier in the day with the East Africa Region about the need and means to help Zaire overcome its present economic and financial difficulties, and in particular about the status of the "Plan Mobutu". Further work was required on the "Plan", and he wished to know from Mr. McNamara whether the Bank could provide technical assistance for that purpose.

3. In his reply, Mr. McNamara expressed great disappointment about Zaire's economic performance. He said that unless Zaire could drastically improve that performance, the Bank Group could not increase its aid to the country. The Bank would, however, be prepared to provide technical assistance to help Zaire mobilize additional resources.

cleared with and cc: Mr. Wapenhans

cc: Messrs. H. Adler, Maubouche, Schott

AGue:dh

OFFICE MEMORANDUM

622

TO: Mr. Robert S. McNamara

DATE: April 24, 1978

FROM: André Gué, Acting Regional Vice President, EAM
(through J. Burke Knapp, Senior Vice President)

SUBJECT: ZAIRE - Meeting with Ambassador Erneman, Belgian Ambassador to UN

1. On Tuesday, April 25, 1978 at 6:20 p.m. the Belgian Ambassador to the UN will call on you. Ambassador Erneman has recently been asked by his Government to prepare a special report on Belgium's initiative in favor of Zaire's Mobutu Plan. In particular, he has been asked to report on Bank/IMF attitudes toward Zaire. While the visit is essentially a courtesy call, Mr. Wapenhans has asked me to accompany him. We will meet with the Ambassador in a working session prior to your meeting on Tuesday afternoon. He will also see the Fund. This memorandum outlines the main developments which have occurred since we sent you a brief on Zaire, dated March 3, 1978, in preparation for a meeting with the Zairian Ministers of Foreign Affairs and Planning. (Attached is the note prepared on the meeting with the Ministers.)

4/25

2. Our position on the Mobutu Plan, as stated in your letter of March 10, 1978 to the President is that we are prepared to study it and participate in the meeting to be called by Belgium to promote assistance to Zaire. We also stated our willingness to consider, once we have received the Plan, how we could respond to the President's request to assist in its management. It is our understanding that the Belgian government would now like to see the Bank take a more active role in the preparation of the Mobutu Plan, but we have limited our offers of assistance to reviewing the plan with zairian officials before publication. We are also prepared to organize a Consultative Group Meeting as soon as the Belgian diplomatic initiative has demonstrated support for the Plan - support that could be confirmed and better coordinated in a Consultative Group Meeting.

3. As Belgium has become more deeply involved in collaborating on the Mobutu Plan, it has begun to question what financial assistance is really available to Zaire should Zaire be able to come forward with an economic recovery program. Therefore, the Belgian Ambassador may also ask whether the Bank is prepared to increase its financial assistance to Zaire. Our program for the Fifth Replenishment is presently set at \$140 million. (The actual lending figure for the Fourth Replenishment was \$120.5 million). While we believe this program can be justified, we are not prepared in the absence of an economic recovery program to indicate what the maximum is that we could recommend.

4. Background: The IMF standby mission is now scheduled to visit Zaire starting May 3. The Fund is apparently prepared to consider a new one year agreement, but does not appear ready to acquiesce in the Zairian request of a three year stabilization program to be funded in part out of the Witteveen

April 24, 1978

facility. (The question of a three-year IMF program would imply several months of further preparation since it requires a comprehensive investment plan which we would be expected to evaluate.). It is also concerned about a government decision announced recently to the effect that Zaire would not devalue its currency during the execution of the Economic Recovery Program (The Mobutu Plan). There are indications that the Fund's mission will be a difficult one, and until a standby-agreement is concluded, disbursements under the syndicated Citibank loan (\$215 million - on the verge of signature) cannot be made, nor is further rescheduling of Zaire's public debt by the Paris Club, now scheduled for June, likely to take place.

5. Belgium is trying to get its diplomatic initiative to rally support for the Mobutu Plan moving again after almost two months of stalemate, and may soon call the multilateral meeting proposed by their Foreign Minister, Mr. Simonet, to discuss assistance to Zaire. (You will recall that you replied to a letter from Mr. Simonet stating our willingness to participate in this meeting.). A first draft of the Mobutu Plan was apparently prepared in January; a draft has recently been officially delivered to our Resident Representative in Kinshasa (on April 17) which is now on its way to Washington. Most recently Belgium appeared ready to suggest to Zaire that they turn to the Bank for assistance in finalizing the Mobutu Plan. When we learned of this, we informed Belgium that at this late stage, we did not think it appropriate to become involved in the actual drafting of the document. We would obviously want to see the Plan before we consider any participation in its finalization.

6. Gecamines: Integral to any recovery program for Zaire are the financial prospects of Gecamines. Two weeks ago officers of Gecamines visited the Bank to discuss the company's needs for financing over the period 1978-80. Subsequently we received by telex from our Resident Representative a synopsis of a letter from President Mobutu to you requesting Bank support for Gecamines' financing needs for rehabilitation of plant and equipment. Although the letter itself has not yet arrived, we are preparing a reply to this request for your consideration.

7. Gecamines' production deteriorated substantially in 1976 but improved 11% in 1977 largely due to competent management. Total sales in value remained unchanged, however, from the year before because of the depressed level of world copper prices (presently at about US 60 ¢ lb.). The company's financial situation remains serious and threatens to jeopardize its production potential. Due principally to low copper prices, inflation, the shortage of critical materials and spare parts, and transport problems affecting both imports and exports, we believe that Gecamines

April 24, 1978

will be able to produce at best 400-430 thousand tons of copper in 1978 and 1979, compared to the level of about 450 thousand tons achieved in 1977.

8. The completion of the IBRD expansion project is now estimated to be delayed by 18-24 months. Its cost, excluding working capital, originally estimated at about \$400 million, has now reached \$500 million due to the effects of international inflation, aggravated by delays in implementation, and underestimation of the cost of and changes in the scope and design of the flashsmelter. The company claims it needs \$130 million in foreign exchange and \$100 million in local currency to complete the project. Its total foreign exchange deficit in 1978 and 1979 is conservatively estimated at \$184 million of which \$100 million remain to be covered.

cc: Mr. Wapenhans

NFaltas/SSchott/BVaron:mfb

Attachment

OFFICE MEMORANDUM

TO: Files

DATE: March 9, 1978

FROM: Stephen C. Schott, Division Chief, EA2DC

SUBJECT: ZAIRE - Meeting in Mr. McNamara's Office on the Mobutu Plan

1. Mr. McNamara received the Minister of Foreign Affairs, Citizen Umba, the Minister of Planning, Citizen Mulumba, and the Ambassador of Zaire, Citizen Kasongo at 6:30 p.m. on March 3. Also present were: Messrs. Knapp, Wapenhans, Schott, Koch-Weser, and Mr. Razafindrabe.
2. The Zairian delegation explained that they had brought Mr. McNamara two letters from President Mobutu concerning the Mobutu Plan. The Government recognized that they must diversify the economy of Zaire in order to bring Zaire out of the present economic crisis. For this purpose, they have prepared a 3-year program which has as its principal elements: (i) agreement on a new stabilization program with the IMF; (ii) the promotion of agriculture particularly to cover the deficit in food production, in raw materials and to promote exports, especially of timber. (The agricultural aspect of the Plan has been shaped around the work of the Agricultural Working Group sponsored by the World Bank); (iii) transport - their main emphasis will be on the integration of transport and agriculture; (iv) energy - key to the needs of other sectors is fuel.
3. This Minister said that he has been in Belgium, Holland, France, Italy and England seeking support for this Plan. On this visit he also spoke with US officials. The response so far, has been favorable to their proposals. In terms of total resources required for the Plan, they had estimated Z 1,800 million over the three-year period. This includes contributions from the Government budget, the private sector and external assistance which is expected to provide 35 to 40 percent of the total resources needed. The Government has requested Belgium to coordinate contacts and information on the Plan for the countries and institutions expected to participate.
4. They have also taken a letter to the IMF requesting it to provide a high level expert for the Bank of Zaire. The IMF was asked to send a mission to Zaire toward the end of this month to discuss this proposal and a new stabilization plan. The Bank of Zaire would have its autonomous status reinforced to assure its independence by making the IMF expert Director General of the Bank. With regard to the execution of the Plan, they had decided to ask the World Bank to provide coordination in the management of the assistance that they will receive. They felt that an international institution would not be suspected of political motives and would provide a certain guarantee of neutrality. They recognize that the role they are asking the World Bank to play is not part of its usual functions, but thought that the Bank would be best able to handle the task.

5. In response to questions, the Minister explained that Belgium's role was simply one of coordinating information for the potential donors and for this purpose organizing a meeting in Brussels. Belgium would not participate in actually coordinating the assistance that might be furnished. The role of managing the funds was one they wished the World Bank to undertake.

6. It was noted that we have not yet seen the Plan and, therefore, do not know the nature of the assistance to be provided by donors - e.g., whether it would be in the form of project or program assistance, therefore, it was difficult for us to comment on whether we could assume a role of managing funds. For this reason, we need the Plan and the Minister assured us that it will be available within the next two weeks.

7. Mr. McNamara noted that the program as described was commendable and emphasized two points: (i) the need for a new stabilization program and in this regard, the importance of adhering to it and; (ii) the emphasis on rehabilitation. As soon as the program is ready we will mobilize our staff to study it. While the proposals regarding management go beyond our normal functions, we will have to examine the Plan, and then discuss with the Government in greater detail what role the Bank might be able to play.

cc: Messrs. McNamara
Knapp
Wapenhans
Gué
Razafindrabe

SCSchott:mr

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 25, 1978

FROM: W. A. Wapenhans

SUBJECT: ZAIRE - Letter from Mr. Henri Simonet, Belgian Minister
of Foreign Affairs, dated April 17, 1978

1. I refer to Mr. André Gué's background brief on your meeting with Ambassador André Ernemann, scheduled for today at 6:20 pm. This morning we have received a letter from the Belgian Minister of Foreign Affairs, Mr. Henri Simonet, addressed to you, which represents the second step in the Belgian diplomatic initiative to mobilize support for Zaire (see paragraph 5 of Mr. Gué's brief).

2. Mr. Simonet advises that he intends to call a meeting in Brussels as soon as possible before the summer. He also announces the appointment of Ambassador Andre Ernemann, the Permanent Belgian Delegate to the U.N., as the head of the Belgian delegation. There is no indication as to who would be chairing the Brussels meeting, but we will try to ascertain this from Ambassador Ernemann when we meet with him later today.

3. The Brussels meeting, in accordance with the Simonet letter, is intended to deal with the following main subjects:

- i) Mobutu Plan: background and preliminary review;
- ii) IMF stabilization program and functioning and management of the Bank of Zaire;
- iii) IBRD Consultative Group and measures needed to provide for continued international concerted action.

Mr. Simonet asks to be advised whether we are generally in agreement with the agenda and who would represent the Bank at the meeting in Brussels. Following discussions with Ambassador Ernemann, we will prepare a response for your signature. I also attach a translation of the incoming letter.

Attachment

cc: Mr. J. Burke Knapp
Mr. A. Gué

WAWapenhans:rs



*Le Ministre des
Affaires Etrangères*

1000 BRUXELLES, le
RUE DES QUATRE-BRAS, 2
TEL. : 513.62.40 LD

My dear Colleague,

1. In my last communication dated January 10th, concerning Zaïre's Financial and Economic Recovery Plan (Mobutu Plan), I informed you that the President of the Zaïre Republic intended to send messages to certain governments and international organizations, soliciting their collaboration in the implementation of this plan. Since then, President Mobutu has sent emissaries to the various capitals and to the heads of the international organizations concerned.

2. I also mentioned to you that, should these countries and organizations accept President Mobutu's request that Belgium initiate an international conference, I would be prepared to organize a meeting, in Brussels, of those countries and organizations, in view of discussing the best means by which the international community could assist in the implementation of the Mobutu plan.

3. Since then, preliminary contacts have taken place between zaïrian and belgian experts. It is in this context that from February 20th to 25th, a group of zaïrian experts, led by citizen Bokana, Assistant Director to the Presidential Bureau, came to present a draft of an economic revival plan for the period of 1978-79-80.

The Belgian Embassies in the countries concerned, were asked to provide information about this week of meetings in Brussels. At present, the Zaïre authorities are examining the economic revival plan draft in the light of the discussions which took place in Brussels.

4. In my January communication, I had pointed out the emphasis which the Belgian representatives, in their conversations with the Zaïre authorities, had placed on the necessary reform of the Bank of Zaïre and the indispensable reinstatement of orthodox budget management practices.

The Zaïre State Commissioner for the Department of Foreign Affairs, citizen Umba di Lutete, went to Washington on March 3rd, and presented to the International Monetary Fund President Mobutu's request in view of obtaining that international experts be placed at the disposal of the Bank, one of these experts being named to the post of General Manager.

A representative of the Monetary Fund went to Kinshasa beginning of April to discuss this question with the Zaïre authorities. The IMF should also soon begin negotiations with Zaïre in view of preparing a new stabilization plan and working out the terms and conditions for its implementation.

5. In view of the favourable reactions of the countries and international organizations consulted and subsequent to an agreement with the Zaïre authorities, I propose that a first meeting of top-level officials and experts be held in Brussels at the Palais d'Egmont.

This meeting will be of an exploratory nature and will in no way aim at obtaining definite commitments from the governments.

It should be held as soon as possible before this summer. The precise date will be given as soon as sufficient progress has been made as regards the subjects mentioned above in paragraphs 3 and 4.

The following countries and organizations have been invited to send delegates to this meeting :

- Saudi Arabia, Canada, The United States, France, Iran, Italy, Japan, the Netherlands, the German Federal Republic, the United Kingdom.
- The World Bank, the International Monetary Fund, the European Community Commission.

The Belgian delegation will be presided over by Ambassador André ERNEMANN, permanent Belgian delegate to the United Nations. He will be assisted by the representatives of the Departments concerned.

In the course of these first contacts, the following questions could be dealt with :

- presentation of the background of the Mobutu plan (description of the work and contacts under way since the President of Zaïre solicited Belgium's collaboration last June).
- Functioning of the Bank of Zaïre - Stabilization Plan to be concluded with the International Monetary Fund. (The International Monetary Fund could make a progress report on its negotiations with the Zaïre authorities).
- Preliminary examination of the Mobutu plan and the terms for its implementation. (The Zaïre authorities have stated their intention of sending a finalized version of the Plan to the various capitals as soon as it is available).
- Measures to be taken to ensure continued international concerted action - Role of the Consultative Committee of the World Bank.

I would very much appreciate your letting me know as soon as possible whether you agree to the general outline for this meeting as described above and which representatives you expect to send at this occasion.

My collaborators and I remain at your disposal for any supplementary information you might require at the present time.

Sincerely Yours,

Henri SIMONET.



OFFICE OF THE PRESIDENT

Meeting with Belgian Delegation, September 24, 1978

Present: Messrs. McNamara, Minister of Finance Geens, de Strycker, van Ypersele de Strihou, and de Groote

Mr. Geens said that his Government was planning to convene the proposed meeting on Zaire in October. Mr. McNamara said that he was not fully aware of recent developments but thought that such a date would be slightly early. The Bank had first to be assured that the Zairian Government followed the Bank's advice. The long-standing problem had been that Zaire had violated all its agreements with the Bank. However, President Mobutu was facing very difficult times and clearly made an effort to improve his cooperation with the Bank. He would check on the issue of the appropriateness of an October meeting.

Mr. Geens said that, because of the Belgian ED's office's multi-country constituency and dual representation on the Fund and the Bank Board, the position of an advisor was required to assist the Executive Director and his Alternate. Mr. McNamara said that he would ask Mr. Damry to consider this special case, that he was sympathetic to the request, but that a formula would have to be developed which would limit the number of countries which could claim such an additional position. A possible criterion would be the fact of dual representation on the Bank and the Fund Board.

A possible criterion would be the fact of dual representation on the Bank and the Fund Board.

Mr. McNamara then explained the need for action by early 1979 on the IBRD capital increase and for the initiation of the IDA VI replenishment negotiations before the end of the year. Mr. Geens replied that his Government would support early action on these two issues.

cc: Mr. Knapp

CKW
September 29, 1978

VANDERBILT UNIVERSITY



NASHVILLE, TENNESSEE 37240

TELEPHONE (615) 322-7311

Office of the Chancellor • Direct phone 322-2508

August 29, 1979

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

Dear Bob:

I don't know whether you would have time to grant the request I outline below, but it may interest you and if you can I will appreciate it.

Leon Velge is a Belgian businessman now in his second year of a self-chosen sabbatical for the purpose of "thinking through" the future of Bekaert, the 100-year-old company founded by his grandfather and which he and his family control and manage.

Bekaert is an international company that is Europe's leading producer of wire and wire products. Its last report shows sales of about \$800 million (U.S.) with net profits of about \$40 million. It has 52 factories in 14 countries, major operations being in Europe, North America, Latin America, and Japan. Mr. Velge is a primary owner, member of the Board, and financial expert in the parent company, which has its headquarters in the village of Zwevegem, near Bruges.

During the past century, according to Leon, the company's owners have taken pride in their reputation, attempting to run the company according to what they deemed at the time to be high ethical and spiritual values. They have come in recent years to feel that the world competitive environment within which they now operate forces this question: Can such a company maintain its traditional values while developing world-wide leadership within industry?

Mr. Velge sees his current, primary responsibility to be to gain an understanding of the ownership and leadership roles that he and his family, and the company's "professional" managers from outside the family, must fulfill if the Company is to retain what he believes to be its unique characteristics. He has these questions:

1. "What philosophy of ownership, leadership and management should we attempt to inculcate into the fourth generation of owners and managers who will soon be coming into positions of power and influence?"

Mr. Robert S. McNamara
August 29, 1979
Page Two

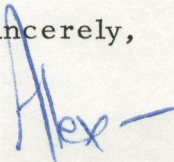
2. "What are the basic human and spiritual values that motivate the conduct of the present U.S. entrepreneur and that could also inspire businessmen of other countries?"

The point of this letter: Could Mr. Velge come to see you at a time and place of your choice, to discuss your experiences and observations that will help him in his task?

Mr. Velge was introduced to me by Professor William Dickson of Vanderbilt's Owen Graduate School of Management. Professor Dickson has known Mr. Velge for ten years. If you could meet with Mr. Velge, nothing from the interview would be attributed to you except on written permission. Limited publication of Mr. Velge's work is possible, and if you wished the conversation could be off the record.

If you can meet with Mr. Velge, please drop me a note and Mr. Velge will call your secretary to arrange a time and place. Mr. Velge hopes to begin shortly the interviewing of about ten persons such as yourself.

Sincerely,

A handwritten signature in blue ink that reads "Alex" followed by a horizontal line.

Alexander Heard

AH:amd

He seems to think you would decisively valuable to what he is trying to understand.

AH