

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: Robert S. McNamara Statements / Speeches - Statements 07

Folder ID: 1772443

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

Series: Statements, speeches and interviews

Sub-fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: June 4, 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

Statements  
1974

The World Bank Group  
**Archives**  
1772443  
A1993-011 Other #: 2 309725B  
Robert S. McNamara Statements / Speeches - Statements 07

**DECLASSIFIED**  
WBG Archives



## INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H STREET, N.W., WASHINGTON D. C. 20433 TELEPHONE: EXECUTIVE 3-5360

January 24, 1974

STATEMENT

by

ROBERT S. McNAMARA  
PRESIDENT OF THE WORLD BANK AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION

The U.S. House of Representatives yesterday rejected the proposed U.S. participation in the replenishment of the International Development Association. This is an unmitigated disaster for hundreds of millions of people in the poorest nations of the world.

The International Development Association is the major source of development assistance for 21 countries classified by the United Nations as "least developed" to whom the United States and other nations have pledged a special assistance effort. These include such areas as the six nations (Niger, Upper Volta, Mali, Mauritania, Senegal, Chad) encompassing the Sahel Zone of West Africa who have been undergoing one of the worst droughts in human history. In addition, such other countries as India, Pakistan and Bangladesh have also recently been hit by drought and a tripling of the cost of imported food grain.

These nations are dependent on IDA for much of their development effort. To people in these countries international development assistance means the difference between some alleviation of their poverty and desperation. But they will receive nothing further from IDA after June 30 if yesterday's action by the U.S. Congress is allowed to stand.

I cannot believe it was the intent of the Congress to abandon agreement on a Fourth Replenishment for IDA at a time when the need of developing nations is greater than ever. The Fourth Replenishment Agreement was negotiated last September in Nairobi with the full participation of the United States Government, which asked for, and received, a significant reduction (from 40% to 33%) in its share of contributions to IDA. Twentyfour other nations, including all of Western Europe, Japan, Kuwait, Israel, Canada, Australia, New Zealand, and South Africa, took part in this agreement.

The proposed increase in the U.S. contribution to IDA (from \$320 to \$500 million per year) may appear large, but the major part of it has been eroded by the effect of inflation in recent years. The increase in real terms in the level of the U.S. development effort for the benefit of IDA would be small (9%). These facts should be known.

In addition it should be recognized that the United States' total development effort today ranks fourteenth among the sixteen principal donor countries and in relation to its national income is only one tenth of what it was twentyfive years ago. At that time real income per capita was 45% less than it is today. Moreover, U.S. per capita income now is thirty to forty times that of people in the poor nations of Africa and Asia.

14

RADIO TV REPORTS, INC.

4435 WISCONSIN AVE. N.W., WASHINGTON, D. C. 20016, 244-3540

FOR NATIONAL BROADCASTING COMPANY

PROGRAM The Today Show

STATION WRC TV  
NBC Network

DATE January 28, 1974 7:00 AM

CITY Washington, DC

AN INTERVIEW WITH ROBERT S. McNAMARA

FRANK McGEE: The House of Representatives voted last week against providing a billion-and-a-half dollars to the World Bank for loans to underdeveloped nations. Robert S. McNamara, President of the World Bank said the vote meant, in his words, disaster for millions of people in the world's poorest nations. And Mr. McNamara, the former Defense Secretary under Presidents Kennedy and Johnson, felt so strongly that he agreed to break his general rule against television interviews and discuss it with us this morning.

He's in our Washington studio with "Today" Washington Editor, Bill Monroe.

Bill?

BILL MONROE: Good morning, Frank.

Mr. McNamara, to put this in perspective, is it correct that the United States would have put up, if this bill had not been killed, over four years about one-third of an international fund of four-and-a-half billion dollars to go to the poorest nations?

ROBERT S. McNAMARA: Yes.

MONROE: Wouldn't this have been a much heavier contribution than the United States made the last time this was called for?

McNAMARA: No. If it put it over a four year period as it was allowed to do under the internationally negotiated agreement, it would have been appropriating \$375 million per year, compared to \$384 million per year, which it appropriated for the -- the previous level.

And if I may take just one second, Bill, I think we should perhaps distinguish between what we're talking about this morning, which is the International Development Association, known as IDA...

MONROE: Part of the World Bank?

McNAMARA: Yes. It provides low interest loans, long maturity loans to the poorest nations, whereas the majority of our operations are financed through the money markets where we borrow money at commercial rates, loan them to the Brazils, and the nations that can afford harder terms. And that is the International Bank for Reconstruction and Development. We're not discussing that. We're only talking about IDA, the arm that deals with the poorest nations of the world, nations that include the twenty-one least developed countries that the United Nations, with strong U.S. support, designated as deserving of special assistance.

This is a group that includes those countries just -- on the Southern edge of the Sahara you've been reading about so much recently -- Niger, Upper Volta, Mali, for example -- that have faced the worst drought in their history. And in the four nations serviced by the International Development Association lives one-and-a-quarter billion people, among the poorest people of the earth.

MONROE: Let me ask you a question many people are sensitive about these days. This one-and-a-half billion dollars the House voted against, does that represent more than the share the United States ought to be carrying?

McNAMARA: Well, this is one of the amazing things. It represented a very substantial reduction this year.

First let me go back in history a bit to say that the International Development Association is a creature of the U.S. It was the U.S. with farsightedness back in the late 1950s and early 1960s, at a time when Doug Dillon, for example, was an Under-Secretary of State -- it was the U.S. that conceived of the idea of organizing this international effort in order to share its burden, a burden that it had been carrying alone up to that time. As a result, other nations since that time have carried a substantial percentage of the burden. The U.S. share up to this new agreement was forty percent; the other nations put in sixty percent. We negotiated a reduction in the U.S. share from forty percent to thirty-three percent of this new agreement. So other nations are putting up two-dollars for every dollar requested of the U.S.

MONROE: Mr. McNamara, you have said, as Frank mentioned, that the vote in the House the other day represents a possible disaster...

McNAMARA: ...an unmitigated disaster...

MONROE: An unmitigated disaster. What kind of disaster to what kinds of nations -- through what kinds of projects might be stopped?

McNAMARA: Well, first let me tell you something about these one-and-a-quarter billion people. I think you've got to understand that to understand the disaster.

Six hundred million of the one-and-a-quarter billion live on the equivalent -- if you can call it living -- of less than thirty-cents a day. Now, what does this mean? It means a third -- a half of the total one-and-a-quarter billion are suffering from hunger and malnutrition. And when I'm talking of malnutrition, I'm talking about malnutrition that prevents them from realizing the potential of the genes they were born with.

MONROE: You see some of this, don't you? You go on trips abroad?

McNAMARA: Well I -- I -- I visited in the six years I've been President of the World Bank, perhaps sixty of these countries, and I never come back to this country that I'm not shocked and depressed at the conditions that exist there. Because when we talk of malnutrition in this country -- and we do have it -- we're talking of a totally different kind of malnutrition. When we talk of it in these nations it's so severe that it results in protein deficiency, for example, for pregnant mothers, and young children. And we know that protein deficiency from the six months of pregnancy through to birth, and in the first two years of life at a time when the brain normally achieves ninety percent of its development, protein deficiency at that time limits brain growth. It limits in an irreversible fashion, and there are tens of millions of these children that are protein deficient today, and therefore have been deprived of the opportunity to realize the potential of their genes.

MONROE: Now, these loans that will not go through as a result of the House vote, what would they have been for? What sort of things?

McNAMARA: Well, let me just -- the Sudan, for example, is an IDA recipient, an International Development Association service country, and in the Sudan we've just financed a project known as the Rahad [?] Irrigation Project. It is designed to increase the production of seventy thousand people so that they can increase the production of wheat and in -- which they need to eat, and so they can increase the production of cotton which they need to sell to obtain the imports to fuel their economy. It's that kind of a problem.

Bangladesh, one of the poorest countries in the world. In Bangladesh live seventy-five million people, if you can imagine it. Seventy-five million people in an area the size of the State of Florida. And alternately that area is either flooded during much of the year from the monsoons, or alternately it's deprived of water.

Now, in Bangladesh they are facing serious food grain shortages. Our projects are designed to increase their production by providing tube wells to provide irrigation water that allows them to make use of the new technology known as the "Green Revolution." It's that kind of project that we will lack funds to finance unless this action by the Congress is reversed.

MONROE: We hear stories that the energy crisis is also having a serious impact, particularly on the poorest countries. How does that fit into the picture?

McNAMARA: Well, we in this country are certainly suffering from the energy crisis today, and I -- and by the way, I think it's a crisis, not just a shortage, but particularly of price. The energy prices today for light crude oil f.o.b. the Persian Gulf are roughly four times what they were two years ago, and this of course means a tremendous financial problem in the short-run for the developed nations, the industrialized nations of the world, but it means an even greater problem -- and not just for the short-run, but the long-run -- for the developing countries.

We estimate that this price increase will cause the developing countries to spend ten billion dollars more this year than they did last year, assuming they're able to continue their oil imports. I say, assuming they're able to continue it, because we don't know how they're going to finance it. Nobody else knows how they're going to finance it. The probability is, therefore, that they're going to have to cut back on oil imports and this is going to deprive their economy the energy they need to make the modest increases in growth that were previously programmed.



MONROE: What about those...

[Confusion of voices].

McNAMARA: Go ahead. I'm sorry.

MONROE: What about those Congressmen who say, what's the use of voting foreign aide to these poor countries who are just going to have to turn it around and put it into higher prices for oil?

McNAMARA: Well, this was one of the major arguments made in the House against -- against the bill, and I think it persuaded some Congressmen to vote against it. But what wasn't said then, and that must be said now, is that none of our International Development Association funds would go for the financing of these oil purchases. Our funds go for specific development projects -- irrigation in the Sudan, primary school education to provide a minimum of functional literacy in Ethiopia where, by the way, eighty-seven percent of the primary age children are out of school because there are no primary schools for them.

MONROE: You hope eventually to get this vote in the House turned around? Reversed?

McNAMARA: I think it must be. It is an unmitigated disaster unless IDA can for forward. And we -- and we will be bankrupt July 1 of this year. We will have no additional funds available as of that date.

MONROE: Mr. McNamara, thank you very much for being with us. Robert S. McNamara, President of the World Bank.

15

PRESS CONFERENCE, TEHRAN, IRAN, FEBRUARY 21, 1974

**Participants:** Prime Minister Hoveyda, Minister of Finance Amuzegar, Mr. H. Johannes Witteveen, Managing Director, IMF, and Mr. Robert S. McNamara, President, World Bank

Statement by Prime Minister in Persian is being transmitted to Washington. Prime Minister then introduced Messrs. McNamara and Witteveen, the President of the World Bank and the President of the International Monetary Fund. They visited Iran, and we are happy to have them here. They had the occasion to be received in audience by His Imperial Majesty the Shahinshah who put forth a proposal which, in our opinion, would solve many of the difficulties which are facing the many countries in the developing world and also many countries in the industrial world. I would think that it would be proper for Mr. McNamara and for the President of the International Monetary Fund to explain themselves the suggestion and the proposal of His Imperial Majesty the Shahinshah and give their views. Later I will talk about this matter to the Iranian press to give more explanation and also the Minister of Finance will be available to answer questions. I think those Presidents of the two international organizations will also be available to answer any question you put forth. Mr. McNamara.

Mr. McNamara: Thank you, Mr. Prime Minister. Ladies and Gentlemen. Perhaps I can begin by saying that I very much welcome the Shahinshah's proposal. I think he recognized the increasing problems faced by the developing nations, particularly by the poorest of those nations, problems accentuated by the rising prices of many of their imports, particularly food, fertilizer, energy; problems further accentuated by the continuing increases in their populations and made even more difficult by the failure of the industrialized nations to meet by more than 50% the targets for concessional aid established by the United Nations three years ago, and for all of these reasons he believed additional assistance must be made available to these developing nations in the form of projects--development projects--and he has therefore proposed the establishment of the development fund, operating with resources approximating \$2-\$3 billion per year. These resources to be provided by both developed nations and by oil-producing nations, and the fund to be governed by a governing board consisting of representatives of the donors and representatives as well of the recipients. This governing board in turn to select an executive board, an independent executive board to be selected from nominees proposed to the governing council by the Managing Director of the International Monetary Fund and the President of the World Bank. The institution to be serviced by the staffs of the two institutions. As I said, I very much welcome the Shahinshah's proposal and pledge my support to make it effective. I particularly welcome his pledge of strong Iranian support of the institution by a definite contribution to its resources. So it has been an exciting afternoon for me. I don't think it's an exaggeration to say that, with respect to the developing countries, this could be as imaginative a proposal and as important a proposal as was the Marshall Plan for the rehabilitation of Western Europe. Thank you very much sir.

Mr. Witteveen: Thank you very much, Mr. Prime Minister. For my part I also welcome very much these proposals that have been made during these two days that we have discussed of His Majesty the Shah of Iran. I think this constructive approach and decision is exactly what we need at the present time in the world and I think it can also be extremely useful for the future, for we are faced at the moment with some bold changes in balances of payments which could create very serious disturbances in the world economy. We increased the cost of oil and large changes in other prices

create on the one hand very large surplusses among a number of oil-producing countries and on the other hand a number of very large deficits both among developing and industrial countries. And it is very important to this situation, I think that the world, different governments react to this change in the world's monetary situation in an appropriate way. If they would react in the wrong way, applying more or less mechanically old classical doctrines of restoring immediately equilibrium of balance of payments, the world might face very serious problems. For that reason I have proposed at the C20 in Rome that, to help overcome these difficulties in the right way, the International Monetary Fund should create a new kind of facility to help finance these balance of payments deficits and I also indicated that it might be very desirable if some of the surplus countries would give their support to this oil facility to help it finance this. That is why I am very happy that we have gotten what we asked for; substantial support for this oil facility which we shortly hope to discuss with the Executive Board of the International Monetary Fund. This is something which can be of great importance for the whole world for all the oil-consuming countries. But we realized that the problem may be especially acute for a number of developing countries because for them it will not only be a matter of financing the deficits but also the matter of the debt burden which has to be met. That's why I welcome particularly the idea that His Majesty the Shah's proposal to create a new fund to developing countries on concessionary terms, and I also welcome the idea that our two institutions, the World Bank and the International Monetary Fund, could work together in this; help this institution so that it can start operations at short-term; for we need something in the course of this year for the developing countries. Also I think it is very useful that we can operate in this because on the one hand there is balance of payments problems very much the responsibility of the Fund, and, on the other hand, there is the problem of development which is the responsibility of the World Bank that we have to coordinate actions of these two fields very closely but I hope that it could be done by our cooperation in this new fund, this new institution. I welcome this proposal. I think it can help very much in overcoming the difficulties and it may even improve the situation for the developing countries but if this really develops in the future as we hope it may be. Of course, many discussions have to follow this proposal but I also, like President McNamara, will give my full support to this and help in getting contributions from all those sides which can help and have to help achieve the purpose that we have in mind.

Prime Minister: Well, gentlemen, if you have any questions to put to either the President on my right or the President on my left, please.

Q. Sir, what's the exact type of this organization and where is it going to locate?

Mr. McNamara: I think that the title is yet to be determined. It's a development fund and I presume in a sense it's based in Washington where the staffs of the two servicing organizations, the International Monetary Fund and the World Bank, are, of course, located. I think His Majesty the Shahinshah's concept of an independent board is a unique one and exactly where the board would meet hasn't been determined.

Q. And this \$3 billion is going to be contributed by all the oil-producing countries of the Middle East?

Mr. McNamara: I think it was his feeling that the need demanded a fund of the order of \$2-\$3 billion and it was his hope that these funds would be contributed both by industrialized nations and by oil-producing nations.

Q. Have the Arabs accepted this?

Mr. McNamara: It was only discussed with us in the last day or two. It will be our job to discuss it and explain it to others and encourage their participation in it.

Q. Mr. McNamara, are you going to travel more, I mean, are you going to visit other countries to encourage them to give aid to this fund?

Mr. McNamara: We have already been in contact with many of the oil-producing countries. My Vice President who is here with us, Mr. Benjenk, has visited several in the past two or three weeks to discuss this common problem. And we have found considerable interest. I don't wish to say that we discussed this particular proposal because we didn't. This was the Shahinshah's proposal we have just received but we have found considerable understanding among the oil-producing nations of the problems faced by the developing countries and I am very hopeful that they will wish to participate in a scheme such as this. But we have no commitments.

Q. Have you had any objections?

Mr. McNamara: No.

Q. Not yet?

Mr. McNamara: No.

Q. Could you say first of all whether an interest rate has been decided on for this fund? And, secondly, has Iran specifically made any commitments herself as to a specific sum?

Mr. McNamara: Well, first on the interest rate, no specific interest rate has been discussed but it's understood that these are concessional funds commonly known as "soft funds," "soft loans," and as to Iran's commitment, I think the Prime Minister and not I should speak to that.

Prime Minister: Well, for the three types of things about which we talked, Iran will make available an amount of not less than \$1 billion.

Mr. McNamara: That three types of things included purchasing of World Bank bonds which I didn't mention earlier but which we are very pleased to receive the Government's assurance of.

Q. Please would you break this down into how much given to purchase of World Bank bonds, how much will be going towards concessional aid, how much will be going towards Dr. Witteveen's proposal?

Mr. McNamara: I think the Finance Minister should answer it and not I.

Finance Minister: As far as the development fund is concerned, as Mr. McNamara mentioned, the initial amount of money available must be between \$2 billion and \$3 billion. Now you know how many oil-rich countries are there and how many industrial countries. Then you can do the arithmetic yourself. There would be one man one vote. So you see about the size of contribution of each country if the major industrial countries of the world plus the OPEC members would all participate in this scheme.

Q. Now if they all agree to participate in this scheme, then they will participate proportional to their vote or proportional to their share in national product?

Finance Minister: No. The idea is, the idea of His Majesty is that this board should be entirely divorced from any political influence or direction and, therefore, there will be equal votes. Now, if a participating country would like to contribute more financially but have the same vote as the less participating countries, well that is perfectly all right. But you will not have in this development fund a country with more vote because of bigger contribution. It's equal vote and, of course, then equal contribution. Provided somebody would like to provide more money for the same vote it's all right.

Q. Can you say what the Iranian contribution will be?

Finance Minister: I thought I answered you first. You see it depends.

Q. You spoke of a billion dollars.

Finance Minister: Yes. A billion dollars is for the three programs, will be first to give a loan to IMF.

Q. How much will that be?

Finance Minister: We have not yet decided on the proportion of the amount of money that we propose as a loan to IMF and also for the purchase of the bonds of the International Bank. However, to answer you more directly, on the question of how much the contribution of Iran would be for the development fund, again I repeat that, if you need about \$3 billion a year and there are 12 OPEC countries and 12 industrial countries, this is 24, you divide \$3 billion by 24, share of each country will be about \$140-\$150 million. But if not everybody would participate in this because it might be that some of the industrial countries would not like to contribute to participate or some of the OPEC members because we have not yet discussed the matter with OPEC, then of course the contribution may change a little bit. But, we have to give you an idea it's about that much.

Prime Minister: But, Mr. Housego (?), I have to inform you that we discuss about general ideas and details have to be worked out and I know that your paper want always to have very details of details, this is very complicated because this is something which has been since yesterday and, as a matter of fact, maybe the meeting which finalized the ideas of His Majesty took place one hour ago and, therefore, I don't think we are in a position really to give you details now but it's better to see what is the concept which is very important.

(Two short questions and answers inaudible.)

Q. Mr. McNamara, in view of the fact that financial resources is just one of the factors needed for successful development, have you given thought to the other input such as technology and managerial skills, and has His Majesty suggested that the fund be involved in these fields.

Mr. McNamara: Well, His Majesty made it very clear that he was not interested in seeing this fund as he called it "just lend"--just to write blank checks--to developing countries. Instead he used the term projects he wants to see--specific projects, developed in detail providing the technical assistance to ensure that they are carried

out effectively, supervised to ensure that as well. All of this would be done by the staffs of the Fund and the Bank.

Q. Do you think your staffs are capable:

Mr. McNamara: Well, we are doing similar work for, in the case of the Bank, for roughly \$3½ billion worth of operations today and I have no doubt but what we can absorb the additional tasks that are associated with this.

Q. Do you expect any large expansion of staff?

Mr. McNamara: Well, we haven't discussed details. We have had a program of recruitment on at the Bank for some time and I, at the moment, that's the least of my concerns.

Q. Mr. McNamara, is it up to the Bank to decide on what project and what country should be done or the country comes in with the project and the Bank evaluates?

Mr. McNamara: It would be up to the Fund and the Bank to make recommendations on this to the independent board which would have the authority to decide on each individual loan.

Q. I wonder, Mr. McNamara, whether we can get a bit clearer on the organization of the board of directors and the executive board of the organization. I'm not very clear. How will the recipient countries be chosen to sit on the board of the organization?

Mr. McNamara: Well, as the Prime Minister indicated after two days of discussion, we are not prepared to write the detailed articles of agreement, but His Majesty made it very clear that he believed that the recipient countries, even though they did not contribute financial--would not be expected of course to contribute financially--should have equal representation with the two other groups, industrialized countries and the oil-producing countries. Now, exactly how those representatives of the developing countries will be chosen, we didn't discuss. Frankly, I don't think it's too important. I think they could well rotate and it would clearly be adequate representation of the developing countries which was his primary objective.

Q. And the executive committee elected by the board and nominated by the World Bank/Monetary Fund?

Mr. McNamara: Yes. The terms aren't precise here but if one calls the top group the governing board, the second group the executive board, the members of the executive board would be nominated by the Managing Director of the Fund and the President of the Bank and, from the list of nominees, the governing board would select a specified number for the executive board, and the executive board would have the authority to make final judgments on each individual project loan.

Q. When you say the recipient governments would be equally represented, is this three groups?

Mr. McNamara: There are three groups and I think His Majesty had the concept of equal representation.

Prime Minister: This is for the first time that, as the Minister of Finance has said, it means one vote one country, and, for the first time, that the men who receive the money also have the right to vote.

Q. How many countries do you anticipate to participate in this fund?

Prime Minister: It is a proposal they have to go and discuss. This has to be taken by others. It's a new philosophy which needs work of both institutions from our Government, other governments, but, if you keep in mind one fact, it means that Iran's contribution is not going to wait for the establishment. Iran has committed itself for the three types of things about which we talked for no less than \$1 billion immediately.

Q. Mr. McNamara, on this question of the development fund, is it going to be entirely project-oriented or is its purpose as well to help countries like India who will be suffering balance of payments deficits due to higher oil prices?

Mr. McNamara: I think that's a very important question and, as Mr. Witteveen said, it was His Majesty's concept that this would be primarily a project lending development fund. But he recognizes the urgency of immediate disbursement in relation to the serious balance of payments imbalance that will exist in some of the developing countries and, therefore, presumably initially there would be balance of payments financing as well as project lending from the fund.

Prime Minister: And this, as far as concerns Iran, this is additional to the bilateral arrangement which we were to have and we have with a number of countries. As you know, we have bilateral arrangements for assistance to a number of countries: India, Pakistan, Senegal, Jordan, Tunisia and other countries that were considering to start a rather large program for assistance, and also a number of industrialized countries.

Q. What about the governing board and the executive board and also an independent board which entitle to open the credit to the countries in Mideast. Could you tell me the organization of the three funds?

Prime Minister: There would not be three bodies. There would be only two bodies. You see, as Mr. McNamara mentioned, the first body you may call it board of governors, having a triparty nature of the OPEC oil-producing countries, the industrial countries and the recipients. This is the board of governors. They will select an independent board which you might wish to call them the executive board. They will evaluate the projects on the merit of the project, independently, completely divorced from any political implications.

Q. Does that mean the preference is subject to the person you choose?

Prime Minister: Well, as a Frenchman, you should have total human nature.

Q. Mr. McNamara, you have been receiving loans from both banks for many years. Are the Irans entitled to get some of the funds, some of the new funds, if we need it in future.

Mr. McNamara: I think His Majesty and the Prime Minister and the Finance Minister have all made it very clear to us that they feel that Iran no longer needs funds from the World Bank Group and they would not expect on balance to have a net transfer of



funds to them. However, in certain fields that they consider of great importance to their development, they would wish to continue to receive technical assistance from the Bank and we'll be very pleased to provide that. That's our job. We work for Iran. Iran is a stockholder in the Bank and deserves whatever technical assistance it can need and we will be very happy to provide that. So we will probably as a matter of form continue to lend to Iran as a vehicle for carrying the technical assistance in these priority fields. However, Iran will more than offset our lending by lending to us, buying our Bank bonds or by other means, so that there would in effect be a reversal of the flow. In the past Iran has received a net transfer from the Bank. In the future the Bank would receive a net transfer from Iran.

different

Mr. Witteveen: If may I add something, this is somewhat/of course. In the case of lending of Iran to the International Monetary Fund, sort of lending in this arrangement we will have a condition that in case later Iran would have a balance of payments need, this loan would be repaid at an earlier date.

Q. Mr. McNamara, how long do you think it would take to launch this development fund and what will be required to get this off the ground?

Mr. McNamara: I wish I could answer the question. I can't. But I want to emphasize the sense of urgency which I feel, and I think Dr. Witteveen also and I know His Majesty the Shah does, he wants action now. That's why Iran has done something quite unusual. It has made a firm commitment. So this is very unusual and it simply indicates the urgency and necessity of movement promptly.

Q. Has there been a general agreement reached or any paper signed? No paper is signed yet?

Mr. McNamara: We have been operating with Iran on oral agreements for years and they have never violated one yet.

Q. Well, we can say that agreement is reached?

Prime Minister: We are committed. We are doing something in conjunction with the Bank and with the Fund and, therefore, we are three now; we are not one, we are three. They have told that the idea of the Shahinshah is a workable idea which will solve the present problem, future problem and will take away the political influence on giving loans and maybe this is a step for the future and therefore our agreement will be honored, and again I said we committed the Iranian Government for no less than \$1 billion for the three items about which I talked.

Q. What would be the relation between the new fund and the International Monetary Fund?

Mr. Witteveen: They will be separate institutions. They will be separate institutions with close cooperation because the proposals for loans will be prepared by staffs of both our institutions, the World Bank and the International Monetary Fund, so that we can have really close cooperation, and all the experience we have, all the knowledge we have of the situations in which countries are and balance of payments problems and projects are needed we can bring in and use all this experience and knowledge so that we can on short notice make, we hope, useful proposals and use the money to best effect.

Q. [Inaudible]

Q. You have committed at least a billion dollars. What do you estimate will be Iran's reserves at the end of this year?

Prime Minister: Well, I would have some bright and happy sleeping nights about my reserve, you could be assured, and we don't have any difficulty in meeting my commitments and the balance of payments. Again, I wish you gentlemen not to look at this problem as an Iranian problem. It's a worldwide problem and this is the contribution, an idea of His Imperial Majesty the Shah who wishes to see that we could take very quick steps in order to solve the difficulties which the developing countries, especially the poorer ones, are meeting nowadays, either for the balance of payments or for their projects. This is additional to what is done in the world and we feel that this idea, if it is carried correctly and if contributions are coming forth, it will add to what it is done nowadays, and this gap between developed nations and developing nations will be made narrow. And this is the whole thing.

Q. Mr. Witteveen, I understand you have made a proposal for a new facility to your Board. Will you please explain this in relationship with your discussions here in Tehran?

Mr. Witteveen: I suggested this in the Rome meeting of the Committee of Twenty through the especial facility as we call it, special possibility to draw on the Fund, to borrow from the Fund, in order to finance balance of payments deficits caused by the present increase in oil prices. So it is a drawing on the Fund, quite like normal drawings but conditions which led to the special problem of the sudden increase in oil prices. And, therefore, these loans by the fund would be given in a short period of time and not with all the very elaborate preparations and stated conditions that we made on all drawings but these conditions in accordance with the present situation in which these countries find themselves so that we can help in rechannelling the money which flows to a number of oil-producing countries, those countries who need it. If this is to be considered as a supplement to all other kinds of channels that will be open such as the Eurocurrency market and also play an important role but we cannot be sure that this will be sufficient, that all countries will be able to cover their oil deficits in this way. That's why we thought the International Monetary Fund has possibility to help in this financial form. I suggested this, as you may know, and the C20 decided that this idea should be urgently explored. The staff of the Fund is now prepared on this, has been sent to the Executive Board and I hope we will discuss this very soon in early March.

Q. What effect do you think this will have on world-wide inflation?

Mr. Witteveen: Well, I think that this should help in avoiding policy reaction which might be very hard on the world economy. It might help in avoiding trade restrictions, might help in avoiding deflationary policies. If all the oil-consuming countries try to equilibrate their balance of payments by deflation policies, we get into a world depression. There is the problem of inflation, a very serious problem. We should control liquidity very carefully but probably the present situation liquidity in relation to world trade may be (huge?) so I think we must be very careful that in the right way and in the right positions, in the right month, liquidity is created in order to steer the world economy through this difficult phase. In relation to this new development fund that of course (?) other countries which, as I said, will not be out of their difficulties only when we can draw on this fund facility. Of

course there is the problem of repayment and rate of interest which will be easier on concessionary terms in this new institution. I think it's a very good idea that these two things can be combined and be matched with measures for development. The more they get from this institution the less they will need to draw from the facility of the Fund.

Prime Minister: I wish to add one more thing to what you said about the balance of payments, my balance of payments, in that we are going to pay back this year a great amount of credit which we have received before from different sources, including the Bank and pay back before they are due and therefore this also will facilitate and will give more liquidity to the Bank and to the general economy which will be important and this is, I don't remember the amount, if you remember.

Minister of Finance: Yes. It's, this is about \$1 billion and we shall not draw on the financial resources of the world again to the tune of additional \$1 billion so that the two together will be \$2 billion. In other words, Iran by paying back part of its loan and not drawing on facilities of the world during 1974 will contribute to the tune of \$2 billion. That way the amount of money will be available to the other countries. We pay back around \$1 billion our debts, our credits we have received and which we have to pay maybe in 8 years' time or 10 years' time, we pay them right away this year.

Q. What is the total of World Bank bonds which you are going to purchase? Can you say (who will buy them and how denominated)?

Finance Minister: In any case it have to be worked out again. But the rial is a very strong money, as you know yourself.

Q. What is the total credit Iran has already obtained from the World Bank/ Is it going to pay back \$1 billion?

Mr. McNamara: The amount being paid back the Government should answer. I can respond to the total credit from the Bank. They received roughly \$1 billion of loans, of which they have repaid roughly \$225 million, the remainder, a portion of it, is undisbursed but there is outstanding disbursed and committed on the order of \$750 million.

Finance Minister: One point of clarification; this \$1 billion that we are going to pay back a small amount of it is the World Bank loans. We are going to pay back the loans with high interest rates that we got through the private banks in the United States and also on the Eurodollar market. So the total amount is \$1 billion.

Q. Not \$1 billion from Bank?

Prime Minister: No, it does not mean \$1 billion from Bank. But it will include part of it.

Q. Is it too early to say what the term of development fund, what the arrangements will be in different countries to withdraw their subscriptions? In other words will they be able to withdraw them at 2-months call, 6-months call, a year, 5 years, 10 years?

Mr. McNamara: Much too early. We hope they won't withdraw. We are certainly not going to plan withdrawal before we obtain the funds.





# INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE, EX 3-4171

## NOTE TO EDITORS

The heads of the five major international financial institutions--the World Bank, the International Monetary Fund, the Inter-American Development Bank, the African Development Bank and the Asian Development Bank--met in Washington yesterday at the headquarters of the Inter-American Bank to assess the impact of the energy situation on their developing member nations.

Today they issued the attached statement on their analysis of the situation and on the urgent need which the developing countries have for additional financial resources.

Office of Information  
Inter-American Development Bank  
March 13, 1974



# INTER-AMERICAN DEVELOPMENT BANK

808 17th. ST. N.W. WASHINGTON, D.C. 20577 TELEPHONE. EX 3-4171

NEWS RELEASE

March 13, 1974  
NR-5/74

FOR IMMEDIATE RELEASE

## MEETING OF HEADS OF INTERNATIONAL FINANCIAL INSTITUTIONS

The Chief Executives of the five major international financial institutions, Robert S. McNamara, International Bank for Reconstruction and Development; H. Johannes Witteveen, International Monetary Fund; Antonio Ortiz Mena, Inter-American Development Bank; Abdelwahab Labidi, African Development Bank, and Shiro Inoue, Asian Development Bank, met at the headquarters of the Inter-American Development Bank in Washington March 12, 1974, to assess the impact of the current international energy situation on the developing member countries of those institutions.

After a thorough exchange of views, they concluded that many of the developing countries dependent on imported energy resources will find it very difficult to absorb the impact of higher costs upon their economies. It was recognized that these additional outlays represent for many of the developing countries not only a heavy drain on their external payments situation, but also threaten the orderly execution of development programs and the growth prospects of their economies.

In this respect the participants noted that the developing countries as a whole urgently require additional external aid, both short-term assistance to avoid harmful adjustment measures and long-term financing to sustain their

development efforts. They also agreed that a considerable part of this assistance should be made available on concessional terms. In this regard, the participants re-emphasized that the advanced countries have a continuing responsibility for providing aid resources. At the same time they pointed out that the oil-exporting countries now have a greater capability to share the burden of the additional international aid effort, both through their own channels and through cooperation with existing international institutions.

The heads of the international financial institutions pointed out that, in the light of the expertise and experience of their respective institutions in effectively channeling resources to the developing world, they have the capacity to play an important and timely role in the international aid effort. To perform this function, additional funds are required by these institutions and a special effort should be made to mobilize such resources from the increased financial assets of the oil-exporting countries.

The heads of the international financial institutions agreed to continue their exchange of information and to coordinate their actions in the light of these new financial requirements.

The participants stated that the present situation should be viewed as an added opportunity to bring into the cooperative international aid effort new and important sources of development financing.

NNNN

#WXA352 NYB049

1412 :OIL-DEVELOPMENT:

WASHINGTON MARCH 13 REUTER--FIVE MAJOR INTERNATIONAL MONETARY AGENCIES TODAY CALLED FOR IMMEDIATE FINANCIAL AID TO DEVELOPING COUNTRIES WHOSE ECONOMIES ARE SERIOUSLY THREATENED BY THE SPIRALING COST OF OIL.

A STATEMENT ISSUED HERE BY THE HEADS OF THE FIVE INSTITUTIONS URGED THAT THE DOLLAR-RICH OIL EXPORTING NATIONS MAKE "A SPECIAL EFFORT" TO HELP PROVIDE ADDITIONAL FUNDS TO THE POOR THIRD WORLD COUNTRIES.

THE ANNOUNCEMENT CAME FOLLOWING A MEETING ON THE WORLDWIDE ENERGY SITUATION WITH THE WORLD BANK, INTERNATIONAL MONETARY FUND, INTER-AMERICAN DEVELOPMENT BANK, ASIAN DEVELOPMENT BANK, AND THE AFRICAN DEVELOPMENT BANK SENDING THEIR CHIEF EXECUTIVES TO DISCUSS THE PROBLEM.

"THE DEVELOPING COUNTRIES AS A WHOLE URGENTLY REQUIRE ADDITIONAL EXTERNAL AID, BOTH SHORT TERM ASSISTANCE TO AVOID HARMFUL ADJUSTMENT MEASURES AND LONG TERM FINANCING TO SUSTAIN THEIR DEVELOPMENT EFFORTS," THE STATEMENT SAID.

THE FIVE AGREED THAT A CONSIDERABLE PART OF THE AID SHOULD BE MADE ON CONCESSIONAL TERMS AND THEIR INSTITUTIONS SHOULD PLAY AN IMPORTANT ROLE IN CHANNELING THE MONEY INTO THE DEVELOPING COUNTRIES.

REUTER





The National Broadcasting Company Presents



# MEET THE PRESS

*America's Press Conference of the Air*

*Produced by* LAWRENCE E. SPIVAK

*Guest:* ROBERT S. McNAMARA  
*President, International Bank for  
Reconstruction and Development*

VOLUME 18

SUNDAY, MARCH 24, 1974

NUMBER 12

*Merkle Press Inc.*

*Printers and Periodical Publishers*

*Subsidiary of Pubco Corporation*

*Box 2111, Washington, D. C. 20013*

10 cents per copy

*Panel:* HOBART ROWEN, *The Washington Post*  
CARL T. ROWAN, *Chicago Daily News*  
EDWIN L. DALE, JR., *The New York Times*  
BILL MONROE, *NBC News*



MEET THE PRESS

*Moderator:* EDWIN NEWMAN, *NBC News*

Permission is hereby granted to news media and magazines to reproduce in whole or in part. Credit to NBC's MEET THE PRESS will be appreciated.

## MEET THE PRESS

---

**MR. NEWMAN:** Our guest today on MEET THE PRESS is Robert S. McNamara, President of the International Bank for the Reconstruction and Development, generally known as the World Bank.

Mr. McNamara served as Secretary of Defense for seven years under Presidents Kennedy and Johnson. Before entering government, he was President of the Ford Motor Company.

We will have the first questions now from Bill Monroe of NBC News.

**MR. MONROE:** Mr. McNamara, you recently said that the House vote against low cost loans to the poorest nations threatens "unmitigated disaster." Could you be specific? What kind of harm might be done to what people?

**MR. McNAMARA:** Yes. Let me say first, Mr. Monroe, that my judgment, which was expressed three or four weeks ago after the House vote, was supported on Thursday of this past week by Secretary George Shultz, when he testified on the same bill before the Senate Foreign Relations Committee. He said its defeat by the Congress would be a tragedy.

I think we both feel the same way, because the International Development Association for which that bill would provide funds is the largest source and the major source of economic assistance to the hundreds of millions of people in the poorest countries of the world, the Indias, the Bangladeshes, Sri Lankas, the Sudans, which are almost totally dependent upon those kinds of funds. If they are cut off, those people would be without the necessary financial assistance, that small increment of financial assistance which they need to add to the some 85 per cent of the investment costs that their own domestic savings finance. They will be without that small increment of external assistance which is absolutely vital to the progress of their economies.

**MR. MONROE:** Let me ask you what might seem like a harsh question. It seems to me in recent weeks Americans have been cutting down their own view of their own role in the world. You hear Americans say, we cannot be a policeman to all the world.

**Is it really up to the United States to maintain or to try to maintain a certain level of diet or living conditions all over the world at all times?**

**MR. McNAMARA:** The answer is, of course, no. As I mentioned very quickly a moment ago, about 85 per cent of the cost of investments in irrigation, education, health, in these poor countries is financed from the domestic savings of those countries, even though the level of income from which those savings must come is almost too low for us to comprehend, say \$100 per capita per year. But from that hundred dollars per capita per year they save a sufficient amount to finance about 85 per cent of their investments.

The rest has to come from outside, including the U. S., but it certainly is not up to the U. S. to be the primary source, nor is it the primary source.

In the case of the International Development Association, this bill that now lies before the Congress would provide an appropriation that represents only one-third of the amount coming to the Association. The rest of—two-thirds comes from Western Europe, Japan, Canada, etc.

(Announcements)

**MR. DALE:** Mr. McNamara, studies in the World Bank and elsewhere have shown that some 30 of the world's poorest countries, including the ones that you have just mentioned plus others in Africa, will be badly hit by the higher price of oil, which goes along with a great increase in the price of food and fertilizer. Do you believe the Arab countries who are getting all this money have an obligation to do something to help these poorest countries?

**MR. McNAMARA:** I don't really think my opinion of whether they have an obligation or not is very important, but they recognize that the need is very great. When you say the Arab countries, I think we should include all of the members of OPEC. That includes Venezuela and Iran as well, of course. All of the OPEC countries, including the Arab countries, recognize the serious problems, economic problems faced by the least developed nations and particularly the poorest group, the group you are speaking about, and the members of OPEC have stated it to be their intention to provide financial assistance to these countries.

They will say, in response to your point on obligation, that their obligation is far less than the obligation of the rich countries of the world, and in that category they put Japan, Western Europe and U.S., and they will point out that even after they receive this huge increment of income represented by the oil price increases of October and December, that their income per capita—apart from the fact that their present stage of develop-

ment is far below that of the Western countries—that their income per capita will perhaps be no more than half of ours or half of Western Europe's and half of Japan's and, therefore, why should they be the primary source of financial assistance. But they also recognize that many of them will have huge surpluses in the near term, and from these they have stated it to be their intention to divert a portion to the needs of the developing countries. As a matter of fact, I am going to Algeria tonight to talk to President Boumedienne and members of his government about ways in which we in the World Bank can assist the OPEC countries in accelerating the flow of these funds. They will set up the funds; they will set up the bank. They don't have people; we have the people. We can merge our people and their funds perhaps and accelerate the movement of assistance to the developing world.

**MR. DALE:** A couple of weeks ago the Shah of Iran made a rather specific offer. You were present and you welcomed it. It included the establishment of a new institution to supplement the funds of IDA to make easy-term loans to the poorer countries. Now we haven't heard anything more about that. Have the other oil countries shown any interest in the Shah's proposal?

**MR. McNAMARA:** The Shah made a commitment to finance a billion dollars of assistance to developing and certain other countries this year, a portion of which he allocated to purchase of World Bank bonds.

**MR. DALE:** That has been done?

**MR. McNAMARA:** By the way—Tuesday of last week our Board approved negotiation of \$200 million in loans with Iran, a loan to the Bank, so that has been done.

Secondly, he proposed and he made an unconditional commitment of funds to a Development Assistance organization on the order of \$150 million. It is that offer that he hopes will be met by assistance from other OPEC countries. None has yet proposed advances in exactly the same form he has, but OPEC, as an organization and many of its individual members as nations have themselves already made substantial commitments.

**MR. NEWAN:** I think we ought to be clear when you say OPEC we are talking about the Organization of Petroleum Exporting countries.

**MR. McNAMARA:** I am sorry, I didn't indicate that.

**MR. ROWEN:** Mr. McNamara, You have expressed concern often in eloquent terms about the plight of the undeveloped countries in trying to meet this new and staggering increase in the price of oil that they need and must have.

In your talks with the Shah of Iran and with other leaders of the group of oil exporting countries, have you expressed your

own concern about the price and suggested that one way to handle this problem is to get a reduction in price?

**MR. McNAMARA:** Well, my responsibility is not to negotiate price and terms of contracts between oil producers and oil consumers. My responsibility is to try to help the least developed countries advance their economies. But I have listened to many discussions of price, and I think one must recognize that the oil producers say that our prices—I am speaking now as a U. S. citizen—our prices to them of wheat, of rice, of fertilizer, of industrial goods have risen dramatically and the oil prices have not and, therefore, an increase in oil price is justified.

I am not arguing whether the exact amount they went up is justified or not justified. My job is to insure that the flow of funds to these developing countries is increased. If it isn't, there are going to be millions of people dying in the world, and that is what I am concerned about.

**MR. ROWEN:** Do you see any reason to be optimistic about an increased flow of funds? You said to Mr. Dale that the oil exporting countries think it is rather the industrialized countries' concern and not theirs. The industrialized countries say that because of their own pressure on the increase in the price of oil they can't increase their aid. Where is the money going to come from?

**MR. McNAMARA:** The answer is I do feel optimistic about an increase in the flow. In the first place, I am reasonably optimistic about the approval by the legislatures of the 18 countries that have negotiated this \$4.5 billion replenishment of the funds of the International Development Association. I am optimistic that will pass those legislatures, and that is important.

Secondly, the oil-producing countries have already made commitments to substantially increase the flow of their funds. I mentioned a moment ago \$200 million from Iran last week. Two weeks ago, \$27 million to the bank from Venezuela. There is no doubt in my mind but that these funds will come forward. The question is, will they come forward soon enough and in the proper amounts, and those questions are as yet unanswered.

**MR. CARL ROWAN:** Mr. McNamara again to prices, do you think it is fair and feasible that we could have a two-tier system where, for example, Saudi Arabia might sell oil to the United States at \$15 a barrel and for \$5 to India?

**MR. McNAMARA:** Many have suggested that, but also many have opposed it. I think that we would have to admit that two-tier price systems, or two-price systems for goods, have been tried many times and failed. It is the view of the oil producers that it would fail in this instance, and they hope to substitute for a two-tier system a flow of aid to the developing

countries which need it and which would otherwise be beneficiaries of that two-tier system.

**MR. ROWAN:** You mentioned a moment ago the possibility of millions of people starving to death. I was in some of the countries you talk about, the Sahel region of Africa, last year and saw people starving. Is the World Bank in position really to do anything for those countries?

**MR. McNAMARA:** Yes, and let me take just a second to comment on this because I think this is the heart of the problem. I don't believe that our people understand the inhuman conditions that these people are living under, and we are talking about two billion people in the 100 countries that are developing countries that are members of the World Bank. Of those two billion people eight hundred million of them live on, in our terms, 30 cents a day. Those people are barely on the margin of life.

What has happened to them? Within the countries you spoke of—and you visited and wrote about—a drought occurred. Probably two out of the last three years have had droughts more severe than droughts in the previous years of this century.

At the same time droughts occurred in Asia, including the Soviet Union, and the result was that the food grain crop of the world was cut dramatically, and we sold 20 million tons of wheat to the Soviets, essentially to feed the cows, instead of keeping them in world stocks to protect against this terrible pressure on price and supply that is leading to the deaths of thousands in the areas of Africa you spoke of.

I read the other day that 100,000 people have died in Ethiopia during the past year from starvation, that three million more are alleged to be on the verge of it in Ethiopia.

The Red Cross reports a million in Niger, one of those sub-Saharan countries, on the verge of starvation. I am not trying to document these figures. I can't, but the situation is near disaster.

Can we do something about it? Yes. We are not a relief organization. We don't supply the food that is necessary in the short run to keep these people alive, but not only have people died, but their cattle on which they base their existence have died by the thousands, tens of thousands. We can help restock the ranges; we can help provide the irrigation that will substitute for rain in the future; and we can provide the fertilizer that will be the basis for increased production of crops in the years to come. This we are trying to do.

**MR. MONROE:** Mr. McNamara, you have been talking about helping the poorest nations more or less on the basis of altruism, an American principle I wouldn't particularly want to dispense with, but you also talk about foreign aid in terms of enlightened self-interest.

Suppose I came to you as an American taxpayer and said,

**“Look, we have enough problems. We have inflation; we have all sorts of other things. What about helping these nations? Do we need to do it from our own point of view? Is there anything in it for us, or if we don’t help them, does it hurt us?”**

**MR. McNAMARA:** Let me say first I think the moral argument is the strongest argument. I think in all of human history it has been accepted the strong will help the weak. I think that is the tradition of our nation. Look at the Marshall Plan as an illustration.

But, to go to the more nationalistic interest, the narrower selfish interest if you want to call it that. We are in an inter-dependent world, if we ever needed a lesson on that, we got it in the oil crisis. We are getting it in the food crisis. It is the droughts in Africa and Asia that raised the price of bread in the U.S. and our failure and other nations’ failure to support a world food reserve system that would meet these drought conditions, so we are in an inter-dependent world. Our destiny is linked to the destiny of the developing countries.

One-third of our raw materials comes from the developing countries. \$15 billion of our exports go to the developing countries. We are engaged in political negotiations today to reform the international monetary system. They are part of it. We have got to have their support if we are going to get a satisfactory conclusion, so in the narrowest possible way, it is in our interest to help advance their economies and to help ensure political stability in those countries.

**MR. MONROE:** What do you see as the prospect of turning around in the Senate the House vote against this loan money?

**MR. McNAMARA:** The hearings which were held Thursday and Friday of this week, I thought, were very favorable to that. A large number of witnesses testified; the testimony was strongly in favor of the International Development Association. The support nationwide is much greater than sometimes we think here in Washington. All the way from David Rockefeller, Doug Dillon, George Woods on the one hand, to the AF of L, the United Mineworkers, on the other hand, in between, the church groups, Protestant, Catholic, Jewish, Quaker—there is tremendous support—the League of Women Voters.

I noticed a poll the other day that was asking people what did they think about foreign aid. Well, the first thing they thought was that economic assistance represented ten per cent of the federal budget. It represents exactly one per cent. But even with that, 65 per cent of the people were in favor of it.

**MR. MONROE:** But that support you talk about was there when the House voted, and the House voted against it.

**MR. McNAMARA:** It was a disaster, an unmitigated disaster, as I said before, but it is understandable. The Congress has

other things to think about than economic assistance, and on that particular day—it was the first vote of the season—it came a few days after the oil price had been raised 100 per cent. The allegation was that these funds would go to pay for oil, which is absolutely incorrect, but it stood on the record.

Not one of our projects is designed for that purpose. Our projects go to increase food production, education, population, planning, etc., not payment for oil.

**MR. DALE:** You have repeatedly emphasized the enormous dangers in the population explosion in the world, in making per capita real income advances extremely difficult. Yet in the last fiscal year I believe the Bank made only four loans for population control programs. Admittedly they were in large and important countries like India and Indonesia, but why didn’t you make any more?

**MR. McNAMARA:** In the first place, we have a limited capacity. The problem isn’t primarily money; the problem is providing advice on how to set up and manage these population planning programs. We have utilized our limited capacity in what you described as the largest countries: India, Indonesia, Iran, for example, and now we are working on Bangladesh. We passed a project the other day for Kenya, and I think progress is being made.

It is coming very, very slowly. We have said it will take two decades to develop satisfactory programs in the major countries of the world, satisfactory in the sense that we can be assured and the governments of those countries can be assured that the desires of their families for smaller families are being met. That is 20 years, and we are only in the third year of the 20-year period.

**MR. DALE:** Is there any evidence of progress in the older programs—and I have India in mind in particular—is there any evidence that birth rates are coming down?

**MR. McNAMARA:** Yes, but very slowly. In Korea and Taiwan there is substantial evidence that the population planning programs have been successful. In India there are roughly one hundred million couples in which the wife is in the fertile age, and there are some 40 or 50 thousand people trying to approach those couples, determine their desires and provide the assistance they need. That is a tremendous management task, and I don’t want to say that it is being handled satisfactorily in the opinion of the Indians or anybody else, but they are making a tremendous effort.

**MR. HOBART ROWEN:** Mr. McNamara, I want to come back to this question of the oil price and the new wealth of the exporting countries, because it seems to me that you are giving Iran a great deal of credit for what could be considered a rela-

tively small contribution. I think the figures developed by the World Bank staff show that Iran's oil revenue for this year is going to jump to something like \$15 billion compared to \$3 billion in 1972. So \$200 million at concessional prices—as concessional aid—doesn't seem like very much.

You have said before that they don't think it is their responsibility, but why not and why shouldn't this question be put to them?

**MR. McNAMARA:** I am not trying to carry the torch for Iran, but they have roughly 30 million people. Their income per capita this year after they get this increase in oil will be something in the order of 20 percent of ours, per capita, 20 percent. 30 million people will give 150 million. 220 million people in the U.S. are being asked to give 375 million. On that basis the Iranians are giving about 800 million with per capita incomes a fifth of ours, so, as I say, without carrying a torch for the Iranians, I think it was a handsome offer and we were delighted to get it. We hope other nations will come along.

**MR. ROWEN:** At a meeting of the Conference Board in New York this week, Walter Levy suggested that the major countries such as the United States, take the initiative by offering to sell wheat—you mentioned the high price of wheat—at concessional prices to the poor countries, and then expect the oil exporting countries to offer oil at concessional prices. What do you think of that idea?

**MR. McNAMARA:** The idea that the U.S. will have a surplus in wheat in the future and can make this available, or at least it has potential surplus production capacity in wheat and can make this available to developing countries I think is a very good idea. The two-tier price system that is implied by that as a mechanism for transfer I suspect the economists would not recommend, but there are other ways to achieve the same end, and it is well worth the consideration.

**MR. NEWMAN:** We have less than three minutes left.

**MR. CARL ROWAN:** Mr. McNamara, some people say this country would be much better able to aid the poor nations if we didn't have such a large military budget. As a former Secretary of Defense, do you think we need a military budget of the size that has been proposed?

**MR. McNAMARA:** Mr. Rowan, as an official of an international institution, I am precluded from discussing national affairs. I am not going to answer your question directly, but let me answer it indirectly, and I think you will get the sense of the answer.

In 1966 I spoke in Montreal, and one of the two major themes I tried to put forward was this, that every nation has a responsi-

bility to protect itself, and in order to do it, it has to spend for defense, and there is a curve. If you have dollars on the bottom axis, the horizontal axis, and security on the vertical axis, you get a curve, and the more dollars you spend the more security you get up to a point, and then that curve flattens off and the more dollars you spend, you receive nothing for in terms of security. Now the world is way out on the flat of that curve. It is spending over \$200 billion for security, and an important percentage of it spent by developing countries and developed countries is wasted.

**MR. ROWAN:** We used to think the American image abroad meant something. You do a lot of travelling. What is happening to the American image today?

**MR. McNAMARA:** I know it is popular in this country to say that it is tarnished, and I suppose that there is some tarnishing, but the people of the world have great faith in America, and so do I.

**MR. MONROE:** Have you had some second thoughts about the Vietnam War and the role of the United States in it that you would be willing to talk about?

**MR. McNAMARA:** Mr. Monroe, for six years I have remained silent on national issues. I know you and your colleagues wonder why, and the answer is very simple. The World Bank is owned by 123 nations. I have been hired by them to speak for them on issues that are important to the Bank, and I am precluded by tradition from speaking on national issues. I think I may have violated that tradition once. A few weeks after I came to the Bank, Robert Kennedy asked me to describe his role in the Cuban missile crisis on TV. I did. He didn't ask for support of his candidacy and I didn't give it, but it was interpreted as that. I was severely criticized. Some of my—some men I admire, Senator Hugh Scott, whom I admire and respect, was one of those critics. I thought they were wrong at the time. Now that I look back on it, I think they may have been right. In any case, I haven't violated that role since, and I don't propose to do so today.

**MR. NEWMAN:** Well, there wouldn't be time if you did propose to do so; our time is up.

Thank you, Mr. McNamara, for being with us today on MEET THE PRESS.

*The Proceedings of*

## MEET THE PRESS

as broadcast nationwide by the National Broadcasting Company, Inc., are printed and made available to the public to further interest in impartial discussions of questions affecting the public welfare. Transcripts may be obtained by sending a stamped, self-addressed envelope and ten cents for each copy to:

*Merkle Press Inc. Box 2111, Washington, D. C. 20013*

*Subsidiary of Pubco Corporation*

**Television Broadcast 1:00-1:30 P.M. EDT**  
**Radio Broadcast 9:05-9:30 P.M. EDT**



17A

# OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 11, 1974

FROM: John E. Merriam

SUBJECT: Special Supplements of Japanese Newspapers for the Annual Meeting

As in previous years a number of newspapers around the world are preparing special supplements for the Bank/Fund Annual Meetings. This year two Japanese newspapers Nihon Keizai Shimbun (circulation 2 million), Japan's leading financial and business daily, and Mainichi Shimbun (circulation 6 million), are planning supplements -- a remarkable expression of interest by the Japanese press. On recommendation of our Tokyo Office we have agreed to cooperate in providing material.

As in past years when we have done supplements for Japanese newspapers they have submitted questions in the hope that you would provide answers which would then be published in question and answer form. In last year's Annual Meeting supplement, published by the Japan Times, your replies were featured to a series of questions submitted by their editors.

We have received questionnaires from Nihon Keizai and Mainichi and have tailored replies to the appropriate audience with more financial data aimed at Nihon Keizai. The material we have drawn upon is from earlier statements and positions on issues discussed in the Annual Meeting Speech.

The editors of both newspapers strongly believe that your views will have impact on Japanese thinking re development. As you know the Government is now reformulating its development strategy as reflected in the recent reorganization of the foreign aid organization. We have an opportunity here to reach a wide swathe of the Japanese public.

The attached responses were drafted by Alun Morris the news coordinator in this Department and reviewed by Jack Maddux and myself. They are submitted for your approval.

cc: Mr. Wm. Clark o/r

JEMerriam:apz

9/13  
OK -  
as modified  
by W

9/13  
Ack. Seymour  
(who will appear  
in Washington  
tomorrow) &  
review of them  
return to me.  
L. M. W.

Questions to Mr. McNamara

Mainichi Supplement

QUESTION: In the past few years, Japan has sharply increased its contribution to the funds of your Bank. How do you assess Japan's role in the World Bank's operations?

MR. McNAMARA: I am encouraged by the Japanese Government's continuing resolve to improve both the quality and quantity of its economic aid. We have had periodic consultations with Japan's aid agencies -- the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan. This exchange of views is expected to lead to closer and more productive collaboration. By its membership in the aid consortia and Consultative Groups organized by the Bank to coordinate assistance to a number of developing countries, Japan has contributed to development of policies geared to the best interests of the developing countries which we are assisting.

Japan's contribution to the resources of the World Bank and IDA is considerable. Japan has been a stalwart supporter of the International Development Association (IDA), its contribution coming to about 11% of the \$4.5 billion Fourth Replenishment of the Association.

The Bank itself has borrowed in Japan a total of \$1,902 million equivalent, both from the public and private sectors, or about 24% of the total funds borrowed in the last five years. The Bank of Japan also holds \$19.05 million of short term U.S. dollar issues. Japanese holdings thus represent 17% of the total outstanding funded

debt of the Bank, placing Japan (after Germany and the U.S.) as the third largest holder of World Bank obligations. ~~In addition, the Bank of Japan purchased in 1969 \$162,161,000 of borrowers' obligations of which \$10.6 million is still outstanding. Japanese financial institutions also hold \$54 million of borrowers' obligations.~~ Japan, therefore, has played a key role in helping the Bank to achieve record levels of lending to the developing world.

QUESTION: You suggested at the Bank's Annual Meeting in Nairobi last fall that Japanese small-scale agriculture might be a good example for the developing countries. I wonder what kind of concrete cooperation you expect from Japan in this respect?

MR. McNAMARA: At Nairobi, I cited the example of Japan whose small farm productivity, one of the highest in the world, disproves the assumption that productivity of small-scale agriculture is inherently low. The Japanese experience in this area provides lessons to the developing countries.

In the 1860's, even before Japan entered the modern era, the Japanese farmer already had a tradition of self-reliance in managing the small family farm. This independence and the structure of village government aided in the transition to modern methods. Also, at that time, tillable land was evenly divided among small cultivators who possessed title to their farms. Some of the elements in Japanese agricultural policy over the years were organization of credit and marketing cooperatives, reorganization of the tax structure, development of a network of agricultural experiment stations, readjustment and consolidation of scattered farm strips, improvement of irrigation systems, and road and warehouse construction. These measures helped to raise agricultural productivity by 50%-75%. In turn, this remarkable increase in output helped pave the way for industrialization of the country, since much of the increased revenue went into capital formation.

As Japan refines its aid policies, I hope some of these elements that have contributed to its own agricultural productivity will be emphasized.

- 5 -

QUESTION: The 400% increase in the cost of oil has threatened the economic growth of the industrial world. How could this in turn affect the developing world?

MR. McNAMARA: Any setbacks suffered by the economies of the OECD countries are bound to be felt by the poorest countries. Some 75% of exports of the developing countries go to the OECD countries. This demand would diminish if the industrial world were forced to slow down its rate of economic growth, thereby reducing the ability of the poorest nations to pay for imports essential for their own precarious economic growth. Such a reaction could be disastrous to those developing countries with a per capita income of less than \$200 and limited natural resources which have felt the full force of the "energy shock" and the increased costs of food and fertilizer imports. These countries have experienced severe worsening in their terms of trade -- that is, the cost of imports relative to export prices.

Economic progress tends to be contagious. Balanced, non-inflationary growth by major industrial nations like Japan will be an important stimulus to the highly-dependent economies of the developing nations.

- 0 -

- 6 -

QUESTION: Will the present economic difficulties of the industrial world affect the amount of aid it gives to the developing world?

MR. McNAMARA: In 1970, the U.N. General Assembly set a target for developed countries to give .7% of their gross national product (GNP) as concessionary assistance to the developing countries. Yet in the past 10 years concessionary assistance from the richer countries in relation to GNP has decreased by one-third to a present level of .30%.

Aid, like so much else, has been eroded by world inflation. Despite increases in aid budgets, the developing countries are receiving in real terms no more Official Development Assistance than in 1970.

The most important single step the developed nations could take to assist the one billion people of the poorest countries would be to recognize that the effects of inflation alone will require major increases in the real value of Official Development Assistance.

- 0 -



QUESTION: What is your attitude to the "resources nationalism" of the oil-producing countries (OPEC)?

MR. McNAMARA: I have met with leaders of the oil-producing countries, and I have [redacted] spoken at length with the Shah of Iran. Some of those leaders will tell you that for decades they supplied oil for the industrial progress of the developed countries at prices that left their own economies deprived.

And they will also tell you that, despite the fourfold increase in the price of oil, they are unsure of their oil wealth -- how much they have, and how long it will last. The Shah has argued that his country's oil reserves could be exhausted within 30 years, and that Iran and other OPEC countries with widespread poverty and low productivity need to lay the base for a progressive economy while they have the chance.

Some of the populous OPEC countries are still poor compared with most industrialized countries. Algeria, Iraq, Nigeria, Ecuador and Indonesia have per capita incomes of between \$90 and \$430; and 70% of Iranians, most of whom live in the countryside, have a per capita income of \$100 per year or less. Despite the boom in its oil revenues, Iran still finds that its per capita GNP is about a fifth of that of the U.S., for example.

Yet, while the payments surpluses of some of the OPEC countries will increasingly be absorbed by their own development plans, continuing balance of payments surpluses of OPEC countries are likely to total some \$30 to \$60 billion a year

- 8 -

(in 1974 prices) by the end of the decade.

It is vital that these surpluses are recycled productively  
into the economies of the industrial as well as the  
developing countries.

- 0 -

QUESTION: Are the OPEC countries doing enough to aid the poor countries of the world -- the one billion people you have referred to?

MR. McNAMARA: OPEC countries have formed, or announced plans for, several bilateral and joint aid funds for the developing countries, and there has been a substantial expansion of the Kuwait Development Fund. In addition some of the OPEC countries have agreed to lend more than \$3 billion to the IMF "oil facility" to assist countries worst affected by the oil price increases.

Middle-East oil producing countries have also begun bilaterally to disburse aid to countries in North and West Africa, the Sahelian region, and Asia.

From July 1, 1973 to August 31, 1974, the World Bank has negotiated loans of approximately \$1,235 million, from oil exporting countries, <sup>(1)</sup> including a recent borrowing of \$500 million from Venezuela, ~~the largest single borrowing operation by the World Bank.~~ *In the first weeks of 1975* This month, an additional \$72.6 million was borrowed from oil exporting countries, ~~and a loan of \$150 million from Iran was approved.~~ As well as lending to the Bank, Kuwait has contributed \$27 million to the Fourth Replenishment of the World Bank affiliate, the International Development Association (IDA).

Since 1971 some \$200 million has been contributed by Arab oil-producing countries to projects financed jointly with the World Bank and IDA in the Middle East and North Africa. The latest joint funding, for a fertilizer project in Egypt, includes loans totaling \$69 million from Arab oil-producing countries.

---

(1) Eleven member countries of OPEC plus Oman.

- 10 -

The World Bank has offered its experience and technical assistance to the new aid and investment organizations in the Middle East and in Venezuela, and is prepared to help in maximizing the flow of assistance from the oil-producing countries to the developing countries by whatever means the donors wish to use.

- 0 -

- 11 -

QUESTION: Last June the "Committee of 20" of the International Monetary Fund agreed to establish a joint Ministerial Committee of the Fund and the World Bank to review aid to the developing world. What will be the main objective of the Committee?

MR. McNAMARA: The recommendation was that the Committee should be set up at the 1974 joint annual meetings of the World Bank and the IMF, and that other institutional agencies would be invited to join.

I believe that the Joint Ministerial Committee, as its first item of business, should appraise the needs of the developing nations for additional capital and examine possible sources of funds to meet those needs.

The formation of the Committee offers a welcome opportunity to focus the attention of the world's governments on the progress, or lack of progress, of the developing countries, as well as the progress, or lack of progress, of the richer countries in meeting their responsibility to support development in those countries.

- 0 -

QUESTION: We can say now that the present state of the world economy poses difficulties to aid donors. In this context, do you have any message to the Japanese Government as well as the Japanese people?

MR. McNAMARA: I recognize the complex problems facing Japan's economic policy authorities, arising from a combination of factors -- world inflation, balance of payments difficulties, and the recent oil price increases. Despite these problems, Japan has declared its intention to do its utmost to help meet the needs and aspirations of the developing countries. I welcome this resolve to devote more attention to the quality of aid not only to quantity.

I want to emphasize that almost all the developed countries are in a similar situation, although in varying degrees. This underlines the importance of tackling these problems on a joint basis, through the combined efforts of the developed and developing countries. This dialogue is going on in many fora, and there are a number of proposals which will be considered at the 1974 Bank-Fund Annual Meetings. As a major aid donor, Japan's views will have an important bearing on the formulation of these policies.

Today's problems taken into account, the fact remains that what has been done in the way of development assistance in the past and what is being done in the present is not adequate, in the context of the abilities of the affluent nations to provide aid.

NIHON KEIZAI SHIMBUN

QUESTION:

The energy crisis has disturbed the world economy and the shock is still felt. What will its effects be on the developing world?

MR. McNAMARA:

*world-wide inflation, contributed to an part by*  
The increased prices of imported petroleum, fertilizer *and accompanied by deterioration on the terms of trade of*  
and cereals ~~have~~ *seriously* threatened the prospects of *developing countries,*  
economic growth ~~of many of the poorest countries~~

The trade deficit of the oil-importing developing countries will more than double this year to about \$20 billion. If they are to achieve even minimum economic growth, this deficit is likely to go on increasing for the rest of the decade.

Barely a year ago it seemed that the developing countries would be able to achieve an annual rate of growth of GNP in real terms of just over 6% -- in line with the target set for the Second Development Decade. However, it is now expected that GNP growth in many developing countries which do not have petroleum or major mineral-exporting capabilities will fall well below this figure during the rest of the decade.

The rate of growth in some of the poorest countries will be so slow that per capita incomes will rise scarcely at all, or may stagnate.

- 2 -

Apart from the direct effects of the so-called "energy shock" on the terms of trade of the developing countries, the economic prospects of these countries are highly dependent on the economies of the major industrial nations like Japan, which constitute, of course, their major markets. Any slow-down in the industrial economies will reduce demand for exports from the developing nations, thus depleting their foreign exchange resources now so desperately needed to pay for oil and other essential imports.

It is critical to the developing countries that the global economy as a whole contains inflation without retarding economic growth or being forced into a series of restrictive measures -- for such actions would have an immediate, debilitating effect on the developing world.

- 0 -



QUESTION: Although it has been said that the level of Official Development Assistance (ODA) to the poor countries should be improved, will this be possible in view of the industrial countries' own economic difficulties?

MR. McNAMARA: Let me point out first of all that the value of ODA has been eroded by inflation.

Between 1972 and 1973, ODA rose from \$8,700 million to \$9,400 million in nominal terms. But it has been estimated that in real terms ODA declined by about 6%.

Further, ODA has diminished as a percentage of GNP of the rich countries to .30%. The target set by the United Nations in 1970 -- an objective regarded as the bare minimum -- was .7%. Since 1970 there has been no increase in real terms in concessionary flows, despite a 12% increase in GNP by the donor nations.

The poorest developing countries are now likely to face the most crucial years of the development era with declining concessionary aid.

These countries need prompt additional assistance in concessionary terms -- \$3 to \$4 billion more per year -- during the remaining years of the decade.

I believe that this additional assistance can and must be mobilized. The amounts of additional financial assistance needed would amount to only about 2% of the increase in real income that we in the developed world can look forward to in the remaining years of the decade.

- 4 -

This need not put undue strain on the economies of the industrial nations. But without the developed countries acting together to meet this crisis of moral responsibility, the one billion people in the poorest countries of the world will be confronted by a decline into hopeless poverty, degradation and squalor.

- 0 -

QUESTION: The changes in the world economic situation seem to have created new categories amongst the developed and developing countries. What are your observations about this?

MR. McNAMARA: It is true that there is no simple division between the rich and poor worlds, even less so now than before the recent changes in the world economy.

In the new situation, one group of countries stands out as the most vulnerable. These are the countries -- mostly in Asia and Africa -- relatively disadvantaged in oil or other mineral resources, and with per capita incomes of less than \$200.

Already constrained by balance of payments deficits, these countries are faced with an often impossible choice: whether to cut back their energy imports or divert vital development funds to meet their energy bills.

In the past two years, drought and flooding on an unprecedented scale in modern times have aggravated their plight.

It is now doubtful whether the population of these countries will experience any appreciable improvement in their standard of living for the rest of the decade.

These relatively undiversified and underindustrialized economies can only stagger from one crisis to another unless <sup>the richer</sup> ~~countries -- the OPEC countries as well as the traditional~~ <sup>^</sup> ~~donor nations --~~ can provide a much higher level of concessionary aid.

- 6 -

QUESTION: We feel that the surpluses of the oil-exporting countries can prove to be a very important source of funds for development of the poor countries. What does the Bank Group think?

MR. McNAMARA: The size of these surpluses, and the way in which they are recycled into the world economy, is of great importance to the developing countries.

The OPEC countries have taken a number of initiatives in setting up bilateral or joint development funds for developing countries, and have been very cooperative in lending substantial sums to the Bank in its expanded borrowing program. And the Bank has agreed to assist the OPEC countries and their aid agencies in accelerating the flow of assistance to the developing countries.

However, the scale of financing required by the developing countries -- not only from OPEC countries, but from all sources -- is substantial. And the present level of concessional assistance to the developing nations is simply not adequate to meet their requirements.

For this reason I have stressed, and will continue to stress, that the rich countries of the world, whatever their alliances and groupings, must urgently appraise their responsibility to those countries which are unable, by themselves, to avoid an economic and human disaster.

- 0 -

- 7 -

QUESTION: The Bank's emphasis on lending seems to be shifting from infrastructure to assisting the small-scale farmer. At the same time, a large-scale food crisis is imminent. Which sector will have the Bank's priority?

MR. McNAMARA: The Bank Group has given greater emphasis in recent years to agriculture, although it continues to give substantial assistance to infrastructural projects -- to electric power, for example, and transportation. We are particularly concerned about the small farmer and the rural landless because they and their families represent the vast majority of people in the poorest countries, many of whom have not yet been reached by conventional development.

In the past year we have helped to finance 51 rural development projects in 42 countries involving a total investment of almost \$2 billion. During the next five years our lending to agriculture should double, supporting projects with a total cost of about \$15 billion.

We believe that the objective ought to be that the productivity of some 100 million small farms of less than 5 hectares should, by 1985, be growing by 5% a year -- a rate double that of the previous decade.

While this will not be easy, it is a feasible goal and its achievement will have a highly beneficial impact on rural economies and on the overall contribution to food supplies. It demands serious resolve and prompt action by the governments of the countries concerned, and the Bank is prepared to assist them.

- 8 -

At the same time the Bank will continue to help fund traditional larger-scale agricultural projects which play a major role <sup>with</sup> in food production and export earnings.

- 0 -

QUESTION: The Japanese Government has been trying to maintain a healthy equilibrium in her balance of payments since the oil crisis. Under these conditions, what does the Bank expect from Japan?

MR. MCNAMARA: The energy crisis has underscored the fact that world economic prosperity depends on cooperation among nations.

I am aware of Japan's commitment to supply \$100 million or more as emergency aid to developing countries most seriously affected by the oil crisis, under the aegis of the United Nations. It is also noteworthy that, despite her current balance of payments difficulties, Japan is continuing to improve her aid performance. In the 1973 calendar year, besides a slight improvement in Official Development Assistance (ODA), from 0.21% to 0.25% of GNP, interest rates have been lowered, terms have been extended, and the grant element ratio of ODA has improved.

These positive trends in Japan's aid policy will, I am sure, receive impetus with the recent formation of the Japan International Cooperation Agency. I note that the new Agency not only is taking over the functions of the Overseas Technical Cooperation Agency but also can provide financial aid independent of loans from the Overseas Economic Cooperation Fund and the Export-Import Bank. I welcome these initiatives, which will contribute to greater coordination of Japanese technical cooperation and financial assistance.





October 25, 1974

MR. MCNAMARA'S ARRIVAL STATEMENT IN JORDAN

I am delighted to be here today in Jordan and I look forward to seeing your beautiful country and meeting with your leaders during my stay.

The World Bank Group has long been a supporter of Jordan's development efforts. We are participating in projects in Water Supply, Power, Education and Irrigation and Agricultural credit in Jordan, where our lending has increased rapidly in the past five years. We have also joined in with the Kuwait Fund in financing the Zarka Power project, and hope to continue cooperating with ~~other~~ Arab development institutions. We would like to extend our cooperation in these fields in the future, and to expand it to industry as well. World Bank lending to Arab countries has expanded rapidly in recent years, so that it is now five times what it was five years ago, and we hope to continue increasing the scope of work in the Arab world.

I have always had considerable admiration and respect for the wisdom and industriousness of the Government and people of Jordan and wish you every success with your development efforts. We, in the World Bank, stand ready to assist in any way possible.