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Series: Contacts - Member Countries files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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McNamara papers

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14.

Files

October 8, 1976

Jean Carrière

CIEC - Mr. McNamara's meeting with Mr. Looijen

1. Mr. Looijen, now Dutch-elected Executive Director, and chief spokesman of the EEC in the North-South Dialogue (CIEC), met with Mr. McNamara on October 7. Mr. Looijen had expressed the wish to consult with the Bank's President on various issues of the Dialogue implying possible involvement of the Bank.

2. Remedial measures to avoid debt crises

Mr. Looijen recalled the main features of the EEC/U.S. proposal for the handling of longer term problems of indebtedness. He said that one of the objections from the G-19 was that the recommendations, to be issued by the World Bank in the wake of the overall review of the situation of the debtor country concerned, were not binding enough. Looijen asked whether the Bank would see objections to making these recommendations more binding. Mr. McNamara answered that he doubted that such a proposal would be politically acceptable to creditor countries, however, the Bank would be prepared to go as far as making binding recommendations, to the extent that a clear agreement is reached on this point among all interested countries.

3. Additional contributions to IDA

Mr. McNamara said that, should the CIEC agree on an additional amount of concessional aid, the Bank of course would be very happy to get it. He saw no legal, procedural or technical problems for the Bank to accommodate additional contributions to IDA, should any be decided upon. But Mr. McNamara pointed out that, to be really meaningful, additional contributions should be made after the IDA-5 replenishment is successfully concluded. If this was the case, say, in late January 1977, the CIEC might then agree on further contributions in early February 1977.

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October 8, 1976

4. Mr. Looijen then said that he was considering making a proposal to the G-19 to meet their wish to have the financial assets of the oil-producing countries better protected and more diversified. According to the proposal, any industrial country would borrow from OPEC countries amounts denominated in its own currency. The money would then be re-lent to the developing countries by the industrial country, who would therefore bear the risk of default.

To Mr. McNamara, the idea seemed interesting: individual countries would do on a bilateral basis what the Bank is already doing on a multilateral basis. But he said that from Bank past experience, OPEC capital-exporting countries seemed to favour investments in U.S. dollars. Anyhow, concluded Mr. McNamara, the Bank would be happy to be associated to a scheme of the kind described by Mr. Looijen and would certainly be prepared to consider any kind of linkage which would be convenient to the countries involved in the scheme.

cc: Mrs. Boskey ✓
JCarrière:mcl

Boards of Governors • 1976 Annual Meetings • Manila, Philippines

INTERNATIONAL MONETARY FUND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

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Mail Address:

JOINT SECRETARIAT - ANNUAL
MEETINGS
IMF - IBRD AND AFFILIATES
WASHINGTON, D. C. 20431 U.S.A.

Cable Address:

INTERMEET
WASHINGTONDC (USA)

Telex Addresses:

(RCA) 248331 IMF UR
(ITT) 440040 FUND UI
(WUI) 641111 INTERFUND

After August 30, 1976:

Mail Address:

JOINT SECRETARIAT - ANNUAL
MEETINGS
IMF - IBRD AND AFFILIATES
P. O. Box No. 7510
MANILA INTERNATIONAL
AIRPORT
PHILIPPINES

Cable Address:

INTERMEET
MANILA (PHILIPPINES)

Telex Addresses:

(RCA) 7227613
(ITT) 7420400
(WUI) 7227613

MEMORANDUM :

TO : Mr. McNamara (Through Mr. William Clark) *ml.*

FROM : Jean Carriere *J.C.*

SUBJECT : Suggested meeting with Mr. Looijen,
Dutch ED-elect.

DATE : 05 October 1976

*10/5 To Mr. Barroeta
Sera, I will
see him
at 11:15 AM
Thursday 10/7
J.C.*

1. Mr. A. Y. A. Looijen, who is to succeed Mr. Witte as Executive Director, will take up his new functions only on January 1st 1977. Indeed, Mr. Looijen, who is in charge of External Affairs in the Dutch Treasury is now the chief spokesman of the EEC in the North South dialogue in Paris (CIEC). He was the main artisan of the EEC/US proposal on indebtedness which was tabled at the September session of the CIEC. Since the debt issue is likely to emerge, and in view of the key role played by Mr. Looijen in the EEC delegation, the Dutch authorities have decided to keep him in Europe until the end of 1976. By then, the dialogue should be over; anyhow, the Netherlands will give up the presidency of the EEC on January 1st 1977, and there will be no reason for Mr. Looijen to further delay his going to Washington.

2. Mr. Looijen has expressed the wish to meet with you during this week, firstly to be introduced to you as new ED, but also, to seek your advice on the developments which could take place in the next session of the CIEC. Indeed, on indebtedness, the discussion could result in deep involvement of the Bank. Mr. Looijen would like to consult with you on this issue before the discussions ensue in October 20.

3. Mr. Looijen would like to raise two main points in connection with debt problems.

(1) Immediate Debt Relief.

As you know the group of 19 developing countries in the CIEC has asked for a one-shot, immediate, generalized, debt relief operation in favor of a number of most seriously affected countries. The group of 8 recognizes that special assistance must be given to these countries, but they strongly resist the idea of channeling such assistance through debt relief. Instead, they might suggest to grant a special, additional amount of concessional aid to the eligible countries.

One way of doing so would be for them to make additional contributions under IDA 4 or IDA 5.

Is such an idea workable? How could the recipient countries be persuaded that the extra contribution would be really additional? How could the proposal be worked out without impairing current negotiations on IDA 5? These are some of the many issues Mr. Looijen would like to discuss with you.

(2) Remedial Measures to Avoid Debt Crises

At the September session of CIEC, the EEC and the US tabled a joint proposal for the handling of debt problems.

For acute debt crises, the proposal was no more than a systematization of the procedures already in operation under the various "Paris Club" exercises.

For longer-term problems of indebtedness the EEC/US proposal suggested that, at the initiative of the country concerned, a review of its situation be undertaken by the World Bank (or another international institution).

The review would result in recommendations for remedial measures to be taken by both the debtor country and its creditors in order to correct the situation.

The G.19 gave a rather cool reception to the EEC/US proposal. Among their several objections was the point that the EEC/US scheme was not binding enough, since the creditor countries would only be confronted with "recommendations" which they might or might not follow.

In order to meet the wishes of the G.19, the EEC might propose to make the recommendations issued by the Bank more binding for the creditor countries. This of course would place very serious responsibilities on the Bank whose role would be more of an arbitrator than of an adviser.

Mr. Looijen would like to know your reactions on this point before talking the G-8, and then the G-19 into the idea.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
DATE: October 19, 1976

FROM: Frank Vibert ^{F.V.}

SUBJECT: Your Luncheon with Minister Pronk, Tuesday, October 19

Attached is the statement made by the Netherlands Deputy at the Kyoto Meeting, Mr. G.A. Posthumus (Director of the Financial and Economic Development Cooperation Department in the Ministry of Foreign Affairs), who has replaced Ambassador Lubbers as the Deputy for the Netherlands. You may wish to inform Minister Pronk that the Deputies have now been asked to consult with their governments on two definite proposals: first, that the Part I countries contribute an amount of \$7.2 billion to the Fifth Replenishment and, secondly, that shares in the \$7.2 billion remain unchanged for the traditional donors compared with IDA 4.

19/18

You may also wish to mention to Minister Pronk that the two cases where we may have difficulty in getting agreement along these lines are France and Japan, both of which are pressing for a reduction in their shares, this reduction being fairly significant in the case of Japan. We will be having bi-lateral consultations with both of these countries and in each case there are indications of flexibility. However, it is possible that Minister Pronk might be able to assist, particularly in the case of France. In this context, you may wish to enquire if the Netherlands would be prepared to make a special additional contribution to IDA 5 in case we have a shortfall in burden-sharing on account of Japan and France. However, our first priority is clearly to bring Japan and France to the point of accepting IDA 4 shares.

Attachment

cc Mr. Cargill

FVibert:us

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Multiple Items

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Fonds, subfonds: Fonds 03-04
Series: 5 Contacts [member countries]
File title: Netherlands (1976-1980)

Form	Date	Correspondents or Title	Subject	Restriction #
Transcript	n.d. ca. 1976	IDA deputies, Kyoto meeting		9

Withdrawn by: *tlp*

Date: 2013-05-08



Record Removal Notice

File Title Contacts with member countries: Netherlands - Correspondence 02		Barcode No. 1771134		
Document Date Oct 19, 1976	Document Type Attachment			
Correspondents / Participants Frank Vibert to McNamara				
Subject / Title Transcript n. d. ca 19976 IDA deputies, Kyoto meeting				
Exception No(s). <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input checked="" type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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		<table border="1"><tr><td>Withdrawn by Trudy Peterson</td><td>Date May 8, 2013</td></tr></table>	Withdrawn by Trudy Peterson	Date May 8, 2013
Withdrawn by Trudy Peterson	Date May 8, 2013			

OFFICE MEMORANDUM

TO: Files

DATE: January 30, 1976

FROM: Frank Vibert ^{FV.}SUBJECT: Mr. Lubbers' Visit to Washington (IDA 5)

On January 27, Ambassador Lubbers met with Messrs. Cargill, Diamond and myself to discuss IDA 5. This note records Mr. Lubbers' views on country positions on IDA 5. He had been in personal contact with Norway and Sweden, and had been in contact with the other countries mentioned below through Dutch Embassy channels.

Mr. Lubbers first reaffirmed that the position of the Netherlands was unchanged in supporting a Fifth Replenishment of \$10 billion (!).

On Norway Mr. Lubbers had talked with Mr. Løvold before the ministerial change and Løvold had indicated that Norway would be able to support a Replenishment of \$9 billion subject to a satisfactory solution being found on burden-sharing. Norway would not increase its own share. Mr. Lubbers felt that Mr. Løvold might be hesitant to come forward in support of such a figure at the London meeting in view of the ministerial change; and he (Lubbers) was concerned that Bank lending to Chile might alert the new Minister to IDA too quickly and might get him off to a bad start. He reported that when aid matters are eventually transferred to the Foreign Affairs Ministry, there will be a new Deputy Minister responsible for development assistance.

Mr. Lubbers said that on Sweden he had been in contact with Mr. Klackenberg who had seen no point in Mr. Lubbers' visiting Sweden at that time. Mr. Klackenberg had said it would be some time before Sweden had a more defined position and that, for the February meeting, there would be no change in the Swedish position compared to the November meeting. Mr. Klackenberg had mentioned the problem of party attitudes towards the Bank Group, burden-sharing and the matter of voting rights for Part II countries.

On Germany the view received from the Ministry of Economic Cooperation (Schultz) was that Germany would maintain its present 11-1/2% share in the Fifth Replenishment within a total Replenishment of between \$7.2 to \$7.5 billion. The \$7.5 billion figure could be increased by assistance from new contributors. However, the German Government would not indicate a position until the 1976 budget had been dealt with (around June). Mr. Lubbers might visit Germany in April to talk with officials, but he was aware that an attempt to force the pace might backfire.

On Belgium Mr. Lubbers reported that Belgium would increase its contribution to the Fifth Replenishment by 50% over its contribution to the Fourth Replenishment. A share in the Fifth Replenishment of 1.46% for Belgium had been mentioned (compared with Belgium's 1.7% share in the Fourth Replenishment) but he did not know what the origin of the new share might be (possibly an assumption about new contributors).

January 30, 1976

On Canada Mr. Lubbers had learned that the Canadians were expecting the Replenishment to total \$7.5-7.8 billion and that Canada would maintain its share in such a Replenishment. There was no possibility of an increase in Canada's share and Canada would continue to support IDA 4 burden-sharing arrangements because of its fear that the U.S. and Japan would try to reduce their shares.

Mr. Lubbers reported that the U.K.'s position was that the traditional donors should provide for a total Replenishment large enough to take care of inflation (presumably past and expected inflation) but that new donors should provide a contribution sufficient to give an increase in real terms. The U.K. continued to be concerned about its own share.

cc: Mr. Cargill
Mr. Diamond
Mr. Adler
Mr. Gabriel
Mr. Goodman/Mr. Hattori
Mr. Nurick

FV/lmh

OFFICE MEMORANDUM

4045

TO: Mr. Robert S. McNamara

DATE: December 30, 1975

FROM: William Diamond *W*

SUBJECT: Fifth IDA Replenishment: Visit of Ambassador Lubbers, Netherlands Deputy for Fifth Replenishment

Ambassador J.H. Lubbers, whom Minister Pronk named as Netherlands Deputy for the Fifth IDA Replenishment, will visit Washington January 27, 28 and 29, for discussions on IDA. As you know, we are expecting him to play an important role (acting for IDA's benefit, but on behalf of the Netherlands) in persuading other countries (especially European countries) to support a generous Replenishment. His visit will be partly to meet with us so that he can become familiar with IDA and so that we can discuss strategy with him. He has, in addition, asked the Netherlands Ambassador to lay on meetings for him with key U.S. Administration officials and Congressmen.

We plan to preempt Ambassador Lubbers for most of Tuesday, January 27. He will meet with Mr. Cargill and me beginning at 10.00 a.m.. We would be grateful if you could receive him some time the same day. (You might also want to see him again before he leaves, to receive any impressions he may have developed from discussions with U.S. authorities; but I believe a call early in his visit would be both appropriate and appreciated.) Please let me know what time would be convenient for you.

We shall have a lunch for him the same day which Mr. Cargill will host.

cc Mr. Knapp
Mr. Cargill
Mr. Vibert

*1/5
Lunch on Wed 1/28
L. S. Cargill*

100

WDiamond:us

*1/5 Mr. Diamond
will confer.
S.*

12/30

MEMORANDUM FOR THE RECORD

Meeting with Minister Pronk, Netherlands, September 26, 1977

Present: Messrs. McNamara, Pronk

Mr. Pronk and Mr. McNamara agreed on the disappointing performance of the Development Committee. On September 25, 1977, there had been no serious discussion of leading issues and a number of countries had been represented by third-level bureaucrats rather than by their ministers. Mr. McNamara said that (i) he did not expect sufficient work to be accomplished over the next months to justify a meeting in Mexico in March 1978, in connection with the IC meeting, and (ii) a restructuring of the Annual Meeting should be considered, reducing the plenary sessions by one day and allowing for a one-day DC meeting in the middle of the week. The meeting should focus on a few well-defined issues and should force governors to participate in the discussions.

Mr. Pronk said that he was concerned about delayed action on the Special Action Program (SAP) by the EC. Criticism had been voiced by EC members that a channelling of these resources through IDA would not guarantee rapid disbursement. Mr. Pronk stated that he strongly favored IDA application of SAP funds because of the multilateral and untied nature of IDA aid. Mr. McNamara said that IDA could ensure rapid disbursement by identifying special projects for application of SAP funds. Mr. Pronk urged Mr. McNamara to make a statement to this effect.

Mr. McNamara asked for Mr. Pronk's views on how the Basic Needs (BN) approach should be further pursued. Mr. Pronk replied that (i) the Bank and not ECOSOC would be the proper forum, and (ii) a semi-official and technical meeting, with the participation of sector specialists, should be convened to discuss and agree on appropriate actions to be taken. Further, Mr. Pronk pointed out that several LDC governments argued that they had not been involved in the development of the BN concept. Mr. McNamara said that the Indian Government had endorsed the BN approach and that the initiative for designing country-specific BN programs should clearly be left to the countries concerned. He urged Mr. Pronk to lend his support and devote some of his time to the World Development Report if he stays on as Minister. With regard to the UN, Mr. Pronk expects the BN concept to become an integral part of the "Third Development Decade" and he hopes for more disaggregated analysis and differentiated policy statements by the UN than in the past. For example, an analysis of problems of employment and minorities in LDCs should be linked to related issues in the developed countries.

Finally, Mr. McNamara asked Mr. Pronk to support an early capital increase for the Bank.

CKW

September 30, 1977

18

October 26, 1977

Memorandum to:

Mr. Robert S. McNamara
Mr. A. Broches
Mr. I. P. M. Cargill
Mr. Ernest Stern
Mr. Harold B. Dunkerley
Mr. Raymond M. Frost
Mr. Aklilu Habte
Mr. Mahbub ul Haq
Mr. Montague Yudelman

From: Anthony I. J. A. Looijen *Loijen*

Subject: Visit H.R.H. Prince Claus of the Netherlands

10/27
Please find attached the program for the visit of H.R.H. Prince Claus of the Netherlands to the World Bank and the IMF on Monday, October 31, 1977. Prince Claus will be accompanied by Mr. L.H.J.B. van Gorkom, Director-General, International Development Cooperation, Ministry of Foreign Affairs, The Hague.

I shall attend the discussions in the Bank.

A curriculum vitae of H.R.H. Prince Claus is attached.

cc: Ambassador A.R. Tammenoms Bakker
Mr. H.O. Ruding
Mr. T. de Vries

Program for the visit on October 31, 1977,
of H.R.H. Prins Claus of the Netherlands
to the World Bank and the IMF

- 7:30 am Breakfast with Mr. Robert S. McNamara at his residence,
2412 Tracy Place N.W., Washington D.C.
- 9:00 am Visit to Mr. A. Broches, Vice President and General Counsel
of the World Bank (Room E-923)
- 10:15 am Visit to I.M.F.
- 12:30 pm Luncheon IBRD Dining Room 6, E-Building, hosted by
Mr. Anthony I.J.A. Looijen, Executive Director,
Netherlands, World Bank, and Mr. H.O. Ruding,
Executive Director Netherlands, IMF
- Invited: Mr. Alexandre Kafka, Executive Director, IMF
Mr. Byanti Kharmawan, Executive Director, IMF
Mr. Ernest Stern, Vice President, World Bank
Mr. Aklilu Habte, Director, Education Department, World Bank
Mr. Montague Yudelman, Director, Agriculture and Rural
Development Department, World Bank
Mr. Harold B. Dunkerley, Senior Adviser, Urban Projects
Department, World Bank
- 3:00 pm Visit to Mr. I.P.M. Cargill, Vice President Finance, World Bank (Room F-1212)
- 3:45 pm Visit to Mr. Mahub ul Haq, Director, Policy Planning and Program
Review Department, World Bank (Room D-450)
- 4:30 pm Visit to Mr. Raymond M. Frost, Director, Economic Development
Institute, World Bank (Room G-1014)

ROYAL NETHERLANDS EMBASSY

PRESS AND CULTURAL SECTION
4200 LINNEAN AVENUE, N.W.
WASHINGTON D.C., 20008
TEL. (202) 244-5300

H.R.H. PRINCE CLAUS

PRINCE OF THE NETHERLANDS

Prince Claus George Willem Otto Frederik Geert, Jonkheer van Amsberg, a descendant from an old Mecklenburg family, is the only son of the late Claus von Amsberg and Mrs. Gosta von Amsberg, née Baroness von dem Bussche-Haddenhausen. Prince Claus was born on September 6, 1926 at the country estate of his mother's family in Dötzingen, Germany.

Prince Claus was a member of the German Federal Republic's Foreign Service. At the time of his engagement to Princess Beatrix he held the position of deputy chief of the division for economic relations of Africa south of the Sahara, in the Economic Policy and Development Department of the Ministry. Mr. von Amsberg joined the Foreign Service on April 1, 1957. From May 1959 until March 1961 he was third secretary in the German Embassy in Ciudad Trujillo (now Santo Domingo) where he later became deputy to the ambassador. From 1961 till 1963 he served as second secretary and deputy to the German ambassador at Abidjan, Ivory Coast.

During his stay in the Dominican Republic, Mr. von Amsberg, traveled widely in the Western Hemisphere, just as he has done in Africa. His interest in African affairs related to the fact that he has spent part of his youth in that continent.

Mr. von Amsberg enjoys classical music, art and literature. He has shown a particular interest in international affairs and has made developing countries and in particular the young African nations, a field of special study.

After his marriage to Her Royal Highness Princess Beatrix on March 10, 1966, he received the title "His Royal Highness Prince Claus George Willem Otto Frederik Geert of The Netherlands, Jonkheer van Amsberg".

Prince Claus is a member of the Council of State.

19

MEMORANDUM FOR THE RECORD

Meeting with Mr. Duisenberg, former Dutch Minister of Finance, March 23, 1978

Present: Messrs. McNamara, Duisenberg, Wolfson and Looijen

Mr. Duisenberg reported on his intended work on Peru's desperate economic and financial situation. He hoped that he could be helpful because he enjoyed the greater independence than the Fund or Bank. For example, he could tell the Peruvian Government that its economic team was weak. He had spent a day of very useful discussions with Bank staff on Peru and he would return to Washington for further discussions on his way back. Mr. McNamara said that Peru suffered from a weak political structure and a weak economic team. The desperate economic situation might lead to dramatic political change. He said that he would be interested to hear later from Mr. Duisenberg about his findings.

Mr. Duisenberg enquired about the work of the Brandt Commission. He said that he was opposed to the proliferation of committees; for example, the Development Committee had a detrimental rather than a beneficial impact. Mr. McNamara agreed. However, countries were not prepared to abolish the Committee. He said that he had received favorable reports on the recent meeting of the Brandt Commission. He explained the Bank's work on the World Development Report.

CKW
March 29, 1978

OFFICE MEMORANDUM

CONFIDENTIAL

TO: Mr. Robert S. McNamara
(through Mr. J. Burke Knapp)
FROM: Adalbert Krieger
SUBJECT: Mr. W. F. Duisenberg's Visit

DATE: March 23, 1978

DECLASSIFIED

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WBG ARCHIVES

1. I understand that you will be receiving a courtesy call from Mr. W. F. Duisenberg later this afternoon. Mr. Duisenberg has been invited by the Peruvian Government to review that country's economic situation and will be traveling to Lima this weekend. I am attaching, therefore, a note with our assessment of the present status of the Peruvian economy for your information.

Attachment

FJAguirreSacasa:sh

OFFICE OF THE PRESIDENT

Meeting with Mr. Den Uyl, former Prime Minister of The Netherlands, September 5, 1978

Present: Messrs. McNamara, Den Uyl and Mrs. Den Uyl

Mr. Den Uyl elaborated on what he termed the concept of selective growth. He said that it was the wrong course to emphasize growth as a remedy for unemployment. Unless the Western countries changed their belief in endless economic progress, the LDCs would continue to follow suit and undertake large prestige projects which offered no solution to their unbelievably large problem of unemployment. He argued that the negative effects for LDCs of economic growth in the industrialized countries outweighed the positive effects, because such growth used up scarce national resources and drove prices up. Mr. McNamara replied that well-directed growth for world development was clearly needed. However, the question was how to achieve such a growth pattern.

Mr. Den Uyl said that this process of redirecting growth was already underway in Europe to a larger extent than commonly realized. There were many symptoms that young people were losing faith in growth and technical progress. The social cost of technological progress was now better understood. For example, there had been strong opposition in Holland to a second large airport and to a new highway system. Mr. McNamara agreed that progress was being distorted unless the full social cost was attached to new activities. However, the existing inequities between the poor and rich in developing countries and also in the industrialized world could only be overcome if there were a sufficient growth rate.

Mr. Den Uyl said that he would send Mr. McNamara a copy of the White Paper on Selective Growth Strategies which had been prepared by the Dutch Government. Mr. McNamara said that he would be most interested in reading that document. In concluding, Mr. McNamara expressed his appreciation for the strong support the Bank had received from the Dutch Government in recent years.

CKW
September 21, 1978

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OFFICE OF THE PRESIDENT

Meeting with the Delegation of The Netherlands, September 22, 1978

Present: Messrs. McNamara, Finance Minister Andriessen, Hoekman, van Ittersum, Looijen and Stern

Mr. McNamara made the following points: (A) The Netherlands had been an old ally in terms of helping to achieve substantial IDA replenishments; unfortunately, the leadership in these IDA negotiations had to come from small and medium-size countries, such as The Netherlands, Canada and the Scandinavian group. Without the support of the Dutch Government, the IDAV amount probably would not have been more than \$6 billion. (B) In the early 1980s, the ODA/GNP ratio of The Netherlands would rise to about 1%; he hoped that the Dutch Government could give a substantial amount to IDA VI. This would provide important leverage on the large countries, particularly the U.S. It was sad that such leverage was required because the U.S. had led in the foreign aid field at the time of the Marshall Plan. The present movement towards fiscal conservatism had to be considered fiscal irresponsibility. (C) The Dutch development policy initiatives and its support to the formation of the Brandt Commission had been extremely helpful; the Bank tried to expand its non-financial activities, such as the WDR, and would be grateful for comments and suggestions of the Dutch Government.

Mr. Andriessen said that the new Dutch Government had the same commitment to development as the former one. However, his country's national income growth rates were declining and, although the aid effort remained the same in terms of share of GNP, there was a lesser increase in absolute terms. The Netherlands could therefore not be as leading as in the past but would still be strongly supportive. Recent public expenditure cutbacks had not affected foreign aid.

Mr. Andriessen said that his Government was deeply concerned about the compensation issue in its dealings with Ethiopia. Mr. McNamara replied that he was not very optimistic about getting an improvement soon. There was, unfortunately, a high level of mistrust in the new Government. However, the compensation commission was now headed by a competent Harvard Law School graduate. It remained to be seen whether he commanded the necessary authority.

cc: Mr. Knapp

CKW
September 28, 1978

OFFICE OF THE PRESIDENT

Meeting with the Delegation of The Netherlands, September 22, 1978

Present: Messrs. McNamara, Finance Minister Andriessen, Hoekman, van Ittersum, Looijen and Stern

Mr. McNamara made the following points: (A) The Netherlands had been an old ally in terms of helping to achieve substantial IDA replenishments; unfortunately, the leadership in these IDA negotiations had to come from small and medium-size countries, such as The Netherlands, Canada and the Scandinavian group. Without the support of the Dutch Government, the IDAV amount probably would not have been more than \$6 billion. (B) In the early 1980s, the ODA/GNP ratio of The Netherlands would rise to about 1%; he hoped that the Dutch Government could give a substantial amount to IDA VI. This would provide important leverage on the large countries, particularly the U.S. It was sad that such leverage was required because the U.S. had led in the foreign aid field at the time of the Marshall Plan. The present movement towards fiscal conservatism had to be considered fiscal irresponsibility. (C) The Dutch development policy initiatives and its support to the formation of the Brandt Commission had been extremely helpful; the Bank tried to expand its non-financial activities, such as the WDR, and would be grateful for comments and suggestions of the Dutch Government.

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cc: Mr. Knapp

CKW
September 28, 1978

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OFFICE OF THE PRESIDENT

Meeting with Netherlands Delegation, September 29, 1980

Present: Messrs. McNamara, de Koning (Minister for Development Cooperation), van der Stee (Minister of Finance), van Ittersun (Director, Foreign Financial Relations), van Schaick (Director-General, Ministry of Finance), Looijen, Qureshi

Mr. McNamara opened the meeting by explaining that the Bank is facing a number of serious problems, essentially relating to the needs to expand the Bank's lending program and to find means of financing this expansion. He said that papers dealing with these two problems will be prepared and distributed to the Board for discussion between October and January. He explained his fears that, since all countries are having difficulties, it is likely that everybody will have sufficient reason not to go along with one or another proposal, possibly resulting in a stalemate where nothing moves. He then said that, since The Netherlands has always taken an enlightened view on development problems, he hoped its Government would be willing to help in pushing other governments towards taking decisions. Mr. de Koning told Mr. McNamara that he could be assured of the support of his Government.

Mr. McNamara congratulated the Dutch Government for the example it has set. He asked again that it take the lead, not only in putting up money, but also in promoting some of the proposals put forth for an expansion of the lending program. He cited the case of the energy affiliate which he said has a gearing ratio change built into it. It also has some intrinsic appeal, but several OECD countries which apparently are in favor of its establishment will set as a condition of their participation that OPEC also put in a substantial contribution. The Netherlands should be in a position to take the lead in supporting the energy affiliate without placing conditions for its establishment and they should be able to get several other countries, e.g., Canada, the Nordic countries, Australia and New Zealand, to join them rapidly. Mr. de Koning repeated that the Dutch Government would be willing to support the Bank as much as it could.

Mr. McNamara then turned to the problems of the poorest member countries, for which additional IDA funds are very unlikely, at least until 1983. He said that a close look at the creditworthiness of several IDA countries will be necessary. Some of these countries have substantially improved their economic situation recently and it may be necessary to move them from IDA to IBRD funds. He also said that some countries now face situations which are no longer hopeless (e.g., Bangladesh). In his view, the real problems are in sub-Saharan Africa.

To Mr. de Koning who enquired about the current situation of the IDA bridging arrangements, Mr. McNamara answered that he was hopeful that there may be only one of two countries, of the 12 needed, still missing by the end of the week. Finance Minister van der Stee then said that the Dutch Government was prepared to move on its advance contribution, but that they have to defend themselves in front of their Parliament. Mr. McNamara commented that the Bank could help in that respect. He said that the Bank has a number of projects ready and awaiting the greenlight of assurances of financing to start implementation. He mentioned that the Carter Administration is determined to break the roadblock which currently exists with Congress. The problem in his view is with the American people who do not understand the issues.

Mr. McNamara then turned to some other areas of concern to him. First, the Bank is not doing what it should in terms of intellectual leadership on matters of development. Much more ought to be done. Second, the Bank should provide greater assistance in helping member countries in their long-term structural adjustments. The new proposals for SAL are somewhat controversial. On one hand, main donor countries are lukewarm to the idea of turning away from project financing and some believe that the Bank is wasting its money with this financing for structural adjustment and, on the other hand, the recipient countries express fears that this type of lending means that the Bank will run their economies.

Mr. de Koning then expressed his satisfaction at the increasing cooperation between the Bank and the Fund. He also asked Mr. McNamara whether he thought that another institution between the Bank and the Fund was necessary. Mr. McNamara replied that he would not be opposed to the idea if it meant offering a new opportunity for mobilizing additional financial resources. However, he said that he felt it was not necessary as long as the Bank and the Fund worked closely together. Mr. de Koning spoke of the fear of some people of seeing the Fund increasingly moving in long-term financing. Mr. McNamara replied that the Fund is in the development business anyway and the important thing is to ensure close cooperation between the Bank and the Fund. This cooperation, he added, is currently quite satisfactory.

Mr. de Koning then spoke about Suriname and his concern about that country's creditworthiness, especially in relation to the proposed Dutch Government's contribution to the Kabalebo Dam. Mr. McNamara explained that he was not up-to-date on this matter, but that the Bank would prepare some documentation which could be passed on to the Dutch Government. Finally, in answer to a question asked by Mr. de Koning concerning the situation in Ethiopia, Mr. McNamara replied that the Bank would not renew its lending until it is satisfied that a serious process for the resolution of the compensation problem has been initiated.