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THE WORLD BANK
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McNamara Papers

Statements
1968

The World Bank Group
Archives
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Robert S. McNamara Statements / Speeches - Statements 01

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WBG Archives

1968-1970

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From [unclear]

TABELA FUND AGREEMENT SIGNING
May 2, 1968

Mr. Robert S. McNamara

Good morning, gentlemen:

I'm delighted to have the opportunity to welcome at this time the representatives of Canada, France, Italy, Pakistan, the United Kingdom and the United States. They are here today to join the World Bank in the signing of the Tarbela Dam Agreement. We're joining together in a great undertaking, a most exciting prospect, the building of the Tarbela Dam in West Pakistan. I'm happy also to welcome the representatives of Australia, Germany and New Zealand, countries which have joined with others in providing the resources of the Indus-Basin and Development Fund. A Fund from which a very substantial part of the cost of the Tarbela project will be financed.

As many of you know the Tarbela Dam will be the largest earth and rock filled dam in the world. An immense structure nearly two miles long and nearly five hundred feet high. It will add an enormous potential source of electric power amounting to over 2,100 megawatts, enough power to provide electricity to an area as large as that surrounding Philadelphia and all of the industry that it would contain. In addition it will supply water year round to the world's largest, single irrigation system. A large part of that system without this dam would be desert.

It's estimated that the cost of the dam will approximate \$850,000,000. Under the agreement we're about to sign Pakistan will provide the rupee equivalent of about \$300,000,000 of that cost. The rest will be provided by the balance of the Indus-Basin Fund and by the

additional financing of the countries represented here today. The World Bank will administer the Tarbela Development Fund. And agency which has so effieciently carried out the earlier works of the Indus-Basin and Development Program, the West Pakistan Power and Development Authority, will be in charge of Tarbela. I understand they intend to award the contract for the main works to a consortium of Italian and French firms. It will be the largest single, civil works contract ever awarded.

So, gentlemen, it's a great honor for me to participate with all of you in the signing of the documents that will create the Tarbela Development Fund. The documents that will enable this project to go forward. May we have them for a signature then at this time.



CONFERENCE BOND

Mr. Selva (Legal Dept)

Tarbela signing 5-2-68 Appendix A

OPENING

I ^{am delighted that} welcome the representatives of Canada, France, Italy, Pakistan, the United Kingdom, and the United States who are here today to sign the Tarbela Fund Agreement. ^{We are} With the World Bank they join in a great undertaking; ^{a most important project} the building of the Tarbela Dam in West Pakistan, ^{the} ~~largest earth and rock-fill dam in the world.~~ I am ^{happy} glad also to ^{welcome} see ~~here~~ representatives of Australia, Germany and New Zealand; ~~the~~ countries which joined with ^{other} ~~the~~ United Kingdom, United States and the Bank in providing the resources of the Indus Basin Development Fund, from which a substantial part of the cost of Tarbela will be financed.

^{As you know Tarbela will be the largest earth & rock-fill dam in the world.}
 Tarbela will add a potential source of electric power amounting to 2,100 megawatts: enough to provide electricity to a ^{area} city as large and as industrialized as Philadelphia.

Tarbela will help to supply water, year-round, to the world's largest single irrigation system, ~~comprising 33 million acres~~ -- a large part of which, without this dam, would be nothing more than desert.

It is estimated that Tarbela's cost will equal about \$830 million. Under the agreement we are about to sign, Pakistan will provide rupees equivalent to about \$300 million. The rest will be provided from the balance of the Indus Basin Fund and additional financing by the countries here represented. The World Bank will administer the Tarbela Development Fund.

The agency which has so efficiently carried out the earlier works of the Indus Basin Development program -- the West Pakistan Water and Power Development Authority -- will be in charge of Tarbela. They intend to award the contract for the main ~~civil~~ works to a consortium of Italian and French construction firms. It will be the largest civil works contract ever awarded.

Gentlemen, let us proceed to the signing of the documents which will create the Tarbela Development Fund, and will enable this great project to go forward.

PAKISTAN GOVERNMENT'S MESSAGE ON
SIGNING OF TARBELA FUND AGREEMENT (MAY 2, 1968)

"The signing of the Tarbela Development Fund Agreement marks the culmination of years of economic and engineering studies and protracted discussions and is a matter of great significance and deep satisfaction to Pakistan. The Government of Pakistan recalls with gratitude the initiative taken by Mr. George D. Woods, then World Bank President, who in response to the request of the President of Pakistan, agreed to have an independent investigation conducted into the economic and technical aspects of the dam. The objective study thereafter made by Dr. Lieftinck confirmed conclusions which supported the conviction of the Government of Pakistan about the importance of this project for Pakistan's economy. Pakistan particularly appreciates the part played by Mr. George D. Woods in sponsoring the Indus projects supplementary financial arrangements of 1964, which made it possible for a consortium to be organized under the leadership of the Bank, once the technical feasibility and economic viability of the project had been fully established. The Bank authorities at various levels, in particular Mr. Aldewereld and Mr. Cargill, through their untiring efforts and enthusiastic support for this project were able to mobilize the requisite support from friendly countries to this agreement which is now being signed. For this gigantic joint endeavour, the Government of Pakistan would like to express its gratitude and extend its congratulations to the World Bank under whose leadership this consummation is being achieved and which will hereafter administer the Fund towards the completion of the project.

With the signing of this agreement a landmark will have been reached in international cooperation for economic development of the national resources of a developing country and the Government of Pakistan feels confident that in the implementation of the project, the sympathy and support of friendly countries and the help, assistance and guidance of the World Bank, will continue to be available."

GILBERT
CARDINAL BOND

CLOSING

What has been accomplished here today is in one sense a beginning: the construction of a huge new dam, and all of its associated works. But in another sense it is simply another step in a successful program of international cooperation begun in 1960, ^{It was then that} when India and Pakistan signed the treaty ending ^{the} a long-standing and critical dispute between them over the use of the waters of the Indus River, ~~and its main tributaries.~~

The World Bank had ^{assisted} lent its good offices in helping India and Pakistan ^{arrive} at an equitable solution to this problem. Before the treaty was signed, nine years of painstaking negotiations were involved. Subsequently, under the agreement reached, massive storage dams and diversion canals have been construction ^{ed} in West Pakistan, ^{In addition} as has a network of canals ^{has been built} to distribute a dependable year-round supply of water to one of the world's largest, ^{and} extensions of irrigated land. ~~Extension works are also being undertaken in India.~~ In these efforts, the Bank and several nations have ^{continued to} been assisting the parties to the treaty.

The Indus Plan -- eight years after the treaty was signed -- is testimony to the fact ~~that engineering approaches can help solve political problems, and~~ that international cooperation, for a common and constructive purpose, can succeed.

GILBERT
CARDINAL BOND

Signing of Tarbela Development Fund Agreement
12:30 p.m., Thursday, May 2, 1968
Board Room, IBRD

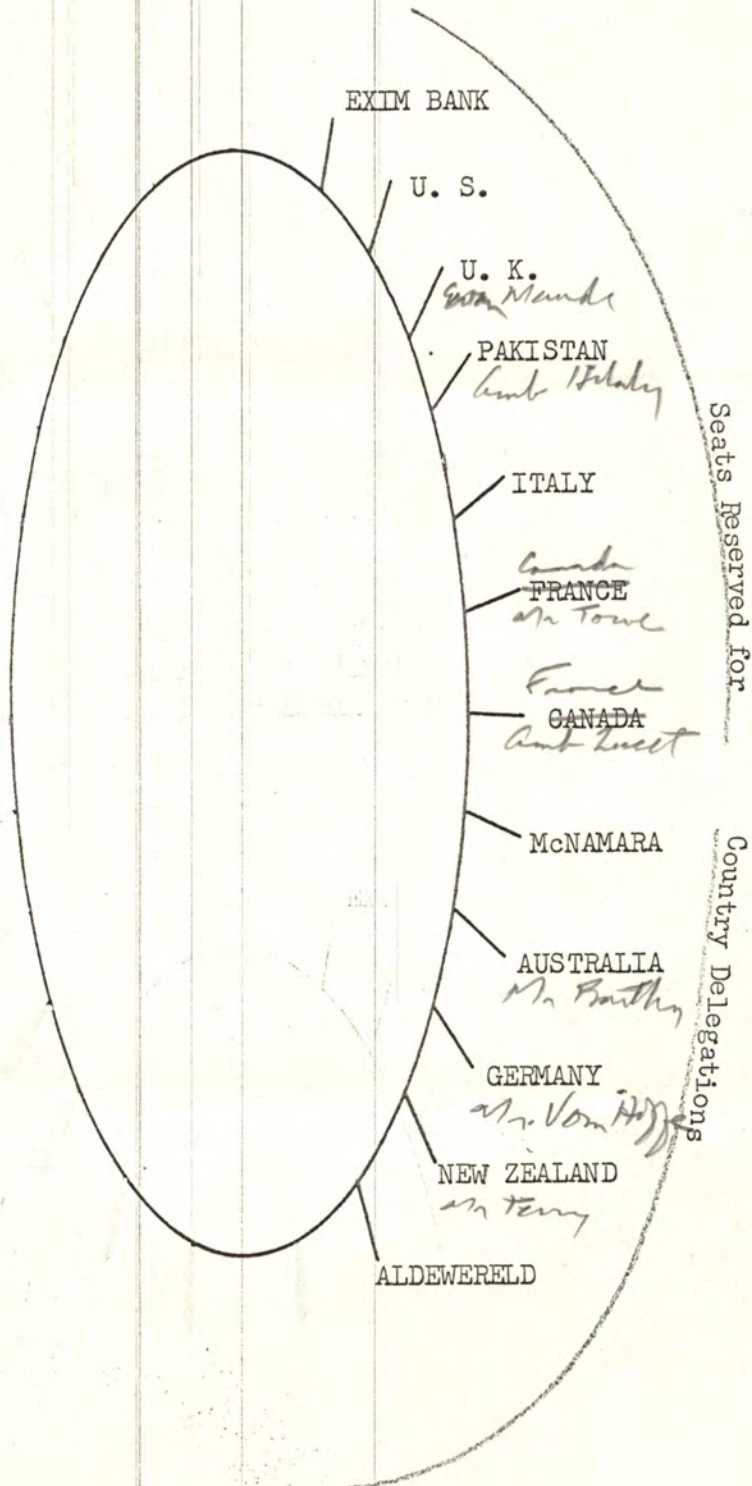
TELEVISION AND PHOTOGRAPHERS

(S)

Executive Directors' Lounge

(E)

Anteroom



- Sadove
- Rickett
- Demuth
- Broches
- Knapp (N)
- Friedman
- Cargill

LOAN - SIGNING

Thailand - Third Highway Loan

May 23, 1968

Mr. Ambassador,

It is my pleasure to welcome you and Mr. Manat to the Bank to sign the documents for the Third Highway Loan, particularly as this is the first loan to be negotiated and signed by Your Excellency.

This loan, the nineteenth Bank loan to Thailand, brings the total of Bank lending there to more than \$290 million, and is another step forward in the joint effort of your Government and the Bank towards the development of Thailand.

As you know, the Bank of Thailand is purchasing \$25 million of this loan, and I want to pay tribute to it for this productive use of its reserves. I understand that the Bank of Thailand has, directly, or indirectly through the World Bank, contributed \$59 million towards projects for which the Bank has made net loans of \$25 million. This is evidence of Thailand's determination to support its development program in a manner commensurate with its capacity and we welcome the Bank of Thailand's substantial participation in our loans.

Thailand has earned an enviable reputation for impressive economic development and prudent fiscal policies; and I am glad to take this opportunity to congratulate the Government on its achievements, and to wish it success in the future.

THAILAND - THIRD HIGHWAY PROJECT

FACT SHEET

Previous Operations

<u>No. of Loans</u>	<u>Purpose</u>	<u>Amount (\$ million)</u>
3	Railways	30.0
5	Irrigation	74.5
1	Irrigation/Power	66.0
3	Power	17.0
2	Ports	7.5
1	Industry	1.0
1	Voc. Education	6.0
<u>2</u>	Roads	<u>61.0</u>
<u>18</u>		<u>263.0</u>

Road Network

Roads constructed or improved under Loans 341-TH and 455-TH		1,098 Km.
All-weather road network of Thailand Bank has assisted in financing about 21% of this network.		3,500 Km.
Total road network, including all-weather roads		17,000 Km.
Total feeder-road network - about		10,000 Km.
Highway Department overseas training financed by Bank loans		11 persons
Vehicle Registration:	1959	87,700
	1964	168,500
	1965	175,225
	1966	206,300
Average rate of increase 1959-61	13%	

Third Highway Loan

Primary Roads included for construction or improvement about	480 Km.
Feeder roads included for detailed engineering	635 Km.
Overseas training of staff	20 persons
Total cost of Project	\$ 59.6 million
Bank loan (foreign exchange component) of which \$25 million financed by the Bank of Thailand through purchase of maturities.	29.0 million
Rates of return:	
Bang Pa In - Nakorn Sawan Highway	25%
Saraburi - Lomsak Highway	27%

Bank of Thailand

The Bank of Thailand has provided \$59 million
for projects financed by the Bank,
since 1966

	<u>B.O.T.</u>	<u>I.B.R.D.</u>
Vocational Education	\$ 8 million	\$ 6 million
Third Yanhee Power	10	5
\$26 million Loan for Phasom Dam (through IBRD)	16	10
\$29 million Loan for Third Highway " "	<u>25</u>	<u>4</u>
	\$ 59 million	\$25 million

The Bank of Thailand has also purchased \$5.7 million in maturities
of loans to countries other than Thailand, and holds \$34 million of
two-year Bank Bonds.

Suggested Statement on Occasion of Signing of US\$18 million Loan
for the Bogota Power Project and US\$14.0 million Loan for the
Bogota Water Supply Project

June 3, 1968 at 12:40 p.m., Board Room

Mr. Minister, Mr. Mayor, Gentlemen:

It is a great pleasure to welcome you to the Bank for the signing of the loans for the power and water supply systems in Bogota. We frequently state, when we sign loan documents, that the loan is historic. In the case of the loans in question, we have even more justification in so stating today.

For one, they bring the total amount of Bank lending in Colombia (from the time of our first loan in 1949), to one half billion dollars. Colombia is the Bank's fifth largest borrower but in the number of projects financed, with these two loans, it becomes the second (32) [after India - 36]. We feel that this volume of lending is justified by Colombia's general performance in the policies which affect development.

Secondly, these loans represent a new stage of progress in the direction of combining capital from other sources with the Bank's capital in a joint financing scheme.

The two loans will increase the supply of energy and water to the rapidly growing metropolis of Bogota, a city where I understand public services have been improving markedly under the administration of the Mayor. The loan for power is to a familiar borrower. The loan for water supply is to a new borrower, whom we warmly welcome into our midst. We hope to establish with you the same effective relationship we have had over the years with the Bogota Power Company.

STATEMENT AT PRESS CONFERENCE

BY ROBERT S. McNAMARA

DJAKARTA, JUNE 15, 1968

This trip to Indonesia is the first overseas journey that I have undertaken as President of the World Bank. Indonesia is in fact a country in which the World Bank has so far played almost no part. Yet, it is clear that Indonesia is, because of its size, its potential wealth, and its human resources, a very important area of the world and one which because of past neglect is in very great need of assistance for its development.

I came to Indonesia partly in order to discover whether, and how, the World Bank could play a useful role in this development. This depended on whether your Government wished us to come in and help and also on whether in our judgment your Government was prepared to make the hard and sometimes unpopular decisions that need to be made if development is to proceed rapidly.

In the days that I have been here, I have had conversations with your President, His Highness the Sultan, and all the Ministers concerned with your development programme. I am fully satisfied that your Government is following the right lines of policy, and has clearly proved that it is prepared to make the difficult but necessary decisions. Without question, the Government's primary objective is the development of the country and the advancement of its people.

Furthermore, your Government has formally requested us to establish a Resident Mission of development experts here in Indonesia, and we have today agreed to do so. Copies of the exchange of letters between the Sultan and myself are available for you. Mr. Bernard Bell, one of the most senior and most respected executives of the World Bank, is to be head of the Mission and is here with me today.

You will see from these letters what sort of functions the Mission will perform. I ought to add that this is the first time that the World Bank has established this sort of a Resident Mission in a developing area, and our decision to do so is a sign that we believe that your problem in Indonesia demands a unique solution and a greater concentration of effort than we have applied anywhere else in the world.

What is needed in this case, we believe, and what we hope to supply, is an immediate flow of technical assistance in planning your development and in drawing together for their best and most efficient use all the various forms of external assistance.

We can already see part of the way ahead, and it is a way that has a certain familiarity for this Bank for International Rehabilitation and Development. The first problem is rehabilitation, particularly in the field of agriculture exports and domestic food supply. For instance, the much neglected irrigation canal system needs to be rehabilitated if the rice supply is to be increased and Indonesia is eventually to become a rice-exporting area. To achieve this there will also need to be a very considerable expansion of fertilizer production in several parts of Indonesia. This program of rehabilitation and expansion is going to cost money, and it will be part of the task of **the World Bank to try and ensure that such investment is forthcoming.** As a first step we will send Bank representatives to Indonesia within the next ten days to start preparation of the papers for a four million dollar credit to be used to rehabilitate irrigation systems serving approximately 100,000 hectares of rice land.

At the same time rehabilitation and development will need to take place in the various other fields such as road and rail transport and **inter island shipping, which will ensure for instance that the greater agricultural yields of rice are properly distributed or exported.**


While this basic agricultural development and rehabilitation program is going on - and it will take some years - the Bank and its affiliate, the International Finance Corporation, will be examining the infrastructure requirement and several areas of industry (e.g. cement and textiles) to see how they should be developed, some in conjunction with private investment.

5

OFFICE MEMORANDUM

TO: Mr. William Clark

DATE: June 24, 1968

FROM: Julian Grenfell SUBJECT: Draft Press Statement for Cairo Airport

I suggest a brief statement by Mr. McNamara along these lines:

"I am very pleased to be able to come here to the United Arab Republic after attending the meeting in Bucharest of the heads of United Nations Agencies. I am visiting this country as President of the World Bank and at the invitation of the Government of the United Arab Republic to discuss whether and how the Bank can play a useful role in Egypt's further economic development.

"This country was amongst the forty-one founder members of the World Bank -- now in its twenty-third year of operations -- and as a shareholder ranks twenty-sixth amongst the Bank's 107 members.

"But the Bank has not so far been very active here; we have made only one loan for a project in this country -- a loan of \$56.5 million in 1959 for the deepening of the Suez Canal. Bank economic missions have, however, visited the country in 1962, 1966 and -- most recently -- in March of this year.

"During my visit, I look forward to discussing with Government officials what steps we might take to establish a more productive and beneficial relationship between the World Bank and one of its very important member countries."

6

Embargoed for 5.00 a.m. Cairo Time, Sunday, 14 July 1968

Statement of Mr. Robert S. McNamara,
President of the World Bank, at the
Airport leaving U.A.R. for Washington

I have had a most useful and enjoyable visit to the U.A.R. seeing President Nasser, and many of his Ministers, as well as visiting the High Dam at Aswan, some of your agricultural projects in the Delta, and several of your great monuments of antiquity. I am most grateful to the President for his courtesy in seeing me, and to the Government for the splendid arrangements they made for this visit.

The object of my visit was to see how the economic development of Egypt was proceeding, and how the World Bank, as a development agency, could be useful to one of its members which has great problems and great potential.

I am sure that we could be helpful, and after seeing something of your country and its Government, I am sure that you can make good use of our help. I do not think we should wait for your problems to disappear or be solved before we give help, for the need for development is urgent.

But we at the World Bank have problems too; the International Development Association which makes the type of loan that is most suitable for this country's economy, is still awaiting a replenishment of its funds and there are certain technical problems as well. Until the replenishment of IDA funds is accomplished we are greatly hampered in our work of development all over the world, not just here.

However we also do not need to stand still till our problems are all solved. I shall initiate preparatory work now so that in the future the Bank can participate more fully in the economic development of this country.

~~DRAFT~~

Embargoed for 5.00 a.m. Cairo Time, Sunday, 14 July 1968

Statement of Mr. Robert S. McNamara,
President of the World Bank, at the
Airport leaving U.A.R. for Washington

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and there are certainly technical problems as well.
the replenishment of the IDA funds

But we at the World Bank have problems too; the International Development Association which makes the type of loan that is most suitable for this country's economy, is still awaiting a replenishment of its funds. ⁴ Till that is accomplished we are greatly hampered in our work of development all over the world, not just here.

However we also do not need to stand still till our problems are all solved. ² ~~I shall~~ *shall initiate preparatory work can be undertaken* ~~recommend that senior officials of the Bank prepare certain projects so that as soon as funds become available, the Bank can begin to~~ ^{now so that in the future the Bank can} participate more fully in the economic development of this country.

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MAY 17 2012

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CONFIDENTIAL

August 28, 1968

File

DRAFT STATEMENT TO BE MADE BY THE PRESIDENT TO THE EXECUTIVE DIRECTORS

ON SEPTEMBER 3, 1968

I have been giving fresh consideration to our IDA lending program in the light of the following facts:

- (a) IDA expects shortly to receive a modest replenishment of its resources in the form of a transfer of \$75 million from the Bank.
- (b) The processing of applications for IDA credits is continuing on an active basis, and a number of additional credit proposals will soon be ready for circulation to the Executive Directors with consideration "subject to replenishment".
- (c) Yet, there continues to be substantial uncertainty regarding the effective date of the Resolutions covering the Part I country contributions to the Second Replenishment of IDA's resources.

Although we may assume for planning purposes that the proposed Resolutions on the Second Replenishment will become effective in due course, if this does not happen within the next few weeks, it is possible that action will be delayed until well into the calendar year 1969. I believe that in the meanwhile we must do everything possible to get ahead with our job of financing development, and I think the time has now come for us to initiate a new action program to carry out as far as possible the lending activities in which IDA would have engaged during this fiscal year if the Second Replenishment Resolutions had become effective.

In my memorandum to the Executive Directors on "IDA Policies" dated July 16, 1968, I recommended among other things that, assuming the Second Replenishment became effective, IDA should plan to make credit commitments during the fiscal year 1969:

- (a) to cover the "backlog" of \$169.5 million of credits submitted to the Executive Directors in the fiscal year 1968 "subject to replenishment", and
- (b) to cover new credit proposals amounting to \$530 million, plus such further indeterminate resources as might accrue to IDA during the fiscal year 1969 from the transfer of Bank profits, earnings, and other sources.

This recommendation was accepted by the Executive Directors. Furthermore, since that time the Executive Directors have recommended the transfer to IDA of \$75 million from the Bank's profits for the fiscal year 1968, and it is now possible on the basis of the Executive Directors' decisions regarding the terms of IDA credits to estimate IDA earnings during the fiscal year 1969 at approximately \$11 million. Allowing a further say \$4 million for possible receipts by IDA from other sources during fiscal year 1969, we would be planning an IDA lending program of around \$620 million in fiscal year 1969 if the replenishment had become effective, aside from clearing up the \$169.5 million "backlog".

Against this requirement for \$790 million (\$620 million plus \$169.5 million), there will be available for commitment in fiscal year

1969, until such time as the Second Replenishment will become effective, an estimated \$130 million.^{1/}

I now plan, subject of course to full review and reconsideration whenever the Resolutions on the Second Replenishment become effective, to begin presenting to the Board, for its approval, loans and credits based upon:

- (a) allocating the \$130 million estimated to be available to IDA for commitment in fiscal year 1969, to the extent that it has not been already earmarked, to cover top priority projects in the developing countries for which other funds are not presently in sight, and
- (b) having the Bank undertake as much as possible of what might otherwise have been the IDA lending program. This would mean having the Bank assume more of the load in a number of blend countries during this interim period, keeping always within the limits of prudent judgements on the borrowing countries' creditworthiness. While this would result in a temporary

1/ Consisting of the following:

	<u>\$ Million</u>
Old funds (including earnings through June 30, 1968)	7.2
Proceeds from Swiss loan	12.1
Special supplementary contribution from Sweden	21.4
Transfer of Bank profits	75.0
IDA earnings during the fiscal year 1969	11.0
Other possible receipts - say	4.0
Total	130.7

Kenya 3.5*
 Chad 4.1*
 Kenya 3.6*
 Chad 1.8
 Indo 5.0
 Nigeria 3.0
 Indo 2.6
 } 15.4

* *W/ind*

hardening of the blend of Bank Group assistance to the countries concerned, this can be reversed by the extension of additional IDA credits as and when the Second Replenishment of IDA's resources becomes effective.

The first projects to be presented under this plan, Bank loans for Pakistan and Tunisia (to replace the IDA credit proposals which were distributed in June), IDA credits for Niger, Togo, and Ceylon, and a Bank loan for Turkey, will be coming forward to the Executive Directors during this month.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 2, 1968

FROM: J. Burke Knapp *JK*SUBJECT: Statement to the Executive Directors on IDA Operations

I would suggest the following redraft of the final paragraph of your statement to the Executive Directors on IDA operations scheduled for September 3:

"The first IDA credits which I would propose for your consideration under this program would be credits for Niger and Togo, which have hitherto been regarded as "subject to replenishment" but which I now plan to present to you for action before the end of this month. There are also three pending operations which have been scheduled for IDA "subject to replenishment", but which could be presented to you this month as Bank loans if the countries concerned decide to accept this procedure rather than waiting upon IDA replenishment; these are the Pakistan Highway Project and the Tunisian Port Project, on which papers were circulated to you in June, and a Turkish Irrigation Project, for which papers could be circulated shortly."

7a

Boards of Governors • 1968 Annual Meetings • Washington, D.C.

INTERNATIONAL MONETARY FUND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

Press Release No. 75

October 4, 1968

Concluding Remarks by ROBERT S. McNAMARA,
President of the Bank, IFC and IDA,
at the Closing Joint Session

My colleagues and I are deeply grateful for the strong support you have given to our proposals for expanding the operations of the World Bank Group. We shall now direct our energies to translating the plans into action, and I shall hope to report to you one year from today that such action is well underway.

I have listened with great care to your suggestions for increasing the effectiveness of our institutions, particularly your desire that we act to help stabilize the earnings from commodity exports.

I pledge you that these matters you have suggested, these actions that you have proposed will receive my personal attention in the weeks that lie ahead.

And now, as you return to your own countries, I thank you again for your warm expressions of friendship, and I wish you Godspeed.

8

Argentina
Arrival Statement

10/18/68

I am very happy to be here in Argentina -- a country of which I have heard so much, and which has such a tremendous potential for future growth and industrial progress. As President of the World Bank, I have come to see how our group of institutions can help you to realize that potential.

I am here to learn: to talk to your Government and to see with my own eyes some of your achievements, as well as to study some of the plans for industrial and other projects on which your hopes and aspirations are based.

One of the projects which I am looking forward to seeing is El Chocon - a scheme that can be of great significance to the future of Argentina, not only as a source of abundant power for the city of Buenos Aires, but also as a means of opening the way to the greatly expanded development of industry in the region.

It is my hope that the Bank will be able to join in partnership with you in helping to realize this endeavor, and within the next few months I expect to present to our Executive Directors a proposal for a loan of over \$80 million for the project.

I am also here to gain a deeper understanding of your problems. We have been much impressed in the World Bank with the progress Argentina has made during the past eighteen months in bringing inflation under control and providing a solid basis for more rapid economic growth in the future. It is tremendously important, not only for Argentina, but for the whole of Latin America, that you should win this battle against inflation and demonstrate to the world that the vitality of the Argentine economy is unimpaired.

I realize that during the past year external conditions for Argentine exports have not been very favorable, and that agricultural production in Argentina has been adversely affected by the weather. But these are not serious set-backs, and I am sure that the economic and financial policies which your Government are following are in general very much along the right lines.

My time here is short and I will not of course be able to see all aspects of this magnificent country; but I am most grateful to your Government for having invited me, and -- as a relative novice in Latin American affairs -- I consider Argentina a fitting place to begin to learn about Latin America, not from books, not from discussions, but at first hand. My sincere thanks for your welcome.

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Statement by Mr. Robert S. McNamara, President, World Bank Group

Ezeiza Airport
22 October, 1968

I have spent five of the most enjoyable days of my life here in Argentina. I have seen your industries and your plans for industrial progress. I have seen your magnificent campos and the modern scientific beef production techniques you are developing ^{since last}.

I have had the honour to meet your President, and to have conversations with him and with several of his ministers, in particular with Dr. Krieger Vasena. I have also benefitted from the talks I have had with many citizens outside the Government.

From all that I have heard and seen I feel sure of one thing -- Argentina intends to go places, and go fast. I believe that the World Bank can help you along this path of progress. As I have said, we plan more than double our rate of lending in Latin America. It is significant that our proposed \$80 million power loan for El Chocón is bigger than the total of our loans to Argentina in the past five years.

This is but the first of what I hope will be a number of operations by the World Bank to play a part in Argentina's break through out of stagnation and inflation into self-sustaining economic growth.

In conclusion, I would like to thank Dr. Krieger Vasena and all those who have taken so much trouble to make this trip so pleasant and so fascinating for my wife and myself and our party.

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Statement by Mr. Robert S. McNamara, President, World Bank Group

Galeao Airport
Rio de Janeiro
22 October, 1968

I am delighted to be in Brazil, where I have come to see your problems and prospects at first hand, and to sign with your President three World Bank loans to Brazil, which are some sign of our present and rapidly growing interest in this great country.

I will be speaking at that ceremony and so I will say nothing more tonight.

//

R. McNamara

Remarks by Mr. McNamara
at the Signing of Brazil Highway and Power Loans

10-22-69

Mr. President:

It is a source of great satisfaction to me that during my first visit to Brazil I am able to sign with Your Excellency ^{these 3} loans ^{into the} which will provide \$975 million to ~~three~~ projects having a total ~~investment~~ cost of over \$215 million. This also seems an appropriate occasion to reflect on the future character - qualitative as well as quantitative - of the Bank's activities in Brazil.

At the recent ~~Annual~~ Meeting of the Bank's Board of Governors, I informed the member Governments that I expect ~~to be able to double the amount~~ of Bank lending on a world-wide basis ^{will double} in the course of the next five years. Our targets for Brazil are even more ambitious than this and should result in a tripling or quadrupling of our lending ^{over the} rate of recent years. [To achieve these targets, we will need the full cooperation of the Brazilian Government, not only in preparing projects, but also in ^{setting the framework} ~~complementing~~ our efforts with economic policies designed to realize fully Brazil's enormous development potential.]

I am optimistic about the possibilities of achieving this program. Much of the necessary groundwork has already been laid in the form of extensive investment studies in major sectors of the economy. These are now beginning to yield a flow of important projects suitable for external financing. The present road project is the product of the first phase of a Transport Survey undertaken by Brazil with the cooperation of the World Bank, the United Nations Development Programme and the USAID. [Already, additional high priority investment opportunities of more than 10 billion New Cruzeiros

have been identified.] The second phase of the survey, now in progress, should yield comparable results. Thus, there is reason to expect that the Bank will be able to contribute further to this vital program. ~~For the Bank,~~ this is particularly gratifying because your Government has formulated an ambitious program for reform and development in this sector, which we will be proud to support.

The loan for the two power projects is a part of the Bank's continuing contribution to meeting the rapidly growing energy requirements of Brazil. We are impressed by the efficiency of several of your major power enterprises, which are fully capable of carrying out the ambitious investment programs for the sector. I understand that in the South-Central area alone, some 15 billion additional New Cruzeiros will have to be invested to meet power requirements by 1980.

In addition to our future lending for transportation and ~~power projects,~~ we hope to develop understandings with Brazilian institutions which would make it possible to broaden our activities in agriculture, industry and mining. We are also working with Brazilian agencies on water supply and education projects.

In all our planning we ^{shall} try to pay particular attention to the problems of Brazil's less privileged areas. We will make a special effort to support constructive initiatives in the Northeast and we are particularly hopeful that we will receive concrete proposals from your Government on how we might assist your ~~efforts~~ ^{to} ~~improve~~ ^{increase} the ^{rate of} ~~economic~~ ^{growth} ~~viability~~ of this region.

I am convinced, Mr. President, that with the background of cordial working relations that already exist, and the sincerity of the efforts on both sides to foster Brazil's economic progress, we cannot but be optimistic about the success of ~~our~~ ^{the program} joint endeavors.

12

Remarks by Mr. McNamara at the luncheon on November 1, 1968 for
retiring Executive Directors and Alternates

This is a sad day for me -- sad because parting with individuals with whom one has worked closely in labors of love, in pursuits for which one believes in deeply is always sad. In my case these cordial associations have extended over but seven months. But for many of you they cover a decade or more. I have asked one of those who knows our departing colleagues best to speak to you of the years they have worked together and of his association with the Bank which goes back to the days of the Bretton Woods Conference. Dr. Machado.

Mr. Skjerdal, may I call upon you to speak for the outgoing Directors.

Thank you, Mr. Skjerdal. Now I should like to present each of our associates a remembrance of our service together.

We wish you well. We shall miss you. God bless you.

13

Airport Statement by Mr. Robert S. McNamara
President World Bank, at Kabul, Afghanistan

I am particularly happy to be in your country with a great civilization dating back several centuries. Afghanistan has made valuable contributions to us all in the fields of culture, art and religion.

At present, under the leadership of His Majesty the King, your country is engaged in the vital task of reducing hunger and want, ignorance and disease through the instrument of planned economic development. I am here today as a partner in this great endeavor to ensure a better life for the people of Afghanistan.

To me this is a pilgrimage of discovery and a mission of learning. The visit gives me an opportunity to see at first hand the impact of your development efforts under the first and second development plans.

The problem of ensuring a satisfactory rate of economic progress in developing countries will keep mankind busy for many years. There is no such thing as instant or painless development. It is my hope that the rich countries of the world will commit themselves on a sufficiently long-term basis to a policy of providing the necessary assistance to less developed countries. I also hope that the less developed countries will in turn pursue sound economic and fiscal policies and make wise and efficient use of available resources, so that outside help can achieve optimum results.

I look forward to seeing your beautiful country and having fruitful discussions with your leaders.

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STATEMENT BY ROBERT S. McNAMARA, PRESIDENT OF THE WORLD BANK, ON LEAVING AFGHANISTAN

On leaving Afghanistan I want to express the warm appreciation of myself, my wife and my colleagues to all those who made our short visit so enjoyable and so intensely interesting: to His Majesty who so graciously received me shortly after my arrival. To the Prime Minister who gave me both of his time and hospitality, even though he had just returned from a long and arduous journey abroad. And, particularly, to the Finance Minister who, with his colleagues, arranged my visit so well that I learnt as much as I could about your problems and prospects, and saw as much as I could of your beautiful country.

Of one thing I am already quite certain -- this country has a great future in tourism. When people in far parts of the world learn of the marvellous scenery of the Hindu Kuch, and the superb roads that cross your country, or when they hear rumours of the magnificent horsemanship that we witnessed in the game of Buz Kashi at Kunduz, I believe the flow of tourists to Afghanistan will increase very rapidly. Perhaps we at the World Bank can help somewhat in your tourist development.

In other spheres where the Bank has longer experience, such as agriculture and education, I am sure we can be of some assistance to you. I intend on my return to our headquarters to ensure that we speed up our program in Afghanistan, and I will seek means to enable our relations to be put on a more intimate and efficient basis, so that we can give our help where you need it and when you want it.

Like all international development agencies, the World Bank is suffering from lack of funds, but I can assure you that we are interested in your country's speedy development, and we will seek by all means at our disposal to assist it.

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Statement by Mr. Robert S. McNamara, President of the
World Bank, on arrival for talks at the capital of
Pakistan

It is a great pleasure for me, as President of the World Bank, to come to Pakistan for conversations with your President and with the leading officials dealing with the Development of your country.

As I have said the World Bank is an international development agency and we are therefore particularly interested in this country with its remarkable recent record of progress in development. I hope, and believe, the Bank has helped in that development process, though in this country as in others it is the Government of the country sustained by its own people who provide most of the effort, most of the skill, and most of the resources which make for success in an expanding economy.

I hope and believe that the World Bank Group can continue and even expand its help to match your expanded efforts. That is why I am visiting Pakistan to talk to your leaders, to see the work of your farmers and your industrialists, to learn the problems of your family planners, your village developers, and your educators.

I hope that after this short but intensive tour, I shall be better able to understand your problems, appreciate your prospects, and so to strengthen the fruitful partnership which has already been formed between the Bank and Pakistan.

Islamabad
November 15, 1968

LT

PRESIDENT AYUB KHAN
RAWALPINDI

ON LEAVING PAKISTAN AFTER AN ALL TOO BRIEF BUT MOST
ENJOYABLE AND INTERESTING VISIT MAY I SEND YOU THE
THANKS OF MY WIFE MYSELF AND MY WHOLE PARTY FOR
YOUR KINDNESS AND HOSPITALITY STOP THROUGH YOU
MAY I EXPRESS MY WARM THANKS ALSO TO THOSE
OF YOUR MINISTERS AND THEIR STAFFS WHO GAVE UP
SO MUCH OF THEIR TIME TO BRIEFING US STOP AS
A RESULT I FEEL THAT I HAVE A FAR CLEARER
IDEA OF BOTH PAKISTAN'S CONSIDERABLE ACHIEVEMENTS IN
DEVELOPMENT DURING THE PAST EIGHT YEARS AND OF YOUR
GOVERNMENT'S PLANS FOR CONTINUING THAT PROGRESS
IN THE FUTURE STOP WE WILL REMAIN YOUR STEADY PARTNERS
IN THAT EFFORT AND TO THE BEST OF OUR ABILITY WE
WILL INCREASE THE LEVEL OF OUR ASSISTANCE STOP
WITH ALL GOOD WISHES

ROBERT McNAMARA
PRESIDENT
WORLD BANK

Not to be telegraphed:-

International Bank For Reconstruction & Development.

November 17, 1968.

November 17, 1968.

STATEMENT BY ROBERT S. McNAMARA, PRESIDENT OF
THE WORLD BANK ON ARRIVAL IN NEW DELHI

To say that I am happy to be in India is an understatement. Ever since I became President of the World Bank I have realized that this is the country - the subcontinent indeed - in which the Bank is on trial as a Development Agency. If India cannot be developed, by her own efforts mainly, but with such external assistance as is necessary, then the world development plans cannot succeed.

Leaving said that, I must emphasize
But there is no reason to despair, there is every reason to hope. India has been developing, remarkably and substantially, over the past fifteen years at least. Great progress has been made, in spite of setbacks.

I have come here to see that Progress, and to study the problems, the very considerable problems, that remain. I hope to find ways in which the Bank can help your plans to solve your problems in your way. We have long been partners, I hope to strengthen that partnership for development and progress in the future.

*File in
black book
with other
press statements*

18

MESSAGE FROM MR. McNAMARA TO ALL PARTICIPANTS
IN THE PROPOSED PRESS CONFERENCE

I very much regret that the extremely delicate situation created by the current international monetary crisis makes it inadvisable for me, as President of the World Bank, to hold a Press Conference.

I am issuing the attached statement for publication, which I hope will be of some interest to you.

Let me add my sincere apologies for any inconvenience this change of plans has caused to you or your colleagues.

ROBERT S. McNAMARA.

Embargoed 00.01 Sunday, November 24

Statement by Mr. Robert S. McNamara, President
of the World Bank, on leaving India, Sunday,
November 24.

On leaving India after a fascinating week, I would like to begin by expressing my thanks to the President for his hospitality in Delhi, and for so graciously receiving my wife and me shortly after our arrival.

I have had extremely useful conversations with the Prime Minister in Delhi and with the Deputy Prime Minister both in Delhi and again here in Bombay. I am deeply grateful to them both for the patience they showed and the time they gave to explaining to me India's problems and prospects, hopes and fears, achievements and needs. It was to learn of these facets of your national life that I came to India, and I feel that the trip has been, from my point of view, wholly successful.

Let me say right at the outset that I am deeply impressed by what I have seen and heard. I have great hopes for India's future. Of course, there are troubles and frictions and disappointments; these are bound to be in what is undoubtedly, in sheer terms of numbers, the biggest social and economic revolution in all history.

I was encouraged by the discussion of your Fourth Plan with Dr. Gadgil and other members of the Planning Commission. I noted a certain determination to be less dependent on external aid. I welcome this because it is also our objective at the Bank, to help create a self-sustained growth.

But for the time being, India's needs remain very large. We, in the World Bank, intend to play our part in seeing that these needs are met fully, as you play your part in seeing that domestic resources are fully mobilised. This is not an easy task for either of us.

To mobilise the resources of the wealthier nations is difficult. There is no lack of their resources, but there is a certain disillusion with aid for development, on the grounds that in the past it has failed in its objectives. I shall tell a different story; the story of how new strains of wheat and rice were developed, how they were adapted to India's special needs, and how as a result, I have seen farmers today whose harvest this year and last has doubled, tripled or quadrupled.

Nothing has impressed me more than this successful agricultural revolution which is taking place - with some stops and starts - all over your sub-continent. The new seeds are only one part of it; better irrigation, better fertilizers and more of both are needed if the soil of India is to feed its children adequately. This is a point at which the Bank stands ready to invest its resources in a development that is fated to success.

There is no doubt about it; there is a great break-through in agriculture, and this agricultural advance will bring with it a stimulus to industry which should move it out of its recent recession. But even this agricultural break-through will not solve your problems if the tidal wave of population growth continues to sweep over the land. For this reason, I was particularly interested in seeing something of your population control program.

I was deeply impressed by the success you have had in persuading your people everywhere of the necessity and importance of this program. In no other large country that I know is there such unanimity and singleness of purpose. But I am also aware of how much remains to be

done in implementation, if you are to prevent the good fortune of a falling death rate from turning into a curse, whereby your farms will be over-populated and will spill this surplus into the already inhumanly overcrowded slums of some of your cities.

The need for action is urgent; the will is present here. If external assistance is required, we stand ready to help.

In the past seven days, I have travelled widely in your country from Delhi to the farms of Bihar, from the urban problems, of Himalayan proportions, in Calcutta, to Madras, with its growing modern industry and traditional gracious culture, and then to Bombay, the financial centre of India today and for so long the gateway to this Continent. These thousands of miles of travel have given me some feeling of the vastness and diversity of India. I said on arrival that I looked forward to learning how you wished to develop your country in your own way. I now realise, as I leave, that you will develop it in many different ways - all your own.

But while your objective is to become economically self-reliant, you do at present need continued external aid. In the past, there have been failings in the difficult relationship between aid givers and aid recipients - failings on the part of the givers of assistance as well as on the part of the recipients. There will be some failings and friction in the future too, but there is no cause for despair either about your development plans or about external assistance for them.

There have been delays in the replenishment of I.D.A. - our soft loan affiliate - but I am hopeful that several countries, acting independently of the multilateral agreement to replenish I.D.A., may soon contribute to its funds so that it can function again. Already one country has agreed to do so.

I am sure that if the legislatures of the rich countries could see what I have seen in the past six months in Africa, in Latin America, in Asia, and most particularly in the past week in India, they would lose their feelings of disillusion about aid for development. They would realise, as I do, how much their contributions of outside resources have helped the developing

countries, who supply the major proportion of the investment required, to develop themselves.

This is the message I intend to take back to Europe and America where I go Sunday: in Asia we have steady, firm partners who are harnessing themselves to our common objective - their own development. I shall urge that we play our full part in helping them to develop their own countries, for their own future in their own way.

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Mr. McNamara - Wm. Clark thought you might be interested to see this.

RBS 1/2

OFFICE MEMORANDUM

Plz file with my press statements in India

TO: Mr. William Clark

DATE: December 18, 1968

FROM: S. Sankaran *AS*SUBJECT: Analysis of Indian Press Coverage of Mr. McNamara's Visit to IndiaFavorable Climate

By far the most significant achievement of Mr. McNamara's generally successful tour of India is the creation of a favorable climate for a continued and meaningful India-Bank dialogue on future development strategy for the country. The visit appears to have created an atmosphere of mutual trust, respect and confidence -- factors that were not particularly prominent in Bank-India relations in the past four or five years. Part of the cost for this changed atmosphere is borne by Mr. George D. Woods. But there is no denying the fact that Mr. McNamara's technique of applying a liberal yardstick to measure Indian economic performance -- not merely relying on the customary practice of measuring performance by the rate of growth in national income in the past as well as the rate of growth likely in the future -- was the key to the improved climate.

There is evidence to suggest that there were doubts in the Indian mind about the nature and scope of Mr. McNamara's visit. The Commerce of Bombay (November 23) said "In fact, there were some trepidations about Mr. McNamara's attitude on the eve of his arrival here. For, he had categorically declared that the share of South-Asian countries in the total World Bank aid would be reduced in the coming years. In his keynote speech at the last annual meeting of the World Bank, he mentioned only Pakistan in generous terms while discussing the progress made in the South-Asian region."

Similar views were expressed by B. Rangaswamy, Financial Editor of the Indian Express. In his column "India and Mr. McNamara" Rangaswamy said "Until Mr. McNamara landed in New Delhi, some, both within India and without, were a little doubtful about the outcome of the visit." (Indian Express, November 29)

The pace for improved Bank-India relations was set by the airport statement by Mr. McNamara on November 17. Times of India of November 18 said "Flying into New Delhi for a seven-day survey of the Indian economic scene, Mr. McNamara created a favorable climate for his dialogue with Indian leaders with an impressive and sincere statement at Palam airport His unqualified praise for this country's progress and his open expression of an awareness of the problems ahead are also in sharp contrast to his predecessor's rather uncharitable remarks at the second UNCTAD in New Delhi early this year."

The Economic Times of Bombay -- no particular friend of the Bank -- (November 18) echoed the sentiments of its sister publication by saying "Mr. McNamara's remark has visibly brightened the spirit of those concerned with the country's economic policies and planning."

The National Herald (November 19) -- a paper associated with the Nehru family and no great admirer of the West -- cautiously conceded that Mr. McNamara's first words on arrival in India were more reassuring than many might have expected.

In an editorial "Aid Illusions", the Tribune of Ambala (November 25) said "From George Woods to Robert McNamara is a big leap forward for India. While the former World Bank President was a forthright critic of this country's economic policies, his successor is all praise for the efforts being made in the field and factory to expedite progress."

Dilip Mukerjee, Political Correspondent of The Statesman, left his customary caution and sophistry in discussing the issue. In his column (The Statesman, November 22) he said, "Mr. George Woods had messed up the World Bank's relations with the sub-continent; Mr. Robert McNamara's visit this week was intended to repair them. His first concern, therefore, was to reassure the leaders in India and Pakistan that the whimsicality which had marked the Bank's policies in the closing months of the Woods' era was now a thing of the past. The Bank may still be as hard-headed as before but it will be at least consistent." Dilip further added that Mr. McNamara attached great importance to obtaining a wider political feel as different from Mr. Woods who had established a close working relationship with Mr. Morarji Desai. Incidentally, The Statesman article showed positive signs of briefing by the Bank.

The Economic and Political Weekly of Bombay (Editor R. K. Hazari met Mr. McNamara) said on November 23 "McNamara's visit will go a long way to determine the World Bank's policy towards India -- a policy which, despite the known friendliness of his predecessor, George Woods, has gradually turned cold."

Commerce of Bombay (November 23) gave a list of Indian grievances in the past. The paper said "Devaluation under pressure from the World Bank, disappointment over the flow of aid in the post-devaluation period, uncharitable strictures of the former President, Mr. George Woods, and his advisers about India's performance and a few similar things had created a sort of estrangement between India and the World Bank. Irrespective of any improvement in the flow of aid that may or may not follow the visit of the World Bank's new Chief to Delhi, one thing is certain; Mr. Robert McNamara has certainly won the hearts of Indians."

The Bombay Statement

Mr. McNamara's statement on the eve of his departure from Bombay (November 23) received a very good treatment by the press. Most important newspapers carried the text in full. The press assessment of the statement has been realistic. It rules out any scope for over optimism about the prospects for aid from the World Bank Group and other sources for India's development. This is particularly welcome because any over-optimistic interpretation of the statement would have led to an adverse reaction if aid performance fails to match the expectations.

December 18, 1968

In an editorial "Mr. McNamara's Visit", the Financial Express (November 26) said "Although Mr. George Woods, the former President of the World Bank, had warned the developing countries that there was more talk about aid than actual aid, the seven-day visit of his successor, Mr. Robert McNamara, has done at least one good thing, viz. the establishment of a closer dialogue between the World Bank and this country But considering the world monetary situation and political overtone of aid policies, it would be better for us if optimism is tempered with caution. But whatever aid is available will obviously be earmarked for investment in development programmes which will be assured of a success. If the priorities were to be sorted out, the support of aid may be had for agricultural revolution, population control and for urgent projects to improve the basic services of metropolitan towns. New Delhi needs, however, to be reminded that Mr. McNamara's charity presently carries an interest of 6.5 per cent and might cost one per cent more in future, if the reports from Karachi were to be believed. Instead of being elated over the assurance of the distinguished visitor, it will do well to sponsor only viable projects."

The Hindustan Times (November 25) had this to say in an editorial entitled "The Wind of Change": "In his statement to the press on Saturday, the President of the World Bank made no specific commitment on the quantum of aid India is likely to receive either from the Bank or its richer member countries That is as might have been expected. But Mr. McNamara's major success is the change he has initiated in the climate of aid. To do this Mr. McNamara has had to address himself to two audiences -- the Western and Indian. To Western aid givers, the World Bank President carries back a message of hope 'for India's future'. His broad and generous endorsement of this country's economic policies is designed to convert those doubters in the West who have been trying to write India off."

Hindustan Times added "To those in India who were under the unfortunate impression that the World Bank was part of a general conspiracy against India, Mr. McNamara brought the message that the Bank was willing to help this country develop 'in its own way' and that ideological considerations were not to determine aid policy."

The Economic Times (November 27) said "Much of the optimistic reporting in the press during the conducted tour of the World Bank Chief emanated from wishful thinkers and lobbyists. So far as we know, the World Bank has given practically no indication of a surge in aid; this is simply not possible. The resources at the World Bank are strictly limited." The editorial revealed a lot of confused thinking when it said "Now it appears that Mr. McNamara wishes to shift aid operations in developing countries primarily to the IDA. Conceptionally this is a correct move, since IDA was created for this very purpose. It also suits the World Bank insofar as it is able to let IDA charge higher rates of interest without embarrassing the World Bank in the process."

Commenting directly on the Bombay statement, the Economic Times said "We may not doubt his sincerity when he says that under him the Bank 'intends to play its part'. One hopes that the part that the Bank will now play will be a positive one and that it will not seek recompense in disastrous measure like the still-unforgotten devaluation."

Calcutta's Capital puts the idea more succinctly and less passionately. In an editorial entitled "Mr. McNamara's Visit in Retrospect" the paper said "Read as a whole Mr. McNamara's statement can leave only one impression: while marginal increases in external assistance can be expected, by and large, under present conditions in the world, the developing countries have to carry their own burdens." The paper said that the prospects of direct aid from the Bank had never been large. Nor was India interested in direct aid from Bank funds since its terms were too hard.

The Statesman carried an exclusive interview from Mr. McNamara. On the subject of the Bank's future relationship with India, he (Mr. McNamara) acknowledged that a good deal depended on its soft-loan affiliate, the International Development Association, getting back into business. This can happen only when IDA gets fresh funds which the Bank has been seeking for over a year. India is already carrying almost as much hard debt as it can manage and is not in a position to take the kind of loans the Bank itself can provide, except to a marginal extent.

The Economic and Political Weekly (November 30) said "McNamara's visit has served to convince Government and the press that the World Bank exists and is likely to flourish under his stewardship. This he needed to do because the impression was going round that the Bank had become another Old Lady. There is no doubt that McNamara will be able to mobilize larger funds from such capital-surplus areas as West Germany, Switzerland and the oil-rich kingdoms and sheikdoms. The functional range and geographical coverage of World Bank operations would be wider and the forms of assistance more diversified. But even McNamara cannot restore the aid climate of the late fifties or make the Aid India Consortium blossom forth again."

A similar view was expressed by the Tribune (November 25). The paper said "But it would be both risky and impolitic to let our expectations soar on the basis of his assessment. True, Mr. McNamara seeks to make the World Bank a more effective instrument in the struggle against poverty. His exuberance will, however, be softened by the means actually given him. And these depend entirely on the slippery Western donors."

The Patriot (November 26) -- a close ally of V. K. Krishna Menon -- said "He (Mr. McNamara) can be happy, however, that he has been able to infuse a smug feeling of euphoria both in official and big business circles at no cost at all."

Other Matters

Calcutta

Cautious optimism was expressed about prospects for the Bank Group assistance to solve Calcutta's urban problems.

The Hindustan Standard (November 23) in an editorial told its readers not to have "extravagant hopes" from Mr. McNamara's visit to Calcutta. "The World Bank can do a lot of good to Calcutta if it so wills. It has the necessary resources to face up to the challenge of the city's development problem the magnitude of which is enormous There is however no reason to believe that the battle for Calcutta in the World Bank is won. Far from it. For one thing, there are today too many claims on the Bank's resources which are by no means unlimited."

The Capital (November 28) was a little more optimistic. The weekly said "Although his statement before leaving did not contain any specific reference to West Bengal, from the interest he showed during his stay in Calcutta it is obvious that the World Bank will do its part in meeting Calcutta's needs."

Bombay's Blitz said that Mr. McNamara's visit to India, particularly to Calcutta, was directed to screen out Indian Big Businessmen who were prepared to undertake collaborationist ventures with Americans in the country's eastern sector. The pro-Moscow weekly stated that Calcutta was destined to be the "front line of the U.S. second defence in Asia."

Two papers -- The Statesman and the Indian Express -- came out with strong editorials criticizing the demonstrations against Mr. McNamara.

Eastern Waters Dispute

Dilip Mukerjee wrote (The Statesman, November 24) that Mr. McNamara told him that the World Bank was not at all keen to intervene in disputes between nations. It will do so only when both parties to the dispute requested the Bank's good offices. "He made this point regarding the Bank's role in international disputes in the context of suggestions that it should help India and Pakistan to settle their differences with regard to waters of the eastern rivers just as it had assisted in the bifurcation of Indus basin water resources He added that the problem in the case of the Indus Basin was a good deal easier. A physical division of the resources was feasible which does not appear to be the case in the east," The Statesman said.

Public Sector Fertilizer Projects

The Statesman (November 22) said that Mr. McNamara was willing, unlike his predecessor, to support investment in public sector fertilizer plants, subject to two important qualifications: a) India should tackle the total problem of ensuring adequate capacity by complementary steps in both the public and private sectors, and b) managerial resources should be available to take care of additional public sector capacity.

Most other Indian newspapers joined The Statesman in calling this a change of attitude on the part of the Bank.

The facts, however, are different. The following is a report from The Statesman on a press conference by Mr. Woods in May 1967: Asked to explain the Bank's policy about supporting some public sector projects Mr. Woods said "We are primarily interested in the efficient management of fertilizer plants. The question of their ownership is of secondary importance." Mr. Woods further explained that he had no strong aversion to financing of fertilizer plants in the public sector, but the Bank must have confidence in the ability of the management to set up a plant and run it efficiently. (The Statesman, May 10, 1967)

Preference to Domestic Suppliers

Most Indian newspapers said that Mr. McNamara had indicated to the Planning Commission that Indian bidders could have the price preference equal to the import duty (about 27.5%) in respect of global tenders for Bank-financed projects in India. The Financial Express (November 19) reported that Mr. McNamara might allow Indian bidders to have the benefit of export incentives given by the Government. On this basis, the paper had calculated the preference to be between 50 and 55%.

The Statesman of November 22 said that the Bank might consider a change in its procurement procedures to give Indian suppliers "great" preference. "Unfortunately, the hint -- it was no more -- got publicized as an accomplished fact to the Bank President's embarrassment: he still has to get approval of his executive board to the change," the paper added.

Debt Re-scheduling

The Hindu (November 25) reported that the India Consortium was likely to meet in April to consider further re-scheduling of Indian debt to the extent of \$100 million.

A Suggestion

It would have been a lot better had the Information and Public Affairs Department joined the South Asia Department and the Indian Executive Director in preparing the program pertaining to meeting journalists and other public affairs groups. Dilip Mukerjee and R. K. Hazari are two important journalists that Mr. McNamara saw. But there are half dozen other distinguished journalists and economists who should have obtained precedence over some of the businessmen.

I also want to take the opportunity to reiterate Mr. Grenfell's suggestion of having an advance man from this Department on the scene during future visits by the President.

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mark up

OFFICE MEMORANDUM

TO: Mr. William Clark

DATE: December 18, 1968

FROM: S. Sankaran *BS*SUBJECT: Pakistan -- Press Comments During Mr. McNamara's Visit

Mr. McNamara's visit to Pakistan produced a lot of favorable comment in the Pakistani press.

There were appreciative references to Mr. McNamara's statement at Torkham about the impressive performance of Pakistan's economy. Most newspapers reported that Mr. McNamara had assured "all possible" help to Pakistan's development effort. Dawn (November 16) reported that Mr. McNamara said that loans on softer terms were very desirable for Pakistan. But that would depend on the availability of funds. The same newspaper reported that Pakistani officials felt hopeful of getting a larger amount of World Bank funds in the future.

Dawn (November 18) quoted Finance Minister Mr. Uquaili as saying that the World Bank would continue its assistance to Pakistan at an increasing level. The Minister said that an assurance to this effect was given by the World Bank President during his meetings with the Pakistan authorities. Mr. Uquaili said that Mr. McNamara had also assured that the credit from the International Development Association would be increased to Pakistan in order to improve the mix of soft and hard-term loans. Mr. Uquaili indicated that the Bank was interested in providing assistance in the fields of agriculture, family planning and education, particularly technical education and manpower development.

In an editorial, the Dawn (November 18) said that the McNamara visit should have enabled the Bank President to form a better idea of the problems of this country and its efforts to maintain a high rate of growth. The paper added "It will undoubtedly bring considerable relief to some countries if Mr. McNamara succeeds in getting the Bank Group to increase the quantum of aid and to soften the terms of lending. But it is doubtful if even a substantial increase in the Bank Group's aid will do much to help a majority of the developing countries if the other sources of outside financing prove difficult to tap."

The Morning News (November 17) welcomed the "promise" of softer terms for development loans to Pakistan. The paper was critical of past terms of economic assistance to Pakistan and said "a distressing aspect of the foreign economic assistance to Pakistan and other developing countries receive these days is the unduly harsh terms on which development loans are made available.... Some countries have been overwhelmed by the burden of repayment. While Pakistan fortunately does not fit into this category, the repayment obligations for money borrowed on hard terms in the 1950s and early 1960s will undoubtedly severely strain our capabilities when repayment becomes due in the 1970s."

Eastern Rivers

Mr. Uquaili informed the press (Dawn, November 18) that President Ayub Khan had asked for the Bank's assistance to overcome floods in East Pakistan. He said that the flood control problem was raised by the President during his discussions with Mr. McNamara. According to the Minister, the Bank assistance would pertain to carrying out a proper study of the problem in East Pakistan before taking concrete measures to overcome it effectively.

On November 13, the Morning News had reported that Pakistani officials might raise the Fararka barrage issue "as one of the principal subjects" for discussion with Mr. McNamara. The paper added "Although it is considered premature to entertain any high hopes in regard to possible mediatory or conciliatory role that the World Bank might be asked to play in resolving one of the critical disputes between Pakistan and India, the Bank's mediation in an even more complex dispute over Indus waters distribution does indicate the usefulness of such a move."

Dawn of November 23 took note of Mr. Cargill's visit to Dacca and carried an interview from him. The paper quoted Mr. Cargill as saying that he would like to see what the problems looked like during his five-day stay there. Asked by newsmen about the possibility of the World Bank's assistance in flood protection measures, Mr. Cargill expressed his inability to give a categorical answer. He said "we do not have the knowledge as to how we are going to deal with the problem".

According to Dawn, Mr. Cargill said that the World Bank had begun a series of investigations along with the Government of East Pakistan to determine what could be done to agriculture and irrigation. And this, he hastened to add, necessarily included flood control.

Mr. Cargill replied in the negative when asked whether he would discuss matters relating to India's Fararka Project with officials in East Pakistan.

cc: Mr. Grenfell

12/19/85L Maria Segura

This occasion gives me the opportunity to welcome to Washington my host during my recent visit to Argentina. Never have I been received with more warmth and grace. Never have I enjoyed a visit more. Mrs. McNamara and I are deeply grateful to Secretary Gotelli and his charming wife for having made that possible.

I am grateful to you for the opportunity to participate this morning in the signing of an \$82 million loan to Argentina for the El Chocon project -- a project of the greatest significance to the future of that country. Not only will it be a source of abundant power for the City of Buenos Aires, but it will serve as a foundation as well for the greatly expanded development of industry in the entire region.

This single loan is larger in amount than the total of all World Bank loans to Argentina during the past five years. It is symbolic of the substantial increase we anticipate in our lending to your country in the next five years -- an increase which we feel is amply justified by the efforts you have made and are continuing to make to control inflation and to move forward to a period of self-sustaining economic growth.

We congratulate you on your progress.