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Folder Title: Robert S. McNamara Personal Chronological Files - Chrons 09 (01/04/1970-31/05/1970)

Folder ID: 1772419

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4545S

Series: Chronological file (personal)

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: August 12, 2013

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THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
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McNamara Papers

Chronological files, 1970 (Apr. - May)

The Walter Bond Group
Archives



1772419

A1995-257 Other #: 1

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Robert S. McNamara Personal Chronological Files - Chrons 09

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WBG Archives

489/2/70

May 27, 1970

Dear Mr. Wauters:

Mr. McNamara has not indicated any interest in either of the two paintings which you brought to his attention. For that reason I am returning the two slides which you so kindly sent with your letter.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Mr. Andre Wauters
663 Fifth Avenue
New York, N. Y. 10022

489/2/69

May 27, 1970

Dear Dr. Dillenberger:

It appears that Mr. McNamara will be in the city on July 17, and he has agreed to see you and Mr. Peterson at 5:30 on that day.

If there is any change in his plans, we will let you know.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Dr. John Dillenberger
President
Graduate Theological Union
Berkeley, California 94709

489/2/68

May 26, 1970

Dr. Lincoln Gordon
President
Johns Hopkins University
President's House
Baltimore, Maryland 21218

Dear Linc:

Having just returned from the Far East, Margy and I learned of your mother's death. We are indeed saddened. We echo the highest tributes to her -- most of all, those of the young people who held her in great esteem and to whom she made many outstanding contributions through the Dorothy Gordon Youth Forum.

We send our deepest sympathy to you and your family.

Sincerely,

Robert S. McNamara

489/2/66

May 23, 1970

Mr. Victor E. Reuther
United Auto Workers
1126 - 16th Street, N.W.
Washington, D.C. 20036

Dear Victor:

Margaret and I have just returned from a trip to the Far East. Weighing on our minds throughout the whole time was the tragedy that caused the loss of Walter and May. We join with the multitude of other friends in extending to all of you our heartfelt sympathy.

Sincerely,

Robert S. McNamara

489/2/65

May 23, 1970

Mr. Eduardo Fernandez
Special Service Supervisor
Pan American Airways
John F. Kennedy International
Airport
Jamaica, New York 11430

Dear Mr. Fernandez:

May I thank you again for the great courtesy and extraordinary efficiency with which you assisted Mrs. McNamara and me last evening. Had it not been for your help we would have been forced to spend the night in New York. We are most grateful.

With best wishes,

Sincerely,

Robert S. McNamara

May 23, 1970

489/2/64

Miss Ginger Chappell
3715 Woodley Road, N.W.
Washington, D.C. 20016

Dear Miss Chappell:

Mr. Robert S. McNamara has asked me to acknowledge your recent letter and to express his regrets that he is not able to assist you financially in your most commendable aspirations. The funds of the Foundation are extremely limited and are already totally committed.

The McNamara's send their very best wishes for much success in a very worthwhile and satisfying endeavor.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara

489/2/63

OUTGOING WIRE

TO: INTERNATIONAL LABOUR OFFICE
CH 12 11 GENEVA 22

DATE: MAY 22, 1970

TELEX NO. 22 271

CLASS OF
SERVICE: TELEX

COUNTRY: SWITZERLAND

Cable No.:

TEXT: FOR C.W. JENKS ON BEHALF OF WORLD BANK GROUP I EXTEND
OUR WARMEST CONGRATULATIONS ON YOUR ELECTION AS DIRECTOR
GENERAL OF ILO AND ASSURE YOU OF OUR CONTINUED SUPPORT
AND COOPERATION. ALL GOOD WISHES FOR THE FUTURE.

R. S. MCNAMARA

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME R. S. McNamara

cc: Mr. Demuth
Mr. Karasz

DEPT. President

SIGNATURE _____

LChristoffersen:mcl

489 / 2 / 62

May 6, 1970

Dear Mr. Maeght:

I congratulate you upon your decision to establish in the U.S. a non-profit foundation for the development of Franco-American cultural relations. I feel honored by your invitation to serve as a director of the foundation.

You are quite right in implying that because of other commitments, the time and energy which I could devote to this project would be limited. If you are willing to accept my association with it on such a basis, I would be happy to serve.

With best wishes.

Sincerely,

Robert S. McNamara

Mr. Aimé Maeght
Fondation Maeght
9 rue Berryer
Paris 8, France

489/2/61

May 6, 1970

Dear Mr. Viegelmann:

I strongly urge you to follow your plan for enrollment in a university following completion of your tour in the armed forces. It is not as important which college you go to as it is that you continue your education and attain a university degree in a field which will equip you for a professional role in business.

Before you leave the Army, there will be counselling service available which will advise you on the choice of a college that is appropriate for your interests and your background.

Best wishes.

Sincerely,

Robert S. McNamara

PFC George P. Viegelmann
350 AVN Co. (720 Sig. Det.)
APO
New York, N. Y. 09165

489/2/60

May 6, 1970

Dear Mr. Jordan:

I have delayed replying to your April second letter hoping to be able to adjust my schedule to permit me to utilize in early July the reservations you so kindly made for me at Rio Blanco. Unfortunately, for me, because the fiscal year of the World Bank ends on June 30, July is a very busy period for us and I find it will not be possible to leave Washington during that month.

My wife and I hope to spend a few days at our cabin in Aspen some time in August and we shall look forward to driving down to your ranch for a brief visit at that time. Perhaps it would be possible for us then to discuss with you the possibility of membership in the ranch group.

Many thanks for your help.

Sincerely,

Robert S. McNamara

Mr. Harry Jordan
Rio Blanco Ranch
Meeker, Colorado 81641

489/2/59

April 30, 1970

MEMORANDUM TO SIR DENIS RICKETT

Dr. Machado has reported to me that he believes Mexico will be willing to release the balance of their 90% subscription to IDA unconditionally if we are willing to make a gentleman's agreement with them that we will use it only in relation to IDA credits in the Central American area (when used for such credits, the funds would be available to finance procurement anywhere in the world). I am very much inclined to propose to Dr. Machado that he indicate to the Mexican Government we would accept their proposal. Do you agree?

Robert S. McNamara

4/27/70
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All figures and statements
subject to check

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OUTLINE OF THE ANNUAL MEETING SPEECH

- I. The speech will cover:
 - A. The Bank's operations in 1970 and a progress report on the 5-Year Program
 - B. A report of the response to the Pearson Commission
- II. The Bank's operations in 1970 and the status of the 5-Year Program
 - A. In FY '70:
 1. New loans, credits, and investments totalled \$2-1/4 billion, up 125% over 1968.
 2. End-of-year liquid resources exceeded \$2 billion for the first time in the Bank's history.
 3. Profits amounted to \$212 million, the highest on record, up more than 20% above 1969.
 - B. And compared to the 5-Year Program, with its objective of doubling the Bank's operations in the five years '69-73 vs. '64-68, there is every reason to believe the results of '69 and '70 give every indication that the program can be achieved.
 1. If it is, the Bank will have approved loans, credits, and investments, during the period approximating \$11.5 billion for development projects costing in excess of \$25 billion.
 - C. At such a level of activity, the Bank is becoming a major development agency and it is appropriate, therefore, that in addition to emphasizing the volume of operations, it should have begun in the last two years to place increased emphasis on its role as consultant, advisor, and the source of technical assistance to the developing countries. And this we have done in a series of "qualitative" changes complimenting the "quantitative" expansion:
 1. Expansion of agricultural production, both as a source of food for expanding populations and as a stimulant to industrial growth, has been given a higher priority. As a result, agricultural projects (irrigation, drainage, credit, etc.), in 1969 and 1970, exceeded the total number in the previous history of the Bank.
 2. Similarly, education projects, designed to reduce the drag of functional illiteracy on development, were more in number in that two years than in all prior years put together.

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3. And the geographical scope of the Bank's operations was broadened to cover more of the very poor nations -- nations which lacked the capacity, on their own, to meet Bank standards, but which with Bank assistance were enabled to do so. As a result, the Bank, in FY '70, loaned for projects in 66 countries, twice as many as in the average year of '64-'68.
4. Work in population planning has begun, although more slowly than the urgency of the problem demands, in India, Indonesia, Jamaica, and Mauritius.
5. A start, but barely a start, has been made in broadening the concept of development beyond the limits of economic growth.
6. And, perhaps of greatest importance for the long run, the economic reporting program of the Bank has been reshaped and expanded to assist the developing countries to draw up overall development plans and to provide to donor nations and international agencies a solid foundation on which to base their programs of technical and financial assistance. In 1970, the Bank has issued the first of a series of annual economic reports on 30 nations and has published, in addition, 25 economic reports relating to the 60 nations that will be reported on regularly biennially or triennially.

III. To both strengthen its own efforts to increase the effectiveness of its development assistance, and to help others concerned with the same problem, the Bank financed the study by the Pearson Commission. Today, one year after receiving the Commission's report, I should like to summarize for you the action taken in response to the Commission's recommendations, both by the Bank and by others. [Reshape what follows based on a "technical note" to be prepared by Dick Demuth.]

- A. The Commission made 33 recommendations relating to the work of the Bank. To date, papers analyzing and commenting on 29 of these have been sent to the Executive Directors of the Bank -- four more are to follow. In almost all cases, we concur in the Commission's recommendations and have initiated action to put them into effect. For example, the Commission proposed that:
 1. IFC's policies should be reoriented to emphasize the development effect of its investments -- and not just their profitability. We agree, and in January issued a new Statement of IFC Policies, incorporating the Commission's recommendation.
 2. To avoid possible excessive use of export credits, a strong "early warning" system should be developed by OECD and the Bank. This is being done.
 3. New multi-lateral groupings to provide for annual reviews of the development performance of recipients and the discharge of aid and

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related commitments by donors should be established. We agree, and with the approval of the governments concerned, new groups are being organized for the Republic of the Congo, Ethiopia, Nigeria, Malaysia, and the Philippines.

4. The World Bank should participate in debt rescheduling discussions. To prepare ourselves for such discussions, we have initiated a series of studies of the increasingly serious debt service problems facing many of the developing nations.
 5. The World Bank should assist in the establishment of international centers for scientific and technological research in developing countries. Despite the importance of the new wheat and rice technology for irrigated lands, a food crisis in the developing world in the '80's and '90's cannot be avoided unless additional research is carried out in the decade of the '70's on rain-fed cultivation of wheat and rice and extended to other food crops, particularly sorgham, maize, leguminous oilseeds, grain legumes, and livestock in which it is so deficient today. The Bank is seeking to organize a concentrated attack on this problem by such groups as FAO, UNDP, the Ford and Rockefeller Foundations, and certain donor nations, including Sweden, Canada, the U.S., UK, and FRG.
- B. Three of the Commission's most important recommendations related to: the flow of external assistance to the developing countries; need to devise improved machinery for regular and standardized assessments of development performance of both developing and developed nations; and the urgent need to reduce excessive rates of population growth in certain countries. Excellent progress is being made in the implementation of one of these recommendations. Action with respect to the other two is far from satisfactory:
1. The most important single recommendation of the Commission related to the Aid Target.
 - a. In 1960, the UN General Assembly adopted a resolution to the effect that developed nations should divert 1% of their national income to grants and concessional loans to developing nations.
 - b. The idea was elaborated on by UNCTAD in 1964 and also endorsed by DAC.
 - c. At the second meeting of UNCTAD in 1968 the target was rephrased to refer to 1% of GNP.
 - d. The Pearson Commission points out, it is ironic to note that although the target was exceeded in the five years preceding its adoption by DAC, it has not been met since.

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- e. And it is instructive to note why this is true. Strictly speaking, the 1% is not an aid target -- it does not differentiate between commercial transactions and concessional aid. It is the concessional aid which is most essential to development and it was this category which, in relation to GNP, fell by one-third during the 1960's. Therefore, as you know, the Commission strongly recommended the establishment of a separate target for official development assistance, equivalent to .70% of GNP. Because the ODA of DAC members amounted to less than .40% of GNP, the Commission was recommending, in effect, that government aid be increased by 75%. What has been the response?
 - f. On the whole, encouraging, with the single exception of the U.S., no DAC member has turned down the target and many, including Belgium, the Netherlands, and Sweden have accepted it. Canada and Britain have agreed in principle without stating a date. France is meeting it today. Japan and Germany are moving toward it. And although the U.S. has stated it cannot, in the short run, agree to quantitative goals, President Nixon has declared his intention to increase U.S. ODA and authorized the U.S. representative in the negotiations for the 3rd Replenishment of IDA to join with the eight other nations who were proposing a replenishment of \$1 billion per year.
 - g. There is every reason to believe, therefore, that the decade of the '70's will see an increase, both absolutely and relatively in the flow of ODA.
2. The Commission emphasized the need for improved coordination of international aid.
- a. It pointed out: there is no process for authoritative monitoring and review of what is being done; the present multiplicity of agencies leads to duplication of effort; the present structure, with the exception of UNCTAD; ignores the interplay between official aid and other policy areas of equal or greater importance to development; and the multiplicity of reports and assessment do not project enough unity of purpose to make them a rallying point for public support in the industrialized countries.
 - b. To address this problem, the Commission recommended that the President of the World Bank invite heads of international organizations and representatives of both developing and developed countries to a conference to consider this problem.
 - c. It has not proven practical to follow the Commission's recommendation, but the problem remains, is serious, and should be addressed. The Canadian Government has taken the initiative in organizing informal discussion of alternative solutions to

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it; it is to be hoped Canada will continue to be active in this area, and that other nations will join her.

3. If the single most important recommendation of the Commission, in the short run, is the proposal for the establishment and acceptance of a target for ODA, its most important long-run recommendation relates to population planning.
 - a. In its comment on this subject it stated "No other phenomenon casts a darker shadow over the prospects for international development than the staggering growth of population It is clear that there can be no serious social and economic planning unless the ominous implications of uncontrolled population growth are understood and acted upon."
 - b. To meet this issue, the Commission laid out a comprehensive program of action for developing and developed nations and international agencies.
 - c. Progress in carrying out that program has not been satisfactory, as I will indicate in the next section.

IV. The Population Problem in the Developing World^{a/}

- A. An authority in the field of population research, asked to comment on the present state of family planning, said it is impressive, frustrating, inadequate, doubtful or unknown. He went on to add that the prospects are similarly promising or dubious: promising if we do what can be done; dubious if we continue as we are. I shall attempt to explain why and to point to what needs to be done.
- B. The difficulties in addressing the issue effectively are a function of its sheer size: tens of countries, each with a different problem, thousands of clinical facilities to be established and operated; hundreds of thousands of staff workers to be recruited, trained, and directed; hundreds of millions of births to be averted (simply to indicate an order of magnitude: if the birth rate of the developing world, including Mainland China, were to be cut from its present level of approximately 40 per thousand to 20 per thousand by the year 2000, i.e. to a growth rate of 1%, 1-1/8 billion births would have to be averted, and, therefore, hundreds of millions of individual couples to be served. If the 1% growth rate were to be further reduced by achievement of a reproduction rate of 1 in the developing world by the year 2050 (accomplished by a reproduction rate of 1 in the developed world by 2000) -- and achievement of these rates by those dates appears unlikely -- the world population would not stabilize below 15 billion. This illustrates the magnitude of the effort which will be needed to improve the "quality" of life for the more than one billion people who today are existing on the margin of life.

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^{a/} I am indebted to Messrs. Berelson, Freedman, and Harkavy for much of the thought and most of the data in this section of my statement.

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- C. To achieve the goal of reduced fertility, four ingredients are needed:
1. The political will at the top to support the effort.
 2. The interest and motivation among the people to accept the practice.
 3. The technology for application in the individual case.
 4. The organization to bring the technology to the motivated individuals.
- D. With regard to political will, there are two points to be made:
1. Within the past decade, there has been a tremendous upsurge in political acceptance of the need for action on the "population problem."
 - a. In 1960, only three countries had population planning policies, only one government was offering assistance, and no international organization was working on family planning.
 - b. In 1970 (as shown by the attached table), 25 countries in all three developing continents, with 67% of the population, have policies and programs; another 15 to 20 countries, with 12% of the population, provide assistance in the absence of an officially formulated policy; and the international organizations (UNESCO, UNDP, WHO, FAO, ILO, OECD, UNICEF, and the World Bank) all support the programs. In Asia, except Mainland China, 80% of the people live in countries with "favorable family planning policies"; in Latin America and Africa only 20%. A sharp reduction in infant mortality is the trigger to interest in family planning -- this has occurred in Asia; it has not, but is about to, in Africa.
 2. In many cases, this expression of political will is more apparent than real.
- E. With regard to interest and motivation, surveys show knowledge low, but interest high. People do want fewer children; they are interested in stopping, not spacing, births. There is a market for family planning in the developing countries, but all too little is known of only one place in the entire world where as many as three full-time researchers are working on the social science aspects of the population problem.
- F. With respect to contraceptives, the best methods -- the IUD and the pill -- are highly effective, but they are subject to serious defects. Better methods are badly needed. And yet, there are only four locations

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in the world in which four or more full-time researchers are working in the field of reproductive biology. Expenditures on reproductive biological research, by public and private institutions, worldwide, total less than \$50 million per year (compared to the approximately \$275 million per year that is spent on cancer research). They are substantially less than is needed to support existing research groups, and there are no funds in sight for the greatly expanded world effort which is needed. The level of funding required for an optimum fundamental research and development effort, which in perhaps ten years of work might develop a fully effective set of contraceptive devices, is estimated at \$150 million per year. [Include in an appendix to the statement data on devices from Harkavy's paper.]

G. With regard to organization and administration, we have made a start, but, overall, progress is unsatisfactory and we are even worse off here than with respect to research and development.

1. Many countries, with favorable policies on paper, lack programs in actual fact.
2. As the table indicates, in only a few of the countries in which the political will has been demonstrated is there any substantial percentage of women of reproductive age who are contraceptive users (the percentage of women in the developed countries who are contraceptive users is six times as high as in the developing countries). And, with the exception of Singapore and Hong Kong which are special cases, in only two developing countries, Taiwan^{a/} and Korea, is there evidence that family planning programs have substantially reduced the rate of population growth. An OECD study concluded that, in 1968, family planning programs in the developing countries accounted for only 2.5 million averted births, compared to the 1-1/8 billion to be averted between 1970 and 2000 if a 1% rate of growth is to be reached by that date.

H. What is a reasonable goal for the population planning programs of the developing countries? I suggest it should be to gain a few decades on what would occur to fertility in the absence of such programs. This would mean an increase in the quality of life for the citizens of those countries as a result of population totalling six or seven billion less than would otherwise be the case.

I. And what must be done to achieve this goal?

1. In all countries the political will is crucial.
2. In all countries (both developed and developing) additional funding for reproductive biological research, for social science research, and for expansion of organization and administration is required (say, fifty cents per capita per year).

^{a/} Even Taiwan, which by a most successful population planning program has reduced the growth rate from 2.8% in 1965 to 2.3% in 1969, will, if it reaches a reproductive rate of 1 by 1985, see its population rise from today's level of 14 million to 35 million before it reaches a zero growth rate.

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3. In all countries time will be required -- more time than we think. We should recognize that the solution will not come in a short period of years and we should organize our efforts accordingly.
 4. And from all international institutions additional effort is required. Despite their limitations, a lot more can be done with present methods of contraception. With common sense and relatively little research, it is possible to start family planning programs in most countries and achieve some success. We in the multi-lateral agencies can do much more than we have done to help. This applies as much to the Bank as to other agencies. A host of our members are appealing for our aid -- they want our advice and counsel more than our money. I propose to organize to give it to them -- [Re-read carefully Berelson's Freedman's, and Harkavy's papers.]
- V. [Conclude with a one or two page balanced appraisal of the outlook for development in the 1970's and the role of the Bank with respect to it.]

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add growth notes to the table

Table 1
Governmental Policy on Family Planning in Developing Countries

<u>Population Size</u> (millions)	<u>Policy and/or Program</u>	<u>Support but No Policy</u>	<u>No Support, No Policy</u>
400 and more	China (1962) 9 45 India (1952, reorganized in 1965)		
100 - 400	13 75 Pakistan (1960, reorganized in 1965) 10 Indonesia (1968)		
50 - 100		Nigeria (1969)	Brazil
25 - 50	Philippines (1969) 6 50 Thailand (1970) 2 15 Turkey (1965) 75 United Arab Rep. (1965) 42 90 South Korea (1961) 18? 30 Iran (1967)		Mexico Burma
15 - 25	8 5 Morocco (1965)	4 35 Colombia (1967)	Ethiopia North Vietnam South Vietnam Congo, Democratic Rep. Afghanistan Sudan
10 - 15	31 95 Taiwan (1964) 6 95 Ceylon (1965) 3 Nepal (1966) 7 70 Kenya (1966) 6 50 Malaysia (1966)	75 Venezuela (1965)	Algeria Peru North Korea Tanzania
Less than 10	Ghana (1969) 10 40 Tunisia (1964) Puerto Rico (1969) 37 95 Singapore (1965) Jamaica (1966) Trinidad and Tobago (1967) Mauritius (1965)	21 75 Chile (1965) Cuba Ecuador (1968) 7 20 Dominican Republic (1967) 45 Hong Kong (1956) 75 El Salvador (1967) Dahomey (1969) Honduras (1965) Nicaragua Costa Rica (1968) Panama (1969) Gambia (The) (1969) Barbados (1967)	Iraq Uganda Saudi Arabia Cambodia Madagascar Yemen Syria Cameroon Senegal Laos Lebanon Jordan Cyprus Kuwait

*1 is indicate organizational capacity to reach target population
2 is indicate countries where used*

[what LDC's are not listed & why]

489/2/56

April 24, 1970

Dear Pat:

I was really very flattered by your invitation to me to open the Motor Show, and I would like to accept for personal and public reasons. Looking at my Fall schedule, I fear it is going to be impossible. I have to spend the latter part of September in Europe (our Annual Meeting is in Copenhagen), and in mid-October I am planning one of my regular tours to the developing world, which occupy so much of the time that I can be away from Washington.

I am indeed sorry not to be able to accept your invitation. Perhaps you will regret it less when I tell you that I think my theme might well have been "the need to reduce the U.S. car population"!

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Sir Patrick Hennessy
Larkmead
Theydon Bois
Essex, England

WDC:RMcN:pay

489/2/55

April 24, 1970

MEMORANDUM FOR MR. DEMUTH
MR. WM. CLARK

I continue to sense rumblings of criticism
of the Bank among elements of the UN.

Please keep me fully informed of what is
being said about us in UN circles.

Robert S. McNamara

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION


INTERNATIONAL FINANCE
CORPORATION

April 24, 1970

OFFICE OF THE PRESIDENT

Memo to Messrs. Knapp, Benjenk, and Clark

Perhaps we can discuss later today
whether or not it would be wise to send
a letter such as the attached to the
"National Herald."



Robert S. McNamara

DISCUSSION DRAFT

Dear Sir:

It has just come to my attention that in your issue of Friday, April 17, by distortion and misrepresentation, you sought to convey the impression that one of our officers has endorsed the political policies of the Government of Greece. You further implied that outside powers have for months prevented us from proceeding with loans to that Government. It is true that the recent loan to the Development Bank of Greece was delayed for some time, but only because we questioned whether the economic conditions in Greece justified the loan.

We deeply resent your efforts to draw us into the political controversy which surrounds Greece. As you well know, our Charter prohibits us from taking account of political factors, and our decisions are based on economic considerations alone.

Yours very truly,

William Clark

NATIONAL HERALD - Friday, April 17, 1970

\$20 million

Loan from World Bank to ETEBA

Agreement signed in Washington

Officials of the Greek Government and high officers of the World Bank signed, in the World Bank building, the agreement of a \$20 million loan to NIBID. The guarantee from the Greek Government was signed by Mr. Emmanuel Pthenakis, Deputy Minister of Coordination.

On the World Bank side the agreement was signed by the first Vice President, Mr. Knapp, and for NIBID, Mr. Ahilleas Kominos, Chairman of the Board.

Mr. Knapp, speaking after the signing, said, among other things, that he was particularly happy because this second loan to Greece constitutes an indication of possible cooperation between the World Bank and Greece which had been delayed for reasons unconnected with the will of both parties. He expressed his particular satisfaction with the economic progress that is taking place in Greece and added that he expects the continuation of the help from the World Bank.

The Deputy Minister of Coordination, Mr. Emmanuel Pthenakis, in answering, thanked the World Bank on behalf of the Greek people for the loan which is going to help in its great effort for economic, social and cultural development of the country. After that he praised the importance of this loan as a hopeful expression of international cooperation and expressed his pleasure because additional effort to develop cooperation between Greece and the World Bank is already under way.

489/2 /51

April 23, 1970

Dear Dr. Livingston:

You have stated you are considering appointment of Mr. David E. McGiffert as President of the new University of Texas at San Antonio, and have asked for my comments on his experience and capacities as they relate to that office.

Based on seven years of close association with Mr. McGiffert, I can recommend him for the post without qualification. He is highly intelligent, articulate, and imaginative and displays unusual initiative, ingenuity, and energy in attacking new assignments. His knowledge of the social and political institutions of our society and his sensitivity to and interest in the young people of that society, in my opinion, fully qualify him to build and lead a large new state university -- and I say this knowing something of the extraordinarily complex problems which you and your associates face in the present circumstances.

In summary, I know of few men whom I would recommend as highly for the position for which you are considering Mr. McGiffert.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Dr. William S. Livingston
Vice Chancellor for
Academic Programs
The University of Texas System
Austin, Texas 78712

bcc: Mr. McGiffert

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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Chron
489/2/53

4/23

To Mr. DeLoach

Dick, I thought we were
bonding so we did not need
action by our Board.

What meetings of our
Board would the Fund wish to
attend? Would not be sufficient
for us to report to their representatives
matters of interest? Why do we need
to attend their Board meetings -
can't we get by with reports?
matters of interest.

Lyn

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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CORPORATION

OFFICE OF THE PRESIDENT

4/23

Chen
489/2/52

To Mr. Alford
Seen, for some time I
have wondered whether "Special
Projects" was being staffed
with the superior people which
it needs to carry out its extra-
ordinary difficult assignments.
The attached data which I asked
Lipton collect, are surely not
conclusive - but they do cause
me concern.

Let's discuss.
RMEW

Annual Panel Review 1969.

Distribution of Staff by Performance Category

	Excellent	V.G.	Good	Adoptive	Marginal
<u>In actual numbers:</u>					
Special Projects *	-	4	9	1	1
all Projects	8	75	132	11	5
all Bank	34	271	468	31	11

	Excellent	V.G.	Good	Adoptive	Marginal
<u>In percent:</u>					
Special Projects *	0	26.6%	60.0%	6.7%	6.7%
all Projects	3.5%	32.5%	57.1%	4.8%	2.2%
all Bank	4.2%	33.3%	57.4%	3.8%	1.4%

* Special Projects includes staff on duty in that Dept. today -
 this evaluation relate mainly to performance in their previous Dept.

Excludes :- (a) new recruits in Special Projects not yet evaluated of
 whom 2 are likely to be rated at least good and 1 adoptive ;

(b) 3 staff members transferring to Special Projects
 within next 3 months of whom none has yet

489/2 /50

Draft Message to Herr Axel Moeller, Minister of Finance, Federal Republic of Germany

I was so sorry that I was not able to meet with you as you suggested when you visited Washington two weeks ago. I was glad, however, to hear from Mr. Knapp of the conversation which you had had with him and with Sir Denis Rickett. I should like to express my appreciation of what you told them about the attitude of the German Government.

I am repeating below the text of a cable which I have sent to your colleague, Dr. Schiller. Since I had not been able to meet him in Europe when I was there recently, I felt bound to let him know my concern about the present critical stage of the I.D.A. negotiations and my hope that the German Government will do all they can to ensure a successful outcome. I know that you well understand the important issues which are at stake.

4/21/70
489/2/49

Draft Message to Dr. Karl Schiller, Minister of Economics, Federal Republic
of Germany

I was so sorry that in spite of the efforts which you made to propose a time suitable to both of us, we were not able to arrange a meeting when I was in Europe a week or so ago. I should have liked very much to talk to you, particularly about the Third Replenishment of I.D.A. which is causing me real concern.

It is true that since discussions began about this at the end of last year, substantial progress has been made. As you know, at the meeting in London last month, eight governments together accounting for two-thirds of the total contributions declared themselves in favour of a replenishment at the level of a billion dollars a year. These governments were those of Canada, Denmark, Finland, the Netherlands, Norway, Sweden, the United Kingdom, and the United States. Since then, the Japanese Government have told us that they would be prepared to support the figure of a billion dollars if the other governments will do the same. I know that, in addition, two or three other governments are reconsidering the provisional views that they expressed at the London meeting.

I do not, of course, know how matters will develop at the meeting in Vienna, but I feel that everything that has happened since I wrote to you on December 19th last year confirms what I then said about the crucial role of your country. Several governments have stated that if the German representative in Vienna were to say that your government would support a figure of a billion dollars if other governments would do so also, agreement could be reached without much difficulty. On the other hand, they report that if your government advocates a low figure, this may easily have a very damaging effect on the success of the negotiations.

What your government decides in this matter may be decisive not only for the I.D.A. replenishment but for the size of the total contribution which the United States, in particular, (and perhaps other countries also) will be willing to make to financing development. United States bilateral aid under the new Administration is likely to be reduced. Their contributions to multilateral organizations may be substantially increased, but only if other members also are prepared to support such increases.

I should like to stress another point which I made in my previous letter to you, namely, the serious problems of debt service in some of the developing countries with which we shall be faced, unless aid to them on concessional terms can be substantially increased. I very much fear that unless this is done private investment in those countries will suffer and payments under export credits will not be met as they fall due. Surely this is not a situation which ought to be allowed to develop. If it does, will it not cost the developed countries more in the end in debt rescheduling and relief operations?

These are some of the thoughts I wanted to convey to you, had we been able to meet. Many thanks for your efforts in trying to arrange such a meeting.

489/2/48

April 20, 1970

Dear Chancellor Heyns:

Mr. McNamara has asked me to let you know that he regrets it will not be possible for him to attend the fellowship dinner on Wednesday, April 29.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara

Chancellor Roger W. Heyns
University of California
University House
Berkeley, Calif. 94720

489/2/47

April 14, 1970

Dear M. Polad:

Mr. Robert McNamara has received a letter from Mr. Shepard Stone which encloses a copy of your draft plan for a cultural touring development in Africa.

Mr. McNamara has indicated that he would be happy to see you to discuss this project when you are next in the United States. Because Mr. McNamara spends a great deal of time travelling, it would be well for you to give him as much advance notice as possible in the event you do plan to come to the United States.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

M. Henri Polad
81 Route de la Reine
92 Boulogne, France

cc: Mr. Shepard Stone

OFFICE OF THE PRESIDENT

Chen
489/2/46

4/13

To Mr. Adler

John, please be sure to
maintain a complete file
of data on each regional
bank & revise our
summary sheets (which need
redesign to show more of the
data to show for IBRD & IDA
on our standard tables), whenever
new facts are available.

John

Germany

April 9 (NYT).—West
biggest shipping com-
amburg America Lines
German Lloyd, an-
oday that they will pro-
erger at annual stock-
meetings in July.
nouncement came after
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sistent of 62 vessels total-
70 deadweight tons while
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total tonnage of 430,169.
s six vessels under con-
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erger scheme was chiefly
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Dollar Borrowings S. Banks Decline

INGTON, April 9 (Reu-
dollar borrowings by
from their foreign sub-
lined for the third con-
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decrease was \$314 mil-
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and \$68 million in the
weeks.
decline brings gross
U.S. banks to their
ches to \$12.03 billion.

Wholesale Prices

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sale price index rose
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Inter-American Development Funding Boost Is Scheduled

By Edwin L. Dale Jr.

WASHINGTON, April 9 (NYT).—
The United States and the coun-
tries of Latin America are nearing
agreement on a major increase in
the lending resources of the In-
ter-American Development Bank.

The United States would pay in
slightly more than \$1 billion, in
two separate forms, over a period
of three years starting in 1971.
This would mark another step in
the new philosophy of foreign aid
that emphasizes the multi-national
lending institutions rather than a
large direct U.S. aid program.

Final agreement on the new
round of contributions to the bank
will be sought at the meeting of
its governors—the member nations'
finance ministers—later this month
in Punta del Este, Uruguay. Felipe
Herrera, president of the bank,
disclosed the basic shape of the
proposal at a news conference yester-
day.

Congressional Action

If agreement is reached, Congress
will almost certainly be asked to
enact the necessary legislation this
year. The necessary funds are al-
ready allowed for in President Nix-
on's budget.

Treasury Secretary David M.
Kennedy is also expected to pro-
pose at Punta del Este new mech-
anisms for greatly increasing the
contribution of industrial countries
outside the Western Hemisphere to
the Inter-American bank.

In an entirely separate negotia-
tion, the United States has been
reported willing to support a major
increase in contributions by the
rich countries to the "easy loan"
subsidiary of the World Bank,
known as the International De-
velopment Association. The key
to the outcome appears to lie in
the leading European nations,
particularly West Germany.

The proposed contribution to
the Inter-American bank would
take these forms:

First, the bank's "callable" capi-
tal would be increased from \$2.4
billion to \$4 billion, with the Unit-

ed States assuming about 40 per-
cent of the increase. This money
is not paid to the bank but serves
as a back-up to enable it to sell
its bonds on the world's private
markets.

Second, the paid-in capital would
be increased by \$400 million, slight-
ly more than doubling the present
amount. Again, Washington would
pay about 40 percent, over two
years. This money, in effect, en-
ables the bank to charge its bor-
rowers, on its ordinary "hard"
loans, less than it might other-
wise have to charge, given the cur-
rent world rates.

Third, the bank's "easy" loan
window, known as the fund for
special operations, would be re-
plenished by between \$1.2 billion
and \$1.5 billion, with the United
States paying between two-thirds
and three-fourths of the total.

The United States has proposed
paying \$900 million of this over
three years, \$100 million the first
year and \$400 million in each of
the following two years.

Burns Will Visit Basel

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Convert Fund International S.A.

Shares of class A shares of Convert Fund International
70, payment of U.S. \$0.60 per
following paying

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489/2/46

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Convert Fund International S.A.

of class A shares of Convert Fund International
70, payment of U.S. \$0.60 per
following paying

April 13, 1970

489/2/45

MEMORANDUM OF LUNCHEON CONVERSATION WITH FELIPE HERRERA, APRIL 13, 1970

During the conversation Felipe agreed that:

1. Gerry Alter and Ed Gutierrez could meet with his Operations Manager to review the future lending programs in Latin America, country by country, sector by sector, of our two institutions for a period of such as a year in order to divide the projects in such a way as to avoid potential conflict.
2. Dick Demuth could meet with Al Wolfe to coordinate matters of general policy and approach and to obtain their suggestions on how both operating and policy coordination could be improved.
3. He and I would lunch or otherwise meet together every three or four months and he will take the initiative to arrange the next meeting. (When I made this suggestion he indicated it might be helpful to have Messrs. Knapp and Upton present.)

When I expressed appreciation for IDB participation in our Economic Missions, Felipe said they were happy to assign personnel to our Missions, but Carlos Santa Maria had led him to believe that CIAP looked upon the Missions as an encroachment on their responsibilities.

Robert S. McNamara

489/2/46

April 3, 1970

Mr. Sherman Kreiner
204 Stonehouse Lane
Wyncote, Pennsylvania 19095

Dear Mr. Kreiner:

Mr. McNamara has received your letter in which you requested information concerning the Cuban missile crisis. He regrets that it is not possible for him to comply. Since becoming President of the World Bank, an international organization, he deems it inappropriate to comment on policy matters which pertain to his tenure as Secretary of Defense.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara

ALTERNATIVE POSSIBLE BANK/IDA LENDING PROGRAMS, GROSS & NET

4/2/70
489/2/43

	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>
<u>1. P & B Recommendation</u>					
Gross No. of Projects <u>a/</u>	179 <u>b/</u>	222	286	322	358
Net No. of Projects	122 <u>c/</u>	155	200	225	250
Gross Amounts (\$ millions) <u>a/</u>	2601 <u>b/</u>	3375	4150	4660	5150
Net Amounts (\$ millions)	2300	2360	2900	3260	3600
<u>2. Basis of P & B Staff & Financial Calculations - 'Full Program'</u>					
Gross No. of Projects	179	253	309	362	392
Net No. of Projects <u>d/</u>	122	177	216	253	274
Gross Amounts (\$ millions)	2601	3907	4547	5347	5733
Net Amounts (\$ millions)	2300	2732	3180	3739	4009
<u>3. Mr. McNamara's Figures</u>					
Gross No. of Projects	179	213	257	286	319
Net No. of Projects	127 <u>e/</u>	149	180	200	223
Gross Amounts (\$ millions)	2601	3396	3860	4000	4150
Net Amounts (\$ millions)	2380 <u>e/</u>	2375	2700	2800	2900

a/ With any given quality of lending program the relation between gross and net depends entirely on the time perspective from which the lending program is viewed; for instance, to come out with a given net number of projects at the end of the fiscal year, the lending program has to be somewhat higher than that on March 31, still higher on December 31 and yet higher on July 1 of the same fiscal year. In this presentation 'Gross' is taken to be as of July 1 and 'Net' as of June 30 in the same fiscal year and the difference is assumed to be 30% of the Gross figure. This relationship is applied equally to numbers of projects and amounts, though it is questionable whether it is valid to apply it to the latter.

b/ i.e. Number of Projects and Amounts in FY 1971.

c/ Allows for slippage of a further five projects from this fiscal year into FY 1971.

d/ Staff calculations were made on the basis of these figures with a small allowance (5-10%) for projects upon which work is done in one fiscal year but which are presented to the Board in the next year and for projects which are carried through almost all stages of appraisal process but then drop from the lending program altogether (e.g. Punjab-Haryana Drainage and Agricultural Study in FY 1969 and Chad Education II recently). The allowance made was probably on the high side, consequently slightly exaggerating the staff costs of achieving the net lending program shown.

e/ ~~Allows for no~~ further slippage in the current fiscal year *the actual net will be below these figures.*
There will be

CURRENT U.S. DOLLAR FIGURES FOR BANK/IDA
ADMINISTRATIVE BUDGETS FOR FYS1969-74

	<u>FY 1969</u>	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>
Constant Prices ^{a/}	45.5	62.8	80.0	91.6	102.4	114.5
Current Prices ^{b/}	45.5	62.8	84.8	100.0	115.2	132.7

a/ As presented on page 10 of P & B Paper
'Program Review FY 1971', dated 3/31/70.

b/ Assuming 6% price increase FY 1971 on
FY 1970 and 3% p.a. thereafter.