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Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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McNamara Papers

*Contacts
Germany (1973-1974)*

The World Bank Group
Archives



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Contacts with member countries: Germany - Correspondence 04

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WBG Archives

March 16, 1973

GERMANY - Discussion between Mr. McNamara and Minister Schmidt at the Ministry of Finance in Bonn, February 20, 1973

Mr. McNamara called upon Minister Schmidt at the Ministry of Finance in Bonn on Tuesday, February 20, at 11:30 a.m.

Mr. Schmidt said that the German aid program had been discussed at the Budget Cabinet on the previous Saturday. There had been a good deal of discussion about the percentage of GNP devoted to their aid programs by the various donor countries. He was not sure that this percentage was a valid criterion particularly in the case of countries such as Britain and France, a substantial part of whose aid was merely a continuation of their past colonial connections.

Mr. McNamara agreed that the French aid program gave them great influence in their former colonial territories in West Africa but both the French in Africa and the British in India were providing very valuable technical assistance.

Mr. Schmidt said that much of the aid given was budgetary assistance and could not therefore be regarded as financing additional development.

Mr. McNamara said that a country such as Upper Volta had to look to someone to give them budgetary assistance. There was no reason to discount such aid as being either used wastefully by the recipient or given selfishly by the donor. He agreed that the object of development assistance was to promote growth. Growth was a necessary but not a sufficient condition for the attack on poverty. Without growth, poverty could not be mitigated whether in India or in Brazil but much more than this was needed. In Brazil the average income per head was now \$500 but the northeastern region of Brazil was as poor as any part of India. The calorie intake was 25% below what the United Nations regarded as adequate. It was true that in Rio and in Sao Paulo there were great pools of wealth but this was not enough by itself. Nevertheless, he would be prepared to argue with anyone that growth of GNP was essential to the developing countries.

Mr. Schmidt said that for his part he had to deal with the problem of his budget. Each of his colleagues asked for a certain share of GNP, whether for defence, for education, or for other purposes. These demands together added up to more than a hundred.

Mr. McNamara said that if the developing countries needed to grow they also needed concessionary aid to enable them to do so. The strategy of the Second Development Decade had set up a target of 0.7% GNP for Official Development Assistance by 1975. It was clear that the donor countries would reach by then only half that level. The requirement had been calculated by Prof. Tinbergen and other economists of high standing. Even if the figure ought to be .6 instead of .7%, it was still clear that .35% was totally inadequate. German Development Assistance was below the average of the EEC countries which was itself less than half of what had been proposed as the target. The poorest of the developing countries, such as Bangladesh, needed more concessionary aid and could use it. A flow of funds was

March 16, 1973

forthcoming from private savings through capital markets but such private investment could not meet the needs of the poorest countries. In Latin America such private flows were of great value and he would not propose to use IDA resources there.

Mr. McNamara then described briefly the developments in the oil-producing countries. There was still a gap between the present price of oil and the price which the OPEC countries could extort if they used their monopoly bargaining position. They would do this if the consuming countries did not combine to defend themselves, e.g. by accumulating stocks and by drawing up plans for emergency reductions in oil consumption. They must also develop substitute forms of energy or alternative sources of supply. The oil revenues which the oil-producing countries would acquire over the next 10 or 15 years were enormous. In part, they would be used to meet the needs of those countries no doubt, in many cases, wastefully; in part, they would be used to finance development in other Arab countries. The remainder would no doubt be invested. Even funds so invested would remain volatile and would move from one currency to another whenever markets were disturbed by speculation. The whole problem of these growing oil revenues was a very large and serious one which should be considered in some suitable forum, such as the OECD.

Mr. Schmidt then asked whether German aid should be concentrated on certain parts of the world. Mr. McNamara replied that bilateral aid could be so concentrated provided that a substantial amount of multilateral aid was available. Multilateral aid could not be concentrated in that way.

Mr. Schmidt said that the German Cabinet had decided to give searching consideration to the aid program during the next three months. Minister Eppler had asked for a substantial increase. Mr. Schmidt was reluctant to concede this, particularly if there were to be a link between development assistance and SDR creation.

Mr. McNamara said that he did not believe that any link of this kind would be established in the near future, perhaps not until 1976. The scheme itself would take considerable time to negotiate. It would then be necessary to agree upon a total allocation of SDRs. We should therefore not count on any such link in planning for the next replenishment of IDA.

Mr. Schmidt said that he doubted whether a link would prove, in the end, to be desirable. He then talked about Official Development Assistance. The German aid program was of the order of \$1 billion. How did this compare with the British and French programs? It represented a heavy burden on the German budget.

Mr. McNamara said that the German aid program represented a smaller percentage of GNP than that of many other donor countries. Official Development Assistance funds were, on balance, well used by the developing countries who needed such assistance on concessionary terms.

The discussion closed with a brief reference to Soviet aid to the developing countries. Mr. Schmidt said that this appeared to be purely political in its motive and concentrated on relatively few countries.

March 16, 1973

Finally he said that he hoped to be in Washington before long and would look forward to seeing Mr. McNamara then.

A handwritten signature in blue ink, appearing to read "D.H.F. Rickett".

D. H. F. Rickett
Vice President

Copies: Mr. McNamara's Office (Original plus one carbon)
Mr. Adler (P & B)

March 1973

Points of Discussion with Heath, Barber, Brandt, Schmidt, Eppler, Sharp

I. LDCs facing serious financial problems

A. The debt problem:

A number of LDCs being forced to rely too much on export credit on relatively hard terms in order to achieve a reasonable rate of growth (e.g., 6%).

Publicly guaranteed debt of LDCs now approximately \$80b and debt service (7% p.a.) rising twice as fast as export earnings: obviously can't continue.

B. Concessionary aid (ODA) is inadequate to support reasonable level of growth; was generally agreed ODA approximately .7% of _____.
Deficit: affects poorest countries the most (particularly India, Pakistan and stimulates further borrowing which aggravates the debt problem.

II. Therefore, the need for an increase in funds available to IDA through 4th Replenishment is great.

III. The inability of the U.S. government to play a constructive role in formulating a plan for the Replenishment increases the risk of final action contrary to the interests both of the LDCs and the DCs (particularly the U.K. with its interest in sub-_____.

IV. There are three issues raised by the Replenishment: total amount; donor shares; allocation to LDCs.

If UK would support a move toward the level justified by the needs of the LDCs (say \$1500m) I believe a) it would be joined by FRG, Japan, Norway and Denmark; b) it would increase the probability of acceptable action on donor shares and allocation.

I am quite prepared to agree that if the U.S. share is cut, the UK's must be reduced; a larger Replenishment increases the justification for a reduction in UK share.*

I am opposed to a reduction in India's share in 4th Replenishment, but pressure for such a reduction will be great; we should be thinking of a formula: consider 40% of level of 3rd Replenishment plus a lesser % on the increment of the 4th.

V. Re aid to Indochina

Bank willing (and prepared to play whatever role its members desire)

Attitude of others:

US unclear, prior to Kissinger trip, what its approach would be -
DRV unfamiliar with aid and donors' requirements for supervision.

Japan does not want to take a leading role

ADB states it is understaffed and not prepared for a leading role.

UN: initial overtures rebuffed; now some indication DRV would consider a limited presence; UN would wish to limit its role to relief and avoid reconstruction and development.

* The ultimate decision on their share is not likely to be influenced by the action they take now on total.

There is a limit to the amount the DRV (and Indochina) need and can absorb; donors should avoid overstating it.

VI. Bank participation in debt rescheduling.

Would reduce Bank's ability to borrow, affecting both cost and amount - unlike holders of government bonds, or bonds of government agencies (e.g., U.S. Ex-Im) holders of IBRD bonds are not protected by full faith and credit of the Part I governments. Underwriters (and rating services) strongly share this view.

If Bank participates in one rescheduling, difficult to avoid participation in all and the total impact on Bank earnings and borrowing requirements would be great.

January 10, 1974

Visit of Mr. Alex Mueller, Former German Minister of Finance, January 8, 1973

Present: Messrs. McNamara, Mueller, Artopoulos

The discussion focussed on the energy crisis and Mr. McNamara cited some of the distressing figures showing the burden on developing countries of the increase in oil prices. He said that the surplus countries must be assisted in channeling funds into the developing world. The Fund and Bank are working on schemes to ensure that damage to the world economy is minimized.

Mr. Mueller shared Mr. McNamara's view and felt that the Bank and Fund are best placed to ensure that the LDCs do not suffer unduly. He had met earlier with Mr. Witteveen and told him that it was important that the Rome meeting of C20 on January 17 would address the issue as to how SDRs can be made more attractive for our oil producers. He said that a philosophy of "every man for himself" would be destructive to the world economy as a whole. He cited the reported deal between France and Saudi Arabia for oil in exchange for arms and goods.

Mr. McNamara said he would favor a common meeting among producers and consumers to seek a solution to the situation and agreed that putting national interests over concern for the welfare of the world would lead to disaster. He said he was delighted at the discussion which is beginning to take place towards international cooperation. He complimented Chancellor Brandt on his sensible policies and his stand for a unified Europe.

AL

President has seen

MEMORANDUM FOR THE RECORD

Visit of Mr. Matthöfer, Deputy to Minister Eppler, April 10, 1974

Present: Messrs. McNamara, Matthöfer, Janssen and Wefelmeier (Mr. Matthöfer's Personal Assistant)

Mr. Matthöfer said that Minister Eppler had been quite successful in beating back criticism of his Ministry. Mr. Matthöfer had been impressed with Mr. McNamara's Nairobi speech and asked if the Bank could be kept on this course. Mr. McNamara explained some of the initial efforts to introduce the objective of income distribution in the Bank's lending and countries' development programs and described the programs and organizational changes he had undertaken in order to launch a program to raise the productivity of small farmers.

Mr. Matthöfer said that the Federal Republic firmly supports the Bank's new objectives and would be in a position to contribute since its aid budget would double in the next four years. He said he would like to cooperate more closely with the Bank in research where Germany has financing but a very scattered program. He would like to study the Bank's procedures and Mr. McNamara said he would be given all documents he would require. Germany would like to finance jointly with the Bank, particularly in progressive projects. If there had been any problems in relations with the Kreditanstalt, these would soon be overcome.

Mr. Matthöfer asked whether the Bank would finance energy projects. Mr. McNamara said that in the long run it probably could. In the short run, fertilizer and other projects would be more important. He mentioned the Bank's paper of March 5 on the effect of oil prices and said that oil prices and its secondary price effects plus the effect on economic activities in developed countries would all act to cause difficult problems for the developing countries. He named the example of India and its special arrangements with Iran to alleviate the burden of oil prices in the short run.

Mr. McNamara mentioned two upcoming problems: first, the revision of the Five-Year Program, where he asked for a thorough review by Germany of the revised plans for borrowing and lending; secondly, salaries and pensions, where a pending revision would cause some political problems.

AL
April 11, 1974

President has seen

MEMORANDUM FOR THE RECORD

Visit of Mrs. Renger, President of the German Bundestag, and German Parliamentarians,
April 10, 1974

Present: Mr. McNamara, Mrs. Renger, Mr. Hans Katzer, Mr. Hermann Hoecherl, Mr. Herbert Ehrenberg, Uwe Ronneburger, Hans-Jurgen Wischnewski, Hermann Schmidt (Wülgendorf), and Richard von Weizsäcker and Mr. Janssen

The questions asked by the Parliamentarians referred to the decisions taken on the Fourth IDA Replenishment; the effect of inflation on the industrialized and developing countries; the extent to which oil-producing countries would finance development; how the Bank could help the poorest countries which are worst hit by the increase in oil prices; whether 7½% is not too expensive for lending to agriculture and rural development; how the Bank intends to help India in its current difficult situation.

In the course of the conversation, it appeared that the group had visited with Congressman Hays who had said that, although he had voted against the Fourth IDA Replenishment in January, he thought this was a mistake and would vote for it. Mrs. Renger said she would send Mr. Hays a note welcoming his change of position and Mr. Janssen later agreed to send us a copy.

AL
April 11, 1974

Page 1 of 1
has been seen

Points of Discussion with Heath, Barber, Brant, Schmidt, Wiles, Sharp

I DC's facing serious financial problems

A. The debt problem:

A number of LDC's being forced to rely too much on short dated on relatively hard terms in order to achieve a reasonable rate of growth. Excessively guaranteed debt now approx. 80% + debt service (73%) covering twice as fast as short earnings: obviously not sustainable

B. Unnecessary aid (ODA) is inadequate to support dev. level of growth. Deficient: affects poorest countries the most (particularly India, Pak + stimulates further borrowing which aggravates the debt prob.

II: the need for an increase in funds available to IDA from 4.2% to 5%

III The instability of the US govt & play a constructive role in formulating a plan for the Reffen. Increases the risk of final action contrary to the interests of both the LDC's + the DC's (particularly the UK with its interests)

IV There are 3 records raised by the Reffen: total aid, donor sh's, alloc to LDC's. UK would support a move towards the level justified by the needs of the LDC's (say 1500m) I believe: a) it would be joined by FRG, Japan, Canada, Norway + Den; b) it would increase the probability of acceptable action on donor sh's + alloc.

I am quite prepared to agree that if the US sh. is cut, the UK's must be reduced & larger Reffen increases the justification for a red on UK sh. I am opposed to a red. in India's sh. in 4th R, but because for some a red. will be great; we should be thinking of a formula: consider the total of 3rd R plus a lesser 2 on the increment of the 4th

* The ultimate decision on their the most likely to be influenced by the action of the 4th R

IV Re aid to Dubochina

FRK willing to (+ prepared to play whatever role its members desire)

Attitude of others:

- US unclear, prior to Kasser's trip, what its approach could be - DRV on financial side & donors' eyes for subversion
- Japan does not want to take a leading role
- ADB states it is understaffed & not prepared for a leading role
- UN: initial overtures rebuffed, now some interest - DRV would consider a 10th presence, UN would wish to limit its role to relief & avoid recon. & dev.

There is a limit to the extent the DRV (& Dubochina) need & a donor should avoid overstating it.

V FRK participation in debt resched

Would reduce FRK's liability to borrow, affecting both cost & amount - unlike holders of govt bonds, or bonds of govt agencies (e.g. US G-20), holders of IDRD bonds are not protected by full faith & credit of the Part I govt.

Underwriters (+ rating services) strongly favor this view

If FRK participates in resched, diff. to avoid participation in all (4) the total impact on FRK earnings & borrowing reqs would be great.

	Int. (1972)	Amort. (1972)
Argen	14.6	6.5
Chile	5.5	6.0
HAR	1.2	5.5
Thom	4.6	1.7
Zulia	28.2	54.1
Phil	21.3	25.4
Plan	7.5	6.3
San Juan	1.8	2.0
Total	84.7	105.5

Similar to
last time
yes

Teilnehmer im Seminar in Bonn 2/20/73
(Friedrich Ebert Stiftung)

BACHEM, Erich	Kreditanstalt für Wiederaufbau Mitglied des Vorstandes
BAUER, Dr. Walter	Shell AG
BÖRNSTEIN, Dr.	Ministerialdirektor im Bundesministerium für wirtschaftliche Zusammenarbeit
BRÖDER, Ernst,	Direktor Kreditanstalt für Wiederaufbau
DOHNANYI, Dr. v.	Bundesminister für Bildung und Wissenschaft
DUMKE, Ministerialdirektor,	Bundesministerium für wirt- schaftliche Zusammenarbeit
EHMKE, Professor Dr.	Bundesminister für Forschung und Technologie, Post- und Fernmeldewesen
EPPLER, Erhard, Dr.	Bundesminister für wirtschaftliche Zusammenarbeit
GEIGER, Helmut, Rechtsanwalt,	Präsident des deutschen Spar- kassen- und Giroverbandes e.V.
GOSSE, Redakteur	Vorwärts
GUSMANN, Dr. Georg	Handelsblatt
HAUB, Elisabeth	Wilhelm Schmitz-Scholl Tengelmann
HECK, Heinz	Frankfurter Allgemeine Zeitung
HEINE, Fritz	Vorstandsmitglied der Friedrich- Ebert-Stiftung
HESSELBACH, Dr. h.c.	Vorsitzender des Vorstandes der Bank für Gemeinwirtschaft Präsident des Kuratoriums der Friedrich-Ebert-Stiftung
HILLENBRAND, Martin	Amerikanischer Botschafter
Dr. HAMMEL	Abteilungsleiter der Kreditanstalt für Wiederaufbau
HOFFMANN,	(Begleiter von Dr. Hesselbach)

JAHN,	Repräsentant der Commerzbank
KIEFER, Diplom-Ingenieur,	Vorsitzender des Vorstandes der E.M. Pfaff AG
KORF, Willy	Geschäftsführer der Korf Industrie- und Handels GmbH u. Co.
KRUKENBERG, Direktor	der Kreditanstalt für Wiederaufbau
LERCHBACHER,	Frankfurter Rundschau
LOHMANN, Dr.	Deutsche Gesellschaft für wirt- schaftliche Zusammenarbeit
MATTHÖFER, Hans	Parlamentarischer Staatssekretär im Bundesministerium für wirt- schaftliche Zusammenarbeit
MITTENDORFF, Dr.	Geschäftsführer der Deutschen Gesellschaft für wirtschaftliche Zusammenarbeit
OSTERHAUS, Guido	Regierungsdirektor im Bundesmini- sterium der Finanzen
PETERSEN,	Verleger, Neuer Vorwärts-Verlag
KIESLER, Herr	Deutsche Presseagentur - dpa)
ROHWEDDER, Dr.	Staatssekretär im Bundeswirtschafts- ministerium
SCHLAICH, VLR I,	Auswärtiges Amt
SCHORK, Erika	Süddeutsche Zeitung
SCHÜLER, Dr.	Staatssekretär im Bundesministerium für Finanzen
SOHN, Professor, Dr.,	Staatssekretär im Bundesministerium für wirtschaftliche Zusammenarbeit
THEILEN, Diplom-Volkswirt,	Mitglied des Vorstandes der Preussag AG
WEBER, Ulrich	Präsident der Bundesstelle für Entwicklung

WELBERGEN, I.C.

Vorsitzender des Vorstandes
der Deutschen Shell AG

WULFF, Dr.

Mitglied des Deutschen Bundestages

PALMER,

Kölner Stadtanzeiger

MÜLLER, Roland

Bonner General-Anzeiger

SAHLMANN,

Begleiter von Bundesminister Eppler

MOLTRECHT

Begleiter von Bundesminister Eppler

N A U , Afred

Vorsitzender des Vorstandes
der Friedrich-Ebert-Stiftung

GRUNDWALD, Dr.

Geschäftsführer der Friedrich-
Ebert-Stiftung

Teilnehmerliste

am Abendessen des Herrn Bundesministers Dr.
Erhard Eppler zu Ehren des Weltbankpräsidenten
Herrn Robert S. McNamara

Dinner 2/21/73

Gastgeber: Herr Bundesminister Dr. Erhard Eppler

Ausl. Gäste: Herr Robert S. McNamara, Präsident der Weltbank
Herr William Clark, Direktor der Weltbank
Sir Denis Rickett, Vizepräsident der Weltbank
Herr Anders L. Jungh, Persönlicher Referent des
Weltbankpräsidenten

Deutsche Gäste: Herr Egon Bahr, Bundesminister für besondere
Aufgaben beim Bundeskanzler,
(BKA)

Herr Helmut Schmidt, Bundesminister der
Finanzen, (BMF)

Herr Dr. Hans Friderichs, Bundesminister für
Wirtschaft (BMWi)

Herr Staatssekretär Dr. Paul Frank (AA)

Herr Bundesbank^{vize}präsident Dr. ~~Karl Klasen~~ *Ottmar Eximinger*,
(6 Frankfurt/M. 1, Taunusanlage 4-6)

Herr Parlamentarischer Staatssekretär
Hans Matthöfer, (BMZ)

Herr Staatssekretär Prof. Dr. Karl-Heinz Sohn
(BMZ)

Herr Dr. Fritz Stedtfeld, Deutscher Exekutiv-
direktor der Weltbank

Herr Bischof D. Hermann Kunst, Bevollmächtigter
des Rates der EKD am Sitz der
BRD

Herr Prälat Wilhelm Wöste, Leiter des
Kommissariates der deutschen
Bischöfe - Kath. Büro Bonn -

Herr Dr. Hermann Jannsen, Vorsitzender des
Beirats der Arbeitsgemein-
schaft Entwicklungsländer
(5 Köln, Oberländer Ufer
84-88) (6 Ffm. KfW)

Herr Heinz-Oskar Vetter, Vorsitzender des
Deutschen Gewerkschaftsbundes
(4 Düsseldorf-Nord, Hans-
Böckler-Str. 39)

Herr Prof. Albrecht Kruse-Rodenacker,
Vorsitzender des Wissenschaftlichen
Beirats (1 Berlin 12, Niebuhrstr. 77
oder 7 Stuttgart, Institut für
Sozialökonomie an der TU, Friedrich-
str. 10)

Herr Dr. Franz-Heinrich Ulrich, Vorstandsmit-
glied der Deutschen Bank, Vor-
sitzender des Verwaltungsrats der
DEG

Dr. Fahn
Herr ~~Paul Lichtenberg~~, Mitglied des Vorstandes
der Commerzbank AG (Hauptverwaltung
Frankfurt, 6 Ffm. Postfach 2534)

Herr Jürgen Ponto, Vorstandsmitglied der
Dresdner Bank AG, (6 Ffm. Gallus-
anlage 7-8)

Herr Dr. h.c. Walter Hesselbach, Generaldirek-
tor der Bank für Gemeinwirtschaft
(6 Ffm. Ginnheimer Stadtweg 148)

Herr Prof. Dr. Theodor Dams, Präsident des
Deutschen Forums für Entwicklungs-
politik (53 Bonn, Herwarthstr. 16)

Herr Dr. h.c. Ludwig Poullain, Generaldirektor
der Westdeutschen Landesbank und
Girozentrale (44 Münster, Fried-
richstr. 1)

Herr Rudolf Opitz, Mitglied des Deutschen Bundes-
tages, FDP

Herr *Dr. Uwe Holtz*, MdB (SPD)

Herr *Dr. Jürgen Gerhard Todenhöfer*, MdB, (CDU)

Herr Ministerialrat Dr. Hans Janssen, BMZ

Herr Oberregierungsrat Herbert Sahlmann,
Persönlicher Referent des Bundesministers für
wirtschaftliche Zusammenarbeit

Herr J.W. Strobel, Pressereferent des
Europabüros der Weltbank

Herr Helmut Geiger, Präsident des Deutschen
Sparkassen- und Giroverbandes
(53 Bonn, Buschstr. 32)

Herr Alwin Brück, MdB

Herr Dr. Klaus Lefringhausen

Herr Ministerialdirigent Dr. Moltrecht, BMZ

Herr Ministerialdirektor Dumke (BMZ)

*Herr H. Erich Bachem, Vorstandsvorsitzender der
Kreditanstalt für
Wirtschaftsbau*

Stand: 31. Januar 1973

for the various meet with this group 2/21/73

Ausschuß für wirtschaftliche Zusammenarbeit

(19. Ausschuß) -

19 Mitglieder

Vorsitzender: Abg. Brück SPD
Stellvertretender Vorsitzender: Abg. CDU/CSU

Fraktion	Ordentliche Mitglieder	Stellvertretende Mitglieder
	Abgeordnete	Abgeordnete
SPD	Brück Bühling Collet Friedrich Dr. Holtz Kaffka Müller (Bayreuth) Peiter Schluckebier	Batz Esters Huonker Lambinus Frau Dr. Riedel-Martiny Frau Schimschok Tönjes Wendt Zeitler
CDU/CSU	Josten Dr. Köhler (Wolfsburg) Rawe Roser Schedl Dr. Todenhöfer Wawrzk Frau Dr. Wolf Dr. Wulff	Dr. Aigner Dr. Blüm von Bockelberg Breidbach Gewandt Dr. Heck Graf Stauffenberg Susset Zink
FDP	Opitz	Zywietz

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: May 10, 1973

FROM: Dieter Hartwich *DH*SUBJECT: Visit of Professor von Weizsaecker

5/11
Professor von Weizsaecker saw Mr. McNamara on April 26. After explaining the work on matters of developing countries done in his Institute, he referred to the dissatisfaction with the achievements of development assistance which was held in many quarters today. Mr. McNamara replied that while progress had been slower than one would have thought ten or twenty years ago, the dissatisfaction resulted largely from a misleading notion of what constituted success in this field. Once it was realized that progress of economic development was bound to be slow, full of complications and of different pace in different sectors, the matter was put into a better perspective and accordingly also the assessment of the degree of success.

Professor von Weizsaecker asked for Mr. McNamara's reaction to an observation heard in Europe, i.e., that the slow progress of developing countries was at least partially due to their continued dependence on the developed countries, particularly with regard to the marketing of their products. He mentioned Zambia and its dependence on the copper prices. Mr. McNamara explained that he did not regard this argument as valid. Taking the case of Zambia, if the Zambians had listened to the Bank's advice on diversification and economic policies, they would be in a better economic position now than they find themselves. He doubted that the Zambian copper price could be determined to any substantial extent by the consumers of Zambian copper alone. A more important issue were the institutional problems faced in developing countries particularly in promoting rural development and spreading the benefits of development to wider groups of the population. There was then some discussion of these problems with particular relevance to India. Mr. McNamara suggested that these subjects as well as, for example, questions of nutrition, needed further examination by research institutions such as the one headed by Professor von Weizsaecker.

Professor von Weizsaecker thanked Mr. McNamara for giving him the opportunity for an exchange of ideas.

cc: Mr. McNamara's office (2)
DHartwich:rpo

President has seen

RENGER, Annemarie (SPD)

President of the German Bundestag
Social Democratic Party

Born October 7, 1919

Widow

Employed in publishing business

From 1945 to 1952, private secretary of Dr. Kurt Schumacher

Member of Bundestag since 1953

From 1959 to 1966, member of the Advisory Assembly of the European Council and the Assembly of the Western European Union.

Until April 1973, member of the Executive Committee of the Social Democratic Party and the Presidium

Since December 13, 1972, President of the German Bundestag

Member of the Executive Committee of the Party's representation in the Bundestag

Vice President of the International Council of Social Democratic Women in the Socialist International.

KATZER, Hans (CDU)

Member of the German Bundestag
Christian Democratic Party

Born January 31, 1919

Married

Technical School (Textile Industry)

1950, Secretary General, since 1963 Chairman of the Social
Committee of the Christian Democratic Workmen of Germany

Deputy Chairman of the Christian Democratic Union of Germany

Board member of Ruhrkohle AG

Since 1957, member of the German Bundestag

From 1965 to 1969, Federal Minister of Labour and Social
Affairs

Deputy Chairman of the Christian Democratic Party/Christian
Social Union group in the Bundestag

Regular member of the Committee for the Preservation of
the Rights of the Parliamentary Representation according to
Article 45 GG (Constitution) and of the Joint Committee
according to Article 53A GG.

HOECHERL, Hermann (CDU/CSU)

Member of the German Bundestag
Christian Democratic Party/Christian Social Union

Born March 31, 1912

Married

Lawyer

Studied law in Berlin, Aix-en-Provence and Munich

Member of the CSU Bavarian Executive Committee

Member of the Advisory Council of the Bayerische Vereinsbank
and of the Directorate of the Bayerische Treuhand AG

Member of the German Bundestag since 1953

1957 - 1961, Chairman of the CSU group in the Bavarian
State Parliament and Deputy Chairman of the CDU/CSU
Bundestag group

1961 to 1965, Federal Minister of the Interior

1965 to 1969, Federal Minister of Food, Agriculture and
Forestry

1969 to 1972, Deputy Chairman of the CSU group in the
Bavarian State Parliament and Chairman of the Mediation
Committee

Since 1970, Chairman of the Committee Budget, Taxes,
Money, and Credit of the CDU/CSU group

Regular member of the Finance Committee

Dr. EHRENBERG, Herbert (SPD)

Member of the German Bundestag
Social Democratic Party

Born December 21, 1926

Married

Political Economist, studied Sociology in Wilhelmshaven
and Göttingen, Dr. rer. pol.

From 1964 to 1968, political-economic division at the
General Board of the Industrial Trade Union (Construction
Workers' Union)

Member of the Committee for Political Science with the
SPD Executive Committee and member of the expanded
Committee of the Society for Social Progress

From May, 1968 to October 1969, Director of the
sub-division Structural Policy in the Federal Ministry
of Economics

October 1969 to April 1971, Director of the Division
Economic, Financial, and Social Policy in the Federal
Chancellory

May 1971, to December 1972, State Secretary at the
Federal Ministry of Labour and Social Affairs

Since December 1972, member of the German Bundestag
Deputy Leader of the Bundestag group of the Party
Deputy Chairman of the Economics Committee

RONNEBURGER, Uwe (FDP)

Member of the German Bundestag
Free Democratic Party

Born November 23, 1920

Married

Farmer

Since 1970, Chairman of the FDP Party Schleswig-Holstein
and member of the Executive Committee of the FDP

1966 to 1972, member of the General Synod of the United
Protestant-Lutheran Churches of Germany, since 1972,
member of the Synod of the Lutheran Church of Germany

Member of the German Bundestag since December 1972

Deputy Chairman of the FDP group of the Bundestag

Regular member of the Foreign Affairs Committee

Regular member of the Committee of Food, Agriculture
and Forestry

WISCHNEWSKI, Hans-Jürgen (SPD)

Member of the German Bundestag
Social Democratic Party

Born July 24, 1922

Married

1953 to 1959, secretary at IG Metall

1959 to 1961, Federal Chairman of the Young Socialists

1968 - 1972, member of the Executive Committee of the
Party

Member of the German Society for Foreign Policy

Since 1957, member of the German Bundestag

From 1961 to 1965, member of the European Parliament

From 1966 to 1968, Federal Minister for Economic Cooperation

Member of the Executive Committee of the Party group
in the Bundestag

Regular member of the Foreign Policy Committee

Regular member of the 1st Investigation Committee

Deputy Chairman of Committee I for Foreign and Security
Policy, Inter-German relations, Europe and Development
Policy

SCHMIDT (Würgendorf), Hermann (SPD)

Member of the German Bundestag
Social Democratic Party

Born February 6, 1917

Married

Manager, Colonel (res.)

From 1946, business manager of the "Westfälische Rundschau"
in Siegen

Since 1948, temporarily municipal, magistrate, and district
representative

Since 1962, district president and in this capacity
Chairman of the Board of Directors of the Transport
Society South Westfalia

1950 - 1961, member of the Parliament of Nordrhein-
Westfalen

Since 1961, member of the German Bundestag

Member of the European Council, of the Western European
Union and of the North Atlantic Assembly

From 1969 - 1972, Deputy Chairman of the Defense Committee

Since February 1, 1973, Chairman of the Defense Committee

Dr. von WEIZSÄCKER, Richard (CDU)

Member of the German Bundestag
Christian Democratic Party

Born April 15, 1920

Married

Lawyer

Studied law in Oxford, Grenoble, and Göttingen

Dr.jur., board member of several corporations

1964 - 1970, President of the German Lutheran Convention

Member of the Synod and the Council of the Lutheran Church
in Germany

Member of the Executive Committee and Chairman of the
Commission on Rules of the Christian Democratic Party

Member of the German Bundestag since 1969

Deputy Chairman of the Christian Democratic Party/Christian
Social Union group in the Bundestag

MEMORANDUM FOR THE RECORD

Meeting with Mr. Shroder, May 1, 1974

Present: Messrs. McNamara, Shroder, Janssen, Dr. Jung (Personal Assistant) and Dr. Freudenstein (Interpreter)

Mr. Shroder asked Mr. McNamara's impression of Egypt where both had visited recently. Mr. Shroder had particular interest in the program for reconstruction and consolidation of Egypt's debt. Mr. McNamara said he had had favorable impressions of Messrs. Sadat and Hegazy and spent some time discussing with both. He also told of the ambitious plans for reconstruction and the conditions which the Bank would impose before lending. He said that little was known about the Soviet debts or Arab financial assistance.

Mr. Shroder asked whether Mr. McNamara thought the Aswan Dam was a sensible project. Mr. McNamara said he thought it had been implemented effectively.

Mr. Shroder asked what the World Bank could do for the least developed countries. Mr. McNamara outlined the programs and amounts of money destined for the poorest and mentioned examples of agricultural credits to India for onlending to projects for tubewells, seeds and fertilizer. He emphasized the insufficiency of available funds and the importance of other institutions.

Mr. Shroder said he was going to visit Mr. Clifford and asked for Mr. McNamara's impressions of the UN Special General Assembly. Mr. McNamara said he had been pleased at the absence of major confrontation.

Mr. Shroder asked about the prospects for peace in the Middle East which Mr. McNamara thought were good.

AL
May 1, 1974

#1.

BONN BUNDESTAG DELEGATION

Washington Visit, May 28-31, 1974

SPD (Social Democrats)

Dr. Uwe Holtz (speaker)
Gunter Schluckebier

CDU (Christian Democrats)

Hans Roser (speaker)
Dr. Volkmar Köhler

FDP

Werner Zywietz

German Officials

Dr. Skupnik, Administration of German Parliament
Dr. Günther Schulz, Ministry for Economic Cooperation
Helmut Koinzer, Ministry of Economics

HOLTZ, Dr. Uwe

University assistant

Address: 5604 Neviges

Eichenstrasse 41

Postal address: 5300 Bonn 12

Representing: North Rhine-Westphalia

Electoral District 73

(Düsseldorf-Mettmann II)

SPD Party (Social Democrats)

Born in Graudenz on March 19, 1944; Protestant; married. Attended elementary school in Neviges and secondary school in Langenberg, from which he graduated in 1963. Studied French, History and Spanish at the University of Cologne, passing the State Examination in 1967; received Ph.D. in 1969. While a student, engaged in sociopedagogic work in France, receiving diploma as "moniteur". Since 1969, assistant in Modern History at the University of Kiel. Study trips to southern and western Europe, the United States and Latin America. 1959-64, active in the youth movement. Joined the SPD in 1963, working with the Young Socialists. Member of the Cologne Student Parliament. Coopted member of the Committee for School and Cultural Affairs of the Neviges Town Council. Since 1969, SPD District Delegate for the Electoral District of Düsseldorf-Mettmann. Member of Arbeiterwohlfahrt (Workers' Provident Association) and the Union of Educational personnel.

SCHLUCKEBIER, Günter

Trade Union Secretary

Address: 4100 Duisburg 13

Kasteelstrasse 10

Representing: North Rhine-Westphalia

Electoral District 90

(Duisburg I)

SPD Party (Social Democrats)

Born in Duisburg on February 15, 1933; married. Elementary school, graduated from intermediate school. Attended resident courses organized by the German Trade Union Federation (DGB); 1950-53, apprentice metal-fitter, worked until 1957 at this trade. 1957-64, Secretary of the Duisburg Chapter of the DGB; from 1964, Chairman and Director of that Chapter. Member of the SPD since 1951; chairman of the local association. Member of the German Railwaymen's Union since 1950. 1964-70, member of the Duisburg Town Council, finally serving as deputy floorleader for the SPD. 1970, elected to the North Rhine-Westphalia Landtag (State Assembly).

ROSER, Hans

Pastor

Address: 8501 Eckental-Eckenhaid

Falkenweg 10

Representing: Bavaria

State-wide party list

CSU Party (Christian Socialists)

Born in Claffheim (Rural district of Feuchtwangen) on March 7, 1931; Protestant; married, four sons. Graduated from secondary school in Ansbach in 1951. Studied theology in Neuendettelsau, Erlangen, Bonn and Heidelberg. Worked his way through college. Entrance examination in theology 1957, followed by studies at the Seminary in Nuremberg. 1958, curate in Zeil-am-Main (Lower Franconia); 1959, ordination; 1960, acceptance examination in theology; 1961, pastor in Zeil-am-Main. 1963, Protestant rural youth pastor for Bavaria and Director of the Protestant rural youth organization. Member of the CSU since 1949, cofounder of the Protestant Working Group within the CSU, and State Chairman of this group since 1969; member of the State Executive of the CSU; Deputy Regional Chairman of the CSU for Middle Franconia. Member of the Bundestag since 1969.

KHOLER, Dr. Volkman

Department Head

Address: 3180 Wolfsburg

Schulenburgallee 110

Representing: Lower Saxony

State-wide party list

CDU Party (Christian Democrats)

Born in Hannover on May 20, 1930; Protestant; married, two children. Elementary school, graduated 1949 from secondary school. Studied Music, German Language and Literature, Art History, Economic History and Teaching at the University of Göttingen. Received Ph.D. in 1956. 1956-58, teacher at various institutes for adult education. Published a series of scientific works. Since 1958, employed by Volkswagen, in charge of the company's historical records and the Works Museum; since 1969, in charge of management training. Member of the Wolfsburg Town Council. 1969-72, Mayor of Wolfsburg. Member of the Supervisory Board of Gemeinnützige Wohnungsbaugesellschaft Neuland m.b.H., Wolfsburg (provident building association).

ZYWIETZ, Werner

Business manager

Address: 2071 Bünningstedt u. Ahrensburg

Birkenhöhe 16

Postal address: 2071 Timmerhorn u. Ahrensburg

Birkenhöhe 16

Representing: Schleswig-Holstein

State-wide party list

FDP Party (Free Democrats)

Born in Saleschen (East Prussia) on May 21, 1940; Protestant; married, one child. Graduated from secondary school. Practical training in banking and financial administration. Military service, currently reserve captain. Studied business management at the University of Hamburg, where he gained a diploma in commerce. 1963-64, Deputy Chairman of ASTA (General Student Committee) for the University of Hamburg. Study trips to the U.K., France and India. Employed by Esso AG since 1969. Member of the FDP since 1964. 1964-66, member of the Schleswig-Holstein. State Executive of the German Young Democrats. 1966-72, member of the Delegate Assembly for the Stormarn District. 1971, Deputy State Chairman of the FDP in Schleswig-Holstein.

MEMORANDUM FOR THE RECORD

Meeting with Mr. Todenhoefer, Chairman for the Development Commission of the CDU and Speaker for Development Policy of the Parliamentary Group, September 12, 1974

Mr. Todenhoefer was accompanied by Mr. Janssen, German ED. Mr. Todenhoefer said he came from Saudi Arabia where he had met with King Faisal, and from New York where he had met with Secretary-General Waldheim. He asked whether the Bank was still placing priority on rural development in view of the changed world economic situation. Mr. McNamara confirmed this and said it will, however, be much more difficult for the poorest developing countries and that he would say so at the Annual Meeting. Many of the projects would be difficult to implement since they threaten the traditional power structure in developing countries.

Mr. Todenhoefer asked why it would not be more appropriate to give grants to the poorest countries. Mr. McNamara said that grants would lead to lack of discipline in use of the money and, secondly, countries will eventually progress to the point where they are fully able to pay back borrowed money. Mr. Todenhoefer asked whether credits to be repaid to development institutions would be a good idea. Mr. McNamara welcomed the idea, particularly if bilateral loans would be repaid to multilateral institutions.

Mr. Todenhoefer asked whether Bank loan terms could be made more flexible. Mr. McNamara said that it was easier for national programs to be flexible on terms, since the wide diversity of interest rates and maturities would lead to difficult political discussions in the Bank.

Mr. Todenhoefer asked about responsibilities facing the OPEC countries. Mr. McNamara said they would need technical assistance but did not fully know how to utilize it at present. They should help developing countries and are beginning to do so currently probably at a rate higher than that of the OECD countries in terms of percent of GDP. Oil countries are liquid but not rich and the proper strategy is to put at least part of the money into income-earning investments.

Mr. Todenhoefer asked whether there would be an oil price increase. Mr. McNamara said that the Bank is projecting no increase in real terms. Mr. Todenhoefer recommended that the Bank do the maximum it can to give impartial advice to oil countries, since they have few real friends.

AL
September 18, 1974

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (cc: Mr. Wm. Clark o/r) DATE: December 6, 1974
FROM: John E. Merriam
SUBJECT: Signing of Cooperation Agreement 2:30 p.m. December 6, 1974 and
Proposed Press Arrangements

2:30 - Signing Ceremony

Participants: Minister Bahr
Dr. Janssen
Representatives of German Embassy (2 or 3)

Mr. McNamara
Mr. Knapp
Mr. Broches
et al

2:45 - End of Ceremony; beginning of discussion with press. These are the arrangements made to date with some suggestions:

1. The German Press and other Press invited will attend the signing ceremony, being seated along the wall in the Board Room. These would include the six German journalists currently visiting the Bank for a seminar. Press photographers (3 or 4) will be invited to photograph the actual signing. (See attached list.)
2. After the signing you may wish to say a few words if you feel this is appropriate. Bahr intends to make a brief statement probably in German. Simultaneous translation has been arranged.
3. After his statement Bahr would like to answer questions from the Press. We believe he will speak in German. The Press will be invited to move to the table where there are vacant places.

I recommend that after introducing Bahr you as host make the announcement of the Press Conference and then move back from the table, only being drawn into the conversation incidentally.

A press release on the agreement will be simultaneously distributed this afternoon in Washington and Europe.

The following journalists have been invited to attend the signing and Press Conference:

Journalists visiting Bank for seminar:

Mr. Peter Blume, Vereinigter Wirtschaftsdienst (VWD)
Mr. Theodor Fuchs, Sueddeutsche Zeitung
Miss Ursula Holtmann, Westdeutscher Rundfunk
Mr. Hans Ulrich Spree, Deutschlandfunk
Mr. Eberhard Wisdorff, Handelsblatt
Mrs. Ulrike Woehning, Westdeutscher Rundfunk
Mrs. Elisabeth Stieler, Bonn Aid Ministry

Other Germanphone Press

Mrs. Carola Kaps, Frankfurter Allgemeine
Mr. Herbert von Borch, Sueddeutsche Zeitung
Mr. Juergen Leinemann, Der Spiegel
Mr. Juergen Horsch, Deutsche Presse Agentur
Mr. Helmut Reinke, Nueu Zuercher Zeitung

Non-German Press

Mr. Michael Cooling, Reuters
Mr. Charles E. Flinner, UPI
Mr. Jack Norman, AP-Dow Jones
Mr. Gregory N. Nokes, AP
Mr. Michel Camus, AFP
Mr. Hendrick L. Leffelaar, Netherlands Press Assn.
The Washington Post
The New York Times
Mr. Raul Riutor, Latin News Agency
Mr. Richard Lawrence, Journal of Commerce

Suggested Approach

This is Bahr's conference called at his request. Therefore, your position is that of host -- who, naturally and graciously, avoids controversy in front of the press. But there are points where a) problems may arise or b) it will be useful to ensure that in public Bahr remains a strong supporter of Bank/IDA.

A. Problem Areas:

1. Chile -- Bahr might suggest German opposition to Bank loans to the junta government, particularly in view of today's press report from Bonn (Die Welt, Germany's largest newspaper) saying per Raul ~~Raez~~ that Chile is discussing "credits" with the Bank. In response note:
 - Chile is not an IDA country and therefore tougher standards of creditworthiness apply.
 - History of relations with Allende culminating in a loan going to Board in August 1973.
 - Bank is obliged solely to look at economic and social criteria in making loans, i.e., we are not a political institution.
2. Vietnam -- Bahr is likely to avoid this. If comment seems necessary, this is a perfect time to drive home the point that aid policies in all of Southeast Asia are still in discussion stage among donor members.

3. German Vice President -- Should Ladislaus von Hoffmann be present this would disarm Bahr.

B. To Ensure Bahr's Support

1. Along lines of Stern interview you could emphasize that people are ahead of governments in seeking to alleviate human misery.

-- Federal Republic has been a leader in support of IDA and in the international sharing of effort it represents. Note that Germany has provided advance contributions three times, the latest in the amount of \$157.9 million (DM 381.4 million).

-- that private elements in Germany such as the churches, and even the media (i.e., Stern), are active in providing aid.

2. You could note the number and extent of earlier arrangements with Germany involving joint and parallel financing:

		<u>Bank</u>	<u>Germany</u>
<u>Bank</u> - Algeria:	Bethioua Port Project	\$70 M.	\$32 M.
	Turkey: Elbistan Power	\$148 M.	\$129 M.
<u>IDA</u> - Ghana:	2nd Power Distribution	\$7.1 M.	\$ 2 M.
	Rwanda: Highway Maintenance	\$3.0 M.	\$500,000

-- Also it would be interesting to note similar cooperation with OPEC countries in financing loans in Egypt (fertilizer, Suez), Zaire (mining) and in Sudan (irrigation). Bahr is keenly interested in selling the Arabs on German technical assistance for their investments in the LDC's -- a good reason to feature our cooperation with the Arab states and to show off IFC and von Hoffmann.

Dr. Juergen Gerhard Todenhöfer, Judge.

Born November 12, 1940 in Offenburg.

1970/71 Personal Assistant to Secretary General of the Christian Democratic Union (CDU).

Since 1972 member of the German Parliament.

Speaker of the opposition (CDU) in the Bundestag and its Committee on Economic Cooperation (Development).

Strongest opponent of Dr. Erhard Eppler.

• Dr. TODENHÖFER CDU

Jürgen Gerhard Todenhöfer; Richter; 6750 Kaiserslautern — * 12. 11. 1940 Offenburg, ev., geschieden — 1959 Abitur. Studium der Rechts- und Staatswissenschaften Univ. München, Paris, Bonn und Freiburg; 1. jur. Staatsprüfung 1964, Referendar im Oberlandesgerichtsbezirk Karlsruhe, 2. jur. Staatsprüfung 1967; 1969 Dr. jur. Univ. Freiburg. 1970/71 pers. Referent des Generalsekretärs der CDU, Bonn. Seit 1971 Arbeit an einer Habilitation. 1972 Richter in der ersten Strafkammer des Landgerichts Kaiserslautern. CDU seit 1970.

Landesliste



43.

OFFICE MEMORANDUM

TO: Files

DATE: September 25, 1974

FROM: Eugene H. Rotberg *ER*

SUBJECT: Memorandum of meeting, Monday, September 16, 1974:
Messrs. Blumenthal and Tuengeler (Deutsche Bundesbank);
Messrs. McNamara and Rotberg (World Bank); Mr. Janssen,
Executive Director, Federal Republic of Germany

Mr. McNamara expressed appreciation for the financial support given by the Bundesbank and the Federal Republic to the World Bank. He also expressed his appreciation for the valuable advice on matters concerning Bank policy and market conditions in general which had been generously offered throughout the years by the German authorities.

Dr. Tuengeler said that the Bundesbank was extremely satisfied with its relationships with the World Bank, that the Bundesbank expected in the normal course of its activities to refinance maturing obligations of the World Bank. He expressed satisfaction that the approximately one billion dollars equivalent lent by the Bundesbank was now distributed so as to mature twice a year with an intermediate term maturity. He said that although market rates in Germany were high at the present time that if the Bank wished to borrow in the market it could do so and he expected that the Bundesbank would respond favorably to our request to access to markets when conditions improved.

He confirmed the Bundesbank's tight money policy but explained that there was some easing due to liquidity pressures on banks. In addition, the "bardepot" tax (which required corporations to deposit reserves with the Bundesbank equal to 20% of their foreign borrowings) was removed.

More generally, he said he did not expect that the Bundesbank's foreign reserves would accelerate as in recent years; he expected a modest decline in reserves in response to the strength of the Deutsche Mark in the last year or two which might reduce German trade exports. He also commented that it was likely that countries with severe oil deficits might be forced to institute protectionist measures in order to redress their terms of trade and that this too might affect Germany's exports. Nonetheless, he did not expect pressures in Germany to cause a decline in reserves of the magnitude of that in Japan.

Dr. Tuengeler commented that the Bundesbank had felt that the Herstatt affair had some favorable repercussions in that it would make commercial banks more concerned and careful. He believed that Bundesbank's refusal to support banks who engaged in questionable activity was a good lesson for the banking community.

Files

September 25, 1974

There was a brief discussion about conditions in Italy. Dr. Tuengeler expressed the view that the Italians had taken some useful steps to resolve their problems.

Mr. McNamara expressed his appreciation and expressed the view that if the Bundesbank had any suggestions or advice they should communicate their views to the staff or through Mr. Janssen.

EHR/ebf

cc: Mr. Robert McNamara
Mr. I. P. M. Cargill

44

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (thru Mr. Wm. Clark)

DATE: November 27, 1974

FROM: John E. Merriam

SUBJECT: STERN Magazine Interview: Wednesday, December 4, at 5.30 pm

On a number of occasions we have discussed the outline of the interview with Klaus Liedtke, STERN's New York representative. The story line is not complex. It requires only that you make a few elementary, dramatic points. Accordingly, I suggest the following presentation:

1. World's Poor - Who and Where

- 2 billion people in LDC's; bottom 40% living on less than ~~\$.30~~ ^{\$.25} per day.
- in LDC's majority of the poor are in rural areas living on small farms. Their calorie intake is 40% less, life expectancy 50% less, infant mortality rate 90% higher, and their illiteracy rate 40% higher, than in the rich world.
- most seriously affected by natural disasters and radical economic changes in recent years are those in South Asia and in Sub-Sahara and Eastern Africa.
- this is a world of people for whom no development means no livelihood and, for many, an end to life.

2. Changes in the World Economy

- inflation, higher costs of energy inputs, worsening terms of trade, will lead to declining income for LDC's; "downward is death for poorest".
- as percentage of GNP, ODA has declined by .35 in 1971 to .30 in 1973 and is likely to continue to decline in reference to economies in rich countries.
- the drop of GNP growth of OECD countries to 1.3% in 1974 from 5-6% in recent years is particularly disastrous to the developing countries, i.e. when the rich feel pain the poor are allowed to die.

3. What Can be Done

We know what needs to be done, i.e. improve incomes of the rural poor and the bottom 40%, but the problems are complex.

- land reform, political resistance, and practical problems, e.g. landlords in Ethiopia have evicted tenants to pre-empt anticipated tenants' rights legislation; other landlords jealous of small farm prospects have evicted tenants and mechanized their farms.

12/3
 not widespread -
 their calorie
 intake is 40%
 less than
 the rich world
 most affected
 by natural
 disasters
 and radical
 economic
 changes
 in recent
 years
 are those
 in South
 Asia and
 in Sub-
 Sahara
 and Eastern
 Africa.
 this is a
 world of
 people
 for whom
 no
 development
 means
 no
 livelihood
 and, for
 many,
 an end
 to life.
 90%
 higher
 infant
 mortality
 rate
 40%
 higher
 illiteracy
 rate
 40%
 higher
 than
 in
 the
 rich
 world

- Education: educating the wrong people for the wrong jobs.
- Population: political problems, rapid population growth leading to income inequality, unemployment and land fragmentation.
- Bank's efforts (examples)*
 - (a) Mexico -- \$1.2 billion rural development program in Mexico involving water law and land reform -- following Bank lead to Mexicans in taking up family planning.
 - (b) Sudan -- IDA's \$10.7 million credit for rehabilitation of agriculture with German cooperation (Sudan of special interest to Bahr). *50,000 families - allocated food prod. - 13.5 million - cash crops - benefits to 3 million people - improved*
 - (c) Ethiopia -- IDA's \$21 million credit to Minimum Package Project, reaching 400,000 families (Ethiopia of special interest to STERN). *desert - fresh water*
 - (d) India -- Indus Basin -- development across hostile border.

4. The Cost

- ODA required to sustain ²²4% per capita growth for LDC's equals no more than 2% of the increase of the developed world's real income during the rest of the decade. *power*
- the Bank's 36 billion lending program -- in real terms an increase of only 7% per annum. The overall capital requirement by developing countries of \$53 billion by 1980 (\$24 billion in ODA).
- the \$10.2 billion ODA committed by OPEC to developing nations in calendar 1974 (P&B figure).

5. The Bank's Role

- IDA, and German lead in 4 IDA advance contribution notification of DM 381,400,000 out of German total DM 1.2 billion.
- the Bank's part in the world food effort as a result of the World Food Conference; CGIAR.
- the cooperation agreement with the Germans.
- getting OPEC countries into the aid business. Technical assistance

*These are potential photo stories.

to Venezuela and the Kuwait Fund and joint financing of projects (e.g. fertilizer project in Egypt and Suez Canal rehabilitation) with OPEC countries.

Approach

1. This is not a question and answer interview, therefore you can take the lead in determining the course of the interview. We have tapes and will be clearing quotations to ensure this.
2. Keep the focus on: (a) project activity in the field, to complement STERN's photographic essay and, on (b) the human aspect to give readers a view of development activity that they can understand and visualize.
3. Refer, where possible, to German participation in development, to encourage popular opinion in Germany in continuing support of government development aid.
4. Mention approvingly STERN's Ethiopian aid effort, i.e. DM 22 million contributed by readers and administered by STERN's staff. ECOSOC has reported that STERN is providing internal transport, medical and food aid, and erecting relief camps. Your comments will disarm the STERN journalists -- and they will certainly quote you.
5. Show respect for STERN, e.g. Liedtke and the photographer have just returned from travelling with Ford to the Far East. Heinrich Jaenecke who is accompanying Liedtke has been specializing in development.

JEM/AM:rgw

45

Mr. McNamara:

Visit of Egon Bahr, Friday, December 6, 1974

The schedule of Mr. Bahr's visit will be as follows:

12:55 - Arrival in Mr. McNamara's office

1:00 - Lunch with Mr. McNamara

2:30 - Signing of cooperation agreement followed by press conference
(Board Room)

About 3:00 - Mr. Bahr to meet Mr. Knapp.

Mr. Janssen was keen that Mr. Bahr arrive a couple of minutes before the lunch time so that there would be an opportunity to get acquainted before you walk off to lunch. Mr. Bahr will have met Dan Parker at 10:00 the same morning.

The attached briefing material contains a CV of Mr. Bahr and notes by Carriere, Strobl and P&B on Germany. Please give your reaction to the brief in terms of political reporting. I think it is the best we have done so far. I have tempered Strobl's piece in a few places where he appears to exaggerate.

Topics for discussion are apparent in the briefs, but here is a check list:

You may wish to raise:

1. The Bank's new directions, particularly in agriculture and rural development (including CGIAR).
2. Germany's support for the Bank and IDA, including the 5-year program and a possible capital increase.
3. New directions in German aid: amounts, budget constraints, geographical emphasis, and types of financial deals.
4. The Bank/German cooperation.
5. Mr. Bahr's views on recycling and the Bank's relationship with OPEC: lending, borrowing, technical assistance and possible German participation there.
6. The financial market outlook for Germany.
7. Population.

*OPEC Cap Inc in FR
FR requesting OPEC funds
UN Special Fund
Chile - FR & effort credits
Trinidad - FR - what success
World food problem*

*Raising productivity
FLETC Montreal*

In addition to these, Mr. Bahr may raise some sensitive issues, such as:

1. The Development Committee
2. German staff in the Bank
3. Viet Nam and Chile.

AL
11/27/54

cc: Mr. Knapp

EGON BAHR

Born March 18, 1922 in Treffurt

Married Dorothea Bahr 1945; one son, one daughter

Journalist -- 1945 -

Chief Commentator RIAS(Radio in the American Sector of Berlin -- 1950-60

Director Press and Information Office of Berlin -- 1960-66

Promoted to rank of Ambassador in diplomatic service -- 1967

Took part in negotiations for establishment of trade representation
in Prague -- 1967

Director of Planning Staff, Diplomatic Service-- 1967-68

Ministerial Director -- 1968-69

State Secretary, Bundeskanzleramt and Plenipotentiary of the Federal
Govt. in Berlin -- 1969 -