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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

The World Bank Group
Archives



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Contacts with member countries: Denmark - Correspondence 01

Contacts
Denmark (1970-1980)

Folder 18

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DENMARK



NATIONAL

15-080

DENMARK

4/26-28/68
(Mont Tremblant
Conference)

Svend O. Sørensen, General Manager, "Den Danske Landmandsbank"

Terkel M. Terkelsen, Chief Editor, "Berlingske Tidende"
Pilestraede, Copenhagen

5/8/69
(Copenhagen)

Otto Müller, Permanent Secretary, Ministry of Commerce
(and Danish Governor of the World Bank)

5/8/69
(Copenhagen)

Paul Hartling, Minister of Foreign Affairs

5/8/69
(Copenhagen)

Erik Hoffmeyer, Chairman of the Board of Governors, National
Bank of Denmark

5/8/69
(Copenhagen)

K. Helveg Petersen, Minister for Technical Cooperation with
the Developing Countries. Hosted luncheon at which the follow-
ing were present:

Erik Ib Schmidt, Permanent Under Secretary of State, Ministry
of Finance

K. Bredahl, Ministry of Finance

Kjeld Philip, Professor of Economics, Chairman of the Board for
Technical Cooperation with the Developing Countries

P. Groot, Head of Department, Ministry of Foreign Affairs

G. Schack Larsen, Head of Department, Ministry of Foreign Affairs

W. Ulrichsen, Head of Division, Ministry of Foreign Affairs

P. Krüger, Head of Division, Ministry of Foreign Affairs

B. Blønd, Head of Section, Ministry of Foreign Affairs

J. Stenbjerre, Private Secretary to K. Helveg Petersen

5/9-11/69
(Bilderberg)

Prince Henrik of Denmark

"

Poul Hartling, Minister of Foreign Affairs

"

Jens Kampmann, Member of Parliament; Lecturer, Univ. of Copenhagen

"

Hans Henrik Koch, Chairman, Atomic Energy Commission

"

Jens Otto Krag, Former Prime Minister

"

Maersk McKinney-Møller, Shipowner

"

Jørgen Schleimann, Program Editor, Foreign Political Section, Radio

"

Svend O. Sørensen, Managing Director, Den Danske Landmandsbank

"

Terkel M. Terkelsen, Chief Editor, "Berlingske Tidende"

"

Johannes Green, General Manager, Privatbanken i Kjøbenhavn

5/20-22/70
(Paris)

Representatives and Observers at OECD Meeting:

Poul Nyboe Andersen, Minister for Economic Affairs and European
Common Market Relations
Vagn Hoffmeyer Hoelgaard, Head of the Permanent Delegation
W. Ulrichsen, Head of Department, the Secretariat for Technical
Cooperation with Developing Countries
Vagn Aage Korsbaek, Head of Department, Ministry of Foreign Affairs
Niels Ussing, Head of Department, Ministry of Economic Affairs

Permanent Delegation: Børge V. Blønd
Jørgen R. Lotz
Otto Friis

9/2/70

Dinner for Danish journalists:

Arne Ejbye-Ernst, Politiken
Aage Deleuran, Berlingske Tidende
Per Winther, Dagbladet
Hans Rishøj, Demokraten, Aarhus
Bent Thorndahl, Ritzaus Bureau
Preben Hansen, Director, Press Relations, Danish Foreign Office
Anders George, Press Counsellor, Danish Embassy
Uffe Elleman-Jensen, Danish Radio and TV

1. 9/9/70 TV Interview -- Uffe Ellemann-Jensen, Editor, Danmarks Radio
- 9/18/70 Prime Minister Hilmar Baunsgaard
(Copen.)
- 9/18/70 Poul Moller, Minister of Finance
(Copen.)
- 9/25/70 Uffe Elleman-Jensen, Danish Radio and TV - interviewed Mr. McNamara
(Copen.) on departure from Copenhagen
2. 2/9/71 K. Helveg Petersen, Minister for Cultural Affairs and Minister for
Technical Cooperation with Developing Countries and for Disarmament
Questions.
3. 10/7/71 Ambassador Eyvind Bartels, D
4. 9/29/71 Sir Denis Rickett's meeting with the Danish Delegation
- 12/3/71 Lars Tybjerg, Financial Secretary, Embassy of Denmark
Knud Damgaard, Agricultural Counselor, Embassy of Denmark
(Meeting of the Consultative Group on International Agricultural Research)
5. 2/3/72 Hans Erik Kastoft, Deputy Under Secretary of State; Director, Danish
International Development Agency, Ministry of Foreign Affairs
- 6/16/72 Maersk McKinney Moller, A. P. Moller, Copenhagen
(NY)

6. 5/3/73 Ivar Norgaard, Minister of Foreign Affairs and European Market Relations
Lars Tybjerg, Financial Secretary, Danish Embassy
Jens Kristensen, Director in the Foreign Affairs Ministry
7. 11/1/73 Bjørn Harry Olsen, Ministry of Foreign Affairs
- 4/25-27/75 Bilderberg:
(Cesme, Terkel M. Terkelsen, Berlingske Tidende - Copenhagen
Turkey) J. V. Thygesen - Charlottenlund
Svend O. Sorensen, Den Danske Landmandsbank - Copenhagen
- 5/11/76 Dinner hosted by Queen Margrethe aboard the Royal Yacht - Washington
Navy Yard
8. 2/14/77 Ambassador Otto Borch
9. 4/27/77 Lise Oestergaard, Minister for Economic Development
Wilhelm Ulrichsen, Director of DANIDA
Ambassador Otto Borch
- 6/6-9/77 Chr. Christiansen, Danish International Development Agency, Ministry
(Bellagio, of Foreign Affairs
Denmark) Mrs. Tanja Gronning DANIDA
Kaj Repsdorph, DANIDA (Director-General, effective July 1)
10. 9/24/78 Mrs. Lise Oestergaard, Minister without Portfolio
Annual Messrs. Isaksen, Borch and Magnussen
Meeting
- 2/26/80 Ambassador Otto Borch
- 9/2/80 Ambassador Otto Borch
11. 10/28/80 Christian Kelm-Hansen, Chairman, Board of Danish International
Development Agency
Ambassador Otto Borch
Mr. Poulsen, Alt. ED
12. 12/3/80 Dr. Erling Olsen, Minister of Housing
Amb. Borch
Mr. Poulsen, Alt. ED
OL



7/29
By
revised
and
E. Jensen

Mr. William Clark
Director
Information and Public Affairs
WORLD BANK
1818 H Street, N.W.
Washington D.C. 20433
U.S.A.

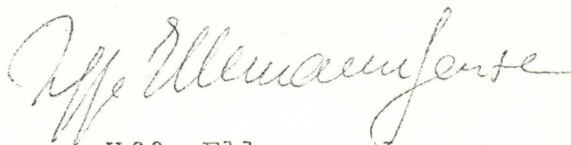
July 24, 1970

Dear Mr. Clark,

Enclosed please find the general outlines of my questions to Mr. McNamara. I should be pleased to receive your comments.

As it will appear, I will as a conclusion of the interview start to discuss the ideas, that Mr. McNamara presented at the Columbia University in February this year. I expect, that this part of the interview will attract most attention. I am looking forward to meeting you again in Copenhagen on the 11/12 of August.

Yours sincerely,



Uffe Ellemann-Jensen
Editor

President has seen

Enclosures.

What will be the main points in the discussion at the Banks annual meeting in Copenhagen?

What will - in your opinion - be the biggest problems, the developing world will have to face in the 70'ies?

How will the World Bank contribute to a solution of the problems regarding the "population explosion"?

Do you think, that the "development decade" showed such a big difference between expectations and results, that it could lead to a crisis in aid in the 70'ies?

When Mr. Lester Pearson last year presented his report he said, the choice is between - on one hand: A slow, halting growth in an environment of desparation with declining levels of assistance and embittered international relations - and on the other hand: Growth as part of a positive concerted campaign to accelerate and smooth the absorbtion of the technological revolution in the poorer countries. Is it now quite clear, which of the two ways, that ~~will~~ have to be taken in the 70'ies?

How would you estimate the possibilities of continued raising of considerable loans in the international capital markets?

Is it not so, that the World Bank is too dependent on the conditions of borrowing in the capital markets - is it not a weakness, that the Banks capacity to borrow is affected by factors outside its control?

How much capital is needed in the coming years?

The bonds of the World Bank have a "AAA-rating" - the highest possible. Does the Bank not feel tempted to maintain this high rating by for instance refraining from rendering risky loans, as for example to education and agriculture?

The IFC was criticized by the Pearson-Commission for counting more on profitability than on development. Can the Bank be forced to show the same consideration in order to get enough capital?

It gets still more expensive to get loans. Won't we reach a situation where it will simply be too expensive for the poorer countries to borrow - and where interests and repayments will be an increasingly heavy burden?

There are many rich countries still owing money to the World Bank. Wouldn't it be reasonable trying to get this money back a bit faster?

One reason, that it is now so expensive and difficult to raise money in the international capital markets is first of all the deficits on the balance of payments in some

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rich countries - among others yours and mine. Is it fair, that this leads to heavier burdens for the poor countries?

Are you satisfied with the coordination of development assistance from all the multilateral and bilateral bodies, giving assistance?

Has there until now been the necessary consistence between the various projects supported by the World Bank - have you paid attention to the need of "an overall development strategy"?

What is your attitude towards the question of bilateral versus multilateral aid? Can a small country like for instance Denmark give any satisfactory assistance at all on a bilateral basis?

Can it be avoided that the World Bank influences the political situation in the countries that receive the aid?

Isn't it so that many developing countries - right or wrong - consider the World Bank as an instrument of "western imperialism"?

Is it convenient that the president of the World Bank always has been an American?

Would it have been an advantage for the image of the Bank in the poorer world if the Soviet Union had been a member from the beginning?

Is it today a practical possibility that the USSR could be a member - or any other country from the communist world?

When the talk is about development, is it then enough to look at the gross measures of economic growth - is a certain percentage, showing some growthrate, a relevant indicator of "development"?

You have set up the target to double loans in the 5-year period 1969-73 - but: Is quantity enough? Are you sure, that you are adding to what you yourself have called "the genuine quality of mans life on this planet"?

1. At Copenhagen meeting, we look forward to rich and poor countries' assessment of development outlook. What has gone right, what has gone wrong, and what should be done in the years ahead?

Bank's record over past year -- in the context of its five year program -- and what this implies for the future?

New initiatives in agriculture, education and family planning.

IDA Replenishment.

Follow-up to Pearson Report.

Bank-borrower relations?

2. Biggest problems of the 1970s:

In LDCs, population planning; social transformation and quality of life in addition to GNP growth; spreading benefits of development among the people; better income distribution; spreading green revolution, with land reform; educational reform; unemployment; urbanization. Only LDC leaders can take these decisions. In their own interests, they cannot shirk them.

In rich countries, adopting a more positive attitude to development; recognizing that it is a matter of justice, even self-interest, not philanthropy; accepting responsibility to help the underprivileged on an international scale, as is done within a nation; liberalizing aid and trade; realizing rich countries have the means (GNP increase, military expenditures, consumer gadgetry), and now need the determination to push development forward.

3. First need is to create greater awareness of problem: its seriousness is still not clearly recognized. Excessive population growth is the greatest single obstacle to economic and social progress of LDCs. It is responsible for widespread hunger and malnutrition; diverts savings from productive investment; leads to economic tensions and political turbulence.

It took 1600 years to double 1st Century A.D.'s population of 250 million. Now it takes less than 4 years to add 250 million people.

Today's population of 3.6 billion will double in 35 years. Then it will increase by one billion every 8 years. In 70 years, it will total 15 billion.

In 1968, Bank decided to enter field of population planning.

In June 1970, Bank made its first family planning loan -- \$2 million to Jamaica. Loan will assist post-partum family planning program. Jamaica will use funds to extend its largest maternity hospital (in Kingston) and construct rural maternity centers.

Joint UN-WHO-World Bank advisory mission visited Indonesia. A five-year family planning program has been recommended to Indonesian Government.

During the past year, population missions visited several countries -- such as India, Tunisia, and Trinidad and Tobago -- to see how Bank can help in family planning.

Technical assistance is as important as financial assistance. Bank could advise on program planning, administration, evaluation, personnel training and communications.

Bank is increasing its expertise in this sector. We keep in close touch with other organizations -- international, governmental and private, including foundations. International consultants have served on Bank's population missions.

Population planning is a complex and sensitive subject. It involves difficult ethical, political and social issues. It raises tough problems -- economic, demographic and medical. But response to the Bank's initiative has been very encouraging. We expect to expand our activities in this sector in coming years.

Political support for population planning has greatly increased, e.g., Philippines.

In 1960, only three countries had population planning policies. Only one government was offering assistance. No international development agency was working in this field.

Now, 21 countries representing 70% of the population of Asia, Africa and Latin America have official population programs. More than a dozen other countries (with another 5% of the population) provide assistance for family planning, although they have no officially formulated policy. Among international agencies, U.N. Population Division, UNDP, Unesco, WHO, FAO, ILO, UNICEF, OECD and World Bank are prepared to participate.

4. (a) Results of Development Decade have been encouraging in some respects. They show that "development does work", e.g.,

- First Development Decade target of 5% annual economic growth has been achieved, on average, although performance of individual developing countries has varied widely. This 5% growth rate is higher than what developed countries achieved when they were at a similar stage of development.
- LDCs have found by far the biggest proportion (80%? 85%?) of their development needs from their own resources, with only a small but vital contribution coming from abroad.
- Development Decade has shown that LDCs can efficiently and productively use far larger external resources than they have been getting.
- Developed countries have the ability to provide these extra resources. GNP increase.

(b) In late 1960s, the "political will" in favor of development weakened in some developed countries. Flow of official aid and private capital fell below 1% target accepted by UN, UNCTAD and DAC. Total financial flows from DAC countries dropped to 0.72% of GNP in 1969. Within this figure, official development aid dropped to 0.36%, an all-time low.

Against this background, Pearson Report was published. It recommended separate and specific target of 0.7% of GNP for official development aid.

During past year, outlook has improved. With one exception, no DAC member has rejected Pearson target of 0.7% for official development aid.

Belgium, Netherlands, Norway and Sweden have fully accepted it.

Canada and U.K. have agreed in principle, but have not set a firm date for achieving the target.

France is already meeting the target.

Germany and Japan have said they will move toward it.

Among the first results is that a bigger Third Replenishment of IDA has been recommended. We are particularly grateful to Scandinavian countries for supporting bigger replenishment.

U.S.A. has not committed itself to a specific quantitative target for aid. But it has strongly supported the IDA Third Replenishment. And it says that it intends to increase aid.

Concept is being increasingly accepted that aid is not philanthropy. It is a matter of international responsibility. Within an individual nation, the community helps the underprivileged. Similarly, within the world community, rich nations have a responsibility to help the poor nations. Good reasons for expecting a substantial increase in official aid during 1970s.

5. (a) There is no absolute shortage of funds in world's capital markets. Since 1960 GDP of 22 industrialized countries has increased by over \$550 billion (in constant 1964 prices), from \$1,019 billion in 1960 to \$1,577 billion in 1969. (In current prices, GDP has increased by nearly \$900 billion, from \$967 billion to about \$1,860 billion.) As a result, savings have increased greatly. Demand for savings has of course also risen. But the savings which Bank mobilizes through its bond and note issues are a very small proportion (less than 1%?) of the total funds raised each year in the U.S.A. and other industrialized countries.

(b) Like any other borrower, Bank is affected by the changing conditions in capital markets. How much the Bank borrows in a particular capital market, and on what terms, inevitably depends on conditions in that market. That is why the Bank's borrowings in the U.S. capital market, which was previously the biggest single source of borrowed funds, have decreased greatly in the last couple of years.

But Bank's advantage is that it can raise money in a large number of countries, and thus spread its borrowing operations. Bank has in fact borrowed money from about 80 countries, although most of the borrowings have been in industrialized countries.

Bank has used this advantage and developed new sources of funds in the past couple of years. In April 1968, it borrowed \$15 million from Saudi Arabia and in August 1968 \$42 million from Kuwait -- both for the first time in its history.

In FY 1969, when Bank's gross borrowings were a record \$1,224 million, 46% of the total came from Germany. Two large new sources developed there were Westdeutsche Landesbank Girozentrale and the Deutsche Girozentrale-Deutsche Kommunalbank.

In FY 1970, Bank for first time borrowed \$200 million from Bank of Japan. Japan thus became the principal supplier of new borrowed funds during that year.

Helped by the record borrowing in FY 1969, Bank increased its cash resources by about \$450 million. Although it borrowed less in FY 1970, its cash resources increased by another \$244 million. Improved liquidity position serves as cushion against changes in the capital market.

(c) During FY 1969 and 1970, we borrowed \$1,959 million gross, or \$997 million net. Thus, in these two years alone, our net borrowings were as large as in all the previous five years together.

Over the next three years, our annual average of borrowings should be around \$1.1 billion gross, or about \$490 million net.

6. Bank's first agriculture loan was in 1948 (to Chile) and its first education loan in 1964 (to Philippines). The Triple A rating which Bank's bonds first got in 1959 has been fully maintained ever since although both agricultural and educational lending has been greatly increased.

Two years ago, we decided to boost agriculture and education, and to start lending for family planning. In June 1970, we made our first family planning loan.

A month later, in July 1970, we made a \$200 million public bond issue in the U.S.A.; it got a Triple A rating, and sold out quickly.

Thus, new emphasis on agriculture, education and family planning has clearly not affected our bond ratings.

This suggests that investors: (a) recognize the exceptional security our bonds offer; (b) are impressed by our record of financial management; and (c) appreciate the soundness of the loans we make. "We conduct our affairs as though the only security behind our bonds were the technical and financial soundness of the projects themselves in our loan portfolio." So far, Bank has suffered no losses on its loans.

Our criteria for making loans have not been, and will not be, relaxed in any way whatsoever. Our lending program is based on a careful country-by-country study of development possibilities conforming to the Bank's traditionally high standards. That study has shown that investment in agriculture, education and family planning, in particular, can be greatly increased without relaxing those standards. In these relatively new sectors, as in other traditional sectors, "we will apply the same rigorous standards of both economic profitability of the project itself, and credit-worthiness of the country in question."

It is not as easy to quantify the economic benefits of a technical school as of a hydroelectric plant. Similarly, on the surface, it may seem more impressive to build a highway than to sink a lot of tubewells. But a surface impression does not amount to sound economic judgment.

A good irrigation system, for example, when combined with the use of new strains of seeds, can yield an economic return of 100% a year. That is in fact an actual case that occurred in Pakistan.

LDCs import about \$4 billion worth of food annually from industrial areas. Agricultural development in LDCs can greatly strengthen their balance of payments, and therefore their creditworthiness.

We have been working on methods for quantifying the economic returns from social investment -- such as education. We find that benefits can vary enormously. A liberal arts college in a primitive underdeveloped area can be a dead loss. But in an expanding economy with a serious shortage of skilled manpower, a technical high school can pay huge dividends. One such project in Latin America brought an annual return of 50%.

You have to see what sort of education projects can contribute most to economic growth. In the future, as in the past, we will finance only those that do.

In LDCs with excessive birth rates, loans for population planning have perhaps the highest economic benefits of all. Unless population growth is moderated, development will suffer seriously.

7. In response to Pearson's criticism, IFC is now putting greater emphasis on development.

Bank's first emphasis is on development. "Bank is not only a financial institution -- it is a development agency."

It must make a reasonable profit if it is to raise more capital. But there is no inherent contradiction between profitability and development. Even in private business, a strong developmental impact has often been made by companies that are highly profitable.

Capital requirements throughout the developing world have expanded. Opportunities for high-return investment have risen almost everywhere.

Bank believes there are enough high-priority projects in LDCs. By financing them, it can bring major economic benefits to the country and also make a profit.

Our profit has risen from \$169 million in FY 1968 to \$171 million in FY 1969 and a record \$213 million in FY 1970. Average annual profit in five years, FY 1964 through FY 1968, was \$143 million.

Part of Bank's profit is ploughed back into Bank's business; part is given to IDA, and thus flows back, interest-free, to LDCs. Of the \$213 million profit in FY 1970, \$100 million recommended for transfer to IDA. From FY 1964 to FY 1969, a total of \$385 million was transferred from Bank profits to IDA.

As our business expands, our profit could increase. But the developmental emphasis in our business will be fully maintained.

8. Interest rates have been rising. It is difficult to say whether they will go on rising; and for how long. Several countries are trying to check the rise. Results of these efforts remain to be seen.

Among our members, a number of LDCs have the capacity to service the Bank's relatively hard loans. A number of others qualify only for IDA credits. Then there are the "blend" countries in between, where servicing burdens need to be reduced by blending Bank loans with IDA credits. Essence of problem is to adjust terms of lending according to each country's circumstances.

In this context, the bigger Third Replenishment for IDA is particularly welcome. It gives greater flexibility in adjusting terms of Bank Group lending.

It is necessary to soften terms of lending to LDCs generally. Their debt problem is already serious, and is becoming more serious. Since mid-fifties, their external public debt has increased five-fold, and now amounts to about \$60 billion. Debt service payments of LDCs have been rising about 17% annually, while their export earnings have risen only 6% a year.

Industrialized and developing countries have both contributed to debt problem. Industrialized countries have done this by providing finance on onerous terms, especially in suppliers' credits. Developing countries have contributed to problem by improvident borrowing and misuse of aid. (Worst Asian example was Indonesia. Elsewhere bad examples were Ghana under Nkrumah, Mali, perhaps Turkey. In Latin America, Brazil, Argentina and Mexico have relatively high debt service ratios.)

But many countries have made good use of loans. (For example, India and Pakistan.) Their needs are very large. So their debt burden has become very large, even though the money has been used well.

Lesson for future: it would be wrong to reduce aid, because that would reduce growth rates. So terms of lending must be adjusted according to each country's circumstances. That is why concessionary finance, such as IDA's, is important.

Industrialized countries must recognize it is absurd to offer loans to a developing country and then refuse to take its exports.)

9. As of June 30, 1970, nine of the richer countries (i.e., IDA Part I countries) owed the Bank a total of \$1,052 million. (This figure was net amount of outstanding Bank loans, less sales and repayments.) The breakdown was as follows:

	\$ million		\$ million
Japan	471	Austria	49
Italy	143	<u>Denmark</u>	33
Australia	138	South Africa	6
Finland	130	Belgium	0.3
<u>Norway</u>	82		

A number of countries have, in effect, prepaid debt by buying back portions of the Bank loans that were made to them. In October-December 1969, for instance, Bank of Japan purchased more than \$160 million of the outstanding debt of the World Bank's Japanese borrowers. Earlier examples included Italy, Finland, Australia, Austria.

We welcome such prepayments. But we cannot demand them as we are bound by the loan agreements. The decision about whether or not to prepay thus rests with the borrowing country.

A country's prepayments could depend on its budgetary position, balance of payments, etc. If prepayments lead to a cut in its new aid allocations, there may be no net benefit at all.

10. True, rich countries' BOP deficits have made it more expensive and difficult to raise capital for development. This is doubly unfortunate, because these deficits arise almost entirely from exchanges between the rich countries themselves -- not from exchanges between the rich and the LDCs. LDCs have a huge trade deficit each year, as the following figures show:

<u>Trade Deficit of LDCs</u>		
<u>All developing countries</u>	<u>Developing countries, excluding petroleum exporters</u>	
In millions of dollars	In millions of dollars	
1966	1,900	6,900
1967	2,500	8,200
1968	2,100	8,500

Aid has little effect on rich countries' BOP. Very little of the money lent in aid stays in LDCs. Almost all of it returns quickly in payment for goods purchased in rich countries.

Bank has tried to moderate problem by diversifying borrowings -- by raising more capital in markets where terms are relatively favorable. For example, Saudi Arabia, Kuwait, Germany, and Japan. Germany was biggest single source of funds in FY 1969 and Japan in FY 1970.

11. As Pearson Report pointed out, development effort at present is badly uncoordinated. There is duplication of effort, inefficient planning, scattering of scarce resources.

We need machinery which can assess performance of donor and recipient countries, standardize reporting, and facilitate closer partnership based on an agreed set of priorities.

For promoting coordination, an important prerequisite is better information. So Bank has started an expanded program of Country Economic Reports. Bank now prepares such reports annually for about 30 of its largest member countries, and every two or three years for others. They analyze preinvestment as well as investment priorities. Such studies provide valuable basis for aid coordination at country level.

Greater cooperation with UN, UNDP, FAO, ILO, Unesco and WHO.

Bank is currently chairman of two Consortia, 11 Consultative Groups, and the Aid Group for Ceylon. (Consortia for India and Pakistan; CGs for Colombia, East Africa, Ghana, Korea, Malaysia, Morocco, Nigeria, Peru, Sudan, Thailand and Tunisia.) We are trying to reactivate dormant CGs and start new ones, especially for the larger member countries.

Bank also participates in work of coordinating groups established under other auspices, e.g., those for Indonesia, Guyana, Honduras and Turkey.

Denmark, Sweden and Norway are members of several of these groups.

Bank is establishing closer cooperation with CIAP.

We cooperate closely with regional Development Banks -- Inter-American, Asian and African. Also with European Investment Bank and Fonds européen de développement (FED).

UN Economic and Social Council is presently considering proposals for new machinery to review development programs at national, regional and international levels.

12. Bank has been lending on the basis of the needs of a particular country or particular region at a particular time. Large amounts have been lent for transportation and electric power because, in most LDCs, the first need has been for improving infrastructure.

As infrastructure has been strengthened, scope for diversifying Bank lending into other sectors has expanded. A few years ago, Bank started to increase its agricultural lending. It began also to lend for education (and water supply).

Now we have taken some new initiatives. Stronger emphasis on population policy, educational reform and agricultural expansion.

But a piecemeal "project-here, project there" approach will not do. We need a comprehensive development strategy; an overall plan into which particular policies and individual projects can be fitted as logical, integral parts.

Strategy must provide for an attack on the interrelated problems of unemployment, urbanization and industrialization.

Framing a comprehensive development strategy means dealing with new and complex problems. No quick and easy answers will be found. But the search for answers must be intensified.

We hope developing countries will take the lead in framing such a strategy. To assist them, we have initiated an expanded program of Country Economic Reports. Emphasis on preinvestment studies. These intended to help better planning in developing countries; better allocation of preinvestment assistance; and better project preparation. Will also be made available to bilateral and international organizations, so that they can assess economic priorities in individual countries more effectively.

13. Multilateral aid at present is about 15% of the total official flow from DAC countries.

Development needs and opportunities are so great that any increase in aid -- bilateral as well as multilateral -- is welcome.

But multilateral effort offers certain advantages:

(a) It concentrates on development, without being diverted by political, military or commercial temptations.

(b) Financial burden is shared; also, a wider range of material and technical resources can be mobilized.

(c) With international competitive bidding, borrowers get better value for money; bilateral aid is often tied.

(d) It is easier for a multilateral lender than for a foreign government to initiate a frank dialogue with a borrowing country about economic performance program priorities and development objectives.

Some advantages of multilateral aid can be got through aid coordination.

Denmark, Sweden and Norway have increased their total net flow of financial resources (official and private):

	(In millions of dollars)		
	<u>1967</u>	<u>1968</u>	<u>1969</u>
Denmark	25	74	149
Sweden	121	129	212
Norway	30	59	75

Denmark provided net financing flows to LDCs exceeding 1% of its GNP in 1969. Five other countries exceeded 1% target: Netherlands, Germany, France, Belgium and Italy.

Denmark, Sweden and Norway increased their net flow of official resources to LDCs in recent years.

(In millions of dollars)

	<u>1967</u>	<u>1968</u>	<u>1969</u>
Denmark	28	29	55
Sweden	60	71	121
Norway	15	24	38
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	103		114

14. Under Articles of Agreement, Bank must not be influenced by political considerations, nor interfere in domestic politics of member countries. Decisions must be based on economic criteria alone.

But economic policy may be linked to political policy. In that case, Bank may indirectly be influenced by, or have an influence on, a country's domestic politics. For instance, Bank may suspend lending to a country if that country's political decisions seriously damage its economic prospects. But the decision in that case will be based on economic, not political, criteria.

Bank does offer advice on economic policies, which could involve political decisions. But as an international organization with 115 member countries, it is politically impartial and has no political motives.

Bank's membership includes a wide variety of political attitudes and systems.

15. Suspicion that Bank is an instrument of "western imperialism" undoubtedly exists in some quarters. But generally our relations with member countries are extremely cordial, although differences of opinion on specific issues do arise from time to time.

Bank's aim is to develop a genuine partnership, and to help the borrowing country make the best use of its resources.

When differences arise, it is easy to use dirty epithets about "western imperialism", etc. It is not so easy to prove, on the basis of given facts and figures, what the better alternative would be on strictly economic grounds.

Accusations about "western imperialism" are inspired by a variety of factors, e.g.,

(a) Bank's headquarters are in Washington. (But this is required by the Articles of Agreement.)

(b) The financial strength of the U.S.A. and other western powers. (This is a fact of life, but that does not mean that they dictate our policies. Like other countries, they recognize their rights and obligations in an international cooperative organization.)

(c) A large proportion of the staff, especially at senior levels, is drawn from the U.S.A. and other western countries. (But this is changing; since June 1968 the proportion of U.S. and U.K. nationals has dropped from 49.4% to 43%; and in Fiscal 1970 the number of nationalities represented rose from 55 to 71.)

(d) So many Bank-financed orders go to suppliers in western countries. (But we have international competitive bidding; suppliers in 116 countries are free to bid and get the orders if they can; even assuming

it were possible, to restrict bidding to LDCs would not be accepted by the LDCs themselves since borrowers want value for money.)

(e) Our thinking and procedures are heavily influenced by the western powers. (But they are in fact a pragmatic mixture; they are influenced most of all by over 20 years of working experience in the LDCs.)

(f) We favor private enterprise. (But by far the biggest proportion of our lending has been to Governments, and for public-sector projects.)

Bank's policies have to be discussed and approved by the Executive Directors, who represent their Governments, including about 100 LDCs. Not a single lending operation can go through unless it is approved by these EDs.

16. Bank's Articles do not prescribe that the President should be an American.

But, until now, there has been an informal understanding among member governments that Bank President will be an American, and the IMF Managing Director a European.

In early years, it was felt that an American would be more effective as President since Bank raised most of its funds from U.S. capital market. U.S. remains a major source of capital, although borrowings from other countries have increased.

Bank President's recommendations on policy issues and on all loan operations have to be approved by EDs, who represent over 100 countries, mostly LDCs.

17. (a) Russia had the opportunity to join the IMF and the Bank at the very beginning. It participated in the Bretton Woods conference in July 1944. Of the 44 countries which participated in that conference, Russia was the only one that eventually did not join the IMF and Bank. Three other socialist countries -- Czechoslovakia, Poland and Yugoslavia -- did join.

Poland withdrew in 1950. Czechoslovakia did not pay its full subscription and was expelled in 1954. Yugoslavia remained a member, and is now the Bank's largest European borrower.

Cuba also joined in 1945, but withdrew in 1960.

(b) Any country -- communist or other -- is free to apply for membership. Yugoslavia is already a member.

But before a country joins the Bank, it has to join the IMF. To do that, it has to agree to accept the obligations and responsibilities which all IMF members accept. This includes disclosing a considerable amount of detailed economic information, e.g., on gold and foreign exchange holdings, banking, finance, foreign trade and payments, etc.

After the country has joined the IMF, it is eligible for Bank membership.

Only Russia can say whether she does or does not want to join IMF and Bank.

We have had informal contacts with some communist countries (e.g., Rumania and Hungary??)

18. GNP growth is a necessary, but not a sufficient, condition of development.

LDCs achieved First Development Decade target of 5% annual growth -- a major accomplishment. Yet:

(i) a third to a half of the world's people suffer from hunger or malnutrition.

(ii) infant deaths per 1,000 live births are four times as high in LDCs as in developed countries (110 compared with 27).

(iii) life expectancy is low (a Westerner lives 40% longer than an average LDC man, and twice as long as the average man in some African countries).

(iv) illiteracy is widespread (over the last 20 years, number of illiterates has risen from 700 million to 800 million).

(v) unemployment is growing (about 20% of the entire male labor force is unemployed; in many areas, urban population is growing twice as fast as urban jobs).

(vi) distribution of wealth and income is bad (in India, 12% of rural families own more than half of the cultivated land; in Brazil, less than 10% of families control 75% of the land).

(vii) per capita income gap between rich and poor nations is widening (at extremes, it is already over \$3,000; it may widen to \$9,000 by end of century).

Pearson Commission and Tinbergen Committee target of 6% GNP growth in 1970s is both feasible and necessary. But GNP growth, by itself, is not enough.

19. Bank Group plans to double its lending in the five years 1969-73 compared with the previous five years. But quantity goals are not enough. We must think about the quality of life -- "add to the patterns of analysis a new dimension of social concern".

We do not want simply to say that rising unemployment is a "bad thing" and something must be done about it. We want to know its scale, its causes, its impact and the range of policies and options which are open to governments, international agencies and the private sector to deal with it.

We do not want simply to sense that the "green revolution" requires a comparable social revolution in the organization and education of the small farmer. We want to know what evidence or working models are available on methods of cooperative enterprise, of decentralized credit systems, of smaller-scale technology, and of price and market guarantees.

We do not want simply to deplore over-rapid urbanization in the primary cities. We want the most accurate and careful studies of internal migration, town-formation, decentralized urbanism and regional balance.

We do not know enough about the social dimensions of economic change. But we must begin to learn more about them. For this, we will seek the cooperation of universities, foundations, research units, international institutions and experienced administrators.

We have started an expanded program of Country Economic Missions. They will help governments to draw up an overall development strategy, looking into both economic and social problems. Such missions will go

annually to about 30 of our larger member-countries, containing 80% of the total population of LDCs. To other countries, they will go every two or three years.

Missions will include UNDP representatives, for preinvestment work. Will also include experts from FAO, Unesco, WHO and ILO, where appropriate.

Apart from traditional problems of economic growth, these Missions will look into such questions as population increase, urbanization, land reform, income distribution, public health, environmental preservation, and all related issues.

2

MINISTRY OF FOREIGN AFFAIRS
MINISTER FOR TECHNICAL CO-OPERATION
WITH DEVELOPING COUNTRIES
AND FOR DISARMAMENT QUESTIONS

Ref.No. 3.G.725.d/1.

Copenhagen,
September 23, 1970.

Enclosure

Dear Mr. McNamara,

It was a great pleasure for me meeting you yesterday.-
In accordance with our brief discussion I send you the
material I mentioned to you regarding an international
council for conflict research.

I know that you are extremely busy, but nevertheless I
hope and would very much appreciate if you could find
a few minutes to peruse it with a view to that we might
meet for a quarter of an hour at a time convenient to
you. I shall phone your hotel Friday morning in order
to find out how a meeting between us could be arranged.

Best regards,

Yours sincerely,


(K. Helveg Petersen)

Mr. Robert S. McNamara,
President,
International Bank for Reconstruction and Development,
p.t. Royal Hotel,
Copenhagen.

*Called to say reports
about Friday and reports
hope meeting can be
arranged in
Wash.
9/23*

MINISTRY OF FOREIGN AFFAIRS
MINISTER FOR TECHNICAL CO-OPERATION
WITH DEVELOPING COUNTRIES
AND FOR DISARMAMENT QUESTIONS

M e m o r a n d u m

The decision to work for the establishment of an international scientific council for collection and dissemination of data on existing or potential crises stems from the following basic observations: The amount of relevant and available information is inadequate and so is the existing information system as such; moreover, scientifically processed data made available to governments, politicians and the general public could contribute decisively towards better understanding of the causes and origins of such crises and so help solve them or prevent them from erupting in open conflicts.

The functions assigned to such a council would be essentially different from those of other existing institutions on a scientific basis. I am still of the opinion that there is no chance of getting a resolution adopted by the United Nations, instructing the Secretary-General to appoint such a council and providing the funds required for its activities because experience has demonstrated how extremely difficult it is to change an existing system.

My work on this matter has been supported by the Pugwash Movement of internationally recognized scientists. A proposal to establish such a council, with a secretariat, was placed before the Third Pugwash Symposium, held at Krogerup, Denmark, in an address I made at the opening of the Symposium on July 14, 1968.

The main points of my address were :

An international council composed of research workers in different branches of science should be established to keep international developments under observation, to initiate studies of areas and problems which give rise to conflict, and to place its findings before the whole world. This would enable governments and parliaments to take decisions on a better basis of objective data presented and approved by a group of outstanding scientists with different backgrounds and from different parts of the world. The selection of problems to be taken up for examination should be left to the council. The council should have a secretariat to arrange for publication of the council's findings in such manner as may serve the purpose best in any given situation...

...Such proposals invariably come up against a host of trivial objections: It is impossible to attain the necessary objectivity; where do we find such outstanding scientists? how can it function, if at all? how many members should it have? who will appoint them? - There is good reason for scepticism, but many sceptists are, unfortunately, under the impression that objective criteria have no place in international politics. Nations insist on the right to decide what the truth is. What serves a nation's interests is that nation's truth. But isn't it paradoxical that as soon as disaster is upon us and war has broken out, the need for examination is recognized immediately. Then the United Nations will send experts to the area involved, and we all know what difficulties they come up against. I need only mention the Middle East crisis. I wonder if I am quite mistaken in saying that if this question had been taken up in earnest in the late 1950's in order to give the world a clear picture of all the aspects involved - if, in other words, there had been research workers and experts in the area to delve into the background and circumstances of the conflict - we might then perhaps have averted the war last year and found a peaceful solution.

The proposal was considered by the Pugwash Continuing Committee at Nice, France, in September 1968 and again at a preparatory Pugwash meeting held at Køge, Denmark, in December 1968. At the latter meeting, the participants agreed that the information available to politicians and the general public was generally very incomplete and biased. They also agreed that as the establishment of an effective institute (council and secretariat) of the nature proposed involved many and complex problems, the proposal should be analyzed in detail by another meeting with a view to adopting more explicit recommendations.

In accordance with this decision, a special Symposium was held at Elsinore, Denmark, on September 7-12, 1969. With one exception, the participants found it useful to establish a new institute. A list of the participants in the Symposium is attached to this memorandum.

The Symposium found the following significant defects and shortcomings in the existing information system:

The administration of the existing flow of information was unsatisfactory and could be improved considerably. Large amounts of relevant information and research capacity were not being utilized effectively because their existence was not known. There was a need for a central register of active institutions and individuals, their specialities and the volumes of information held by them. No such register exists to-day. Specific types of research on conflicts were also missing. There were not enough multi-national studies, presenting and composing the views of scientists of dif-

ferent schools of thought; most studies had been carried out by individuals or groups from one particular country, and few direct comparisons were made of divergent interpretations of events, for example by the USA and the USSR. There were also too few studies directly oriented towards the future with a view to identifying and assessing hazards inherent in potential courses of future events. Also, there are not enough studies spanning several branches of science. Finally, studies with specific purposes in mind were missing, e.g. studies of immediate interest to decision-makers, presented in a manner and published at a time that would make them useful by attracting the attention of politicians.

The Symposium strongly advocated the following activities for the attention of the proposed institute:

- to establish a central research register, available to mass media, to the academic world, and to politicians (see above) and to promote better mutual understanding between research workers and "field men", such as journalists. Furthermore the institute might offer guidance on the quality of existing source material;
- to undertake studies in depth of specific conflicts so as to ensure the full lesson being drawn from earlier conflicts in order to warn world opinion and politicians of latent hazards in current conflicts;
- to initiate theoretical studies of factors that lead to escalation or de-escalation of conflicts; in view of the wide measure of reliance placed on intuition and questionable hypothesis to-day, we should endeavour to improve the theoretical basis for assessment of conflicts and their causes. The Symposium expressed no opinion as to whether research of this nature could be undertaken better by existing institutions than by the proposed institute. This question could, in due course, be considered by an advisory group or by the institute itself.

The Symposium devoted considerable time to considering the various ways in which areas of crisis could be monitored in order to achieve rapid identification of areas of potential conflict and to alert political decision-makers and the general public in time. The conclusion was that it would not be advisable to embark upon such a monitoring system, especially because it would take several years to make it reliable. The Symposium abstained from a discussion of the political implications of new techniques, but recommended that the institute follow developments in this field and perhaps undertake research on its own initiative.

The Symposium emphasized that the question of effective dissemination of information (selection of the scope and timing of publications) should be resolved in order to achieve maximum effect. The Symposium advocated complete openness about the publications to be issued by the international council although selective distribution might be preferable in the initial phase, depending on

the nature of the matter involved. It was pointed out that the connection with Pugwash would make it easier for the institute to attract the world's attention to its findings.

In order to obtain support and perform its functions the institute should endeavour to ensure

- broad scientific backing;
- recognition by other institutes;
- co-operation with government agencies in as many countries as possible;
- sufficient attention among political decision-makers and opinion leaders;
- a sufficient running-in period to give the institute time to demonstrate its importance and
- independence.

The institute should be supervised by an executive board; the staff should be appointed and controlled by a director who would be responsible to the executive board.

The Symposium estimated that an institute as described above would require about 35 scientists and 25 other staff members. The annual cost of the institute's operations was estimated at doll.1.5.mill.

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After having worked on this problem in several international bodies for many years I submit that steps should now be taken to set up the above-mentioned council and secretariat. While it may not be possible to obtain wide international backing now, the immediate object is to ascertain the names of internationale recognized research workers, and to provide the funds required to get the project started. Denmark should make a contribution to it, and so should other countries.

Copenhagen, March 1970.

CURRICULUM VITAE

Mr. K. Helveg Petersen
(Radical Liberal)

Born 1909 at S. Longelse,
Langeland.

General certificate of education, graduated from Skaarup Teacher's Training College 1931, attended specialized courses in various subjects, temporary employment as a teacher in St. Hans School, Odense, 1932, permanent employment under the School Board of Odense, 1934, principal of the Youth School, Odense, 1940-46, assistant to the Government Inspector of Youth Schools 1942-47, General Secretary of the Danish Section of the World Friendship Federation 1946-53, principal of Secondary School of Nykoebing S., 1953, City School Inspector 1957, Government Inspector of Elementary Schools and Teacher's Training Colleges 1957.

Minister of Education in the Kampmann Cabinet 1961 and in the Krag Cabinet 1962-64, Director of Education in Elementary Schools and Teacher's Training Colleges since September 1964, Chairman of the Planning Board for Advanced Education 1964, Government Adviser on Disarmament 1966.

Stood for Parliament as a Radical Liberal Candidate 1938-57, Member of the Folketing (Parliament) since 1964, Vice-President of the Association for the United Nations 1958, President of the World Friendship Federation 1953-61, Vice-Chairman of the Education Committee of the Danish Commission for UNESCO 1958, Chairman 1960-61, Chairman of the Committee set up to investigate and report on school curricula, 1958, of the Special Classes Committee of 1955, of the Liaison Committee set up by the Ministries of Commerce, Education, Defence and Labour, 1958-61, and from 1965, Member of the Board of Social Pedagogy 1958-61, of the Government Welfare Committee for Mentally Deficient Persons 1959-61, of numerous other professional bodies and committees.

Co-author of textbooks for youth schools, of 'Civics for Secondary Schools', of 'Switzerland up and down', of 'Cultural and Education Policy'.

After the election held on January 23, 1968, appointed Minister for Cultural Affairs and Minister for Technical Co-operation with Developing Countries and for Disarmament Questions in the Baunsgaard Cabinet on February 2, 1968, a Liberal Coalition Government backed by a majority of the Folketing comprising the Conservative, Liberal and Radical Liberal parties.

For
TUES. 2/9
3.30 pm mtg

President has seen

OFFICE MEMORANDUM

TO : Mr. William D. Clark/Mr. Lars J. Lind. DATE : 25.1.1971.

FROM : Viggo A. Christensen. *VAC*

SUBJECT : The Danish Minister for Culture, Disarmament and Technical Cooperation with Developing Countries, K. Helveg Petersen, to discuss Conflict Research with Mr. McNamara.

The Danish press reports that Mr. K. Helveg Petersen, Minister for Culture, Disarmament and Technical Cooperation with Developing Countries, will start a comprehensive Danish initiative in the field of Conflict Research when he sets out on a journey to the U.S. and Canada on February 2.

On his visit he will meet leading personalities concerned with Conflict Research and Disarmament. He brings along with him plans for the establishment of an international Conflict Research Council. So far the plan is not ready for publication but will probably be available for the public to study some time during Mr. Helveg Petersen's journey which ends on February 13.

In Washington Mr. Helveg Petersen will continue a discussion he had in Copenhagen with Mr. McNamara with whom he is reported to have agreed to exchange views on Conflict Research when next in Washington.

In Ottawa Mr. Helveg Petersen will discuss Disarmament with Foreign Secretary, Mitchell Sharp, and he will also meet former Prime Minister Lester Pearson, with whom he has previously discussed Conflict Research. Mr. Helveg Petersen will probably discuss also development assistance with Mr. Pearson.

M e m o r a n d u m

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Copenhagen, March 1970.

H.E. Eyvind Bartels, Danish Ambassador to the U.S.

Born: 1916

Career Foreign Service Officer

1950: Danish delegate to the OEEC in Paris

1953: Danish representative to the European Coal and Steel Community

1954: With the Danish Consulate in New York

1956: Administrator for the Consortium of Suez Canal users

1957: Promoted to rank of Ambassador

1957-59: Head of delegations to OECD and European Coal and Steel Community

1960: Ambassador to France

1965: Ambassador to India, including Ceylon

1967: Ambassador to Egypt, including Ethiopia and Sudan

Appointed Ambassador to the U.S. on September 1, 1971

LEC
October 7, 1971

President has seen

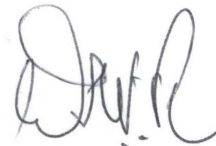
MEMORANDUM FOR THE RECORD

SUBJECT: Denmark

I spoke this morning to Mr. Secher and Mr. Bredahl of the Danish Ministry of Finance and said we were glad to see that Denmark had agreed to take up its entitlement to a special increase in Bank subscription and had paid in 1% of the total. I would like to ask what they thought they would be able to do about the release of the 9% portion of their subscription.

Mr. Secher said that this sum, amounting to \$4.302 million, might be paid over the next four years.

After further discussion, Mr. Secher and Mr. Bredahl agreed to improve this by releasing their 9% portion over three years -- \$1.4 million in the first and second years and the balance in the third year. I thanked them for this undertaking and also expressed our appreciation of the advance contribution of Denmark to IDA.



D. H. F. Rickett
September 29, 1971

cc: Mr. Knapp
Mr. Cope
Mr. Adler

President has seen

5



OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
DATE: February 1, 1972

FROM: Erik Törnqvist

SUBJECT: Your Appointment with Mr. Hans Erik Kastoft, Alternate Governor
for Denmark, on February 3, 1972, at 12 o'clock

For ease of reference, I give you the following information
on Mr. Kastoft:

Deputy Under Secretary of State, Director for the
Danish International Development Agency, Ministry
of Foreign Affairs.

Born: August 19, 1918.

Education: Cand. polit. (M.Econ.) University of
Copenhagen, 1947.

Career: Ministry of Foreign Affairs from February,
1947.

Assignments abroad:

Danish Embassy, Bern, 1950
Danish Delegation/Permanent Mission
to UN's European Office, Geneva,
1950-56, 1960.
Danish Delegation to OEEC/OECD, Paris,
1960-63.

In Copenhagen:

Director of the Secretariat for Technical
Cooperation with Developing Countries,
later Danish International Development
Agency, Acting 1964-66, Permanent from
1966.

Special Assignments:

President of the Governing Council of
UNDP for 1972.

President has seen

MEMORANDUM FOR THE RECORD

Subject: Visit of Mr. Ivar Norgaard, Danish Minister of Foreign Affairs and European Market Relations, May 3, 1973

Present: Messrs. McNamara; Norgaard; Jens Kristensen, Director in the Ministry; Lars Tybjerg, Financial Secretary of the Danish Embassy; Mr. Kastoft

Mr. Norgaard mentioned that he had travelled to the United States, Japan, and other countries to prepare for his presidency of the Council of Ministers of the EEC, which would commence in July 1973. In Washington he had met with Messrs. Rogers, Shultz, Eberley and Casey.

Mr. McNamara said he was concerned about trade restrictions imposed by EEC on imports from the developing countries of agricultural products. He asked the Minister what may happen in the near future. Mr. Norgaard replied that the recent summit meeting had yielded a fairly liberal declaration. The Yaunde agreement would be running out in January 1975 and must be renegotiated. He favored access to EEC markets for agricultural products of developing countries without reverse preferences. He would be favorably disposed to a general system of preferences for developing countries.

Mr. McNamara said that he hoped that in time EEC would allow equal international competitive pricing of agricultural imports so that the LDCs could participate fully. The present reduction of the value of exports from LDCs due to trade restrictions on the part of the developed countries amounted to about \$4 billion a year. He hoped that Denmark would be able to influence the EEC in the right direction. The Minister reminded Mr. McNamara that Denmark is an agricultural country and it would be difficult to get support for this type of view.

Mr. Kristensen asked Mr. McNamara's view on supplementary financing to small and poor countries for export shortfalls. Mr. McNamara said that this is a question of price compensation and thereby of aid. The aid policy of Europe should be considered in connection with other forms of aid such as the fifth replenishment of the FED. Although he agreed that a supplementary financing scheme would allow the LDCs to produce safely without the risks of severe price shortfalls, the base price or equilibrium price would in fact determine the total flow of exports.

The Minister asked Mr. McNamara the results of the Tokyo meeting. Mr. McNamara mentioned the offer made by Japan for an increased share and mentioned that the total level would be on the order of \$1500 million. Only Australia, France and the US had withheld support from that level. In the past the UK had convinced the US to maintain a high share by assuming a comparatively high share themselves. When the US is deciding unilaterally to cut its contribution, the share of the UK is also likely to go down somewhat. Germany may pick up the slack created by the UK, and Japan will increase its contribution to 9.75% of \$1500 Smithsonian, or up to 11% of a lower amount. The US had no specific position at the Tokyo meeting. Mr. McNamara had proposed a procedure to Secretary of the Treasury Shultz before leaving for Tokyo, but the US had not been in a position to respond to this proposal. The next meeting would take place in Washington July 11-12, 1973.

President has seen

Mr. McNamara commented on the maldistribution between public and private consumption in the US. Since there is no mandate for a tax cut, President Nixon had been able to convince the nation that a budget cut was necessary in order to avoid inflationary deficit spending, and since the Defense budget could not be cut, in his view and that of many others, social programs would suffer. The President has used the method of impounding funds quite successfully.

The Minister said that the Japanese offer for an increased share was good but should be easy for such a prosperous country. Mr. McNamara pointed out that the quality of life in many respects is poor in Japan; for example, housing is scarce and land is extremely expensive, as is food.

AL

May 9, 1973

7.

MEMORANDUM FOR THE RECORD

Visit with Mr. Olsen of the Danish Foreign Ministry, November 1, 1973

Mr. Olsen visited Mr. McNamara, accompanied by Mr. Kastoft. He started by expressing the hope that the People's Republic of China would not get the impression that there were conditions attached to its possible entry as a member of the Bank and Fund as some news reports had indicated. Mr. McNamara said that the PRC would and should not rely on newspaper reports and would not get that impression. He emphasized, however, that the termination of the membership of Taiwan, although inevitable, should be as graceful as possible to avoid financial cost to the Bank and a future burden on PRC.

On Chile Mr. Olsen hoped that the Bank would go slow. Mr. McNamara said that the Bank has an agreement which has been made with the Chilean Government and which had been placed before the Bank's Board. There must be some action on that agreement within a few weeks. He also said that the proposals are a quid pro quo whereby in return for credit Chile would agree to service its debt.

On Indochina Mr. Olsen expressed concern that the Bank was moving too rapidly into South Vietnam, thereby backing only one horse. Mr. McNamara said that the Bank does not want to appear to be backing only one horse and it does not want to proceed too quickly. It also does not wish to have one country or a small number of countries veto the actions which are generally agreed to by others.

Mr. Olsen complimented Mr. McNamara for the emphasis on rural development and specifically on his Nairobi speech.

AL
November 6, 1973

President has seen

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

Visit of Mr. Olsen of ~~DANIDA~~ Danish Foreign Ministry

Denmark's ODA was .45% of GNP in 1972.

Target of 0.7% postponed beyond 1977-78 because
of balance of payment deficit.

Terms are among the softest; grant element 75%.

Government considering further softening to
IDA terms.

Attitude to IDA very friendly, Denmark took up
part of Sweden's slack in Nairobi for a share of
1.2% of 4th Replenishment.

AL
11/1

CURRICULUM VITAE

OLSEN, Bjørn Harry

Born: March 19, 1930

1954

M.A. Law

May 1955 - April 1960

Secretary, Danish Ministry of
Foreign Affairs, Copenhagen

April 1960 - January 1963

Economic Secretary, Embassy of
Denmark in Washington, D.C.

January 1963 - September 1966

Principal private secretary
to the Danish Foreign Minister.

September 1966 - April 1970

Economic Counselor, Permanent
Mission of Denmark to the UN,
New York.

April 1970 - November 1970

Economic Counselor, Embassy of
Denmark, Washington, D.C.

December 1970 - June 1973

Resident Representative of the
UNDP, Afghanistan.

June 1973 -

Head of Department, Ministry of
Foreign Affairs, Copenhagen,
Denmark.

8

MEMORANDUM FOR THE RECORD

Meeting with the Danish Ambassador, Mr. Otto Borch, February 14, 1977

Present: Messrs. McNamara, Borch and Magnussen

Mr. Borch said that Denmark was generally supportive of Mr. McNamara's policies in the Bank, although Denmark might disagree now and then with Bank funding of projects in specific countries. Mr. McNamara thanked Mr. Borch for the Danish support.

Mr. Borch asked about U.S. support for IDA replenishment and IBRD capital increase by the new U.S. administration. Mr. McNamara said that the previous administration did not have a plan with respect to its policy towards the Bank, so the new Administration had inherited an empty shelf. However, he was hopeful that the new Administration would be strongly supportive of the Bank.

Mr. Borch said that the Nordic countries were concerned about human rights and the new U.S. Administration also seemed to take a keen interest in this area. Mr. McNamara said that human rights could not be linked with other parts of foreign policy and that Mr. Carter now realized this. In any event, technocrats in international institutions should not make judgment on such a highly political matter. Mr. McNamara hoped that, if human rights considerations were introduced in international cooperation, they would be applied universally to all international institutions and uniformly among countries which violated human rights.

Mr. Borch asked about progress on the Brandt Commission. Mr. McNamara said that some developed countries were wondering whether the Commission would be constructive, whereas political leaders in the LDCs seemed to support the idea. LDC negotiators in CIEC worried that the Commission would diminish the will of the OECD countries to bring the CIEC discussions to a fruitful conclusion. Development experts and economists agreed that the Commission would be useful to create and intellectual foundation for the North/South Dialogue.

SB
February 15, 1977

Mr. McNamara:

February 14, 1977

Courtesy Visit by the Danish Ambassador, February 14, 1977

The Danish Ambassador to the U.S., Mr. Otto Borch (pronounced BORK) will come to see you at 6:00 p.m. tonight. Mr. Borch has worked on NATO matters and was the Danish Ambassador to the UN from 1968 to 1974. He will be accompanied by Mr. Niels Bernstein who is Economic Secretary at the Danish Embassy.

Denmark has supported most of your initiatives in the Bank: IDAV, Third Window, IBRD and IFC Capital Increases. Denmark is the least radical of the Nordic countries and has had internal debates on whether to follow the Swedish line. Borch, for instance, privately disagrees with the Nordic position on our lending to Chile.

Parliamentary elections will take place in Denmark tomorrow. The Social Democratic Prime Minister, Mr. Anker Joergensen, is likely to continue in power with a minority government (see attached article in today's Washington Post).

You met Mr. Borch last year at the dinner for the Danish Queen on the Royal yacht on May 11, 1976.

Mr. Borch is aware that you declined the invitation to speak to the Danish Council on Development in June 1977 but is unlikely to raise this matter.

SB

9.

MEMORANDUM FOR THE RECORD

Meeting with Mrs. Lise Oestergaard, Danish Minister for Economic Development,
April 27, 1977

Present: Mr. McNamara, Mrs. Oestergaard, Mr. Ulrichsen, Head of DANIDA, Mr. Borch, Danish Ambassador to the U.S., and Mr. Magnussen, Nordic ED

Mrs. Oestergaard congratulated Mr. McNamara on his re-election and asked about his visions for the next five years as head of the World Bank. Mr. McNamara said that he had not worked out a detailed program. However, the broad financial framework for the Bank Group was clear. IDAV had been agreed upon and a consensus was emerging on a capital increase for IBRD. What was not so clear was what this financing should be directed towards and how the Bank should deal with the need for structural changes in the LDCs and give appropriate advice to OECD countries on trade and aid policies. In the past, the Bank had selected its projects almost in isolation from the broader economic and social policies of the LDCs. This would ~~will~~ not be enough in the future, where a total picture would be needed. He hoped that this could be established through the proposed World Development Program. The meeting of the Development Committee on the same day had clearly shown that a united approach to development problems was lacking and that the governments talked at cross purposes with each other. The Bank Group would ~~clearly~~ want to do more about absolute poverty and basic human needs. Here again a united approach was necessary since the international organizations at present established aspirational goals without specifics of implementation and coordination among each other. He hoped that the ACC Task Force could be helpful in this coordination effort.

Mrs. Oestergaard asked about the Brandt Commission. Mr. McNamara said that the Development Committee meeting had shown that there was no clear picture among governments of the development problems. He hoped that a group of widely experienced statesmen removed from government instructions could throw light on the problem and give recommendations which could then flow back to the Development Committee for decision and implementation.

Mrs. Oestergaard said that she had been happy to hear Mr. Pronk's comments in the Development Committee on the need for public support for development assistance. This was presently strong in both the Nordic countries and The Netherlands but could easily be eroded under the present economic circumstances. Mr. McNamara strongly agreed with the need for public support and said that this was sorely lacking in the U.S. where only a couple of newspapers seemed to be interested in development problems.

Mrs. Oestergaard enquired about the Bank's policy for financing energy development in the LDCs. Mr. McNamara said that he hoped to have a paper on this matter to the Board of Directors within two weeks for later presentation to the Development Committee.

Mr. Borch asked whether the new Administration in the U.S. had changed the atmosphere for the Bank. Mr. McNamara said that there was a dramatic attitudinal change, but that the same political realities persisted. He hoped, however, that these realities could be shifted through such efforts as the Brandt Commission, the World Development Program, and increased public support.

Finally, on a question from Mr. Ulrichsen, Mr. McNamara said that he planned to attend the Bellagio Conference on Population in Denmark in the beginning of June.

SB

April 28, 1977

Mr. McNamara:

April 27, 1977

Your Meeting with Mrs. Lise Oestergaard, Danish Minister for Economic Development

Mrs. Oestergaard was born in 1924 and received her Doctorate in psychology at the University of Copenhagen in 1962. She has since then been professor of clinical psychology at the University of Copenhagen. She was a member of the Danish National Commission for UNESCO from 1970-1973 and Chairman for the Danish Refugee Assistance since 1974. When Prime Minister Anker Joergensen reorganized his government after the parliamentary elections in February 1977, she quite surprisingly became Minister for Economic Development. The main surprise was that she was not even a member of the Social Democratic Party then.

Her first overseas trip as Minister was to Indochina.

She is the Nordic representative on the Development Committee and this is her reason for visiting Washington. She will be accompanied by Mr. Wilhelm Ulrichsen, the Director of DANIDA, and presumably Ambassador Borch.

SB

10

OFFICE MEMORANDUM

TO: Mr. Sven Burmester

DATE: April 26, 1977

FROM: Chandra Hardy *CH*

SUBJECT: Denmark

In the absence of a Briefing Paper as per your request, attached please find some recent information on Denmark.

Attachment

CHardy/am

DENMARK: Flows of Development Assistance (Fiscal Years) ^{a/}

		FY69	FY70	FY71	FY72	FY73	FY74	FY75	FY76	FY77	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85
Nominal GNP	US\$b.	13	15	17	19	25	30	34	38	42	47	52	57	63	71	79	87	97
	DKrb.	99	111	122	136	155	176	195	211	232	257	285	316	350	390	434	482	537
Real GNP	US\$b.	18	19	20	21	22	22	23	23	23	24	25	26	27	28	29	30	32
	DKrb.	125	131	136	141	146	150	151	152	156	162	168	174	181	188	196	204	213
% Increase in Real Terms			5.4%	3.1%	4.0%	3.7%	2.4%	0.9%	0.5%	2.5%	3.8%	3.7%	3.7%	3.9%	4.2%	4.2%	4.2%	4.2%
IBRD Capital Subscription	US\$m.				1	2	2				1	1	2			8	8	7
	DKrm.				7	13	12				6	6	12			47	47	41
IFC Capital Subscription	US\$m.										1	1	1	1				
	DKrm.										6	6	6	6				
IDA: Calls on IDA 1-7	US\$m.	3	3	5	7	8	12	11	16	11	16	23	22	21	30	29	27	37
	DKrm.	23	23	38	50	53	72	65	94	65	94	135	129	123	176	170	158	217
Total Bank Group	US\$m.	3	3	5	8	10	14	11	16	11	18	25	25	22	30	37	35	44
	DKrm.	23	23	38	57	66	84	65	94	65	106	147	147	129	176	217	206	258
Regional Banks	US\$m.				1	3	8	8	13	18	21	24	30	35	38	42	48	53
Other Multilateral	US\$m.	16	19	25	36	45	51	66	76	103	120	139	168	197	216	239	272	301
Total Multilateral	US\$m.	19	22	30	44	56	68	85	105	132	159	188	223	254	284	318	355	398
Bilateral	US\$m.	24	35	37	41	59	83	102	123	145	169	192	222	254	284	317	355	397
Total ODA	US\$m.	43	57	67	85	115	151	187	228	277	328	380	445	508	568	635	710	795
	DKrm.	323	428	503	611	749	907	1107	1344	1625	1925	2230	2611	2981	3333	3726	4166	4665
Total ODA Constant 1972 Prices	US\$m.	55	71	79	92	106	112	123	134	152	168	182	200	214	224	235	246	258
	DKrm.	382	493	555	645	646	767	853	983	1116	1236	1340	1469	1571	1645	1722	1803	1891
ODA as % of GNP		.32%	.38%	.40%	.44%	.47%	.51%	.55%	.60%	.66%	.70%	.74%	.78%	.80%	.81%	.81%	.81%	.82%
Multilateral as % of ODA		44.2%	38.6%	44.8%	51.8%	48.7%	45.0%	45.5%	46.1%	47.6%	48.6%	49.5%	50.0%	50.0%	50.0%	50.1%	50.0%	50.0%
IDA as % of Multilateral		15.8%	13.6%	16.7%	15.9%	14.3%	17.7%	12.9%	15.2%	8.3%	10.1%	12.2%	9.9%	8.3%	10.6%	9.1%	7.6%	9.3%
IDA as % of ODA		7.0%	5.3%	7.5%	8.2%	7.0%	8.0%	5.9%	7.0%	4.0%	4.9%	6.1%	4.9%	4.1%	5.3%	4.6%	3.8%	4.7%
IDA as % of GNP		.022%	.020%	.030%	.036%	.033%	.041%	.032%	.042%	.026%	.034%	.045%	.039%	.033%	.042%	.037%	.031%	.038%
Memo Items																		
IDA Cash/Note Deposits	US\$m.	4	4	5	10	10	12	17	17	17	29	29	30	34	34	34	39	39
	DKrm.	30	30	38	72	66	72	102	100	101	171	171	176	200	200	200	229	229
IDA Cash/Note Deposits as % of GNP		.030%	.027%	.030%	.052%	.041%	.038%	.050%	.044%	.041%	.062%	.056%	.053%	.054%	.048%	.043%	.045%	.040%
IDA 5-Note Deposits	US\$m.										29	29	30					
	DKrm.										171	171	176					
IDA 5-Calls	US\$m.										2	12	15	14	14	11	7	5
	DKrm.										12	70	88	82	82	65	41	29
Exchange Rate (DKr/US\$)						5.711				5.8675								

a/ Historical data for the nominal GNP in the US dollars are those published by the DAC (1974 Chairman's Review, Table 107). Deflators implicit in OECD statistics are applied to obtain a constant US dollar series in 1972 prices and exchange rates. The 1975 GNP data are based on provisional data from OECD. 1976 data reflects OECD short-term forecasts. Projections for 1976-1980 are based on low estimates of the real growth, provided by the Bank Staff. Annual rates of inflation have been reduced progressively in 1977, 1978, and 1979 from the 1976 rates in the OECD short-term forecasts to the compound average rates for the period 1968-1972. Projections of real growth in 1980-1985 are the midpoint of the range projected by the Bank Staff. Refer to IDA/RPL/76-11, dated February 23, 1976.

Assumes: (1) an IBRD Selective Capital Increase (related to IMF quota increases but excluding the first 4.46% of all quota increases) of about \$8.5 billion approved in FY78 with the usual 10% paid in or released over the three-year period FY78-80; (2) an illustrative IBRD General Capital Increase of about \$30 billion approved in FY82 with the usual 10% paid in over the three-year period FY83-85; (3) and Part I countries release the full amount of their paid-in capital.

Assumes an IFC Capital Increase of \$480 million in FY78 paid in over the five-year period FY78-82.

Assumes: (1) that contributions to IDA 5 will total \$7,638 million, i.e., \$2,546 million per year; (2) IDA 6 and IDA 7 will be respectively 16% and 34% larger than IDA 5 (reflecting 5% per year nominal growth); (3) all contributions to IDA 5, IDA 6, and IDA 7 will be paid in three approximately equal annual instalments and drawn pro rata. The calls do not reflect the use of Bank transfer last, the effect of which is not significant.

The ODA figures through FY75 are those reported by DAC. The ODA figures through FY85 included in the President's Annual Meeting Speech are based on government policy or budget announcements. Figures for FY81-85 are based on the assumption that all countries which have not reached the 0.7% target by 1980 will move steadily towards that level. With the exception of IDA 4 cash/note deposits, (which are expressed in national currency equivalents as of 9/27/73, see under FY73), these figures have been converted into national currencies at the IMF representative exchange rate of March 14, 1977 (see under FY77).

Table 2

FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE FROM DEVELOPMENT ASSISTANCE COMMITTEE MEMBERS ^{a/}
(Calendar Years, U.S. \$m. and % of Projected GNP)

	1960	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Australia	59 .38	119 .53	202 .59	202 .53	267 .59	286 .44	430 .55	507 .61	486 .55	559 .56	643 .57	724 .57	828 .58
Austria		10 .11	11 .07	12 .07	18 .09	40 .15	59 .18	64 .17	66 .16	76 .16	91 .17	102 .17	122 .18
Belgium	101 .88	102 .60	120 .46	146 .50	193 .55	235 .51	271 .51	377 .59	400 .57	480 .61	565 .64	650 .65	760 .68
Canada	75 .19	96 .19	346 .42	391 .42	492 .47	515 .43	713 .50	869 .57	985 .58	1186 .61	1438 .65	1703 .68	1969 .70
Denmark	5 .09	13 .13	59 .38	74 .43	96 .45	132 .48	168 .55	205 .58	241 .62	283 .64	336 .67	395 .70	462 .73
Finland ^{b/}		2 .02	7 .07	13 .12	20 .15	28 .16	38 .17	48 .18	57 .20	71 .22	86 .24	108 .27	127 .29
France	823 1.38	752 .76	971 .66	1075 .66	1320 .67	1488 .58	1614 .59	2121 .63	2350 .62	2535 .59	2911 .60	3318 .61	3775 .62
Germany	223 .31	456 .40	599 .32	734 .34	808 .31	1102 .32	1433 .37	1691 .40	1532 .32	1579 .29	1729 .28	1878 .27	2047 .26
Italy	77 .22	60 .10	147 .16	183 .18	102 .09	192 .14	216 .14	183 .11	201 .11	248 .12	280 .12	313 .12	350 .12
Japan	105 .24	244 .27	458 .23	511 .23	611 .21	1011 .25	1126 .25	1148 .24	1256 .23	1454 .23	1673 .23	1910 .23	2270 .24
Netherlands	35 .31	70 .36	196 .61	216 .58	307 .67	322 .54	436 .63	603 .75	741 .83	950 .88	1100 .95	1260 .95	1420 .96
New Zealand ^{c/}			14 .23	17 .23	21 .25	29 .27	39 .31	66 .52	48 .42	52 .41	63 .44	75 .46	85 .47
Norway	5 .11	11 .16	37 .32	42 .33	63 .43	87 .43	131 .57	184 .66	230 .74	304 .86	382 .96	445 1.00	497 1.00
Sweden	7 .05	38 .19	117 .38	159 .44	198 .48	275 .56	402 .72	566 .82	615 .86	719 .89	835 .92	972 .96	1132 1.00
Switzerland	4 .04	12 .09	30 .15	28 .12	65 .21	65 .16	68 .15	104 .19	91 .16	96 .15	101 .14	115 .14	130 .14
United Kingdom	407 .56	472 .47	447 .37	562 .41	609 .39	603 .34	730 .38	863 .38	774 837 .37	845 930 .37	924 1068 .39	1132 1234 .40	1274 1390 .41
United States ^{d/}	2702 .53	3418 .49	3050 .31	3324 .32	3349 .29	2968 .23	3439 .24	4007 .27	4520 .27	4800 .25	5051 .23	5443 .22	5878 .21
GRAND TOTAL													
ODA(\$b.-Nom.Prices)	4.6 .52	5.9 .44	6.8 .34	7.7 .35	8.5 .33	9.4 .30	11.3 .33	13.6 .36	14.7 .35	16.4 .34	18.5 .34	20.8 .34	23.4 .34
ODA(\$b.-Const. 1975 Prices)	11.0	12.3	11.5	12.2	12.1	11.6	12.7	13.6	13.8	14.3	14.8	15.5	16.3
GNP(\$t.-Nom.Prices)	0.9	1.3	2.0	2.2	2.6	3.1	3.4	3.8	4.2	4.8	5.5	6.2	6.9
ODA Deflator ^{e/}	.42	.48	.59	.63	.70	.81	.89	1.00	1.07	1.15	1.25	1.34	1.43

^{a/} Figures for 1975 and earlier years are based on actual data. Those for 1976-80 are based on OECD and World Bank estimates of growth of GNP, on information on budget appropriations for aid, and on aid policy statements by governments.

^{b/} Finland became a member of DAC in January 1975.

^{c/} New Zealand became a member of DAC in 1973. ODA figures for New Zealand are not available for 1960 and 1965.

^{d/} In 1949, at the beginning of the Marshall Plan, US Official Development Assistance amounted to 2.79% of GNP.

^{e/} Includes the effect of parity changes. Figures through 1975 are based on DAC figures. Deflators for 1976-80 are the same as those for GNP.

Table 3

TABLE 3 : ESTIMATED EFFECT OF IBRD AND IDA OPERATIONS ON
DENMARK'S BALANCE OF PAYMENTS THROUGH FY76
(US \$ millions: Fiscal years)

	Through 1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
IBRD EFFECT												
Current Account												
Procurement of Goods /a	17	5	4	4	2	3	5	5	6	6	5	11
Interest to bond holders in Denmark /b	1			1		1		1	1	1	1	1
Less: IBRD Investment Income in Denmark				1			1		1	1	1	1
Loan charges on loans made in Denmark	27	2	2	2	2	2	2	1	2	1	1	2
Equals: Balance on Current Account	-9	3	2	2	2	2	2	5	4	5	4	9
Capital Account												
Loans to Denmark disbursed and outstanding	60	1	-2	-5	-5	-5	-6	-6	-5	-3	-3	-3
Less: Denmark's 1% Subscription	2											
Denmark's 5% Subscription	16						4					
Net IBRD Bond Sales in Denmark /b	4	5	2			-3		2				
Equals: Balance on Capital Account	38	-4	-4	-5	-5	-2	-10	-8	-5	-3	-3	-3
Balance on Current + Long-term Capital Account	29	-1	-2	-3	-5		-8	-3	-1	2		6
IDA EFFECT												
Current Account												
Procurement of Goods /a	2		1			1	1	1	1	1	3	6
Equals: Balance on Current Account	2		1			1	1	1	1	1	3	6
Capital Account												
Denmark's Contributions to IDA	4	3	3	3	2	2	4	9	7	12	7	15
Equals: Balance on Capital Account	-4	-3	-3	-3	-2	-2	-4	-9	-7	-12	-7	-15
Balance on Current + Long-term Capital Account	-2	-3	-2	-3	-2	-1	-3	-8	-6	-11	-4	-9
COMBINED IBRD/IDA EFFECT												
Current Account	-7	3	3	2		3	3	6	5	6	7	15
Capital Account	34	-7	-7	-8	-7	-4	-14	-17	-12	-15	-10	-15
Balance on Current + Long-term Capital Account	27	-4	-4	-6	-7	-1	-11	-11	-7	-9	1	-3

/a Includes procurement specifically identified as originating in Denmark and the same proportion of procurement not identifiable by country of origin.

/b US dollar bonds

GENERAL NOTE: The amounts shown are in US dollar equivalents, using the exchange rates prevailing at the time the transactions took place. No account is taken of translation adjustments made in the Bank's account (which are maintained in US dollars) to reflect changes in the exchange rate between kroner and US dollars. Through FY73, these adjustments total +\$5 million on capital subscriptions paid in, net of +\$2 million on loans disbursed and outstanding. These are "stock" adjustments which do not have any impact on the flows recorded in the balance of payments accounts.

F & B
2/15/77

Table 4

DAC DISTRIBUTION OF AID^{a/}
(Net Disbursements, US\$ Millions)

Ranking ^{b/}	DAC Country	ODA				Total Flows	
		Actual	Estimated		Projected	Actual	Estimated c/
		1970	1975	1976	1980	1970	1975
1	United States	3050	4007	4420	5878	5613	15267
2	France	971	2121	2350	3775	1828	4129
3	Germany	599	1691	1532	2047	1409	4750
4	Japan	458	1148	1256	1899	1821	3349
5	Canada	346	869	985	1969	579	2131
6	United Kingdom	447	863	908	1508	1195	1914
7	Netherlands	196	603	759	1300	422	1230
8	Sweden	117	566	615	1132	204	712
9	Australia	203	507	486	828	379	557
10	Belgium	120	377	400	760	294	846
11	Denmark	59	205	241	443	83	219
12	Norway	37	184	230	482	63	261
13	Italy	147	183	201	350	667	1498
14	Switzerland	30	104	91	130	126	325
15	New Zealand	14	66	48	85	22	70
16	Austria	11	64	66	122	92	111
17	Finland	7	48	57	127	25	86
	TOTAL DAC	6811	13,606	14,645	22,835	14,846	37,455

a/ 1975 figures are preliminary results as reported by DAC. Figures for 1976 and 1980 are IBRD estimates. Contributions from voluntary agencies are not included.

b/ Rankings are by ODA flows for 1975.

c/ Estimates of private flows for 1976 and projections for 1980 are currently not available.

P&B
9/17/76

Table 5

Relative Aid Performance of DAC Member Countries a/

Ranking ^{b/}	Country	ODA				Total Flows ^{c/}	
		Actual	Estimated		Projected	Actual	Estimated
		1970	1975	1976	1980	1970	1975
1.	Sweden	.38	.82	.86	1.00	.66	1.03
2.	Netherlands	.61	.75	.85	.88	1.32	1.53
3.	Norway	.32	.66	.74	.97	.55	.94
4.	France	.66	.63	.62	.62	1.24	1.22
5.	Australia	.59	.61	.55	.58	1.10	.67
6.	Belgium	.46	.59	.57	.68	1.14	1.32
7.	Denmark	.38	.58	.62	.70	.53	.61
8.	Canada	.42	.57	.58	.70	.71	1.40
9.	New Zealand ^{c/}	.23	.52	.36	.41	.36	.56
10.	Germany	.32	.40	.32	.26	.75	1.12
11.	United Kingdom	.37	.38	.37	.41	.98	.87
12.	United States	.31	.27	.26	.21	.57	1.02
13.	Japan	.23	.24	.23	.20	.92	.69
14.	Switzerland	.15	.19	.16	.14	.61	.58
15.	Finland ^{d/}	.07	.18	.20	.29	.24	.33
16.	Austria	.07	.17	.16	.18	.64	.86
17.	Italy	.16	.11	.11	.12	.73	.86
	ALL DAC COUNTRIES	.34	.36	.35	.33	.73	.99

a/ 1970 figures are actual, 1975 figures are preliminary estimates from DAC, and 1976 and 1980 figures are IBRD estimates.

b/ Rankings are by ODA as a percentage of GNP for 1975.

c/ New Zealand became a member of DAC in 1973.

d/ Finland became a member of DAC in January 1975.

e/ Estimates of private flows for 1976 and projections for 1980 are currently not available.

P&B
9/17/76

Table 6

TERMS OF ODA
% Grant Element ^{a/}

Ranking ^{b/}	Country	Overall Grant Element of the ODA program			Grants as a % of Total Commitments		
		1973	1974	1975	1973	1974	1975
1	Australia	99.4	99.4	100.0	99.1	99.2	100.0
2	Norway	99.8	100.0	99.8	99.6	100.0	99.6
3	Sweden	98.6	99.3	98.9	92.8	97.6	92.4
4	New Zealand	98.5	98.6	98.2	96.8	97.1	97.0
5	Belgium	95.6	96.3	97.4	89.0	89.3	92.4
6	United Kingdom	87.1	85.6	97.1	61.5	55.5	91.5
7	Switzerland	93.0	96.9	-	85.7	90.9	38.0
8	Denmark	96.1	94.4	96.0	79.0	68.8	74.1
9	Canada	94.1	97.2	94.8	47.2	77.4	59.9
10	Netherlands	88.4	87.4	93.9	70.5	66.7	83.9
11	Italy	69.3	97.8	92.5	54.4	96.4	83.5
12	Austria	57.4	49.3	92.3	32.7	26.4	84.9
13	Finland	85.6	89.4	91.5	64.1	63.4	63.5
14	France	91.2	87.7	-	84.1	77.8	-
15	United States	89.9	90.2	85.5	68.3	71.6	58.3
16	Germany	83.1	83.8	84.8	53.7	48.4	55.8
17	Japan	68.6	61.4	69.9	39.9	26.5	39.9
Average All DAC Countries		87.5	86.0	87.0 ^{c/}	66.2	64.9	66.2 ^{d/}

^{a/} The grant element reflects the concessionality of loans. Roughly speaking it is calculated as $1 - \frac{\text{The Present value of all repayments (at 10\%)}}{\text{Face Value of the Loan}}$

^{b/} Rankings are based on the grant element of the ODA commitments for 1975. 1975 figures are not currently available for France and Switzerland. Ranking for these two countries is therefore based on 1974 results.

^{c/} Includes the DAC estimate for France and Switzerland.

^{d/} Includes the DAC estimate for France.

P&B
9/17/76

Table 7

a/

DISTRIBUTION OF ODA TO HIGHER INCOME LDCs 1974
(% Gross Bilateral Disbursements)

<u>Ranking</u> ^{b/}	<u>Country</u>	<u>Aid to Countries with Per Capita Income \geq \$700</u>	<u>Aid to Countries with Per Capital Incomes $>$ \$1000</u>
1.	France	47.9	35.3
2.	Austria	44.5	-
3.	Italy	28.6	17.2
4.	Netherlands	27.3	9.7
5.	Germany	20.0	7.6
6.	Switzerland	9.4	5.0
7.	United Kingdom	6.0	2.1
8.	United States	5.1	3.6
9.	Finland	3.9	2.0
10.	Japan	3.8	1.4
11.	New Zealand ^{c/}	2.7	2.2
12.	Belgium	2.4	0.9
13.	Canada	1.7	0.1
14.	Denmark	0.8	0.3
15.	Sweden	0.6	0.2
16.	Norway	0.4	0.3
17.	Australia	0.2	0.2
	All DAC	14.9	9.0

a/ Geographically allocated amounts only.

b/ Ranking is by aid to countries with per capita income \geq \$700

c/ 1973 figure.

P&B
9/17/76

Table 8

DISTRIBUTION OF ODA TO THE POOREST COUNTRIES - 1974

(% of gross ODA Bilateral Aid)

<u>Ranking</u> ^{a/}	<u>Country</u>	<u>Share to Poorest Countries</u> <u>(Per capita Income \leq \$200)</u>	<u>Share to LDC's</u> ^{b/}
1	Norway	84.6	28.6
2	Belgium	83.3	16.9
3	Sweden	78.7	27.0
4	Canada	78.5	17.5
5	Denmark	75.7	32.6
6	New Zealand ^{c/}	70.2	9.7
7	United States	68.2	8.0
8	Switzerland	66.0	20.4
9	United Kingdom	63.4	10.8
10	Finland	61.6	51.7
11	Netherlands	59.6	9.0
12	Japan	57.5	2.4
13	Germany	52.0	11.3
14	Austria	35.8	2.4
15	Italy	31.3	25.8
16	Australia	28.2	1.6
17	France	27.3	10.0
TOTAL DAC		56.0	9.9

a/ Ranking is by percentage of aid to countries with per-capita income \leq \$200.

b/ Least developed countries.

c/ 1973 figures.

P & B
9/17/76

NET ODA FLOWS TO MULTILATERAL AGENCIES 1975

Table 9.

<u>Ranking</u> ^{a/}	<u>Country</u>	<u>Net Multilateral ODA</u> <u>\$million</u>	<u>% Total</u> <u>Net ODA</u>	<u>IDA as a %</u> <u>of Total Net</u> <u>Multilateral</u> <u>Flows</u>	<u>Multilateral</u> <u>Aid as a % of</u> <u>Total DAC</u> <u>Multilateral</u>
1	Italy	124.4	68.0	11	3.3
2	Denmark	94.6	46.1	14	2.5
3	Norway	81.7	44.4	15	2.2
4	Finland	20.9	43.5	29	0.6
5	Netherlands	238.1	39.5	15	6.3
6	United Kingdom	296.2	34.3	49	7.8
7	Sweden	192.8	34.1	24	5.1
8	Belgium	125.3	33.2	16	3.3
9	Switzerland	33.0	31.7	-	0.9
10	Germany	530.2	31.4	20	14.0
11	Canada	267.7	30.8	26	7.1
12	United States	1066.0	26.6	33	28.3
13	Japan	297.3	25.9	50	7.9
14	New Zealand	15.5	23.5	6	0.4
15	Austria	14.5	22.7	59	0.4
16	France	303.9	14.3	29	8.0
17	Australia	70.6	13.9	36	1.9
	Total DAC	3772.7	27.7	30	100.0

a/ Ranking is by percentage of net ODA multilateral flows in total net ODA flows for 1975.

Source: DAC and Controller's

P&B Department
9/17/76

INTERNATIONAL MONETARY FUND

DENMARK

Recent Economic Developments--Supplementary Information

Prepared by the European Department

Approved by Rolf Evensen

March 3, 1977

Information received since the issuance of SM/77/25 (2/7/77) confirms that a significant slowdown occurred in economic activity during the fourth quarter of 1976 and in early 1977. Consumer demand eased; the volume of retail sales seasonally adjusted was 3 per cent lower and new private car registrations were 40 per cent lower in the fourth quarter of 1976 than in the preceding quarter. Construction activity has been relatively subdued. Unemployment was about 8 per cent of the total labor force in January 1977. The rise in hourly wage costs has moderated and in December 1976 the index was 8.3 per cent above December 1975. The consumer price index was 12.5 per cent higher in January 1977 than a year earlier, equivalent to about 9 per cent if the value-added tax had been levied at its normal rate in January 1976. The three-month price freeze from December 1, 1976 helped to limit the index compensation increase in wages payable from March 1977 to one step^{1/} or about 2 per cent of average hourly earnings. Monetary policy was substantially tightened in the latter months of 1976 and remains restrictive. The Nationalbank's official discount rate was reduced by 1 percentage point to 9 per cent on March 3, 1977.

Preliminary 1976 balance of payments figures indicate a current account deficit of DKr 11.5 billion (SDR 1.65 billion), equivalent to 4.4 per cent of GDP (Table 1). Virtually all the deterioration occurred in the trade account because of the large rise in imports. Industrial exports, excluding ships, increased in 1976 by 8 per cent in volume, while imports rose by 18 per cent in volume. Total capital inflow was about DKr 11.9 billion (SDR 1.7 billion) of which net public sector borrowing was DKr 10.2 billion and net private capital inflow, including errors and omissions, was DKr 1.7 billion. There was an inflow of private capital in the fourth quarter of about DKr 4.5 billion, mostly after the realignment of snake currencies on October 18, 1976. The krone remained close to the top of the snake from mid-October to end-February 1977 (Chart 1). Gross official international reserves at end-February 1977 amounted to about DKr 7.1 billion (SDR 1.05 billion), equivalent to about five weeks' imports.

Prospects for 1977 remain unclear in view of the lack of progress in negotiations on the 1977-78 wage agreements which were due to have been completed at end-February 1977.

^{1/} Incomes policy is outlined in SM/77/25, pp. 12-14.

Table 1 . Denmark: Balance of Payments

	In millions of Danish kroner			In millions of SDRs		
	1974	1975	1976 ^{1/}	1974	1975	1976 ^{1/}
Exports	46,936	49,695	54,615	6,404	7,123	7,825
Imports	58,015	57,250	71,670	7,916	8,206	-10,268
Trade balance (f.o.b.)	-11,079	-7,555	-17,055	-1,512	-1,083	-2,443
Freight, net	2,615	2,360	2,100	357	338	301
Travel, net	719	570	330	98	82	47
Other services, net	1,245	1,125	1,785	170	161	256
Transfer payments, net ^{2/}	938	430	1,310	128	62	188
Current transactions, net	-5,562	-3,070	-11,530	-759	-440	-1,652
Capital						
Public sector borrowing, net	698	895	10,216	95	128	1,464
Registered private sector borrowing, net	3,726	-445	2,477	508	-64	355
Other errors and omissions	349	603	-824	48	86	-118
Total capital, net	4,773	1,053	11,869	651	151	1,700
Monetary movements						
Banks' short-term net foreign assets	-1,821	1,867	-1,027	-248	268	-148
Official reserves, net ^{3/}	2,610	150	698	356	21	100
Monetary assets, net (increase -)	789	2,017	-339	108	289	-48
Conversion factor (DKr per SDR 1)				7.33	6.98	6.98

Sources: Publications of Danmarks Nationalbank and Danmarks Statistik.

^{1/} Preliminary.

^{2/} Including EC transfers.

^{3/} Excluding exchange rate adjustments in monetary assets and liabilities.

OFFICE OF THE PRESIDENT

Meeting with Delegation of Denmark, September 24, 1978

Present: Mr. McNamara, Minister Without Portfolio Mrs. Østergaard, and Messrs. Isaksen, Borch and Magnussen

Mr. McNamara congratulated the Danish Government for its excellent ODA performance. The ODA/GNP ratio would reach 0.7 by next year which was a remarkable achievement, particularly in view of the fact that the economy was not growing fast in recent years. He agreed with the point made by Minister Østergaard that wasteful growth in OECD countries was wrong but that satisfactory growth rates were nevertheless badly needed in order to achieve the development objectives of the LDCs.

With regard to IDA, he said that negotiations on the sixth replenishment would have to start before the end of the year. It was important for the small countries to lead in order to put leverage on the larger countries. The Dutch Government had played that role with remarkable success in the past. He hoped that this time Denmark could provide strong leadership. The importance of such leadership could not be overemphasized. Mrs. Østergaard replied that she was glad to accept the proposed leadership role as a welcome challenge for her country.

Mrs. Østergaard said that she had been surprised about the broad acceptance of the concept of interdependence and mutuality of interests in summit meetings and other international fora over the last year. However, an important gap between philosophy and reality or, in other words, between statements of intent by political leaders and action of governments had to be overcome. Mr. McNamara agreed. Unfortunately, the present conservative fiscal mood in the U.S. reflected a longer-term trend; the liberals were adjusting to this new situation.

cc: Mr. Knapp

CKW
September 29, 1978

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OFFICE OF THE PRESIDENT

Meeting with Mr. Kelm-Hansen, Chairman of the Board of the Danish International Development Agency (DANIDA), October 28, 1980

Present: Messrs. McNamara, Kelm-Hansen, Poulsen, Ambassador Borch

Mr. Kelm-Hansen offered his thanks to Mr. McNamara for the opportunity of meeting him and also for the inspiration that he is for so many people in the world. He then expressed his disappointment with the situation of development in the Third World. He stated how difficult it is to understand the main obstacles and he pointed to the lack of political support in the developed world. In spite of the literature, including Bank documents (e.g., WDR III), the message is not received in the developed countries. He asked Mr. McNamara what his views were on this issue.

Mr. McNamara answered that he would use the specific case of the U.S. to respond to Mr. Kelm-Hansen's question. In the first place, the U.S. is a nation not well-informed, certainly not as well as some other parts of the world, especially Western Europe. He said that this country has been traditionally separated from the rest of the world. He added that it is not so much that people are "bad," they are simply ignorant. He gave the example of the problem of the Panama Canal, saying that for other countries, the U.S. must appear insane, with a complete misunderstanding of the issue largely due to ignorance. Second, Mr. McNamara mentioned that the U.S. people are generally rather generous, but they have to have a certain rationale for expressing their generosity. For instance, the Marshall Plan for the reconstruction of Europe was clearly based on the intention to strengthen the position of the West in front of the perceived threat from the East. However, after a while, it was realized that this particular justification for aid was no longer valid. Today, the majority in this country is not stimulated by the moral argument which once could be powerful. Probably less than 20% of the population is still stimulated by that argument; however, many of the others could also be stimulated. In the third place, the economic argument of the interdependency in the world is not yet clearly perceived by this country. For so long, this nation has not been part of the world. Indeed today, in spite of the fact that the U.S. exports have doubled to 12% of GNP in the last few years, this is still a small share of the country's economy compared to other countries. Ambassador Borch said that the U.S., in spite of everything, is still doing a lot with refugees from various parts of the world. Mr. McNamara answered that the main reason for this is that this country is still a melting pot and there has been the tradition of helping refugees. In fact, he said this country is largely made up of recent immigrants, and he cited the case of part of his own family who came over from an Ireland potato farm in 1858.

Mr. McNamara reiterated, however, that he thought the main problem was ignorance. Another aspect which has been increasingly influential is that today, per capita income is very high in this country, but it is relatively less than it used to be a few years ago. People, therefore, feel a liquidity squeeze. They complain and they do not understand and want their increasing taxes to go to the Government to finance the developing countries. He added that he thought that this trend was likely to continue. Mr. Kelm-Hansen expressed his disappointment in a recent visit which he made to high school students in Pennsylvania where he found that most students had absolutely no knowledge or information about the North/South dialogue. He asked Mr. McNamara what could be done about such a situation. Mr. McNamara suggested that the only way is to push forward for more

circulation of information. He said that recently a number of Bank documents have been widely published and recognized around the country: the World Development Report III; the Bank Annual Report; the Bank Energy Report; and his speech to the Annual Meeting of the Bank Governors. All these have received very wide press coverage all over the country, much more so than the Brandt papers had received. He added that the Bank now has good prospects for getting support from Congress, largely because the Bank can point things which are of direct interest to the U.S., e.g., in the field of energy. He said that there are areas where the Bank can appeal to Congress in matters of self-interest, e.g., jobs, energy and food production. Mr. McNamara emphasized that there is always the possibility of convincing people. He gave the particular example of his recent meeting with a group of conservative Republicans whom he thought he had been able to convince.

Mr. Kelm-Hansen spoke about his concern with respect to the forthcoming debate in the Danish Parliament on foreign aid. He said that a number of representatives are being influenced by statements of Mr. Myrdal who recently spoke strongly against the present form of multilateral assistance and official aid. Mr. Myrdal has expressed his view that foreign aid should be transferred to first aid and emergency-type programs. Mr. Kelm-Hansen asked Mr. McNamara what he should say in his debate. Mr. McNamara answered that Mr. Myrdal's position and argument are all too superficial. He added that he could not talk much about bilateral assistance, but, if Mr. Myrdal refers to the Bank, then he is "a fool." Mr. McNamara said that the Bank can prove what it is doing; it has an independent system of audit for each project. He added that he would be happy to see Mr. Myrdal visit the Bank and look at the Bank's program for this year. He suggested that Mr. Myrdal, reviewing the total number of projects proposed in the lending program of \$12 billion, would probably come to the conclusion that he would not consider less than 1% as important or needed.

Mr. Kelm-Hansen reminded Mr. McNamara of the statements according to which the rich are getting richer, and the poor are getting poorer. Mr. McNamara said that he had never said that the poor are getting poorer. Rather, the problem is that the gap between the rich and the poor is getting bigger, and the poor are not moving ahead fast enough. He reminded Mr. Kelm-Hansen that the world cannot be remade overnight, but there are indications that progress can be made. As an example, there is now evidence of a direct correlation between primary school education for females and the rate of fertility. He added that obviously the Bank could do better than it is doing now. Mr. Kelm-Hansen said that the problem is that somebody like Mr. Myrdal is listened to in various places. Mr. McNamara commented that one should ask the Indians or other people in the developing countries what they actually want. He said that Mr. Myrdal could be reminded of Chairman Mao's saying that it is better to give a fishing hook to hungry people and teach them how to fish rather than to give them the fish. Mr. Kelm-Hansen said that Mr. Myrdal's argument is also that there is no political will in the developing countries themselves. Mr. McNamara said that this is not true, but rather that there is not enough of the political will. However, one has to be fully aware of the awful difficulties of development. In Kenya, for instance, only 15% of the land is arable or cultivable. It is therefore a "cop-out" for Sweden to suggest that one should dispense with the present form of assistance. Mr. McNamara concluded by saying that, in spite of a number of frustrations in the assistance efforts and in the development process, there has been substantial progress in recent years. For instance, the increase of the life expectancy of the population in the world is a fundamental measure of progress, and this increase has been very substantial recently.

OL
November 3, 1980

OFFICE MEMORANDUM

TO: Mr. Olivier LaFourcade, EXC
FROM: Ole L. Poulsen, EDS
SUBJECT: Mr. Kelm-Hansen's Visit to the Bank

DATE: October 23, 1980

With reference to the meeting on Tuesday, October 28, 1980, at 6:00 p.m. between Mr. McNamara and Mr. Kelm-Hansen, Chairman of the Board of the Danish International Development Agency, I hereby forward, for your information, a copy of Mr. Kelm-Hansen's bio-data.

For your information I can add that Mr. Kelm-Hansen most likely will be accompanied at the meeting by the Danish Ambassador to the United States, Otto R. Borch, and by myself.

Encl.
OLP:eh

Curriculum vitae

Curriculum vitae for Member of Parliament,
Mr. Christian Kelm-Hansen

Born on 3rd September, 1925, on Kegnæs, Denmark

- | | |
|---------|---|
| 1953 | B.A., Vordingborg Teachers' College |
| 1959-65 | secretary, later deputy secretary-general of the Danish Red Cross |
| 1962-65 | member of the Board of the Danish International Development Agency (DANIDA) |
| 1964-65 | chairman of Dansk Flygtningehjælp (Danish Refugee Aid) |
| 1965-69 | secretary-general of Mellempfolkeligt Samvirke (The Danish International Voluntary Service) |
| 1965-71 | member of the executive committee of the Danish Red Cross |
| 1970 | principal, Esbjerg Højskole |
| 1975 | chairman of the Board of the Danish International Development Agency (DANIDA) |
| 1978 | Member of Parliament (the Social Democratic Party) |

12

OFFICE OF THE PRESIDENT

Meeting with Mr. Olsen, Minister of Housing, Denmark, December 3, 1980

Present: Messrs. McNamara, Olsen, Poulsen (Alternate ED), Ambassador Borch

Mr. Olsen expressed his appreciation to Mr. McNamara for receiving him. He explained that, in the present difficult economic situation in Denmark, the Ministry of Housing has excess capacity and serious unemployment. He said that their idea is to look for employment opportunities overseas. He explained that they came to the conclusion that there is something to be done with the developing countries. He said, however, that DANIDA, the official aid agency of Denmark, has pointed to the Ministry of Housing that its standards are excessively high for most developing countries. He then said that he eventually came across a booklet on shelter prepared by Bank staff, Mr. Churchill in particular. He observed that the philosophy of the Bank, as expressed in this pamphlet, is very close to DANIDA's, namely, to help the poor at the lowest possible cost. The Ministry of Housing then decided to come to the Bank to listen and learn from the Bank's experience and thereby try to avoid some of the mistakes which any newcomer in this field would be bound to make. He realized that instead of building a program itself the Ministry of Housing would be much better off if it were to operate under cofinancing arrangements with the Bank. Mr. Olsen explained that he had spent a full day with Bank staff two days ago and he had been extremely well received.

Mr. McNamara said that he was delighted to hear that Mr. Olsen's visit had been very productive, and also for the intentions of the Danish Government. He explained that the Bank is indeed short of funds and therefore cofinancing is a very attractive proposition for the Bank. He told Mr. Olsen that any form of cofinancing as the Danish Government would prefer would be acceptable to the Bank. He further said that the Bank's comparative advantage was to provide the technical expertise. He added that the field of housing is an extremely difficult one; however, the Bank has indeed found some ways to provide decent housing at low cost. He said that on many occasions what the Bank is doing is not so much to build new houses but rather to improve existing housing, especially in slum areas, where tremendous improvements have been achieved. Mr. Olsen agreed and added that he had been informed that, for no more than \$50 per household, many things can indeed be improved. Mr. McNamara added that an important element is that beneficiaries have to pay the cost of the improvements.

Mr. Olsen then expressed his interest in discussing the energy problem. Mr. McNamara gave Mr. Olsen a copy of the gray cover report on energy. He then went on to explain that it has been realized in the various studies undertaken by the Bank that some 50% of the energy requirements come from biomass, e.g., fuel wood from forestry. He explained that the Bank is looking at the energy problem in the largest possible sense. He told Mr. Olsen that the Bank's program for lending for energy currently amounts to some \$15 billion but the Bank believes that it should be double. For that purpose, there is the intention of creating an energy affiliate, and he said that the Bank was hoping for Denmark's support on the creation of this affiliate. He further explained that, if current trends continue, the amount of forest area per capita will be reduced by 50% in the year 2000 over present levels. He expressed his opinion that it should be rather easy for OECD, OPEC, and oil-importing developing countries to find their interest in an expanded energy lending program. He said that the Bank believes that it is possible to increase the production of energy in the developing countries from 8.5 million barrels of oil equivalent to 18.5 million barrels of oil equivalent.

Mr. Olsen then asked Mr. McNamara what would be the Bank's strategy in this respect. Mr. McNamara answered that the first requirement is to analyze the needs and the plans for each country, especially in the fields of conservation and expansion of production. In addition, prices should be high enough in those countries. There is the need for the governments' energy programs to "get the market going." He gave the example of Ecuador, where the current price is U.S. 18¢ per barrel. If they continue with this price, Ecuador, which is currently an exporter of oil, will become an importer within the next five years. Ambassador Borch asked Mr. McNamara whether there was an expression of interest from the Parliament and the Government in the U.S. Mr. McNamara replied that there was certainly more interest in energy than in housing. He explained that the Bank is currently having problems with the U.S. Congress. However, he said that energy is not a low priority for them, since they clearly see their own interest in that field. He further explained that the U.S. development assistance is certain to come down. The budget crunch has not come yet, but it will come next year, and the first cuts will be for low priority programs and official development assistance is a sure case for cuts; however, he expressed his belief that, over time, the Bank will be able to "make it through."

OL
December 19, 1980

DANISH EMBASSY

3200 WHITEHAVEN STREET, N.W.
WASHINGTON, D. C. 20008

ERLING OLSEN

MINISTER OF HOUSING (Social Democrat)

B. 1927. M.S. (economics, Copenhagen University 1953).
Ph.D. 1971, thesis: "International Trade Theory and Regional
Income Differences: United States 1880-1950". Lecturer and
associate professor, Copenhagen University 1950-1970.
1970-73, President and professor at Roskilde University.

Member of Parliament 1964-66, 1971-73 and from 1975 to date.

Erling Olsen became Minister of Housing in 1978 when the then
Social Democratic minority government was changed to a Social
Democratic - Liberal coalition government. When that govern-
ment in late 1979 was succeeded by a Social Democratic minority
government, Mr. Olsen was appointed Minister for Housing again.

Erling Olsen is married to Mrs. Annette Unmack Larsen, M.A..

He has written several books on economic matters and spent
the years 1962-63 studying in the United States.

October 1980

(Tentative)

AGENDA

FOR VISIT OF DANISH HOUSING MINISTER AND PARTY

December 1, 1980

- 10:00 a.m. "Plenary session," including Minister for Housing, Dr. Erling Olsen's, opening address on Danish experience with the transfer of know-how in the field of housing to developing countries with Messrs. Anthony Churchill, Director, Urban Projects Department; Donald Strombom, Assistant Director, Urban Projects Department; Leif Christoffersen, Assistant Director, Agriculture and Rural Development Department; Harold Dunkerley, Senior Advisor, Urban Projects Department; and Michael Cohen, Acting Chief, Operations Review and Support Unit, Urban Projects Department in Room D-658.
- 11:00 a.m. Slide show and discussion: Overview of Housing Conditions in LDCs by Michael Cohen and other Urban Projects Department staff in Room D-658.
- 1:00 p.m. Luncheon hosted by Mr. Warren C. Baum, Vice President, Central Projects Staff, "E" Building Executive Dining Room, Room No. 6.
- 3:00 p.m. Discussion of urban experience in Kenya with Praful Patel, Deputy Division Chief, Africa Division, Urban Projects Department in Room D-658.
- 3:30 p.m. Discussion of urban experience in Madras, India, with Nina Shapiro, Chandra Godavitarne, and Michael Cohen of Urban Projects Department in Room D-658.
- 4:00 p.m. Discussion of urban experience in Korea with Daud Ahmad, Deputy Division Chief, Urban Division, East Asia and Pacific Projects Department in Room D-658.
- 4:30 p.m. Dr. Olsen's party leaves for press conference with Danish press corps at Royal Danish Embassy.

November 21, 1980