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Series: Contacts - Member Countries files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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McNamara Papers

Contacts
United Kingdom (1958-1969)

The World Bank Group
Archives



1771219

A1993-012 Other #: 19

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President's papers - Robert S. McNamara Contacts with member countries: United Kingdom - Correspondence 01

DECLASSIFIED

WBG Archives

UNITED KINGDOM

UNITED KINGDOM

- 4/4/68 Roy Jenkins, Chancellor of the Exchequer
 Sir Douglas Allen, Joint Permanent Secretary of the Treasury
 David Dowler, Private Secretary
 John Harris, Special Assistant for Economics
 David Hubback, Treasury Under Secretary
- 4/15/68 Gordon Richardson, Chairman of J. Henry Schroder Wagg & Co. Ltd.
- 4/26-28/68 Sir Frederic Bennett, Member of Parliament
 (Mont Sir Maurice R. Bridgeman, Chairman and Managing Director, British
 Tremblant Petroleum Co., London
 Conf.) Alastair Buchan, Director, Institute for Strategic Studies, London
 Sir Paul Chambers, Chairman, Imperial Chemical Industries Ltd., London
 Sir Duncan M. Oppenheim, President, British-American Tobacco Co., London
 J. Enoch Powell, Member of Parliament and Director, National Discount
 Co., London
 Andrew A. Shonfield, Director of Studies, Royal Institute of
 International Affairs
 Dick Taverne, Minister of State Treasury
- 5/6/68 Mr. Mogg, London Times
- 6/4/68 Sir Morris Parsons, Deputy Governor, Bank of England
1. 6/26/68 Baron Edmund de Rothschild, London merchant Banker
 Mr. Josephson
- 7/25/68 Sir Harold Wilkinson, Managing Director, Royal Dutch Shell
- 9/13/68 Gordon Richardson, Chairman of J. Henry Schroder Wagg & Co., Ltd.
2. 9/28/68 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas Development
(Filed in Mark office)
- 9/28/68 Peter Jay and David Spanier, London Times
3. 10/3/68 Sir Leslie O'Brien, Governor of the Bank of England
4. 10/3/68 Roy Jenkins, Chancellor of the Exchequer
- 10/3/68 John Phillimore, Baring Bros., London
- 10/7/68 Sir William Iliff, Director, De La Rue Co., Ltd., London
 Lord Howick of Glendale, Baring Bros., London
 The Viscount Harcourt, Morgan Grenfell & Co., Ltd.
- 10/7/68 John Graham, Fred Fisher and Joseph Rogaly, Financial Times
5. 11/25/68 Rt. Hon. Michael Stewart, Foreign and Commonwealth Secretary
 (London) N. J. Barrington
 A. T. Baillie
6. 11/25/68 Reginald Prentice, Ministry of Overseas Development
 (London) G. W. Wilson
 R.B.M. King
 J. Mark
 N.B.J. Huijsman

- 12/6/68 Wolf Ladejinsky, The Economist
- 1/30/69 Reginald Prentice, Ministry of Overseas Development
- 2/5/69 Dominic Harrod, London Daily Mail
7. 3/7/69 Lord Howick of Glendale (on behalf of Colonial Development Corp.)
8. 3/17-18/69 Sir Geoffrey Wilson, Ministry of Overseas Development
- 3/19/69 Lord Patrick Blackett, President, Royal Society of London
- 3/20/69 Roy Fenton, Bank of England
- 4/4/69 Messrs. Beedham, Midgley and Knight of The Economist
9. 3/31/69 Lord Thomas Balogh, former Economic Adviser to PM Wilson
- 5/5/69 Sir Leslie O'Brien, Governor, Bank of England
Jeremy Morse, Executive Director, Bank of England
10. 5/22/69 David Howell, Conservative Member of Parliament
Mr. Schreiber
- 4/23-25/69 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas Development
(Bellagio)
- 5/28/69 Edward Heath, MP, Minority Party
- 6/2/69 Charles Wintour, Editor, London Evening Standard
- 6/6/69 Richard Milner, The Sunday Times)
Michael Forman, The Economist) with 11 other newsmen
- 6/9/69 Gordon Richardson, Chairman, J. Henry Schroder Wagg & Co., Ltd.
- 6/13/69 Sir Harold Wilkinson, Managing Director, Royal Dutch Shell
11. 6/23/69 Richard Symonds, UN advisor on population
- 6/25/69 The Earl of Cromer, Partner, Baring Bros., London
(NYC)
- 5/9-11/69 Sir Frederic Bennett, MP
(Bilderberg) Denis Hamilton, Editor-in-Chief, Times Newspapers Ltd.
Edward Heath, MP, Leader of the Opposition
Sir Eric Roll, Director, S. G. Warburg & Co. Ltd.
Sir Frank Kenyon Roberts, Advisor on international affairs to
Unilever and Lloyds of London
- 7/18/69 James Lees, Management position in the steel industry, London
(Aspen - Eisenhower Exchange)
12. 9/22/69 Sir Alec Cairncross, Master of St. Peter's College, Oxford
13. 9/24/69 Roy Jenkins, Chancellor of the Exchequer
Frank Figgures, Second Secretary of the Treasury
J. H. Harris, Special Assistant to the Chancellor

- 9/26/69 John Midgley, The Economist)
Michael Benson, Reuters) at reception for the press
14. 9/27/69 The Earl of Cromer, Baring Bros., London
John Miller, Baring Bros.
- 10/1/69 John Diamond, Chief Secretary to The Treasury (at Canadian
Ambassador's dinner for the Pearson Commission)
15. 10/2/69 Sir Leslie O'Brien, Governor of the Bank of England
16. 10/3/69 John Diamond, Chief Secretary to The Treasury
17. 10/6/69 Lord Howick of Glendale, Baring Bros. (Chairman of Commonwealth
Development Corp.)
- 10/6/73 Marjorie Deane, The Economist
18. 10/16/69 R.B.M. King, Deputy Secretary, Ministry of Overseas Development
19. 10/16/69 Frederic Seebohm, Chairman, Barclays Bank (Dominion, Colonies and Overseas)
Mr. Morel, Local Director in New York
20. 10/23/69 Sir Maurice Parsons, Deputy Governor, Bank of England
- 10/25/69 Alastair Buchan, former Director, Institute for Strategic Studies
- 11/4/69 Gordon Richardson, Chairman, J. Henry Schroder Wagg & Co., Ltd.
- 11/11/69 Sir Denis Wright, British Ambassador to Iran
(Tehran)
- 11/11/69 Roy Jenkins, Chancellor of the Exchequer
(London)
- " Michael Stewart, Foreign and Commonwealth Secretary
21. 11/11/69 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas Development
(London) G. R. Bell, Treasury
W. I. Combs, FCO
Sir A. Part, Board of Trade
R. L. Davies, Board of Trade
Jeremy Morse, Bank of England
R.B.M. King, ODM
D. Williams, ODM
J.L.F. Buist, ODM
- 11/25/69 Mr. Saxton, BBC (TV taping)
- 12/2/69 Peter Jay, London Times
- 1/29/70 Lady Jackson
22. 2/6/70 Brian Reading, Economist on staff of Edward Heath
- 2/18/70 Frank Giles, Deputy Editor, London Times

- 2/22/70 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas
(Montebello) Development
23. 2/25/70 Judith Hart, Minister for Overseas Development
Sir Geoffrey Wilson, Permanent Secretary, Min. of Overseas Development
24. 2/25/70 Messrs. John Grist and Jeremy Murray Brown, BBC
- 2/26/70 David Nunnerly, British writer (Eliot College, Kent University --
doing research for book on Anglo-American relations, specifically
Kennedy-Macmillan period)
- 3/18/70 Sir William Armstrong, Head, British Civil Service
- 4/6-9/70 Sir David Owen, Secretary-General, International Planned Parenthood
(Bellagio) Federation, London
&
- 4/10-12/70 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas
(Ditchley) Development
- 4/10-12/70 Judith Hart, Minister for Overseas Development
(Ditchley) A. Tasker, Director, Overseas Development Institute
K. M. Critchley, Private Secretary to the Minister of Overseas
Development
David Lawless, Ditchley Conference Officer
H. V. Hodson, Provost of Ditchley Foundation; former Editor of
The Sunday Times
25. 5/7/70 Sir Samuel Goldman, Second Secretary, UK Treasury
- 5/20-22/70 Representatives and Observers at OECD Meeting:
(Paris) Rt. Hon. R. H. Jenkins, Chancellor of the Exchequer
Rt. Hon. Anthony Crosland, Secretary of State for Local Government
and Regional Planning
Sir John Chadwick, Head of the Permanent Delegation
Sir Frank Figgures, Second Secretary, The Treasury
W. Hughes, Second Secretary, Board of Trade
R.B.M. King, Deputy Secretary, Ministry of Overseas Development
W. R. Cox, Under-Secretary, Department of Local Government and
Regional Planning
R. G. Britten, Foreign and Commonwealth Office
W. S. Ryrie, Private Secretary to the Chancellor
J. R. Coates, Private Secretary to Mr. Crosland
H. M. Griffiths, Treasury
J. H. Harris, Special Assistant, Treasury
D. Payton-Smith, Central Office of Information
Sir John E. Coulson, Secretary-General, European Free Trade Association
- 6/18-19/70 International Meeting on Development Policy:
(Heidelberg) Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas
Development
Douglas Wilson, London
Sir Robert Jackson, WHO
26. 7/20/70 Lord Toby Aldington, Chairman, National and Grindlays Bank, Ltd.
(UN-NY)
- 8/5/70 David Morse, Lawyer - former Director-General, ILO

27. 9/10/70 Marjorie Deane, The Economist
28. 9/23/70 Anthony Barber, Chancellor of the Exchequer
(Copen.) Sir Leslie O'Brien, Governor, Bank of England
Sir Douglas Allen, Permanent Secretary to the Treasury
Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas
Development
- 9/24/70 Peter Jay, et al, London Times
(Copen.)
29. 10/2/70 Anthony Harris, The Guardian
- 11/9/70 Sir Maurice Parsons, Chairman, Bank of London and South America
- 12/1/70 Lady Jackson
(UN-NY)
- 12/3-4/70 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas Development
(Bellagio Group, NYC) Ralph Melville, Agricultural Adviser, Ministry of Overseas Development
- 12/7/70 Sir Geoffrey Wilson, Permanent Secretary, Ministry of Overseas Development
- 3/29/71 Sir Frederic Seebohm, Chairman of Barclays Bank
George Money, head of Western Hemisphere Dept. of Barclays Bank
30. 4/22/71 Lord Evelyn Howick, Chairman, Commonwealth Development Corp.
(London) Sir William Rendel
Riger Swinnerton
- " Members of Parliament:
Roy Jenkins
Judith Hart
Barbara Castle
Sir Geoffrey Wilson, Commonwealth Secretary
31. 4/23/71 Geoffrey Rippon, Minister in Charge of Common Market Negotiations
(London) Christopher Tickell, Personal Assistant to the Minister
32. 4/23/71 Richard Wood, Minister of Overseas Development
(London) Sir Michael Walker
Douglas Williams
Robert Porter
Mr. Baxter (Pakistan Consortium)
- 4/23/71 Prime Minister Edward Heath
(London)
33. " Sir Alec Douglas-Home, Foreign Secretary
34. " Anthony Barber, Chancellor of the Exchequer
Alan Neale, The Treasury
Cyril Hodges

- 4/23/71
(London) Guests at Prime Minister's luncheon:
Sir Alec Douglas-Home, Foreign Secretary
Anthony Barber, Chancellor of the Exchequer
Richard Wood, Minister of Overseas Development
Michael Walker, Foreign and Commonwealth Office
J. R. Bottomley, Foreign and Commonwealth Office
A. D. Neale, The Treasury
Jeremy Morse, Bank of England
R. T. Armstrong, Principal Private Secretary to the Prime Minister
- 4/23-26/71 Anthony Tasker, Director, Ministry of Overseas Development Institute
(TidewaterIV, Richard Frederic Wood, Minister of Overseas Development Institute
Lausanne)
- 5/13/71 John Owen, potential staff member
- 5/29/71
(Jackson Seventh Anglo-American Conference on Africa:
Hole) Maurice Foley, Labour MP
George Cunningham, Labour MP
Geoffrey Johnson-Smith, Conservative MP
Peter Lothian, Conservative MP
Alex Lyon, Labour MP
Dickson Mabon, Labour MP
John Mackintosh, Labour MP
Robert Maclennan, Labour MP
Nicholas Scott, Conservative MP
George Sinclair, Conservative MP
Dennis Grennan, Ariel Foundation
Bernard Hayhoe, Ariel Foundation
Miles Hudson, Conservative Research Department
Malcolm MacDonald, Former Special Representative in Africa
Geoffrey Martin, Ariel Foundation
- 9/9/71 Mrs. Judith Hart, MP - lunch
- 9/20/71 Mrs. Frances Cairncross McRae, London Observer
35. 9/30/71 Anthony Barber, Chancellor of the Exchequer
Sir Leslie O'Brien, Governor, Bank of England
Terence Higgins, Minister of State, Treasury
Jeremy Morse, Bank of England
R.B.M. King, Overseas Development Administration
- 10/4/71 The Viscount Harcourt, Morgan Grenfell (IFC Adviser)
Sir Eric Roll, S. G. Warburg (IFC Adviser)
36. 10/5/71 Peter Jay, London Times
- 10/18/71 Gordon Richardson, Chairman, J. Henry Schroder Wagg & Co., Ltd.
- 12/3/71 Meeting of the Consultative Group on International Agricultural Research:
A.R. Melville, Chief Adviser, Natural Resources, Overseas Development
Administration
- 1/8/72 Dr. Walter Perry, Vice Chancellor, Open University (at dinner with
the Shrivvers)

37. 1/20/72 Anthony Barber, Chancellor of the Exchequer
(London) Terence L. Higgins, Minister of State, Treasury
Sir Douglas Allen, Permanent Secretary, Treasury
38. " Prime Minister Edward Heath
39. " Sir Alec Douglas-Home, Secretary of State for Foreign Affairs
2/24/72 Lord George Brown, Member of Parliament
4/7/72 Sir Leslie O'Brien, Governor, Bank of England
(London)
4/8/72 Roy Jenkins, MP
(London) Sir David Owen, Secretary-General, International Planned Parenthood
Federation, London
" Gordon Richardson, Chairman, J. Henry Schroder Wagg & Co., Ltd.
4/9/72 Margaret Jay, BBC
(London) Peter Jay, The Times
4/10/72 Prime Minister Edward Heath
(London)
5/3-5/72 W.A.C. Mathieson, Deputy Secretary, Overseas Development Administration
(Bellagio) David Hopper, Director, International Development Research Centre
5/10/72 Peter Jay, The Times
6/1/72 Miss Hella Pick, Manchester Guardian
6/7/72 Denis Healey, Member UK Shadow Cabinet (at dinner given by the
(Stockholm) Minister of Foreign Affairs)
6/16/72 The Rt. Hon. Lord Shawcross, Chairman, Morgan Guaranty International
(NYC) Council
7/15/72 Sir Duncan Oppenheim, President, Board of Directors, British-American
Tobacco Co. (Lunch at home with other members of the International
Association for the Promotion and Protection of Private Foreign
Investments (APPI))
40. 9/8/72 J.A.C. Hugill, Chairman, Industry Cooperative Programme, Tate & Lyle
9/18/72 Denis Healey, Member UK Shadow Cabinet
41. 9/29/72 Anthony Barber, Chancellor of the Exchequer
Sir Leslie O'Brien, Governor, Bank of England
10/13/72 Marjorie Deane, The Economist
11/30/72 Jeremy Morse, Executive Director, Bank of England
E. A. George, Personal Assistant to Mr. Morse
42. 2/18/73 RMcN rough notes on talk with PM Heath, etc.
(Chequers)

43. 2/19/73 The Rt. Hon. Anthony Barber, Chancellor of the Exchequer
(London) Sir Douglas Allen
 Derek Mitchell
 Anthony Rawlinson
 Alan Bailey
- 2/19/73 The Rt. Hon. Richard Wood, Minister for Development
(London) R.B.M. King, Overseas Development Administration
 Sir Leslie O'Brien, Governor, Bank of England
- " Gordon Richardson, Chairman, J. Henry Schroder Wagg & Co., Ltd.
- 4/6/73 Denis Healey, UK Shadow Cabinet
- 5/9-12/73 Miss Julia Henderson, Secretary-General, International Planned
(Bellagio III Parenthood Federation
Population Mtg.)L.C.J. Martin, Under-Secretary, Foreign and Commonwealth Office, ODA
44. 6/20/73 and Prof. Richard Jolly, Director of the Institute of Development
6/22/73 Studies (Sussex)
- 7/13/73 Derek Mitchell, Second Permanent Secretary, The Treasury
- 7/30/73 Gordon Richardson (lunch at home)
45. 9/26/73 Anthony Barber, Chancellor of the Exchequer
(Nairobi) Gordon Richardson, Governor, Bank of England
 R.B.M. King, Deputy Secretary, Overseas Development Association
 A. K. Rawlinson, Executive Director
- 12/8,9/73 R.B.M. King, Secretary, Foreign and Commonwealth Office, Overseas
(Tidewater) Development Administration
 Antony Tasker, Director, Overseas Development Institute
- 3/24/74 Ambassador (Sir Peter) Ramsbotham (Luncheon at the Rawlinsons)
- 5/9/74 Harold Lever, Chancellor of the Duchy of Lancaster and Financial
 Advisor to Prime Minister Wilson
 Mrs. Gilmore, Private Secretary to Mr. Lever
46. 5/31/74 Alan Hart, BBC and Miss Stack
47. 6/10/74 Denis Healey, Chancellor of the Exchequer
 Sir Douglas Allen, Permanent Secretary to Her Majesty's Treasury
 Derek Mitchell, Second Permanent Secretary, The Treasury
 Mr. France, Private Secretary to the Chancellor
- 6/13/74 Derek Mitchell, Second Permanent Secretary, The Treasury (Lunch)
- 6/17/74 Jeremy Morse, Chairman C20 and Exec Director, Bank of England
- 7/15/74 R. B. M. King, Permanent Secretary, Overseas Development Administration
(UN-NY)
- 7/29/74 The Rt. Hon. Judith Hart, Minister of Overseas Development
 Miss Margaret Jackson, Political Advisor to Mrs. Hart
 Mr. Rawlinson, Executive Director, IBRD/IMF

- 9/28/74 Gordon Richardson, Governor of the Bank of England
(Lunch at Tracy Place)
48. 10/1/74 The Rt. Hon. Denis Healey, Chancellor of the Exchequer
D. W. G. Wass, Permanent Secretary, H. M. Treasury
Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury
Gordon Richardson, Governor of the Bank of England
C. W. France, Private Secretary to the Chancellor
49. 10/24/74 Lord Trevor Stamp
- 11/5/74 Hella Pick, Manchester Guardian
50. 11/26/74 Robert Stephens, Diplomatic Correspondent, The Observer
- 12/7-8/74 Judith Hart, Minister, Overseas Development Administration
(Tidewater,
St. Donat, Que.)
- 1/9/75 Roy Jenkins, Secretary of State for the Home Department (Dinner at
the George Stevens)
- 1/11/75 Alastair Buchan, Montague Burton Professor of International
Relations, Oxford University - and Mrs. Buchan
Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury
(Lunch at Tracy Place)
- 1/14/75 R.B.M. King, Permanent Secretary, Ministry of Overseas Development
- 1/14/75 Denis Healey, Chancellor of the Exchequer (dinner at the Cliffords)
- 1/26/75 The Earl of Cromer (dinner at the Gerard Smiths)
51. 2/4/75 David Spanier, London Times and EUROPA
- 2/6/75 Frank Giles and Henry Brandon, London Sunday Times
52. 4/16/75 Sir Walter Perry, Vice-Chancellor, Open University of the UK
- 4/25-27/75 Bilderberg:
(Cesme,
Turkey) Sir Frederick Bennett, House of Commons
Sir Arnold Hall, Hawker Siddeley Group, Ltd.
Denis Healey, Chancellor of the Exchequer
John Horam, Member of Parliament
Andrew Knight, The Economist
Gordon Richardson, Governor of the Bank of England
Sir Eric Roll, S. G. Warburg & Co. Otd.
Margaret Thatcher, House of Commons
- 5/7/75 R.B.M. King, Permanent Secretary, Ministry of Overseas Development
- 5/19/75 Alan Hart, BBC
- 6/12-13/75 R.B.M. King, Permanent Secretary, Ministry of Overseas Development
(Paris-Dev.
Cte.)

- 7/11/75 Henry Brandon, London Sunday Times
53. 7/16/75 Sir Geoffrey de Freitas, M.P., Chairman, Select Committee on Overseas Development
Sir Bernard Braine, M.P.)
Mr. Michael Grylls, M.P.) Members of the Committee
Mr. Keven McNamara, M.P.)
Prof. Leonard Joy, Deputy Director of the Institute of Development Studies, and Adviser to the Committee
Mr. Winnifrith, Clerk to the Committee
54. 7/21/75 Jonathan Power, New York Times and International Herald Tribune
55. 7/22/75 R.B.M.King, Permanent Secretary, Ministry of Overseas Development
56. 7/28/75 Douglas Ramsey, The Economist
57. 9/1/75 The Rt. Hon. Denis Healey, Chancellor of the Exchequer
Gordon Richardson, Governor of the Bank of England
Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury
R.B.M. King, Permanent Secretary, Ministry of Overseas Development
- 9/28-29/75 R. B. M. King, Permanent Secretary, Ministry of Overseas Development
(Tidewater, Germany)
- 10/1/75 Dinner at the Embassy in honor of Mr. and Mrs. Anthony Rawlinson
- 10/10/75 The Earl Mountbatten of Burma
General Sir Ian Goylay, ADC to Lord Mountbatten
Mr. John Barrett, Secretary to Lord Mountbatten
58. 10/13/75 Mr. K. L. Windridge, SecGen of International Superphosphate and Compound Manufacturers Association, Ltd.
- 11/20/75 Stuart Hampshire, Warden of Wadham, Oxford (dinner at Jos. Alsops)
- 1/6-10/76 Denis Healey, Chancellor of the Exchequer
(Dev.Cte., Kingston) Sir Richard King, Permanent Secretary, Ministry of Overseas Development
- 3/12/76 Sir Denis Rickett
- 3/13/76 Reginald Prentice, Minister of Overseas Development
Sir Ronald McIntosh, Director General, National Economic Development Council
(Dinner at the Ryries)
59. 3/15/76 Reginald Prentice, Minister for Overseas Development
Vincent McClean, Private Secretary to the Minister
60. 4/28/76 Edmund L. de Rothschild
Dr. Eric Wilson, Professor of Hydraulic Engineering, Salford University
Mr. Allan
Mr. van der Schaar

61. 5/6/76 Michael Stewart, Director, The Ditchley Foundation
David Wills, Chairman of the Ditchley Council
- 5/14/76 R.B.M. King, Permanent Secretary, Ministry of Overseas Development
62. 6/11/76 H. M. "Fredy" Fisher, Editor, Financial Times
Messrs. Martin and Bell, Financial Times, Washington
63. 7/8/76 Sir Shridath Surendranath Ramphal, Secretary-General of the
(London) Commonwealth
- Sir Richard King, Permanent Secretary, Ministry of Overseas Development
Denis Healey, Chancellor of the Exchequer
The Rt. Hon. Reginald Prentice, former Minister of Overseas Development
Gordon Richardson, Governor, Bank of England
Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury
Mr. Burgner
64. 7/9/76 Edward Wirht, Principal, Aberdeen University
(Aberdeen) Lord Polworth, Chancellor, Aberdeen University
- 7/13/76 Margaret Jay, BBC (dinner at home)
- 9/24/76 Edward Heath (dinner at Mrs. Graham's)
65. 10/6/76 Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury
(Manila) Sir Richard King, Permanent Secretary, Ministry of Overseas Development
- 10/13/76 Neville Maxwell, Author ("China'India War")
- 10/19/76 Roy Jenkins, President-elect of the European Communities (dinner
at the British Embassy)
Ambassador Ramsbotham
- 10/20/76 Roy Jenkins, President-elect of the European Communities
(lunch alone with RMcN)
- 10/22/76 Anthony Rawlinson, Bank of England
- 10/27/76 John Thompson, UK Ambassador to India
- 12/4-5/76 Christopher W. Fogarty, Deputy Permanent Secretary, Ministry of
(Tidewarer, Overseas Development
Japan)
- 1/5/77 Frank Judd, Minister of Overseas Development
- 1/17/77 Sir Jeremy Morse, Bank of England
- 2/9/77 Richard Jolly, Society for International Development
66. 2/14/77 Robert Rhodes James, MP
- 3/14/77 Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury

67. 4/1/77 Gordon Richardson, Governor, Bank of England
Ian Plenderleith, Private Secretary to Mr. Richardson
68. 4/19/77 Judith Hart, Minister of Overseas Development
John Vereker, Private Secretary to Mrs. Hart
69. 4/22/77 Sir Shridath Surendranath Ramphal, Secretary-General of the
Commonwealth
70. 4/26/77 Rt. Hon. Denis Healey, Chancellor of the Exchequer
N. Monck, Personal Assistant to Mr. Healey
William Ryrrie, Executive Director
- 4/29/77 Sir Derek Mitchell, Second Permanent Secretary, H. M. Treasury
- 6/6-9/77 E. C. Burr, Ministry of Overseas Development
(Bellagio, James D. Greig, Director, Population Bureau, Ministry of Overseas Dev.
Denmark) Ms Julia Henderson, Secretary General, International Planned
Parenthood Federation
Dr. Fred T. Sai, Assistant Secretary General, International Planned
Parenthood Federation
71. 7/19/77 Frank Vogl, London Times
72. 7/28/77 Sir Geoffrey Howe, Shadow Chancellor of the Exchequer
Adam Ridley.
73. 8/3/77 Hella Pick, Manchester Guardian
- 8/4/77 Ambassador Peter Jay
- 9/14/77 Sir Shridath Surendranath Ramphal, Secretary-General of the
(New York) Commonwealth
74. 9/23/77 Hamish McRae, Manchester Guardian
- 9/26/77 Gordon Richardson - At dinner at the Fritchey's
75. 9/27/77 Denis W. Healey, Chancellor of the Exchequer
(Annual Gordon Richardson, Governor, Bank of England
Meeting) P. S. Preston, Permanent Secretary, Ministry of Overseas Development
A. M. W. Battishill, Principal Private Secretary to the Chancellor
- 10/6/77 Sir Denis Rickett, Schroder's Merchant Bank
- 10/10/77 Sir Arthur Lewis - Research Advisory Panel on Income Distribution
and Employment
- 10/13/77 Andrew Knight, London Economist [Dinner at Bradens]
76. 12/19/77 Richard Kershaw, BBC
- 1/27/78 Sir Jeremy Morse, Chairman of Lloyd's Bank
- 3/3/78 Sir Derek Mitchell
77. 4/28/78 Frank Vogl, London Times
78. 2/13/80 Lord Jellicoe, Chairman, Tate & Lyle

- 7/14/78 Sir Shridath Surendranath Ramphal, Secretary-General of the Commonwealth
(Lunch at IBRD)
78. 11/7/78 Peter Adamson, New Internationalist, London
- 9/26/78 U.K. Delegation : Dennis Healey, Chancellor of the Exchequer
Annual Meeting (No Memcon prepared)
- 1/25/79 Sir Derek Mitchell
- 2/15/79 Ambassador Peter Jay
- 2/15/79 The Rt. Honorable Edward Heath, M.P.
- 4/17/79 Stanley Wright (Dinner alone)
(London)
- 4/18/79 Sir Derek Mitchell (Breakfast alone)
(London)
- 6/5/79 Sir George Sinclair, Interparliamentary Conference on Population
Kenneth Baker " " " "
79. 6/6/79 Neil Marten, Minister for Overseas Development
Mr. Ryrie
- 6/21/79 Ambassador Peter Jay (Farewell dinner at Embassy)
- 6/28/79 Sir Derek Mitchell
- 7/25/79 Jonathan Powers, Herald Tribune (Overseas)
80. 9/29/79 Sir Geoffrey Howe, Chancellor of the Exchequer
Belgrade Sir Peter Preston, Messrs. AMW Batterishill, Ryrie
- 12/5/79 Ambassador Henderson
(dinner at John Sherman Coopers')
- 1/9/80 Mr. and Mrs. Peter Jay (at home - cocktails for
James Callaghan, former Prime Minister)
- 1/31/80 Sir Derek Mitchell
- 2/3/80 Lord George Weidenfeld
(at dinner given by Kissingers' in N.Y.)
81. 2/25/80 Dudley Seers, Fellow, Institute of Development
Studies, University of Sussex
82. 2/13/80 Lord Jellicoe, Tate & Lyle
Messrs. Arthur Quinn, John Mitchell, Shaw
- 2/13/80 Sir Shridath Surendranath Ramphal, Sec-Gen of Commonwealth
(Brandt Commission member)

83. 3/10/80 Anthony Sampson (interview for article in NEW YORKER)
3/17/80 Lord Eric Roll - Lunch with IFC Advisers
84. 3/28/80 Rosemary Righter, Sunday Times
85. 4/2/80 Peter Jay
Robert Porter, President, EarthSat
86. 6/16/80 "Fredy" Fisher, Editor, Financial Times
6/19/80 Edward Heath, M.P. (Brandt Commission)
Ronald Grierson, General Electric (London)
Sir Nicholas Henderson and Lady Henderson - Lunch at the Embassy
87. 7/22/80 Anthony Verrier, BBC and Financial Times
9/11/80 Sir George Bishop - Booker McConnell, Ltd. (Overseas Development Institute)
10/31/80 Mr. Peter Jay, London Times
88. 9/27/80 Sir Geoffrey Howe, Chancellor of the Exchequer
Annual Meeting Sir Peter Preston
Gordon Richardson
A.J. Wiggins
Mr. Anson (ED)
11/18/80 Sir Derek Mitchell
11/25/80 Harold Macmillan, former Prime Minister (at Wilson Center)
12/17/80 Alastair Horne, (MacMillan biographer)
1/21/81 Mr. Roy Jenkins, retired Chairman, European Communities
at dinner hosted by
Sir Nicholas Henderson, Ambassador to the U. S.
2/17/81 The Rt. Honorable Edward Heath, M.P.
(New York)
3/18/81 Hamilton Whyte, UK Permanent Mission to the UN
4/6/81 Sir Derek Mitchell
4/30/81 Most Rev. and Right Honourable Robert A.K. Runcie,
Lunch The Archbishop of Canterbury



Mr. McNamara - to see, please.
NBS 7/16

OFFICE MEMORANDUM

TO: Memorandum for the record

DATE: July 16, 1968

FROM: Michael L. Lejeune

SUBJECT: Visit by Mr. Edmund de Rothschild

On June 26 Mr. Edmund de Rothschild visited Mr. McNamara. He was accompanied by Mr. Josephson. Sir Denis Rickett and I were present.

Mr. de Rothschild handed Mr. McNamara a brochure entitled "Notes on a Plan for Raising Living Standards in the Middle East with Supporting Data" and a folder of correspondence between Mr. de Rothschild and a number of persons, such as Prime Minister Wilson and Gen. Eisenhower, and memoranda of conversations between Mr. de Rothschild and a number of others, such as Commissioner Ramey of the Atomic Energy Commission, Vice President Humphrey, Mr. George Woods and Israeli officials.

Mr. de Rothschild explained to Mr. McNamara that he was convinced that much could be done to ease the tension in the Middle East and promote the establishment of peace by providing water for irrigation projects which would give productive employment to displaced persons at present unemployed. He spoke not only of large-scale nuclear desalinization plants but also the exploitation of ground water and the tapping of distant rivers through long distance pipelines. He ventured the opinion that some of the very large nuclear power plants which had been talked of produced too much power and were too far away in time to be useful in promoting early solutions, but he felt smaller scale plants and the imaginative exploitation of rivers and ground water resources had more hope.

He explained that he had discussed his ideas with a number of prominent people and while he could see that there were some very difficult political problems involved he was hopeful that with the backing of such institutions as the World Bank his proposal would get a better hearing.

Mr. McNamara said that based on the analyses he had seen of the cost of producing fresh water from the sea by large-scale nuclear plants he felt sure that no **such** solution could be worked out unless some government was ready to provide a heavy subsidy. It was, he said, impossible for the Bank itself to undertake to finance such proposals. However, if both sides in the Middle Eastern conflict and any government or combination of governments willing to subsidize the investment wished the Bank to play the role of managing agent for such a project, the Bank would be prepared to consider it. It was, however, most important that the political atmosphere should be conducive to success. Mr. de Rothschild seemed most gratified at this response.

Michael L. Lejeune

c.c. Messrs. McNamara, Knapp, Sir Denis Rickett, Messrs. Shoaib, Chadenet, Upper



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*Mr. McNamara - to see please.
WBS 10/10*

OFFICE MEMORANDUM

TO: Mr. Rainer B. Steckhan

DATE: October 9, 1968

FROM: Denis Rickett

D.R.

SUBJECT: Annual Meeting - 1968 - Records of Interviews

I attach below notes on the talks between Mr. McNamara and the Finance Ministers of the Netherlands, Belgium and the United Kingdom, and the Managing Director of the Bank for International Settlements and the Governor of the Bank of England.

These notes have been cleared with Mr. Aldewereld in those cases where he was present at the talk.

Attachments

President has seen

ANNUAL MEETING - 1968

UNITED KINGDOM

Mr. Roy Jenkins, Chancellor of the Exchequer, accompanied by Sir Douglas Allen and Mr. Evan Maude, called upon Mr. McNamara at the Sheraton-Park Hotel on Thursday, October 3 at 2.30 p.m. Sir Denis Rickett was also present.

Mr. McNamara began by raising with Mr. Jenkins the question of Berlin. Mr. Jenkins said that he had had a discussion with Professor Schiller on the previous day, in which Professor Schiller seemed to have been persuaded, as a result of a talk he had had with Mr. McNamara that morning, that it would be much better for the Federal German Government not to press its invitation to the Bank and Fund to meet in West Berlin in 1970. Since then, however, Professor Schiller appeared to have had a conversation with a representative of the State Department (Mr. Jenkins did not know whom), as a result of which Professor Schiller had changed his mind and intended to ask for an immediate decision in favor of Germany. The British Government were not in favor of holding the meeting in Berlin; nevertheless, if the matter were pressed to a vote at the present meeting they would find it very difficult to oppose the idea and he might be obliged, although reluctantly, to vote in favor of holding the meeting in Berlin. It would be much better if a decision could be deferred. Mr. McNamara agreed that this would be the best course and said that he and M. Schweitzer would try to get agreement by the Joint Procedures Committee that the facilities available in Berlin and the preferences of the member countries should be the subject of further study.

Mr. Jenkins then raised the question of replenishment for IDA. Mr. McNamara said that the prospects for action by the Congress this session were very poor. No one could tell what line would be taken by a new Administration and a new Congress. A long delay in providing IDA with new money would be a very serious matter and the chief sufferer would be India. He had, therefore, been very much encouraged by the proposal of the Canadian Government to make a unilateral contribution and he hoped that the British Government might be willing to do the same. If so, he could give an undertaking that a substantial proportion of funds made available would be used for credits to India.

Mr. Jenkins stated that he would certainly do what he could to help in this matter. The British contribution to the Second Replenishment had been the subject of a collective decision by Ministers and any unilateral British contribution would also have to be approved by the Cabinet. There might be resistance from Ministers who felt that it was not for the United Kingdom Government to do more than other governments were willing to do at present. Decisions affecting public expenditure in the United Kingdom were a particularly delicate matter since they affected the programs of so many departments. If he could be given a proposal in writing he would be glad to study it and would try to see that an early answer was given.

Mr. McNamara thanked Mr. Jenkins and said that he would send a memorandum to Mr. Maude early in the following week.

DR/mt
10/9/68

Report by Sir Denis Rickett

5

Record of conversation between the
Foreign and Commonwealth Secretary and the
President of the World Bank held at the
Foreign and Commonwealth Office on Monday,
25 November, 1968, at 9.45 a.m.

Present

The Rt. Hon. Michael Stewart, M.P.

Mr. N.J. Barrington

Mr. Robert S. McNamara

Mr. A.T. Baillie

Mr. William Clark

After an exchange of courtesies and in response to Mr. Stewart's Mr. McNamara spoke as follows.

Pakistan

2. He had had a long meeting with President Ayub Khan. His mental and physical health now appeared to be excellent. There was little doubt that he would continue as President and would campaign energetically before next year's elections. But he was giving some thought to his eventual successor and it was noteworthy that his son had been getting a lot of publicity recently. There had been charges of nepotism.

3. The Bhutto incident had been very badly handled and had been damaging to the Government. The jailing in particular had been very crude. Some support had been lost and the opposition had gained (especially amongst lawyers). But although the friction would continue there was little threat to the Government. If there was serious trouble, military leaders would step in.

(General Yahya was an enemy of Bhutto's). A group of junior army officers was said to be pro-Maô but the extent of this feeling was unknown.

4. Economic prospects were very good indeed and the agricultural revolution really appeared to be working.

5. In sum, he would expect Ayub Khan to ride out the present storm and the economy to make considerable progress.

India

6. He visited Delhi, Bihar, Calcutta, Madras, Bombay.

7. He was impressed by the great underlying strength of the country. Democratic processes were strongly embedded and he was impressed by the steadfastness of purpose and will. Although the Congress Party was weak the failure of the opposition when in power in Bengal and Kerala still left Congress well in front. In the February elections he expected Congress to win a plurality but not a majority.

8. He was very impressed by Mrs. Gandhi who was a much stronger character than he had previously thought. She was possibly too cautious in some things but was unquestionably shrewd and determined. He did not expect her to give up. She was strongly anti-communist but had to take into account India's proximity with Russia and China.

9. He foresaw a strong economic future ahead. The present recession was due to climatic misfortunes and was only temporary. India was on the verge of a dramatic agricultural revolution. The increase in agricultural productivity would outweigh the growth in population (5% vs 2½%). In a few years' time there would be increased social problems with migration to the cities, but he was nevertheless optimistic about India's political future.

10. His effigy had been burnt in Calcutta which is a "hell-hole". (The demonstrators were attacking his past record as Defence Secretary). He agreed that the economic progress of India and Pakistan were fundamental to the peace of the world.

Aid

11. India and Pakistan had been let down by the failure of the consortia and the International Development Association to come up to scratch.

12. This year IDA had only \$130m. available instead of the expected \$600m. India would have got approximately 40% of this if the second replenishment had gone through. US Congress' failure to ratify the second replenishment agreement was responsible for this situation. Nothing could be done to push Congress into action and he would have to wait until about May or June 1969 for a decision. He had therefore approached several countries, including the UK, to make funds available for commitment in advance of US ratification. Canada had already offered the full amount under the replenishment agreement. Two thirds of Canada's contribution would be used in India. He hoped that the UK would respond favourably to his proposals and was certain that the Indians would "interrogate" Mr. Stewart on our attitude.

13. If IDA funds were not forthcoming quickly India would face a severe foreign exchange crisis in 3/4 months' time.

14. He had seen the report of the Estimates Committee on Overseas Aid and remarked that the report mentioned that the UK got 30/- of orders for each £1 we contributed. He said that this was due to the "disproportionate amount" of IDA funds used in the past in India and Pakistan.

Mr. Kosygin

15. On his way to the sub-continent he had stopped over in Moscow. He was there as a "tourist". The American Embassy told him that Mr. Kosygin wished to see him. He went unwillingly because he no longer represented the US Government.

16. He gained the impression that Mr. Kosygin genuinely wanted to see progress on limitation of strategic nuclear weapons and, after that had been achieved, on their reduction. Mr. McNamara thought that this was a realistic approach to the problem.

17. At Glassboro Mr. Kosygin appeared to have been "held back" by his colleagues. The atmosphere for progress now seemed somewhat brighter. Mr. Kosygin seems genuinely to desire positive progress and mentioned that a main reason for this was "financial pressure".

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TBRD file

1/3

By file in "Bank" done

Note of a Meeting held in the Minister's Room at the Ministry of Overseas Development
Monday, 25th November, 1968

Present:-

- The Minister
- The Parliamentary Secretary
- Mr. McNamara, President, I.B.R.D.
- Mr. W. Clark, I.B.R.D.
- Mr. G. W. Wilson .
- Mr. R. B. M. King
- Mr. W. A. B. Hopkin
- Mr. J. Mark
- Mr. N. B. J. Huijsman

International Development Association

The Minister informed Mr. McNamara that Her Majesty's Government were prepared to respond to his request for a unilateral interim contribution by offering the equivalent of one year's contribution under the second replenishment, subject to :-

- (a) this contribution counting against the U.K.'s liabilities under the second replenishment once it became effective;
- (b) disbursements not exceeding the amounts provided for under the U.K. aid programme during the present and the two immediately following U.K. financial years; and
- (c) a comparable contribution by Germany.

Mr. McNamara foresaw great difficulty over the third condition. The Germans were not prepared to be pressurised, nor would they wish to contribute to I.D.A. in a situation which would hold few balance of payments attractions for them, since his intention was to use a high proportion of interim resources for programme aid to India. The Germans also objected to this on principle. He could approach the Germans but he was doubtful of success. The Minister said while he could see that the Germans faced legislative and philosophical problems it was right that they should contribute and to do so held far fewer difficulties for them than for the U.K. He might be prepared to argue that the U.K. should still contribute if the Germans stayed out, but he could not be sure he would carry his colleagues with him.

2. Mr. McNamara said that his aim was to try and settle the interim replenishment before Christmas in view of the serious foreign exchange situation the Indians would soon be in. As of now I.D.A. could only extend a \$50 million credit to India out of the \$125 million already approved. If the remainder had to be extended soon it would have to be on hard terms and he very much doubted whether this would be

U.K.T.S.D.

DEC 2 1968

/ desirable

desirable. Furthermore, he could not subsequently convert hard loans to soft terms. He saw the logic of the U.K. insistence on a German contribution but he was worried about how the Germans should be approached. His own contact would have to be with the Ministry of Finance, who would be unsympathetic. Alternatively he could approach German financiers, but any deal with them would require German Government approval. The third possibility, which seemed more hopeful, was for the U.K. Government to approach the Germans through the Ministry of Foreign Affairs. He hoped that Her Majesty's Government would agree to do this. Mr. Wilson said that H.M. Ambassador in Bonn would have to be consulted. Mr. McNamara asked if he could be advised on the outcome before the Bank Board meeting on 3rd December.

3. On more general I.D.A. matters, Mr. McNamara said that he did not regard a situation in which the U.S.A., Germany and Japan remained outside a replenishment, as stable. The Germans were not the only difficulty; the Japanese were even less forthcoming. He saw no prospect of U.S. legislation before May/June, 1969, and rated the chances of Congress passing the I.D.A. Bill as 60/40. In regard to I.D.A. lending policies he deemed it wise to restrict the India-Pakistan share of credits to 52% in view of the anti-I.D.A. lobby in Congress. Once the Indian economy began to move he thought that public attitudes in the U.S.A. would rapidly improve.

4. Mr. McNamara said that his paper R68/206 on I.D.A. policies was due for discussion on 3rd December; he hoped for U.K. support in view of the Dutch, German and Japanese opposition. The Latin Americans, other than Colombia, might also be opposed.

Extract from note of meeting between Minister
Overseas Development and Mr. McNamara on 25th Nov. 1968

1. IDA
2. Grand Assize
3. India and Pakistan

The Grand Assize

5. The Minister recounted his talk with Mr. Pearson. He was much impressed by Mr. Pearson's approach, but wondered whether, given the time available to him, his proposed report might not be too wide-ranging. The O.D.M. would of course help Mr. Pearson in any way possible. Mr. McNamara accepted that the commission would have to be very selective. He considered the presentation of the report to be very important; it had to be clear, hard-hitting and concise. His aim was that it should reach the widest possible public.

Extract from note of meeting between Minister
Overseas Development and Mr. McNamara on 25th Nov. 1968

1. IDA
2. Grand Assize
3. India and Pakistan

India and Pakistan

6. Mr. McNamara said that he had been very impressed with what he had seen. There were gaps and weaknesses but the progress was unmistakable. The advance in Pakistan was tremendous - more so in West than in East Pakistan - and his feeling was that the Pakistan problem was now political rather than economic. In India, progress was slower but real. Agricultural expansion was getting under way and

this should rub off on industry over the next three years. In his view the real Indian foreign exchange crisis would come once this occurred. He felt that there were weaknesses in Indian planning, and their fertiliser expansion plans were somewhat over-optimistic. Nevertheless fertiliser expansion was a sector in which the Bank should assist by backing a particular project.

LORD HOWICK OF GLENDALE

Lord Howick, formerly Chairman of the Colonial Development Corporation and, since 1963, of its successor the Commonwealth Development Corporation (CDC), has been associated with the African continent continuously for the past forty years. As a member of the Indian Civil Service he went to South Africa in 1929 as Secretary to the Indian Government Agent there. At the age of 39 he was appointed Governor of Southern Rhodesia (1942-44), then British High Commissioner in South Africa (1944-51).

He took up the post of Governor and Commander-in-Chief of Kenya in 1951 at the very moment that the Mau Mau troubles seriously began. He served concurrently as Chairman of the East Africa High Commission, and held these posts until 1959. Kenya attained internal self-government in June 1963, the last of the three East African territories to achieve independence. Lord Howick was thus the commanding figure during eight of the twelve years that preceded East Africa's complete independence.

Lord Howick has attended Annual meetings of the Bank and Fund regularly since becoming Chairman of the CDC. His son-in-law, Nicholas Gibbs (formerly Personal Assistant to Eugene Black) is now a Division Chief in the Bank's East Asia and Pacific Department. His nephew, Lord Cromer, formerly Governor of the Bank of England, was at one time British Executive Director on the World Bank Board.

President has seen

The Commonwealth (formerly Colonial) Development Corporation

The CDC is an autonomous public corporation which invests official aid funds in development. It is required to act on commercial lines, but need not make an overall profit. Its operations are confined to Commonwealth countries which have become independent since 1948 (i.e. excluding India, Pakistan and Ceylon). CDC also raises money on the open market.

The Corporation has powers to undertake either alone, or in association with others, projects for the promotion or expansion of a wide range of enterprises, including agriculture, forestry, fisheries, mining, factories, electricity and water undertakings, transport, housing, hotels, buildings and engineering.

The Corporation has powers to borrow up to £150 million on a long or medium term basis, and £10 million on short term. The Secretary of State is empowered to make advances from the Exchequer to the Corporation of up to £130 million outstanding at any one time within the total of £150 million.

OFFICE MEMORANDUM

TO: Mr. Julian Grenfell

FROM: L.J.C. Evans

SUBJECT: Lord Howick's Visit

DATE: March 6, 1969

In reply to your request for a quick note about CDC before Mr. McNamara sees Lord Howick:

1. CDC is concerned with all kinds of development in territories which were previously, or are still, British Colonies. It has a particular interest in agriculture and this is probably Lord Howick's main concern.
2. CDC has participated with the Bank or IDA in joint financing of the following projects:
 - Kenya Land Settlement
 - Kenya Smallholder Tea Development (twice)
 - Uganda Smallholder Tea Development
 - Cameroons Development Corporation
3. CDC is likely soon to provide some finance for FLDA in Malaysia which will supplement the loan which the Bank made in 1968 to FLDA for development of the Jengka Triangle project.
4. CDC specialises in project work rather than macro-economic work. It has developed considerable competence in planning and management of certain kinds of agricultural projects, especially plantation projects and smallholder cash crop projects.
5. At the Bank's request, CDC made available one of their senior agricultural staff (Mr. T.A. Phillips), on secondment for two years to the Bank's Resident Mission in Indonesia. Mr. Bell has reported very favourably on this man's performance to date.
6. I have discussed with Lord Howick and senior executives of CDC whether we could make an arrangement with CDC to obtain their services in project preparation to help us with our increasing workload. CDC are keenly interested in this and have put forward proposals under which, on certain terms, they would hold staff available for Bank assignments. I shall be putting forward proposals within the Bank later this month, when our manpower planning in connection with the five-year plan is a little further advanced.
7. I understand that the United Kingdom Government is considering increasing the finance available to CDC and also an extension of the countries in which CDC is permitted to operate. So far as I am concerned, it would be an excellent thing if CDC expertise could be extended to such countries as Indonesia, Thailand and Sudan.

LJCEvans:lkt

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Suggested Agenda for March 17-18 Meeting of Messrs. Strong, Wilson and McNamara a/

A. The future of IDA

1. Status of IDA replenishment
2. IDA policies 1969-71,
e.g., geographic spread
3. Third Replenishment,
e.g., timing, extent

B. Future Bank policies

1. Five-year program -- e.g., scale of borrowing and lending;
personnel plans; etc.
2. Field offices and decentralization
3. Possibility of IBRD contribution to the
Caribbean Development Bank
4. Population
5. "Program" loans
6. Information policies and creation of political
will

C. The future of the World Aid effort

1. Long-term planning
 - (i) Pearson Commission, implementation and publicity
 - (ii) Development Decade II
2. Donor Cooperation
 - (i) UNDP and Jackson's report
 - (ii) Possible meetings of Bank President (and senior staff),
with heads of Aid agencies (and senior staff)
 - (iii) Tidewater II

a/ It is suggested that the meeting begin at 5:00 PM, March 17, adjourn at 7:00 PM; reconvene for lunch at 1:00 PM, March 18, and continue, if necessary, until 3:45 PM.

3/10/69

March 21, 1969

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DRAFT MEMORANDUM FOR THE RECORD

Wm. Mr. McNamara met with Sir Geoffrey Wilson, Messrs. *Maui* Strong, Reid, Lynch, Clark and Sir Denis Rickett on March 17 from 1700 to 1915 hours, and on March 18 from 1400 to 1545 hours. *East*

Mr. McNamara welcomed the group and expressed the hope that this would be the first in a series of meetings.

The attached agenda, at the suggestion of Mr. Strong, was expanded to include items on aid to Nigeria and research on the economics of development.

A.1. Status of IDA Replenishment

Sir Denis reviewed briefly the status of IDA replenishment, pointing out that IDA was likely to have sufficient funds for its tentative program of committing \$384 million in FY1969. Mr. McNamara stated it was his policy to commit funds from special contributions as soon as we prudently could. Nevertheless, there was a real chance that IDA would not be able to commit the full \$384 million in FY 1969 because it was difficult to accelerate the preparation of sound IDA projects in step with the unexpectedly high inflow of special contributions.

With respect to the IDA bill before Congress, Mr. McNamara recalled that a majority of Republicans had, although unsuccessfully, opposed the bill despite White House support. The opposition to the bill stemmed basically from a growing concern with domestic matters and a widespread dissatisfaction with U.S. foreign policy in general. In Mr. McNamara's judgment, the sentiment in the Senate was even less favorable to IDA than in the House and a major effort was required to secure early Senate approval of the IDA bill. There was no doubt in his mind that the special contribution by donors such as the U.K. and Canada was particularly helpful in his endeavors to ensure Congressional approval.

Both Sir Geoffrey and Mr. Strong offered their continued help to create a favorable atmosphere in the Senate. Mr. Clark suggested that the U.K. and Canadian Ambassadors to the U.S. express their support to the Secretary of State. It was also felt that it would be helpful if Prime Minister Trudeau, during his visit to Washington, could mention IDA in informal talks with Senators. Accordingly, Mr. Strong undertook to brief Trudeau on this matter.

A.2. IDA Policies, 1969-71 (Geographical Spread, etc.)

Mr. McNamara explained the contemplated allocation of IDA funds, referring in particular to the agreement between the Bank and Part I countries as approved by the Executive Directors to reduce the level of IDA funds for the Indian Sub-continent to 40% for India and 12-1/2% for Pakistan. Of the remainder, 6% was expected to be committed in Latin America and 42% in other countries (principally Africa and Indonesia). Mr. McNamara made it clear that these projections were tentative and subject to adequate economic performance by the recipients. In reply to a question, Mr. McNamara added that in FY1970 Indonesia could receive

between \$50 million and \$75 million of IDA funds and Africa, excluding the UAR, \$100 million over the June 1967 level.

Turning to India and Pakistan, Sir Geoffrey mentioned that the U.K. had reservations about the reductions of their share of IDA funds. Mr. McNamara assured Sir Geoffrey that, within the constraints imposed by the Board, he would continue to do whatever he could to assist India and Pakistan in their economic development. He felt, however, that a higher share of IDA funds to India and Pakistan would substantially reduce the support for IDA among donors and some developing countries. He continued to say that dissatisfaction with India was widespread in the U.S., not so much because of spending on arms, but because of her stand on Vietnam and a shift to the left by the central and some state governments. Mr. Strong confirmed that the same dissatisfaction existed in the Canadian Parliament and Cabinet. Mr. McNamara believed that all the Bank could do was to encourage U.S. journalists to go to India and report to their U.S. readers on recent successes there, especially in agriculture. He emphasized the useful role which the U.K. and Canadian Executive Directors could play in educating the Board on India's economic development.

B.5. Program Loans

The discussion then focused on program loans. Mr. McNamara reported that many of the Executive Directors had grave doubts about the usefulness of program lending. He recalled that the Board had insisted on a review of all future proposals for program lending prior to negotiations. Therefore, he had decided to step up project preparation, especially in India, Pakistan and Colombia. For the time being the Bank Group could accomplish its objectives without program lending except in the case of India and Pakistan, although even their program lending would be cut back. He was aware that in the case of India this would mean a temporary reduction of the levels of IDA lending and a slowdown in disbursements. However, India had been able to build up her reserves partly from funds of the recent Industrial Imports Credit and some local currency financing could soften the impact of the cutback. Other possible candidates for program lending might have been Colombia and Indonesia but Mr. McNamara hoped that accelerated project preparation would ensure an adequate flow of aid funds to these countries, at least for the next one to two years. Sir Geoffrey and Mr. Strong expressed their disappointment that IDA was moving away from program lending, especially since, as Mr. Strong mentioned, Canada was channelling an increasing part, although not all, of her aid through program lending.

A.3. Third Replenishment

At the outset, Mr. McNamara emphasized that the schedule for the Third Replenishment was still tentative and highly confidential. Any leaks could well endanger Senate approval of the present IDA bill. Mr. McNamara continued to say that he planned to have a white paper on aid alternatives prepared between June and September 1969, to be followed by bilateral talks with selected donors starting in October, and by formal negotiations between January and June 1970. He would seek legislative approval of the Third Replenishment between July 1970 and June 1971. This timetable reflected the time required to prudently commit the funds of the Second Replenishment over fiscal years '69, '70 and '71 and a realistic schedule for obtaining a Third Replenishment.

Sir Geoffrey was wondering whether the feasibility of future "automatic" replenishments without regular Parliamentary approval, but subject to periodic review by donors, had been explored. Mr. Strong responded that the Pearson Commission was looking into this matter and Mr. McNamara added that the contemplated white paper would also address this issue. Sir Geoffrey concluded by suggesting more research and discussion in the universities on alternative ways of replenishing IDA.

B.1. Five-Year Program

Mr. McNamara introduced the subject by stating that he considered the five-year program as a useful tool of management. He had been reluctant to divulge the program because he knew of its weaknesses which, if exposed, would have endangered the whole approach. Mr. McNamara believed that the five-year program as referred to in his speech to the Governors was within the capabilities of the Bank and took proper account of the increased absorptive capacity of developing countries. On a confidential basis, Mr. McNamara indicated that he expected World Bank and IDA lending in Fiscal 1969 to exceed last year's level by approximately 70%. This would be accomplished without compromising the Bank Group's tradition to invest only in projects with high rates of return. In response to questions by Messrs. Strong and Wilson, Mr. McNamara stated that the Bank was attracting first-class staff and was absorbing it effectively. At Sir Geoffrey's request, Mr. McNamara gave a brief rundown of the Bank's financial position and recent borrowings. In Fiscal 1969, the World Bank's cash reserves had grown by roughly \$400 million. Mr. McNamara hoped to continue to raise over the next five years \$750 million net per annum, although he could sustain the level of lending envisaged in the five-year program with much less. He assured Mr. Strong that high interest rates did not present a problem because of the composition of the Bank's lendable funds. Sir Geoffrey enquired about the reaction of New York bankers to the five-year program. Mr. McNamara replied that the sophisticated bankers were much impressed by the Bank's strong financial position and sound lending criteria while a few conservative bankers considered borrowing and lending at the same rate as "soft-headed banking."

B.2. Field Offices and Decentralization

Mr. McNamara expected to continue the Bank's policy of holding down the number of field offices and staff abroad. However, as in the past, resident missions would be set up in a few exceptional cases like Indonesia and Afghanistan. Both Mr. Strong and Sir Geoffrey recalled a widespread feeling at the Tidewater I meeting that the Bank should decentralize its operations and set up more resident missions. Mr. McNamara thought that annual economic missions to the 25 or so most important countries would ensure close contact of nonresident Bank experts with developing countries.

B.3. Possibility of IBRD Contribution to the Caribbean Development Bank

Sir Geoffrey, who had just returned from a tour of the Caribbean, urged the Bank to supply funds and staff for development banks such as the contemplated Caribbean Development Bank. Mr. McNamara stated that it was planned to triple

lending to development finance companies over the next five years, with roughly \$1 billion allocated to existing development banks and \$.5 billion to new banks. In principle, Mr. McNamara said he was perfectly willing to think of the Caribbean Development Bank as another development bank and to consider assisting it within the limits of the World Bank's Articles. However, at this stage, he could not make any firm promises. He would also consider, although not promise, to hire some five to ten people as Bank staff and to lend them out to the Caribbean Development Bank once it was established. He would, of course, consider doing the same for comparable institutions. Both Messrs. Strong and Wilson were delighted at Mr. McNamara's reaction.

As far as the African Development Bank was concerned, Mr. McNamara said the same policy would apply. However, he was still waiting for an initiative from Abidjan. In his talks in Abidjan, he had also informed the African Development Bank that he was looking forward to its participation in World Bank projects in Africa.

B.4. Population

Mr. McNamara recalled the actions he had suggested in his speech to the Board of Governors. Since then the Bank was moving cautiously in the field of population control and was concentrating on countries which were receptive to Bank advice. For quite some time to come the Bank would refrain from informing governments of less developed countries that the Bank could not recommend the investment of the world's limited development capital in countries with high birth rates.

Mr. McNamara described the new population project department and a population economics unit recently established within the Bank. One of the first tentative conclusions of the work to date was that only modest financing would be required and that the bulk of the Bank's assistance would be given in the form of advice. In reply to a question by Sir Geoffrey, Mr. McNamara pointed out that Taiwan was definitely a case where it could be demonstrated that a population program had reduced the birth rate. It was agreed that maximum publicity should be given to this "success story." Turning to reproductive biology, Mr. McNamara stated that current contraceptives were not optimal and large-scale research was needed involving annual expenditures of \$150 million for 10 years. He felt, however, that the Bank should undertake a systems analysis rather than research in reproductive biology. The Bank had already explored this with outside institutions such as the Ford Foundation, Population Council, etc.

Mr. Strong advocated a "consultative group" on population control to coordinate and centralize research and assistance in this field. As a first step, it was suggested that a one-time working meeting on population control be organized along the lines of the Bellagio meeting on agriculture. This meeting should be highly selective and, for that reason, should be organized by an outside organization. Mr. McNamara undertook to discuss this with Rockefeller.

C.1. Pearson Commission -- Implementation and Publicity

Mr. Clark introduced the subject and reported that the intention was to have a report in the hands of interested people sometime in September. The report could be extremely useful in creating and political will for the aid effort. Although technically speaking the report would be addressed to the President of the World Bank who had asked for it, it could usefully be transmitted to other people and organizations as well.

The discussion concentrated on the actions to be taken in implementing the Pearson Report. Mr. Clark suggested that, in order to reap the utmost benefit from the Report, a person with political clout should be charged with the responsibility of implementation. Sir Geoffrey found it difficult to contemplate action based on the Pearson Report as long as the contents of the Report were not known. Once the Report was out, Sir Geoffrey preferred to see the Report form the basis for creation of the political will rather than for improvement of the aid effort. Both Mr. Strong and Sir Geoffrey agreed that Mr. McNamara should assume a position of leadership. They also welcomed the idea of Mr. Pearson addressing the Annual Meetings.

Moreover, it was suggested that the Board of Governors pass a resolution on the Pearson Report at the 1969 Annual Meeting. Such a resolution did not have to endorse the Report since few, if any, Governors could have thoroughly studied the Report by then. Mr. McNamara suggested that such a resolution might include a request that the Executive Directors of the Bank address and take action on those portions of the Report relating to World Bank activities (e.g., Third Replenishment). Mr. Strong felt that the Report should also be referred to governments as far as portions dealing with the creation of political will were concerned, and that an international meeting such as the Ministerial Conference of the OECD might focus on these portions. Mr. McNamara thought it might be particularly useful if a Canadian minister could introduce the subject at such a conference.

Sir Geoffrey strongly suggested that Germany, France and possibly Japan should be consulted on how to handle the Pearson Report and everybody concurred. Mr. Strong suggested that such informal consultations could take place at Tidewater II in June. Mr. Clark emphasized the necessity of keeping the less developed countries informed lest this might appear as a "white man's plot."

It was generally agreed that the Report should receive wide publicity and should be transmitted to the international organizations for study of the relevant portions and to national governments for the creation of political will. Mr. Strong suggested that Mr. Pearson, with one or two Commissioners, should visit the European capitals to make top government officials familiar with the Report. Mr. McNamara thought this could be very effective.

C.1. (ii) Development Decade II

Sir Geoffrey stated that the U.K. participated in discussions of the Second Development Decade without marked enthusiasm or great hopes of accomplishment.

To be more constructive, the U.K. was considering the possibility of selecting half a dozen physical priorities to be achieved by the end of the 70's, such as elimination of locusts, eradication of rinderpest and rehabilitation of metropolitan Calcutta. The U.K. realized, of course, the difficulty in selecting countries for these targets, but Sir Geoffrey thought the Bank could assist in the selection. Mr. Strong interjected that he had no enthusiasm whatsoever for Development Decade II. Mr. McNamara said he was slightly more optimistic than Messrs. Wilson and Strong. He hoped the preparations might lead to the formulation of a few useful concepts, such as fixing an economic growth target and a target for aid contributions of donor countries.

C.2. (i) UNDP and Jackson's Report

Mr. McNamara stated that although he did not know yet what the report would recommend, it was bound to say that the UNDP activities would continue to expand and that the UNDP was not organized to cope effectively with an increased workload. Mr. McNamara was convinced that the World Bank could contribute more to and benefit more from UNDP. There was an obvious case for closer cooperation and for integration of all pre-investment studies into a pre-investment plan for each country in cooperation with interested UN agencies. Mr. McNamara stated his intention to schedule annual economic missions to the 25 or so principal countries and to include in their reports a section on a country pre-investment program. Both Sir Geoffrey and Mr. Strong expressed keen interest in this idea. Mr. Strong emphasized that more of the Canadian aid funds would go to the UNDP system if a greater efficiency of its operations and a closer integration with the World Bank could be accomplished. The Canadian authorities had strongly questioned Paul Hoffman on the rationale of the present allocation of UNDP funds to countries and specialized agencies. Sir Geoffrey reported that the U.K. had increased her contributions to UNDP as an expression of increased support for multilateral aid. This, however, could not detract from a general feeling among U.K. officials that cooperation and integration of the independent UN agencies could be improved.

C.2. (ii) Possible Meetings of Bank President and Senior Staff with Heads of Aid Agencies and Senior Staff

There was a general consensus that this meeting was most useful and similar future meetings should be held with participation rotating among heads of aid agencies. It was unanimously felt that similar meetings with French, German and Japanese representatives without Anglo-Saxons necessarily participating would be most useful in strengthening relations between the World Bank and bilateral aid agencies. Such meetings should be called at the initiative of the President of the World Bank. It was also suggested that the next occasion for informal contacts between the President and aid agencies could be at Bellagio.

C.2. (iii) Tidewater II

Mr. McNamara expressed his belief that a Tidewater II meeting would only be useful if responsible officials from France, Germany and Japan could join the Anglo-Saxon and Dutch delegates who had already accepted. He had asked Mr. Clark to keep an eye on this. Mr. Strong mentioned that Mr. Pearson would

come to Paris for this occasion and Mr. McNamara warned that one had to give careful thought on how to integrate the Pearson and Udink approaches to aid.

At 3:30 p.m. Sir Geoffrey and Mr. Lynch had to leave.

Commodity Stabilization Study

Mr. McNamara took the remaining time to report briefly on the commodity stabilization study. He invited Messrs. Reid and Strong to make suggestions as to how far the Bank should go in recommending actions in the field of commodity stabilization. Mr. Strong confessed that the Canadians had not yet had a chance to discuss this among themselves, but he personally felt that a broadly worded action paper would be a step in the right direction.

Research on the Economics of Development

Mr. Strong reiterated Canada's interest in cooperating to initiate and expand research on the economics of development. Mr. McNamara warmly welcomed this proposal and expressed his readiness to come to Ottawa any time to discuss this with Mr. Strong and his colleagues. In the meantime, Mr. Strong proposed to keep in touch with Mr. Friedman and his associates.

Bank Policy Towards Nigeria

Mr. McNamara stated that the World Bank Group was continuing to lend to Nigeria. However, the Bank was careful not to favor either side or to finance projects directly related to the war. Mr. Strong enquired about plans of the World Bank Group for the reconstruction period and Mr. McNamara stated no definite plans had been developed. His preliminary impression was that destruction and damage to the economy was limited.

Finally, Mr. Strong emphasized the supreme importance of Mr. McNamara's continued leadership in the field of aid. The Canadian Government, Mr. Strong promised, would do everything it could to strengthen his position. Mr. McNamara thanked Mr. Strong and thought such an expression of support in the statement of the Canadian Governor to the Board of Governors would be very helpful indeed.

Rainer B. Steckhan



9

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 28, 1969

FROM: William Clark *wc*SUBJECT: Lord Balogh

Lord Balogh was Harold Wilson's brains trust from 1949 till he became Prime Minister. Balogh was then institutionalised in Number 10, where he was not so happy - he quarrelled with the Civil Service etc.

in 1967/ He was always a staunch ally on Development, and we both went to Wilson/to try and persuade him to offer a larger sum to IDA than was planned (we half succeeded).

He is very interesting on agriculture and education, where he holds exotic but definite views, some of which show great insight, and all of which have the mark of his leprechaun wit.

WDCClark:sf

President has seen

Guild of Insurance Officials, 1943-47. Pres. Birmingham Borough Labour Party, 1946-1954; elected to Birmingham City Council, 1945, 1949, 1952; Alderman 1952; Chairman Finance Cttee., 1955-64; Lord Mayor of Birmingham, 1954-55; City Magistrate, 1956. Member Council, Birmingham Univ.; Governor King Edward VI Schools, Birmingham; Member or ex-member various cttees. Served European War, 1914-18, overseas with R.A.S.C. and Somerset Light Infantry. *Recreations:* gardening, woodwork and reading. *Address:* 26 Stechford Lane, Ward End, Birmingham 8. *T:* Birmingham Stechford 8198. *Club:* Press (Birm.).

BALMFORTH, Rev. Canon Henry, M.A.; Residentiary Canon and Chancellor in Exeter Cathedral since 1956; Lecturer in Theology, Exeter University, since 1959; *b.* 2 Oct. 1890; *s.* of William Albert Balmforth and Sarah Crowther; *m.* 1916, Helen Haigh; two *d.* *Educ.:* Manchester Grammar School; Corpus Christi College, Oxford (Open Classical Scholar), 1st Class Final Classical Moderations, 2nd Class Final Classical School. Attached to General Manager's Staff, Parr's Bank, 1913-15; Lower Sixth Form Master, Manchester Grammar School, 1916; Sixth Form Master and Librarian of Repton School, 1916-32; Headmaster of St. Edmund's School, Canterbury, 1932-41; Deacon, 1916; Priest, 1917; Assistant Priest, St. Werburgh's, Derby, 1920-25; Reader in Derby Cathedral, 1929-1932; Examining Chaplain to the Bishop of Derby, 1931-32; Select Preacher, Oxford, 1934-35; Cambridge, 1938 and 1949; Examining Chap. to Archbishop of Canterbury, 1936; to Bishop of Bath and Wells, 1946-60; to Bishop of Exeter, 1956; Director, Archbishop's Examination in Theology, 1947-64; Six-Preacher in Canterbury Cathedral, 1938-41; Canon of Ely and Principal of Ely Theological College, 1941-56. *Publications:* *Is Christian Experience an Illusion?*, 1923; editor, *Gospel according to St. Luke* (Clarendon Bible), 1930; (joint), *Introduction to Pastoral Theology*, 1937; *The Christ of God*, 1938; *The Christian Religion: A Brief Account*, 1945; *The Royal Priesthood*, 1956; *Christian Priesthood*, 1963; contributor to *Theology* and other journals. *Recreations:* walking, painting. *Address:* 6 The Close, Exeter. *Club:* Oxford Union.

BALNIEL, Lord; Robert Alexander Lindsay, M.P. (C.) Hertford Division of Hertfordshire since 1955; Lieutenant Grenadier Guards; *b.* 5 March 1927; *cr. s.* of 28th Earl of Crawford and 11th of Balcarres, *q.v.*; *m.* 1949, Ruth Beatrice, *d.* of Leo Meyer-Bechtler, Zürich; two *s.* two *d.* *Educ.:* Eton; Trinity College, Cambridge. Parliamentary Private Secretary: to Financial Secretary of Treasury, 1955-57; to Minister of Housing and Local Government, 1957-60. President, Rural District Councils Assoc., 1959-65; Chairman, National Association for Mental Health, 1963. *Heir:* *s.* Master of Lindsay, *q.v.* *Address:* House of Commons, S.W.1.

BALOGH, Thomas, M.A., Dr. rer. pol. (Budapest); Fellow of Balliol College, Oxford, since 1945; Reader in Economics, Oxford University, since 1960; Economic Adviser to the Cabinet, October 1964-67 (part-time basis since October 1967); *b.* Budapest, 2 Nov. 1905; *s.* of Emil Balogh; *m.* 1945, Penelope, *widow* of Oliver Gatty, sometime Fellow of Balliol, and *d.* of Rev. H. B. Tower; two *s.* one *d.* one *step-d.* *Educ.:* The Gymnasium of Budapest Univ.; Universities of Budapest, Berlin, Harvard. Fellow of Hungarian Coll., Berlin, 1927; Rockefeller Fellow, 1928-30; League of Nations, 1931; economist in the City, 1931-39; National Institute of Economic Research, 1938-42; Oxford University Institute of Statistics, 1940-55; Special Lecturer, 1955-60. Visiting Prof., Minnesota, Wisconsin, 1951; Delhi and

Calcutta, 1955; Member and acting Chairman Minerals Committee, Min. of Fuel and Power; Consultant: Reserve Bank of Australia; U.N.R.E.A. Mission to Hungary, 1946; Govt. of Malta, 1955-57, of Jamaica, 1956, 1961-62; Food and Agricultural Organisation of U.N., 1957-59, 1961-; U.N. Economic Comm. for Latin America, 1960; Government of India Statistical Inst., 1960; Greece, 1962; Mauritius, 1962-63; U.N. Special Fund, 1964; O.E.C.D., 1964; Turkey, Peru, 1964. Member, Economic and Financial Cttee. of the Labour Party, 1943-64. *Publications:* *Hungarian Reconstruction and the Reparation Question*, 1946; *Studies in Financial Organisation*, 1946; *Dollar Crisis*, 1949; *Planning through the Price Mechanism*, 1950; (with D. Seaman) *The Economic Future of Malta* (Valletta), 1955; *Planning and Monetary Organisation in Jamaica*, 1956; *The Economic Problem of Iraq*, 1957; *The Economic Development of the Mediterranean* (as Head of a Research team), 1957; *Economic Policy and Price Mechanism*, 1961; *Development Plans in Africa*, 1961; (with M. Bennett) *Sugar Industry in Mauritius; Unequal Partners*, 2 vols., 1963; *Planning for Progress*, 1963; *Economics of Poverty*, 1966; (co-author) *Economics of Full Employment*, 1945; *War Economics*, 1947; *Foreign Economic Policy for the U.S.*; *Fabian International and Colonial Essays; The Establishment*, 1960; papers in *Economic Journal*, *Bulletin of Oxford Institute of Statistics*, etc. *Address:* Balliol College, Oxford. *Club:* Reform.

BALSDON, John Percy Vyvian Dacre, F.B.A. 1907; Fellow of Exeter Coll., Oxford, since 1927; *b.* 4 Nov. 1901; *s.* of late Robert Percy (baronet). *Educ.:* Exeter Sch.; Exeter Coll., Oxford (M.A.). Stapeldon Scholar, Exeter Coll., 1920; *Literae Humaniores*, 1924. Asst. Master, Sedburgh Sch., 1924-26; Tutor, Keble College, Oxford, 1926-27; Junior Proctor, 1940. Ministry of Labour and National Service, 1940-45. Vice-President, Society for the Promotion of Roman Studies; Member of Council of the British School at Rome. Hon. LL.D. (Dalhousie). *Publications:* *The Emperor Gaius* (Cambridge), 1934 (reprinted, 1955); *Oxford Life*, 1957 (new edition, 1962); *Roman Women: their History and Habits*, 1962; *Julius Caesar and Rome*, 1967 (in U.S.A., *Julius Caesar: a Political Biography*); *The Day They Burned Miss Termag*, 1961, and other novels. Contributor to Cicero, 1964; *Editor*, *The Romans*, 1965. Papers and review (mainly on Roman History) in *Journal of Roman Studies*, *Classical Review*, *Gnomon*, *Historia*, etc. *Address:* Exeter College, Oxford. *T:* 44681.

BALSTON, Thomas, O.B.E. 1919; M.C. 1917; Writer; *b.* 30 July 1883; *s.* of William Edward Balston and Emily Julia Whitehead. *Educ.:* Eton (K.S.); New College, Oxford (Exhibitioner). Tutor in Italy to the Counts Gianbattista and Cesare Spalletti, 1906-07. Called to the Bar, Inner Temple, 1909. Secretary to T. Fisher Unwin, Publisher, 1912-14. Served European War, 1914-19, France and Belgium, Lieut. 13th Glos. Regt.; Staff Capt. 96th Inf. Bde., 1915-17; D.A.A.G. 3rd Div., 1917-18, and 3rd Corps, 1918-19; recalled to Southern Command as Staff Captain, Dec. 1939, but disabled after 3 months by pneumonia. With Duckworth & Co., Publishers, 1923-31 (Partner, 1923; Director, 1924); *Orig. Mem.*, Double Crown Club, 1924. Pres. 1933. Started to paint, 1934; one-man exhibitions, Redfern Gallery, 1938. Organised and catalogued: exhibn. of Wood-Engraving in Modern English Books, Nat. Book League, 1949; Mark Gertler Memorial Exhibn., Whitechapel Art Gall., 1949; John Martin Exhibn., Whitechapel Art Gall., 1958; spent forty years forming Collection of Victorian Staffordshire Portrait Figures, accepted by

OFFICE MEMORANDUM

TO: ~~Mr. Rainer Steckhan~~*Mr. McNamara - to see please
185 5/21*

DATE: May 20, 1969

FROM: Julian Grenfell *J*SUBJECT: Visit of Mr. David Howell, M.P., and Mr. Mark Schreiber

William Clark tells me that Mr. McNamara has kindly agreed to see Messrs. Howell and Schreiber in his office at 12 noon on Thursday, May 22.

Mr. Howell, Conservative Member of Parliament for Guildford, and Mr. Schreiber, head a policy planning task force concerned primarily with the reform of the structure and budgetary methods of Britain's central government. They report directly to Mr. Edward Heath, M.P., the Opposition Leader.

They are concerned with, if not directly responsible for, the shaping of a future Conservative Government's policy towards economic development assistance and the multilateral agencies in this field.

They are both old friends of mine, so in William's absence, I will bring them up to introduce them to Mr. McNamara.

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: June 23, 1969

FROM: William Clark *W.D.C.*SUBJECT: Richard Symonds.

Symonds was asked two years ago to advise the U.N. on what it should do about population. He has come up with conclusions in the last few weeks, which are now being acted on by U. Thant and Paul Hoffman. (You might care to hear of these.) Incidentally he, very wisely, recognized that his own conclusions would carry more weight if they had outside backing, and he and I sold many of them to Stanley Johnson who wrote the Rockefeller report (many loud speakers but only one microphone!).


Symonds has been asked to be U.N. Commissioner for Population, but for valid family reasons cannot come to New York. He will go to Geneva in October, partly as Adebo's Representative in Europe (UNITAR) and probably partly as the U.N.'s population man. Relations with him will be important and he is seeing Chadenet.

He is an old Oxford friend of mine, was a Quaker medico in India during the war and became an intimate friend of Gandhi. But he split with him over the Muslims and was literally one of the founders of Pakistan. He has been U.N. Resident Representative in Ceylon, Yugoslavia and head of the UNDP office in Europe. A little passive, but a very good man.

President has seen

OFFICE MEMORANDUM

TO: Mr. McNamara

FROM: Richard H. Demuth 

SUBJECT: Sir Alec Cairncross

DATE: September 19, 1969

You will be talking on Monday morning with Sir Alec Cairncross about his review of the activities of the Economic Development Institute. Sir Alec, who is now Master of St. Peter's College, Oxford, helped the Bank to establish the EDI and was the EDI's first Director. He is one of the most distinguished economists in the United Kingdom. Attached is a list of some of the offices he has held or now occupies.

By way of background for your meeting, I also attach a list of the points to which I have asked that Sir Alec particularly address his attention in the course of his review.

Attachments

President has seen

PARTIAL CURRICULUM VITAE OF SIR ALEC CAIRNCROSS

Master, St. Peter's College, Oxford, 1969-

Head of Government Economic Service (U.K.), 1964-69

Chief Economic Advisor to Her Majesty's Government, 1961-64

President, Royal Economic Society

President, Scottish Economic Society

President of Section F (Economics) of the British Association
for the Advancement of Science

President-Elect of the British Association for the Advancement
of Science

Member, Court of Governors of the London School of Economics

Director, Urwick, Orr and Partners (Management Consultants)

Extraordinary Director, Scottish Amicable Life Assurance
Society

QUESTIONS FOR SIR ALEC CAIRNCROSS

1. Should changes be made in the present "mix" of EDI courses? More specifically:
 - a) Should the General Development Course be continued as it is, be changed or be put on a biannual or triannual basis in order to permit EDI to give more project courses?
 - b) Should the General Projects Course be dropped in favor of more specific projects courses?
 - c) Should the Spanish Course be kept in its present form as an annual feature? Should its contents be changed? Should its frequency or its length be changed? Should we aim at a different group of participants?
 - d) Ditto as to the French Course.
 - e) Should the length of the specialized sector courses be shortened in order to permit more of them to be undertaken?
 - f) Is it feasible to expand the number of man-months of training provided at EDI? If so, how large an expansion is feasible and justified? What courses should be added?
 - g) Should Hans Adler's proposal (see his memorandum of September 9, 1969) be given a trial?
2. Should EDI continue to support training courses given outside of Washington (e.g., Iran, Nairobi, ECAFE)? Should this activity be increased? Are present arrangements for support of these field courses appropriate? In particular, have we been successful in insisting on continuing local institutional involvement in EDI-type training as a condition for supporting field courses and, if not, what should be done to assure that EDI field courses are not one-shot operations? If a choice has to be made, what are the relative advantages of expanding EDI's Washington program and of increasing EDI's support of field courses?
3. Is the quality of the participants coming to EDI satisfactory? If not, should more active recruitment efforts be undertaken by EDI? Are there substantial variations in the quality of the participants in the different courses and, if so, what conclusions should be drawn from this? Have there been significant variations over a period of time in the quality of participants from different geographical areas and, if so, what conclusions should be drawn?
4. Are the teaching methods, teaching materials and curricula of the EDI satisfactory? Would you recommend any changes in present arrangements for syndicates, seminars, field trips, etc.? In particular, is there the same

justification for field trips for project courses as there has been thought to be for the General Development Course?

5. Is sufficient and appropriate use being made of Bank staff? Is Bank staff providing satisfactory cooperation?
6. Are any changes needed in the size, composition or character of the EDI's staff? Are existing arrangements between the EDI and the Bank for staffing, use of Bank experience, etc., satisfactory and, if not, how can they be improved?
7. Should EDI assume any research, publication or other functions it is not now performing to support either its own training program, the Bank's operations or the training programs of other agencies, national or international? In particular, does EDI have available materials which it would be valuable to publish and which are either now in publishable form or could be made so without interference with EDI's other activities? Should the production of such published materials be considered a priority function of EDI? What should be the future of the Library program?
8. Does EDI have satisfactory relations with universities and other agencies outside the Bank Group and, if not, what action would you recommend?

ANNUAL MEETING 1969

MEETINGS WITH GOVERNORS OF PART I COUNTRIES

UNITED KINGDOM

The Chancellor of the Exchequer accompanied by Mr. Frank Figgures, Mr. Evan Maude and Mr. J.H. Harris called on Mr. McNamara this morning at 10:30 a.m. Mr. Knapp and I were also present.

Mr. McNamara congratulated the Chancellor on the excellent progress which the United Kingdom was making in getting into surplus on the balance of payments. The Chancellor said that from the beginning of May on there had been a real improvement in the position. In the first quarter of the year the overall balance had still been in deficit but this was more than compensated for by the surplus in the second quarter. The trade surplus in August was no doubt partly due to exceptional factors but the trend was now definitely in the right direction. Commenting on the United States' balance of payments, he agreed with Mr. McNamara that the dollar had been much stronger lately even though the trade surplus had dwindled almost to nothing.

Mr. McNamara described the progress which the World Bank Group was making in carrying out the 5-year program which he had proposed. Total lending by the World Bank Group in FY69 showed an increase of 87%. The Bank had succeeded in borrowing a gross amount of \$1.25 billion at an average cost of 6.46%. Of this, \$250 million had been raised in the United States market and \$480 million in Germany, the remainder coming from Kuwait, Saudi Arabia, Switzerland and central banks. The operations of IDA had been affected by the delay in the coming into effect of the Second Replenishment. It had originally been intended that the resources made available together with Bank profits transferred to IDA and other income should be committed over a 3-year period ending on June 30th 1970. He had now been obliged to recognize that this would not be possible and that the commitment period would have to be extended by one year. It was extremely important that there should be no further delay and that arrangements for a Third Replenishment should be negotiated in time to provide new commitment authority from July 1st 1971. He proposed that negotiations between the Part I countries should begin as soon as possible after the Annual Meeting so that agreement could be reached between them by June 30th 1970 and approved by the Executive Directors as a whole by July 31st 1970. This would leave rather less than a year for the necessary legislative action by governments. He would be asking each of the Ministers of the Part I countries to appoint a senior official to act as his Deputy during the negotiations.

The main problem was to persuade Germany, Japan and the United States to do more. The United Kingdom had given admirable support to IDA at a time when their economic position had been difficult. They could play a vital role in helping to put diplomatic pressure on other governments, particularly the three which he had mentioned, and in persuading them to make possible the replenishment of IDA on a satisfactory scale. It was unfortunately true that sentiment in Congress was hostile to development assistance at the present time. The publication of the report of the Pearson Commission on the 1st October might help to remedy this. The Committee of Enquiry under Mr. Rudolph Peterson might also have a useful influence. Mr. Peterson was on record as supporting a larger aid effort for the United States and the fact that Mr. Dillon had signed the Pearson Commission

President has seen

report should carry considerable weight. No dramatic change could be expected in the coming year but, fortunately, action on the Third Replenishment would not be needed until a year later.

A successful outcome to the negotiations would, he suggested, be of considerable importance to British economic interests. India, for example, was facing serious difficulties because of the shortfall in the amount of U.S. aid which they had expected. It would be difficult to increase the proportion of 40% of IDA's resources going to India bearing in mind that there were 21 governments in Latin America whose share in IDA funds amounted to no more than 5%. There might even have to be some further fall in the percentage allocated to India. If, however, an increase could be secured in the total funds made available to IDA, this would enable the absolute amount going to India to be increased. Alternatively, it might be possible to meet the needs of Latin American countries by devising some form of lending to them on terms intermediate between those of the Bank and of IDA. There were, however, a number of problems to be solved before such a system could be devised.

Mr. McNamara said that he was deeply concerned about the debt problem of the developing countries. In some, such as India, it was already urgent. In others, a critical situation was not far off. He did not want to see a series of debt rescheduling operations if they could be avoided, but such operations would be inevitable if the donor countries continued to harden the terms on which they lent. The United Kingdom record in this respect was very good but in the DAC countries, as a whole, official aid was declining and private investment formed an increased proportion of the total flow of capital. Even within official aid the proportion given as grants was falling while that of loans was rising. The aid given by some donors, e.g. Japan, was on hard terms and was directly related to the promotion of their exports.

The Chancellor of the Exchequer said that in the United Kingdom the aid program had been kept more or less constant in money terms though there had been an addition in the shape of special programs which were outside the aid ceiling, e.g. mitigatory aid for Singapore. Some of these programs were based on past history rather than on sound economic reasons, e.g. budgetary aid for Malta. In the United Kingdom there was a useful and influential lobby which supported aid and there was not the same conflict between domestic and foreign expenditure. Those who were in favour of spending less wished to do so at home as well as abroad.

Mr. McNamara said that in the United States there was very strong competition between overseas expenditure and urgent domestic needs. Vital expenditure, e.g. on cancer research was being reduced. Federal construction had been drastically cut at a time when housing starts were falling. In present circumstances there ought to be a further shift in the United States from private to public spending, yet the Administration had found it necessary to promise to cut income tax by \$7 billion in order to get Congress to pass a tax reform bill which would prevent the more obvious forms of tax evasion by the very rich. Nevertheless, he thought that the U.S. Administration would agree to participate in a Third Replenishment of IDA. What was in doubt was the scale on which they would do so.

The Chancellor remarked that in his conversations with the Secretary of the Treasury, Mr. Kennedy had taken a cautious line and appeared to be in favour of replenishing IDA at a low level. What would be the U.S. position on balance of payments safeguards?

Mr. McNamara thought that this might not prove to be a serious problem. He would certainly try to get the U.S. Administration to dispense with them in the Third Replenishment. He could point to the fact that disbursements from commitments made under the Third Replenishment would be spread over a considerable number of years.

Turning from IDA to the Bank, Mr. McNamara said that the fact that a general increase would shortly take place in Fund quotas as well as a number of special increases raised the question whether there should be any general increase in Bank subscriptions (apart from increases in individual country subscriptions needed to match special increases in Fund quotas). He would be considering this question over the next month or two and might feel it advisable to ask for an increase in the Bank's subscribed capital on a scale comparable to that of the increase on Fund quotas. If so, it would probably prove desirable that there should be on this occasion an increase in the called as well as the uncalled capital of the Bank. Increases in individual country subscriptions would, of course, raise questions of voting rights and of the right to appoint a Director. These would have to be settled in any event even if there were no general increase in Bank subscriptions.

Mr. McNamara then reverted to the problems of India and said that he was trying to change the Bank's image there. The Bank's operations had been hampered by the refusal of the Executive Directors to approve policies which he had advocated in respect of (a) program lending, and (b) an increase in the preference for domestic suppliers. He intended to put a further proposal to the Board later this year on the second of these questions which was important to India. He had endeavoured to find a substitute for program lending by financing projects in India which were quick disbursing. The political situation there was by no means easy. The Prime Minister had felt disappointed at the results of the devaluation of the rupee which she regarded as a policy which the Bank had forced on her without regard to the political difficulties which it would create. Her government had, in consequence, become reluctant to take important decisions, e.g. over the development of the production of fertilizers in India.

The Chancellor of the Exchequer said that this had been a most useful conversation. He had, unfortunately, to return to the United Kingdom after the second day of the Annual Meeting. Mr. Diamond, however, who was not only Chief Secretary to the Treasury but also a member of the Cabinet, would be here throughout the week and would be available if there were any points which Mr. McNamara wished to follow up with him.

D. H. F. Rickett
Vice President
September 24, 1969

Mr. McNamara - to see please.
WBS 10/10

OFFICE MEMORANDUM

TO: Mr. Rainer B. Steckhan

DATE: October 9, 1968

FROM: Denis Rickett

*DWR*SUBJECT: Annual Meeting - 1968 - Records of Interviews

I attach below notes on the talks between Mr. McNamara and the Finance Ministers of the Netherlands, Belgium and the United Kingdom, and the Managing Director of the Bank for International Settlements and the Governor of the Bank of England.

These notes have been cleared with Mr. Aldewereld in those cases where he was present at the talk.

Attachments

President has seen

ANNUAL MEETING - 1968

UNITED KINGDOM

The Governor of the Bank of England called upon Mr. McNamara at the Sheraton-Park Hotel on Thursday, October 3 at 2.20 p.m. Sir Denis Rickett was also present.

Mr. McNamara said that he would very much welcome the Governor's advice on possible sources of fresh funds for the World Bank. The present very favorable conditions in the German market could not be expected to last for long and he was anxious to borrow as much as possible outside the United States.

Sir Leslie O'Brien said that he had a natural prejudice in favor of the London market, which was one of the best organized in the world. Unfortunately, in the present circumstances the British Government had been obliged to exercise a very tight control over overseas lending and direct investment. The World Bank had, however, borrowed in the London market on three occasions in the past and provided that the British economic position continued to improve, it was not impossible that a World Bank loan for at least a token amount might be feasible in, say, a year's time. Mr. McNamara said that he certainly hoped that the British position would become very much stronger and that the World Bank would be able eventually to borrow a significant amount in the British market.

Sir Leslie agreed that the Bank should exploit the present situation in the German market as fully as possible, and that the Italian market should be resorted to while the present surplus in the Italian balance of payments lasted even though Italy might not be a natural net exporter of capital at the present stage of her economic development. Other markets seemed to have been tapped by the World Bank already, such as Belgium, the Netherlands and Sweden. He had been interested in the borrowing operations in Saudi Arabia and Kuwait. The United Kingdom might feel some concern if Kuwait made large loans to the World Bank from sterling holdings hitherto invested in sterling securities.

Mr. McNamara referred to the Bank's recent sale of two-year bonds to the Bank of Canada and said that the United States Treasury had asked him to see that the proceeds were reinvested in U.S. securities of more than one year's maturity in order to avoid any unfavorable effect on the U.S. liquidity balance.

Sir Leslie said that the BIS might prove helpful in the future to the World Bank in finding holders for its two-year bonds but at the moment it was somewhat heavily committed in underpinning the recent support operation for sterling.

DR/mt
10/9/68

Approved by Sir Denis Rickett

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 26, 1969

FROM: William Clark *WDC*SUBJECT: Lord Cromer

Lord Cromer aged 51 was British Executive Director 1959-61, when he became Governor of the Bank of England. (because Oliver Franks turned it down). He had fairly open differences with the Labour Government and retired in 1966. He is now Managing Director of Baring Brothers the very prestigious Merchant Bank of his family.

He is fairly conservative but has a feeling for the importance of helping L.D.C.'s. He wants to see if there are any ways in which Barings can help the Bank. (His cousin, Evelyn Baring, Lord Howick, is head of the Commonwealth Development Corporation).

Cromer will be accompanied by John Miller who was head of the Bank's Paris office, and now works for Barings.

WDC:sf

ANNUAL MEETING 1969

DISCUSSIONS WITH GOVERNORS OF PART I COUNTRIES

UNITED KINGDOM

Sir Leslie O'Brien, Governor of the Bank of England and U.K. Governor for the Bank Group, called to see Mr. McNamara on Thursday, October 2nd, at 12 noon. He was accompanied by Mr. Jeremy Morse, Executive Director of the Bank of England in charge of overseas affairs.

Sir Leslie mentioned the invitation which had been sent to Mr. McNamara by the Institute of Overseas Bankers to be their principal speaker at their Annual Dinner in February next year. Mr. McNamara said that he very much regretted that, owing to other commitments at that time, he was not able to accept this invitation.

Mr. McNamara then discussed with Sir Leslie the timetable for the negotiations on the Third Replenishment and the study which he was making of the possible need for an increase in the Bank's capital.

On I.D.A. Replenishment Mr. McNamara said that the Peterson Commission would not report until March of next year. It was therefore bound to be difficult to get the United States to play their full part in the negotiations. Pressure on them by other countries through diplomatic channels could be helpful. The British Government had played a very important role in the negotiations for advance contributions to the Second Replenishment by making representations to the German Government. Both the Germans and the Japanese ought to do more in future. The Japanese Minister of Finance had said that they would double their aid to Asia over the next five years.

Mr. Morse said that though the Japanese record of growth was remarkable, their balance of payments position and their reserves had shown a tendency to fluctuate in the past.

On the possible need for a change in the Bank's capital structure, Mr. McNamara said that he was concerned to secure an increase in the called capital rather than an expansion of the guarantee obligation of the Bank's member governments.

Sir Leslie O'Brien referred to the experience of the inter-war years in which many loans had been floated under international guarantees, for example those of the League of Nations. In a normal world multilateral guarantees might be enough to ensure that the Bank's borrowing position was strong.

He commented on the excellent progress made by the Bank which had enabled it to make a larger transfer of profits to I.D.A. The Bank had also been remarkably successful in its borrowing operations. He, himself, was somewhat pessimistic about the future of interest rates. Much depended on what happened in the United States. He would, however, expect only a marginal decline in interest rates there in the next six months. In the United Kingdom the authorities were taking some very cautious steps in this direction though

the long-term rate of interest still remained higher than it had been for the past two hundred and fifty years. The Federal Reserve Board were as unwilling as he was to think of a fall in interest rates as being an early possibility.

Mr. McNamara said that it had to be recognized that the capital markets throughout the world were disturbed and the cost of borrowing was high. The future prospects were uncertain. It was all to the good, therefore, that the Bank had been able in the past year to borrow \$1.25 billion and to increase substantially its liquid assets.

Mr. Morse said that he thought that the Bank would continue to be able to raise substantial sums in the capital markets since, as a borrower, it enjoyed a very special position.

Mr. McNamara agreed and said that the Bank would be prepared to be flexible as regards the type of securities it offered to the market.

Mr. Morse asked for Mr. McNamara's view about the prospects for India.

Mr. McNamara said that the political situation in India had changed for the better and Mrs. Gandhi appeared to be more firmly in power. There had also been a remarkable improvement in the agricultural situation as compared with two years ago. The outlook on aid for India was most unsatisfactory. The Indians had been led to believe that they would get \$385 million from the United States in the present year. They would, in the event, be lucky if they got \$200 million. This made British aid to India, both bilateral and through I.D.A., all the more important.

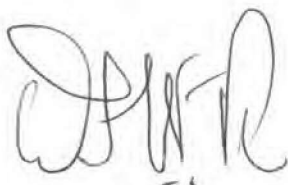
Mr. Morse said that one result of the special increases which were taking place in IMF quotas in addition to a general increase would be that the U.K. share in the voting power would decline since it was unlikely that the U.K. would receive a special increase in its quota while other members of the Group of Ten would get such increases. The U.K. was prepared to accept this consequence which would presumably also be reflected in its share of the voting power in the Bank if Bank subscriptions were adjusted to take account of the special increases in IMF quotas. He did not refer specifically to the U.K.'s desire to reduce its share of the contributions to I.D.A. but he may have had this point in mind.

D. H. F. Rickett
Vice President
October 9, 1969

TO : Mr. Robert S. McNamara

October 2, 1969

FROM: Denis Rickett



I understand that you are seeing Sir Leslie O'Brien, the Governor of the Bank of England, at 12 noon.

Sir Leslie has, as you know, been the Governor of the Bank of England since 1965 having previously been an Executive Director and, before that, the Chief Cashier. He has made his whole career in the Bank which he joined from school (as was formerly the custom with most of the Bank staff). He has had considerable success as Governor being tactful and flexible in his dealings with the Government and having a good professional background. He has not escaped criticism from the Left Wing of the Labour Party for some of his public speeches since he has followed the tradition that the Governor speaks for the City of London and should not hesitate to be critical of the Government's policy if he thinks it necessary. This tradition has continued in spite of the nationalization of the Bank in 1946.

When you saw Sir Leslie last year you had a short tour d'horizon of the principal sources from which the Bank might wish to raise funds in the future. Sir Leslie has at times expressed anxiety to me in London about the very large borrowing needs which the Bank would face in order to carry out its expanded programme. He would be the first to admit that, so far, we have been remarkably successful.

✓
Cap
Stone
Study

There is one question which I know he wishes to mention to you and that is the invitation which you will have received to attend the Annual Dinner of the Institute of Overseas Bankers in London next February and to be principal speaker. He will explain to you that this is a very influential and representative audience of 700 or 800 people, including foreign bankers as well as British bankers engaged in overseas business.

Sir Leslie will, like you, be attending the Dinner, which is being given to celebrate the 25th anniversary of the Financial Times, and will propose the health of the newspaper.

✓

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ANNUAL MEETING 1969

DISCUSSIONS WITH REPRESENTATIVES OF PART I COUNTRIES

UNITED KINGDOM

The Rt. Hon. John Diamond, M.P., Chief Secretary to the Treasury, called on Mr. McNamara on Friday, October 3rd, at 3:40 p.m.

Mr. McNamara began by outlining to Mr. Diamond his plans for the timetable of negotiations on the Third Replenishment and the proposals which he might wish to put forward regarding an increase in the called and uncalled capital of the Bank.

He then explained to Mr. Diamond that he had been considering the relationship between the commitment period and the payment period in past replenishments of IDA. He was struck by the fact that while the funds which we should be asking for in the Third Replenishment might be committed, say, over the five fiscal years 1972-1976, the disbursements resulting from those commitments would not take place except over a much longer period extending beyond FY 1980 (on certain assumptions). It would therefore be possible to provide for a much longer payment period than we had hitherto. This would not, of course, affect the timing of the transfer of real resources or the balance of payments impact. It would, however, affect the point at which some governments needed to take budgetary action. Those whose practice it was to ask for an appropriation before depositing notes, were at present having to ask for a larger annual sum over a shorter period than was in fact necessary.

Mr. Diamond, who clearly had in mind that in the case of the United Kingdom budgetary action is taken not when notes are deposited but in each year for the amount expected to be actually encashed, said that the British Aid Programme was administered under a ceiling. If IDA disbursements in any year fell short of what had been estimated, this would mean that disbursements on other forms of aid expenditure could be accelerated. The process would be reversed in later years. He said that he would be glad to consider whether any change in the present procedure would have any advantage for the United Kingdom. (From discussions which I have had with Mr. Douglas Williams of the Ministry of Overseas Development, I know that the United Kingdom would welcome some system which would give them greater certainty as to the amount of their notes which will actually be encashed in each year. They could, of course, pay us cash at a fixed annual rate regardless of disbursements. This, however, would not be likely to be approved by the Treasury. They are considering the matter further.)

Mr. Diamond referred to the United Kingdom's share of 13% in the Second Replenishment of IDA and said that his government had felt for some time past that this share was unduly high, particularly in relation to the share of other contributors such as France and Germany.

Mr. McNamara said that this might well prove one of the more difficult aspects of the coming negotiations. Several countries might feel that their share should be reduced. The difficulty would be to find others who would be

President has seen

*Mr. McNamara:
- to see
please
see 10/18/69*

willing to have their share increased. If once a claim by one country for a reduction in its share was accepted, this might well start a process of "unravelling" in which a large number of countries would try to get a change in their share. The same had been true, for example, in the case of the NATO force levels in Europe. He referred to the strong interest which the British Government must surely have in IDA and in seeing it replenished at the level at which IDA would be making substantial credits to India. The Indian proportion had been reduced and might have to be reduced further but if the amount of the Third Replenishment were substantially increased this might enable IDA to increase absolutely the amount of credits going to India. At the same time, IDA credits, e.g. to Africa and Latin America could be increased by a small proportionate amount which would represent a larger absolute amount.

One of the donor countries who might reasonably be expected to do more was Japan. He thought that the Japanese Government were beginning to recognize this. He had been impressed by the statement made by Mr. Fukuda, the Japanese Minister of Finance, about the desire of the Japanese Government to assume responsibility for their own defense. We must press them to do more for IDA but not to a point where they lost interest in IDA and concentrated rather on a programme of bilateral aid in the areas of greatest interest to them. The Japanese defense effort, the Japanese aid programme, and the U.S. presence in Okinawa were all issues which were inter-related, and if handled properly, a solution for them could be found.

Mr. McNamara said that Germany also was a country who must be given the incentive to participate more fully. Their official bilateral aid was relatively small. They needed to expand it and, at the same time, to increase the aid which they gave through multilateral channels.

Mr. McNamara said that if the full cooperation of the United States, French and Japanese Governments was to be secured some change in the relative allocation of IDA funds of the kind which he had indicated was essential. The antagonism felt by some governments towards the past system under which India and Pakistan were getting more than 70% of the total was very strong. This was so in spite of the fact that India on any reasonable criterion deserved far more concessionary aid than she was in fact getting.

Apart from a substantial increase in the total of IDA funds which would enable us to combine a change in the relative distribution with an increase in the absolute amount going to India, another possibility was to devise an intermediate category of lending, say at 3% with a 30-year repayment period, which would be well adapted to some of the larger Latin American countries such as Brazil. There were various ways in which such intermediate terms could be achieved. One was by the present policy of the Bank Group in blending Bank loans with IDA credits. Turkey, for example, was getting a blend in which \$75 million of Bank lending was matched by \$25 million of IDA credits. If a larger amount could be secured for IDA, similar blends could be offered to Latin American countries.

Mr. Diamond asked whether the United States would press for balance of payments safeguards in the Third Replenishment.

Mr. McNamara said that he did not know and did not intend to initiate any discussions on this point. He thought that the Nixon Administration was less in favour of controls than the previous Administration. If the United States were to raise the question, he would point out that this was inconsistent with the action that they had taken in relaxing controls over the flow of private capital. Moreover, since disbursements from commitments under the Third Replenishment would, in any event, be spread over a long period of years ahead (at least to FY 1980), it was unreasonable that the United States should ask for a still further stretching out of disbursements from their contribution.

Mr. Diamond said that he would bear in mind the points which Mr. McNamara had raised in this conversation which he had found most useful and interesting.

D. H. F. Rickett
Vice President
October 8, 1969

TO : Mr. Robert S. McNamara

October 2, 1969

FROM: Denis Rickett

DR

Mr. Diamond, who will be calling on you at 3:40 p.m. tomorrow, holds the office of Chief Secretary to the Treasury. This post was originally created in the days of the MacMillan Government in order to strengthen the then Chancellor, Mr. Selwyn Lloyd, in the difficult and important task of restricting public expenditure. It was continued under the Labour Government and has, if anything, become more important. It has always carried a seat in the Cabinet. The Chief Secretary is, therefore, the second in command in the ministerial team in the Treasury.

His principal responsibility is for the control of public expenditure. Over the last five years an elaborate and quite effective technique has been developed of forward planning of public expenditure programmes for each department, all of which have to be accommodated within a fixed ceiling. The ceiling is calculated in such a way as to limit the proportion of gross national product taken as public expenditure. By reviewing all the departmental programmes simultaneously the Treasury has been able to get itself into a position where it can take the line that no one department can spend more unless some other department is prepared to spend less. While this has been a useful technique in limiting the growth of public expenditure, which a few years ago had threatened to get out of hand, it has the consequence that the Treasury must always ask itself before agreeing to an increase for a certain department whether this will not provoke corresponding demands from the other departments.

In the case of the British aid programme, there has been for several years past a fixed ceiling in money terms of £205 million (in 1966 there was for a short time an actual reduction in the ceiling). There have been certain additions to the aid programme which fall outside this ceiling, e.g. special aid to Singapore, funds for the rescheduling of Argentine debts and an allowance for an increase in the U.K. contribution to the Second Replenishment of IDA.

Mr. Diamond is a highly intelligent and able Minister who is prepared to listen sympathetically to a good case but he will, I am sure, tell you of the uphill struggle which he has in controlling public expenditure in the U.K.

He has been a Minister in the Labour Government since 1964 and, before that, was, I believe, an accountant by profession.

Any decisions about the scale of British participation in IDA would fall to be taken in the first instance by him though he would, of course, discuss the matter with Mr. Jenkins.

President has seen

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October 8, 1969

Mr. McNamara's Meeting with Lord Howick, Chairman of the Commonwealth Development Corporation, on Monday, October 6, 1969

Lord Howick said he was very pleased with the CDC/IBRD cooperative agreement which had entered into effect on October 1. When he talked with Mr. Evans, they had discussed three possibilities for CDC assistance: Indonesia, Papua and East Pakistan. He pointed out that the British Parliament had just passed an act which gave CDC authority to invest outside the Commonwealth countries. The Government had said that initially they would use this authorization to work in a few selected countries, such as Indonesia and Papua and New Guinea. Presently they would not wish to consider projects in Latin America, India or Pakistan. Mr. McNamara said he was particularly interested in CDC cooperation in East Pakistan where external assistance in the agricultural sector was urgently required.

Lord Howick said that the CDC had previously had the authority to operate within a ceiling of £125 million in outstanding loans--with a further £20 million for private loans. New authority was recently granted for an additional £70 million. However, due to the U.K. budget situation, a limit of £11 million had been set on the annual amount of lending. On the other hand, CDC was left in a much better position with respect to interest rates which now could approximate those of the Bank.

Lord Howick mentioned that he would be visiting East Africa some time in February and March 1970. He said that Tom Mboya's death had been most unfortunate for integration efforts in the region. Mr. McNamara said it was of utmost urgency to make the community a success in East Africa, particularly because this would be important to regional groupings elsewhere in Africa. It would be disastrous if trade barriers were to be introduced among the East African countries. He thought the joint infrastructure projects were progressing satisfactorily. Lord Howick said that the agricultural research stations had also done good work. The main trouble was with new industries which all wished to be located in Nairobi. He thought perhaps the Government should allow them to do so, but, at the same time, encourage them to establish subsidiaries in the other East African countries. Both Mr. McNamara and Lord Howick agreed that separate industries in each of the three East African countries would be disastrous to economic development in the region. Mr. McNamara asked Lord Howick to send him on a personal basis his evaluation of the present state of affairs in East Africa. He was particularly interested in Lord Howick's view on three important points:

- (i) the effectiveness of the Agricultural Development Services;
- (ii) the volume and quality of Bank and IDA lending in East Africa; and
- (iii) obstacles to economic integration in the region.

Lord Howick said he would be very pleased to do so and said that he would expect a report to be ready in April or May next year.

L.E. Christoffersen

President has seen

OFFICE MEMORANDUM

4:30:45

TO: Mr. Robert S. McNamara

DATE: October 6, 1969

FROM: William Clark *WZ*SUBJECT: Lord Howick

Lord Howick as Sir Evelyn Baring was Governor of Kenya during the beginning of Mau Mau. He knows East Africa very well and has had a great deal to do with its agricultural development, particularly "small holder tea", using peasant owners instead of big European owned plantations.

Earlier in his career he was in charge of the 'Protectorates' now called Lesotho, Swaziland and Botswana.

He is a member of the Baring banking family, cousin of Lord Cromer. He has been extended at C.D.C. for an extra year which carries him over the election.

WDClark:sf

OFFICE MEMORANDUM

TO: Mr. William S. Gaud *WSG*

DATE: October 6, 1969

FROM: James S. Raj *J. Raj*SUBJECT: Commonwealth Development Corporation (CDC)

You wanted a brief for Mr. McNamara's use at his meeting with Lord Howick, Chairman of CDC today. CDC is a British Government agency set up as a statutory body in 1948. It can invest in all British Commonwealth countries which were dependent territories at the date of its establishment, excluding West Cameroon which left the Commonwealth in 1961. It may also act as managing agent or perform advisory functions in any Commonwealth country with the consent of the Government concerned. CDC has no share capital and is solely dependent on loans for its capital resources. As of December 31, 1968 CDC had £ 114 million (\$273.6 million) outstanding in the form of loans from the U.K. Government.

At the end of December 1968, CDC had on its books 156 projects of varied types all over the dependent territories of the Commonwealth with total estimated capital commitments of £ 149.8 million (\$360 million). The portfolio is a balanced mix of projects covering power and water, agriculture and ranching, manufacturing, industrial property development, housing finance, transport, forestry and hotels.

IFC has worked closely with CDC in two ways, first in collaborating in establishing or reorganizing development finance companies and, second, in jointly financing projects within the sphere of activity of CDC. In the former category may be mentioned the Nigerian Industrial Development Bank and Malaysian Industrial Development Finance Ltd. in which both IFC and CDC are significant shareholders. In the latter category may be mentioned Kenya Hotels and Arewa Textiles in Nigeria, in both of which CDC is a joint financier along with IFC.

A story of IFC/CDC cooperation, which is now happily behind us, is the Kilombero Sugar project. In this project, as you know, IFC and CDC collaborated closely since 1961 in several reorganizations and re-financings. The final sale of the foreign shareholders' interests to the Tanzanian Government last year was negotiated mostly by IFC, with CDC's backing. CDC is very happy with the outcome.

Currently there is one problem which Lord Howick might bring up. This concerns CDC's relations with Malaysian Industrial Development Finance Company. Governor Ismail of the Central Bank of Malaysia, who has recently been elected Chairman, has been trying for several years to reduce the British influence in the Company, particularly that of CDC.

Mr. William S. Gaud

- 2 -

October 6, 1969

In fact, during the Annual Meeting he spoke to us about his desire to do this, on the basis that he wants to make the Company more active and promotion minded, particularly in small scale industry. We have told him to try to find willing buyers for some of the British shares.

Another point which Lord Howick might raise relates to the possibility that CDC might soon be empowered to operate in non-Commonwealth countries. Lord Howick told me some time back that he had made a swing through the Far East looking at possibilities of business in such countries as Thailand. If the necessary amending legislation is passed by the British Parliament, this might become a reality. Lord Howick might ask for IFC collaboration in such new areas, which of course we would be entirely willing to give.

The latest Annual Report of CDC covering calendar year 1968 is attached.

Attachment

OFFICE MEMORANDUM

TO: Mr. B. Chadenet *BC*

DATE: October 6, 1969

FROM: W.A. Wapentians *W.A.*SUBJECT: CDC - Assistance in Project Preparation

1. Following a series of discussions with CDC and other national entities capable of making expert services available to us for project preparation, a first formal agreement was concluded with CDC on July 31, 1969. The agreement extends, in the first instance, over a period of two years beginning October 1, 1969. Under the agreement CDC will make available services equivalent to about three man-years, and will receive a minimum compensation of UK£25,000 for the current fiscal year. The amount is chargeable against the consultant budget of the Agriculture Projects Department.

2. We are presently exploring several possibilities for deployment of CDC resources. These include:

- Indonesia - Tea Estate Rehabilitation
- Papua - Smallholder Development
- Uganda - Livestock and Dairy Development
- Pakistan (East) - Modernization of Tea Plantations

As regards Indonesia Tea Estate Rehabilitation the U.K. (ODM) is considering financing of project preparation. The Resident Mission is ascertaining the present status of negotiations with the U.K. In case U.K. support is not forthcoming we would give first priority for use of CDC resources on this project. The possibilities of using CDC on the Papua and Uganda projects are explored with the respective Governments. The East Pakistan Tea project is being held in abeyance pending clarification of Government's intent to proceed with the project. It may be some time before we can start on the tea plantations since Government might find it difficult to give it any priority in the prevailing political circumstances. The above assignments and their present state have been discussed by Mr. Evans with Lord Howick during the week of the Annual Meeting.

3. In addition, but outside of the agreement referred to in para. 1 above, we continue to employ individual experts from CDC on project work. Since the beginning of F.Y. 1970 we have had the following services:

Mr. B. Chadenet

- 2 -

October 6, 1969

Indonesia Estates Project Appraisal: Eng. Consultant Kerwood;
approx. 5 man-weeks;

Uganda Tobacco Project Appraisal: Tobacco Consultant Hartley;
approx. 3 man-weeks.

CDC has also seconded a plantation expert (Mr. T. Phillips) for two years to the staff of the Resident Mission. Mr. Phillips' secondment continues for another year.

4. For your reference I attach copies of Memo of Mr. Evans to Mr. McNamara of June 23, 1969, Mr. McNamara's letter of June 30, 1969 to Lord Howick, and letter of Mr. Ripman to Lord Howick of July 31, 1969.

Attachments

cc: Mr. McIvor

WAWapenhans:fh

C
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P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6350 • Cable Address - INTBAFRAD

July 31, 1969

Lord Howick
Chairman
Commonwealth Development Corporation
33 Hill Street
London W.1
England

Dear Lord Howick,

Following Mr. McNamara's letter of June 30 I am writing to confirm our understanding of the arrangements under which it is proposed that CDC should undertake to provide services to the International Bank for Reconstruction and Development, for the preparation of agricultural projects in the Bank's member countries.

Each assignment to be performed by CDC will be proposed in writing by the Director of our Agriculture Projects Department, and if CDC agrees to undertake the assignment, its Terms of Reference, expected duration and names and functions of CDC staff members or consultants to be assigned, will be agreed in each case between CDC and the Director of the Agriculture Projects Department. It is understood that the experts to be assigned by CDC would be mainly CDC staff members, and that in addition to obtaining the expertise of the individuals, the Bank would also benefit from the experience that CDC has acquired in planning and management of agricultural projects in developing countries.

These arrangements for provision of CDC services would extend for two years in the first instance, beginning October 1, 1969. It is expected that CDC would provide professional services equivalent to about three man-years per annum. The fees for professional services which the Bank would reimburse to CDC would be based on a charge of E50 to E60 per man-day, depending on the seniority and experience of the man provided. Although the precise amount of services to be provided by CDC cannot be predetermined, the Bank will offer to CDC assignments involving fees of not less than E25,000 per year. Costs of travel expenses and accommodation of CDC staff away from their homes, and costs incurred with the prior agreement of the Bank for soil analyses, preparation of maps etc., would be reimbursed by the Bank. The Bank would also reimburse CDC for its costs incurred for secretarial services and printing and duplication in connection with the preparation of reports.

To Lord Howick

- 2 -

July 31, 1969

If, and when, in any year, CDC estimates that fees will exceed E25,000, the Bank shall be informed and its written authorization obtained before the work is proceeded with. It is not expected that payments by the Bank to CDC will exceed E40,000 in any one year.

Payments to CDC of fees and reimbursable costs will be made by the Bank upon receipt of invoices and statements of expenses which should be submitted quarterly, in duplicate, to the Controller's office of the Bank.

Daily subsistence allowances paid to CDC staff while overseas on Bank assignments, and all other personal entitlements under CDC regulations, such as pension benefits, accident insurance, standard family entitlements, will be borne by CDC.

Any tax obligations arising out of this agreement or payments by the Bank will be borne by CDC and/or its personnel.

In accepting this assignment CDC agrees that in the event the Bank ultimately participates in financing of a project in connection with which CDC's services have been retained, neither CDC nor any consultants assigned by CDC will subsequently accept employment by or perform services for, the organization to which the Bank makes a loan for such a project, without the prior consent of the Bank.

Please indicate the agreement of CDC by signing and returning the enclosed copy of this letter.

Yours sincerely,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By H. B. Ripman
H. B. Ripman
Director of Administration

Accepted and Agreed to:

COMMONWEALTH DEVELOPMENT CORPORATION

By [Signature]
Controller of Finance

June 30, 1969

Lord Sutch
Chairman
Commonwealth Development Corporation
55 Abchurch Lane
London E.C. 4
ENGLAND

Dear Lord Sutch,

I was very pleased to have your letter of May 29 about your proposals for assistance which CDC could give to the Bank, especially in project preparation. I can now confirm that we agree in principle to the proposals outlined in Mr. Totman's letter to Mr. Evans of December 5, 1968.

We have in 1968 succeeded in increasing our agricultural lending by over 100 percent compared with 1967. By the end of June, 1969, which is the end of our 1968/69 fiscal year, we shall have made 28 Bank Loans or IDA Credits, for a total amount of about \$170 million. We plan a further increase during the coming fiscal year to a level approaching 40 Bank Loans or IDA Credits for an amount of about \$400 million; and a further significant increase is planned for 1970 to 1971.

The planning of these agricultural lending programs for 1970 to 1971 within the framework of a longer term lending program for the Bank Group as a whole has been going on for the past several months. We are now able to assess the magnitude of the work in project identification and preparation that will be needed to support our lending program in the next few years. As you will appreciate, the maintenance of a pipeline of good projects to support lending on the scale which I have referred to above, will be no easy matter. We already have an arrangement under which FAO, using a special team of people in Rome wholly on Bank work, assists our member countries in the identification and preparation of projects which may form the basis of Bank Group lending.

In addition to the work done by FAO, our Permanent Missions in Western and Eastern Africa and Indonesia, we augment our staff resources by employing consultants. We have in mind to make arrangements with consultant firms and institutions to help us in maintaining a sufficient pipeline of good projects. It is in this connection that we would welcome assistance from CDC.

Lord Lovick

I am asking the Director of our Administration Department to correspond directly with you on the details of an agreement between us. As suggested by you we have in mind an arrangement under which CDC would undertake to provide us with experienced manpower up to a minimum amount a year to be agreed in advance. We believe that in the first instance we might agree to such an arrangement for a two year period. In agreeing with you for the provision of assistance of this kind, we would hope to benefit not only from the expertise of the particular individual assigned from time to time, but also from the know-how that CDC has acquired in planning and executing agricultural projects in several parts of the world, especially in Africa and the Far East.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. Aldewarald, Ripman, Adler, Chadenet, Christoffersen

LJCEvans:ikt

OFFICE MEMORANDUM

TO: Mr. R.S. McNamara through Mr. B. Chadenet

DATE: June 23, 1969

FROM: L.J.C. (Evans)

SUBJECT: CDC assistance in Project Preparation

1. I attach herewith a suggested-draft reply to Lord Howick's letter of May 29. The background is as follows.

2. In order to build up and maintain project pipelines of the size needed to support the increased lending programs projected from now onwards we need to mobilize manpower resources in addition to those that we already have. During the past six months I have contacted a number of consulting firms and institutions, including CDC, and am convinced that we could obtain effective assistance for project preparation work from most of them. The people to whom I have spoken included the following:

FRANCE	SCET-Cooperation BDPA
GERMANY	Agrar und Hydrotechnik
ISRAEL	TAHAL
ITALY	Italconsult
THE NETHERLANDS	NEDECO-ILACO-Grontmij RCMA
UNITED KINGDOM	CDC Hunting Technical Services Sir Alexander Gibb & Partners Bookers Agricultural Holdings Tate & Lyle Technical Services
USA	Robt. Nathan Associates

June 23, 1969

3. We have already had business dealings of one kind or another with nearly all the people listed above. In some cases they have been chosen as consultants by the Bank or by our borrowers for Bank or IDA financed projects. In other cases we have obtained from them the assistance of one or more individuals ad hoc. What I propose is that we formalize arrangements in a few cases with the objective that we can call upon expert manpower when we need it, to an amount that we will indicate in advance. Some of the firms and institutions are so big that they don't find it too difficult to respond to requests for assistance, even if, as sometimes happens, we have to make requests at short notice. Smaller firms, however, find it difficult to help us unless we can predict our needs fairly far ahead.

4. Through our agreement with FAO we have access to a pool of expertise in FAO which we use mainly to assist our borrowers in project preparation. The amount of assistance provided by FAO is increasing because we have agreed to increases in the budget for the Cooperative Program, which has enabled FAO to increase the number of men in the special FAO/IBRD team. They now have 38 men in their team and will have about 50 by October 1969 and 70 by October 1970. Their project preparation work is still patchy and they are going to have a considerable problem in recruiting and absorbing their new staff. It would be unwise to agree to increases in the FAO team above those already provisionally agreed to or to rely upon FAO to any greater extent than we have yet projected. There is excellent expertise outside FAO in consulting firms and other institutions, and we ought to make use of it.

5. I suggest that we begin by agreeing with CDC that they should have staff available up to an agreed amount to work on project preparation and feasibility studies which we would assign to them. The CDC proposal, which I discussed with them, is that they would undertake to provide about two to three man-years work per annum. They would want us to agree to a minimum annual fee of E25,000 (\$60,000). The fees that they would charge per day would be of the order of E50-60 (\$120-144 a day), depending upon the seniority of the man provided. CDC would need to recruit two or three additional men, but we would stipulate that it would be mainly their experienced men already on their staff that would be assigned to work with us and also that we would be buying not only the expertise of the individuals, but the experience of CDC as a whole. I propose that the costs be met from the consultants' budget of Agriculture Projects Department. The cost for one year of an arrangement with CDC of the kind proposed would be about 13 percent of our 1970 consultants' budget.

6. The kinds of project which CDC would be particularly qualified to work on would include smallholder agriculture, nucleus plantations, forestry and some agro-industry work such as meat processing. They have particularly good experience in Africa south of the Sahara, in Malaysia and in the Caribbean. We would probably not look to them for work in Spanish or French speaking countries. I would have in mind for them initially assignments in Malaysia, Papua/New Guinea, Nigeria, Pakistan, Guyana and perhaps Indonesia.

cc: Mr. S. Aldewereld,
Mr. H. Ripman, Mr. J. Adler, Mr. B. Chadenet

LJCEvans:lkt

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ANNUAL MEETING 1969

DISCUSSIONS WITH REPRESENTATIVES OF PART I COUNTRIES

UNITED KINGDOM

Mr. R.B.M. King, Deputy Secretary, Ministry of Overseas Development, called on Mr. McNamara at 11:15 a.m. on Thursday, October 16th. He was accompanied by Mr. Maude and Mr. Lynch.

The following were the main points in the discussion:-

(i) British Role in Third Replenishment Negotiations

Mr. McNamara emphasized the help which the British Government could give in promoting a successful outcome of the negotiations. Somehow the Germans and, perhaps, also the Japanese needed to be persuaded to do more. The British Government was in a good position to exercise influence on those governments.

Mr. King said that Sir Geoffrey Wilson would be ready to go to Bonn at any time and make representations, in conjunction with the British Ambassador, to the German Government. What would be the right timing for this?

Mr. McNamara thought that we should first see what developments there were during the next six weeks. Perhaps the latter part of November or early December might be an opportune moment for an approach to the German Government.

(ii) Level of Replenishment

Mr. McNamara said that it would be quite impossible to negotiate a satisfactory replenishment of IDA at anything near the present level of \$400 million. Too many of the Part I countries were dissatisfied with the present allocation of funds. The United Kingdom wanted more for India, France wanted more for West Africa, the United States wanted more for Latin America, and the Japanese wanted more for Southeast Asia, especially Indonesia. It was impossible to meet all these claims unless there was a substantial increase in the level at which IDA was replenished. If this could be done, then even if the present 40% allocation to India had to be reduced somewhat, this would still be consistent with an increase in the absolute amount going to India. If the level of replenishment were high enough, it might not even be necessary to reduce India's percentage share.

(iii) Mr. McNamara said that there were, of course, other reasons why there should be a substantial increase in the amount of the Third Replenishment as compared with the Second Replenishment. There were the growing debt service problems of many of the developing countries; there was the increase in their technical absorptive capacity; there was the urgent need for an improvement in their rate of economic growth; and there was no doubt that the Bank Group, with its existing resources, could process a much higher level of credits.

(iv) Program Lending

Mr. King suggested that the Bank would not be able to maintain its position of leadership in consultative groups if it relied too much on project lending.

Mr. McNamara quoted from the record of Bank Board discussions to show the degree of opposition which there was in the Board to program lending. The United Kingdom should use its influence in the Board. He, himself, was anxious to go back to the Board at the right moment both on the question of program lending and on that of the level of preference for domestic suppliers. He did not think that the Pearson Report would help much on this issue. In the meantime, the Management would endeavour to speed up the preparation of projects in India and would choose fast disbursing projects so that aid to India would not suffer. We had, perhaps, been too lax in the past in resorting to program aid without trying hard enough to find suitable projects. There was, for example, a great need for additional fertilizer plants in India. The Bank Group had at its command a unique skill which it could put at the disposal of developing countries in planning and appraising projects. They would certainly not rule out program lending where this was clearly needed to maintain the agreed level of lending to India. He understood the desire of the U.K. to see that level maintained. This being so, he had been surprised at the line which they had taken on the amount of IDA funds to be committed in fiscal years 1970 and 1971.

(v) Project Appraisal

Mr. King asked whether the World Bank would help the United Kingdom Government in finding and appraising suitable projects.

Mr. McNamara said that he would always be willing to do this provided, of course, that the World Bank Group was paid for the work it did since it would have to recruit additional staff to undertake such work for the U.K. and other governments.

(vi) Visits to London

Mr. McNamara said that he expected to be in London twice in the near future - first on the 11th and 12th of November and, subsequently, on his way to or from the high level meeting of the Development Assistance Committee on the 27th and 28th of November. He would certainly hope to meet the new Minister of Overseas Development on one or other of these two occasions. He would be ready to take part in a meeting with Sir Geoffrey Wilson and other U.K. officials on the morning of November 12th.

D. H. F. Rickett
Vice President
October 17, 1969

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 15, 1969

FROM: Denis Rickett

SUBJECT: Mr. R.B.M. King

You are seeing tomorrow morning Mr. R.B.M. King of the Ministry of Overseas Development.

2. Mr. King was appointed Deputy Secretary of the Ministry last year in succession to Geoffrey Wilson who had been promoted to be Permanent Secretary. Mr. King is thus the second ranking permanent official of the Ministry.

3. He joined the Civil Service in 1939 at the age of 19 but left the following year to serve in the Army. He took part in the campaigns in North Africa and Italy and won the Military Cross at Cassino. After the war he rejoined the Civil Service and, after holding various appointments in the Ministry of Supply, the Ministry of Works and the Treasury, became Principal Private Secretary to the Minister of Works in 1956. In 1958 he was seconded for a period of service to the Cabinet Secretariat and acted as Secretary to the Commonwealth Education Conference in 1959 as well as a succession of constitutional conferences which conferred independence on a number of colonial territories. In 1961 he was transferred to the Department of Technical Cooperation which, as you know, was the predecessor of the Ministry of Overseas Development. He has been with the Ministry since its formation in 1964.

4. Mr. Cope and I saw Mr. King this afternoon and I gather that the points which he will wish to raise with you tomorrow concern especially:-

- (a) The timetable for and general handling of the negotiations for the Third Replenishment.
- (b) Bank lending policies particularly in regard to the issue of program versus project lending.
- (c) The Bank's role in the coordination of the giving of aid both by multilateral and by bilateral donors. On this point he had in mind particularly the recommendation of the Pearson Commission that you should take the lead as President of the World Bank in calling a conference.

5. On (a) above, Mr. King told us that Sir Geoffrey Wilson was ready and willing to pay visits to other capitals in support of representations through diplomatic channels so that the British Government could play its full part in bringing pressure to bear on other governments to go for a high level of IDA replenishment. He asked a number of questions about the persons to be nominated as Deputies (should they be Executive Directors or officials from the capitals?); about the place where the meetings were likely to be held; the date of the first meeting and whether we intended to circulate any papers to the meeting. I said that the first point was largely a matter

President has seen

for the governments. If they wished to nominate their Executive Director to attend meetings in Washington and an official from the capital to attend meetings in Europe, I did not think we should object though there were naturally advantages in having one person present at all the meetings. As to the place of the meeting, I thought that at least one of the meetings would be held in Washington though others might take place in Europe. On the date of the meeting I said that I understood that you felt that there should be bilateral consultations with some of the Governors before the first meeting was held.

6. Mr. King told me that the Cabinet are considering tomorrow a White Paper on public expenditure which will contain figures for all the principal categories of expenditure in the financial years 71/72, 72/73 and 73/74. The size of the British Aid Programme will therefore have been determined in advance and this will obviously affect to some extent what they can do for IDA within that programme.

7. On (b) above, Mr. Cope explained that the Bank's policy was to resort to program lending where it was clearly shown that the necessary assistance could not be given through project lending, either because the necessary projects were not available or because there was a need for quicker disbursing assistance. While the Bank's policy in regard to program lending to India had been affected by the recent discussions in the Board, it was not true that we had abandoned program lending to India altogether. We hoped, however, to achieve the same results through suitable selections of projects particularly if a reasonable proportion of local currency expenditure could be financed.

8. Mr. King asked to what extent the Bank would be prepared to undertake the appraisal of projects on behalf of other lenders, e.g. by accepting joint finance or by selling participation to them in Bank loans. Mr. Cope said that the Bank was already doing this ~~to a large extent~~ but that there was a limit imposed by staffing resources on the extent to which they could appraise projects for which they were not the principal lender.

9. On (c) above, Mr. Cope said that this, together with other recommendations of the Pearson Commission, was at present being studied by the Bank and we had not yet arrived at a firm view on it.

c.c. Mr. Cope

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 16, 1969

FROM: William Clark *wc*SUBJECT: Mr. Frederic Seebohm

Mr. Frederic Seebohm is Chairman of Barclays Bank D.C.O. (This originally meant Dominions, Colonies and Overseas), which is the largest British overseas banking operation.

He has been particularly interested in development in East and Central Africa, and set up a special development loan section of the Bank. He was, incidentally, one of the founders of the O.D.I.

He has recently been very hard hit by the nationalisation of banks, first in Tanzania after the Arusha Declaration, and in the last few days by what is apparently a similar nationalisation in Uganda. This has made him somewhat less enthusiastic about his African protégés

WDCClark:sf

President has seen

Mr. McNamara:

For you 12:10
mtg on Friday

Files

October 16, 1969

Lee
10/16

William S. Gaud

Visit of Mr. Frederic Seebom,
Chairman, Barclays Bank DCO

Mr. Frederic Seebom paid me a short visit this afternoon. He was accompanied by Mr. Morel, Local Director of Barclays Bank in New York.

I gather that Mr. Seebom intended this as a courtesy visit. While he was here he expressed himself very emphatically on a number of subjects, including the following:

1. The developing countries cannot achieve their objectives without the assistance of the private sector. Aid agencies are all very well for "macro-development" but only the private sector can achieve "micro-development."

2. It is difficult enough under the best of circumstances to achieve development in Africa, but it becomes impossible when countries behave as Uganda is now behaving. The World Bank and the IMF should tell Uganda that they will get no further assistance unless they start behaving like grown-ups.

3. Technical assistance is vital to African development. More should be furnished both by aid institutions and by the private sector. He hopes to talk to the Stanford Research Institute to explore ways in which the private sector can increase its technical assistance contribution.

4. His bank has done a great deal to mobilize savings in Africa, particularly in Nigeria and Ghana. It is also making available medium-term and long-term credit, both of which are urgently needed and available from very few sources.

I told Mr. Seebom that IFC would be glad to consider any suggestions that he or his bank might make as to how we could work together in the developing countries. He said he had no concrete ideas on this

President has seen

at present, but thought that IFC might be able to help when he got farther along with his medium- and long-term credit program.

cc - Mr. Christoffersen ✓

WSGaud:db

*Mr. McNamara: For you**2 p.m.**mlg.**llc
10/23*

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Denis Rickett

SUBJECT: Sir Maurice Parsons

DWR

DATE: October 23, 1969

Sir Maurice Parsons, Deputy Governor of the Bank of England, is calling on you at 2:00 p.m. this afternoon.

2. Sir Maurice, who will be 60 years old next May (and under the normal rules of the Bank of England may, therefore, be expected to retire shortly), has been Deputy Governor since 1966. He joined the Bank straight from school in 1928 at the age of 18 and for four years (1939-43) was Private Secretary to Montague Norman, the then Governor.
3. Sir Maurice knows Washington well having served as an Alternate Executive Director both on the Bank and Fund in 1947. He also served on the Fund staff for three years (1947-50) as Director of Operations. He became an Executive Director of the Bank of England in 1957 and held this position for nine years until his appointment as Deputy Governor. Throughout that time he was the Executive Director in charge of Overseas Operations and Policy and became very well known internationally.
4. As you would expect from his record, he is a thoroughly professional central banker with a particular knowledge of international and foreign exchange questions. In matters of policy he might, I suppose, be described as an "enlightened conservative".
5. During his visit here he has had talks with Mr. Kennedy, with Mr. Martin at the Federal Reserve, and with Mr. Schweitzer at the International Monetary Fund. He has also seen Mr. McCracken and Dr. Arthur Burns. He has been particularly interested in discussing with the Treasury and the Federal Reserve the question of exchange rate policy in order to ensure that there is good cooperation between the U.K. and U.S. Directors on the Fund when discussions of this subject are resumed in the Fund Board.
6. Topics about which you might find it interesting to talk with him are the future development of capital markets both here and in Europe and, perhaps, also developments in India. Sir Maurice has visited India frequently in his time at the Bank of England and has many friends there.

President has seen

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DEC 04 2012

See to

NOTE OF A MEETING HELD WITH MR R S MCNAMARA IN THE ODM ON 12 NOVEMBER 1969

WBC ARCHIVES

<u>Present:</u>	Sir G Wilson	ODM (in the chair)
	Mr R S McNamara	} IBRD
	Mr W Clark	
	Mr G R Bell	Treasury
	Mr W I Combs	FCO
	Sir A Part	} Board of Trade
	Mr R L Davies	
	Mr C J Morse	Bank of England
	Mr R B M King	} ODM
	Mr D Williams	
	Mr J L F Buist	

M: File see 12/12

1. The following points were discussed:-

- (i) Next replenishment of IDA
- (ii) Possible increase in the capital structure of IBRD
- (iii) Interest subsidisation schemes
- (iv) Pearson Report: handling arrangements
- (v) Pearson Report: proposed conference on co-ordination

IDA replenishment

2. Mr McNamara recalled as background to the requirement for a new replenishment that by July 1971 the whole of the \$1,180m available to IDA in July 1969 from the second replenishment would have been committed, at the rate of \$590m per year. He had, incidentally, been disturbed at the attitude of Britain towards this commitment rate when the matter had come to the Board, the more so since in his view Britain could exercise greater leverage on the international aid effort than was directly proportionate to the size of her contribution; there was indeed scope for the constructive use of this leverage in the negotiations to come, especially with Germany, Japan and the US. He was glad to learn that Britain would be considering its aid policy over the next

DEC 04 2012

WBG ARCHIVES

fortnight or so, and hoped that the signs of economic recovery would enable the country to do even more than its already good record of the past. The US would be making up its mind on the American aid effort in the light of the Peterson Commission, which he hoped would recommend an expansion in the US programme; the right decisions made in Britain could be expected to have a favourable effect upon American opinion as well as upon Germany and Japan.

3. Sir G Wilson said that from past experience it seemed unlikely that much progress would be made on IDA until there was at least some consensus on the possible range of the next replenishment, and asked at what stage Mr McNamara foresaw something emerging on this. Mr McNamara replied that the Germans, with support from some other countries, first wanted to clear certain technical points, and he thought that these would have a definite effect on the amount which they would be willing to put in. The technical points included whether contributions to the replenishments should be in the form of loans or grants and whether they should carry voting rights. At the time of the last replenishment the Board had directed a staff study on these points and he was obliged to bring these matters back to the Executive Directors. Speaking personally, he felt that loans could be accepted provided their terms were no harder than those of IDA itself and provided they were repaid as the relevant credits themselves matured. He might however put in a third paper at least hinting at the possible range of the replenishment at the same time as the other two. This would most likely be some time before Christmas.

4. On volume, Mr McNamara said that one position he could not accept would be a replenishment of \$400m pa as at present. It was impossible to combine this with a policy which gave India 40% and Pakistan and Indonesia further substantial amounts of the money available for commitment. Although the arguments over geographical distribution would continue even at a much higher level of replenishment, the real sting lay in the fact that, for instance, twenty Latin American countries had been receiving only \$24m a year in total volume

between them, or 6% of IDA's resources. He agreed that on any rational criteria of need India deserved more aid, and he would try to hold IDA aid to India at as high a level as possible and at least as high as 40% of a \$590m commitment programme per year; but this would be politically impossible unless there was a substantial increase in the replenishment. A further point to be kept in mind was the debt servicing problem looming up for so many countries, which again underlined the need for more concessional finance.

5. In answer to a question by Mr McNamara, Sir G Wilson said that an initial discussion either in Washington or in Europe would be convenient. If any discussions took place in Washington they would be handled, so far as Britain was concerned, by Mr Mitchell; those in Europe would normally be attended by himself.

6. As regards the British share of any replenishment Mr Morse pointed out that Britain's IMF quota would be coming down from rather over 11% to well under 9% and that those of certain other countries would correspondingly be increasing.

IBRD capital stock

7. Mr McNamara said that he intended to introduce this issue into the discussions together with that of the replenishment of IDA, and hoped that simultaneous legislative action could be taken as necessary on both proposals. The case for an increase in Bank capital, which he realised would have to come from the same limited source as any IDA money, really rested on the unlikelihood as he saw it that the developed countries would be able to reach the Pearson target of 0.7% of GNP for official development assistance by 1975. He hoped and indeed expected that there would be some increase in the proportion of GNP going into official development assistance, but thought equally that 0.7% was not within reach by that time. As a consequence it was necessary to try to draw further capital resources into the aid flow from

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WBG ARCHIVES

the private sector, and one of the ways this could best be done was by Bank borrowing. Money put into the Bank's capital stock would have a multiplier effect, in that it would enable the Bank to attract private money. Private capital routed through the Bank would be an imperfect substitute for concessional finance, the more so as not all countries could accept hard-term finance (although some could accept a mix) but it would still be of considerable value.

8. Mr McNamara added the following points:-

- (a) An increase in paid-in capital would help the Bank to hold its interest rates at no more than 7%, and if possible even reduce them;
- (b) There had been no general increase in paid-in capital since the Bank was set up at Bretton Woods 25 years ago, in spite of the increases in prices, needs, absorptive capacity, and Bank activities;
- (c) Whereas in 1961 40% of the Bank's lending of \$4.0 billion or so was outstanding to good risk developed countries such as France and Japan, in five or six years' time 95% of such lending would be outstanding to the Part II countries, several of which were likely to undergo debt re-scheduling, and looking ahead over the next two years or so this must affect the confidence of lenders to the Bank;
- (d) He was thinking in terms of an increase in capital stock broadly in line with the increase in IMF quotas, ie a 25% general increase and an 8-9% special increase. Of the total, about \$1.0 billion would come from the developed countries in paid-in capital over five years, representing 20% of their share of the increase. The amount would thus be \$200m per year of which the British share might be \$25m per year.

9. Sir G Wilson asked whether Mr McNamara would attach greater priority to the IDA replenishment or to an increase in the Bank's capital stock.

Mr McNamara said they had equal importance in his view, but he would possibly give even a slight advantage to the latter at the level of a \$200m per year increase in paid-in capital.

10. Mr McNamara added, in reply to a question, that he would like to see a proposal in respect of the Bank's capital stock taken in the Board before the end of 1969, at the same time as the IMF quotas were finalised.

Interest subsidisation

11. Commenting on the question of interest subsidisation, Mr McNamara said that he saw nothing wrong in subsidisation per se, although the Horowitz scheme was not acceptable; it would involve Governments in accepting huge liabilities for the future and obscure them by the payment of interest in the present. He could, however conceive of a scheme under which the Bank continued to lend at 7% interest gross, but this rate was effectively reduced eg by the payment of the discounted difference equivalent to say $3\frac{1}{2}\%$ interest through a trust fund run by, for instance, IDA.

12. Mr McNamara added that the Bank's ability to maintain its "negative spread" under which its lending was at a lower rate than its borrowing would be increased first by any increase in the capital stock and second by the rise in the Bank's net income, which was already \$200m per year. This income would continue to increase, and although he expected to devote half of it to IDA he had already taken account of this fact in his calculations on the needs for the next replenishment and for an expansion of the Bank's capital.

Pearson Report: handling

13. Sir G Wilson said that the British Government was taking each recommendation in the Report separately, in the light of present policy where it existed, and that these recommendations would then be taken into account in discussing the substance of the relevant issue in each appropriate forum. Did Mr McNamara foresee any general forum in which the Report would be examined? Mr McNamara said that it would be helpful if the British Executive Director could discuss with Mr Demuth or himself, informally and without commitment, any of the recommendations relating to the Bank upon which British policy was formed. He foresaw no detailed debate on the whole of the Report, but thought that it

would have to be discussed in general terms by several bodies, eg the Second Committee and the OECD. The Report had been published in haste so as to make the maximum impact, and was selling well.

14. In this connection Mr McNamara said he understood that the Canadians were intending to hold an informal conference of several Governments in February to consider the Report in its relation to the Second Development Decade, and he was hopeful of some early Canadian action on some aspects of the Report which would help stimulate further the US, Germany and Japan.

15. Mr McNamara added that he had urged the new Secretary General of OECD, Mr van Lennep, to consider the Report formally, and that he hoped there would be a change of relationship between the OECD and the DAC, making the latter a true sub-committee of the former. Mr Williams said that Mr van Lennep was now apparently considering suggesting that the OECD Ministerial meeting in May 1970 might devote an extra day to discussion of all issues affecting the Second Development Decade, including those covered in the Report. Too early a discussion of this kind was not acceptable to many countries apart from Switzerland and Sweden. There were internal problems within the OECD over any such reorganisation as might be implied by Mr McNamara's suggestion.

Pearson Report: proposed conference

16. In reply to questions about his attitude to the final recommendation in the Report, Mr McNamara said that since the Bank, beyond financing and servicing the Commission, had resolved not to try to influence its work in any way, several of the conclusions caused difficulty to him and this was possibly the most embarrassing of all. He had made it clear to the UN Secretary General and other agencies that the Bank did not want to take the lead in this matter, but could only respond by supporting any conference if requested to do so by the UN or by Governments.

International Department
ODM
13 November 1969
IG/A 132