

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: Chronological files (incoming) - Chrons 01

Folder ID: 1771531

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4542S

Series: General correspondence

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: November 14, 2012

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK  
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

McNamara Papers

Mr. McNamara's Chronological file, (Incoming)  
from April - December, 1968 1968 (Jan-June)

The World Bank Group  
**Archives**  
1771531  
A1995-258 Other #: 1 309676B  
President's papers - Robert S. McNamara Chronological files (incoming) - Chrons 01

**DECLASSIFIED  
WITH RESTRICTIONS  
WBG Archives**

487/112  
DECLASSIFIED  
SECRET  
SEP 23 1988  
WFA ARCHIVES  
JUNE 23 1968  
ARCHIVE

World Bank Bond Issues in the United States

1. The World Bank is planning to increase substantially its borrowing in various capital markets in the coming fiscal year. For our planning purposes we are assuming that it will be possible to borrow \$500 million in the United States in two tranches and another \$300 to \$400 million of long-term issues outside the United States. We also assume a roll-over of medium-term debt held outside the United States, with a net increase of \$50 million in the amount outstanding.
2. Many of the developing member countries of the Bank have now reached a stage in the management of their national economies where they are able to take critically important forward steps in accelerating their economic growth, provided suitable financing is available. The emphasis in the Bank's approach is on agreeing with countries on their development potential, and on the policies which they must pursue to realize these potentials. The provision of external capital by the World Bank can and should be only a small portion of the total resources used for development, but the resources provided by the World Bank can and do play a vitally important role. The effect of World Bank lending in promoting development is many times the size of its loans. Moreover, by providing the link with private capital markets, the Bank avoids the need for corresponding increases in budgetary contributions for development.
3. It is difficult to determine at this time the future level of loan commitments, but it is anticipated that the World Bank will be able to move soon to a level of about \$1.2 - \$1.7 billion per year (compared to approximately \$880 million in FY 1968) in new commitments to the developing countries. This projected level is based on estimates of likely availabilities of sound projects in member countries pursuing satisfactory economic policies. It

reflects experienced judgments regarding what the Bank can reasonably and efficiently do to promote the economic development of the less developed member countries without compromising its lending standards and its insistence on satisfactory economic performance of borrowing countries. This increase in Bank commitments would permit substantially increased lending for agriculture and education, which are relatively new areas of activity in the World Bank. At the same time, the need continues for investments in such sectors as electric power, transportation and industry, where most of the Bank investments have gone so far.

4. About \$2.3 billion are still due to be disbursed on Bank loans, while \$3.6 billion are owed on Bank bonds (nearly half of this debt maturing within five years). Both of these amounts will rise as Bank lending increases. The balance of cash and securities held by the Bank will need to be adjusted accordingly. In the last five years, however, the Bank's balance of liquid assets has been drawn down by about \$500 million (from over \$1.7 billion on June 30, 1963 to less than \$1.2 billion on June 30 1968). The level of its financial operations has increased and is expected to continue increasing; it is proposed to restore the balance of cash and securities to \$1.5 billion or more. Because of the contemplated large borrowings outside of the United States, it will be possible to use more than half of the proceeds of the proposed bond issues in the United States for a permanent build-up of IERD investments in certain medium-term securities in the United States. Such investments, inter alia, will have favorable effects on the U.S. balance of payments (see paragraph 7).

5. The following general considerations suggest that the projected increase in the loan commitments by the Bank is feasible, as well as desirable:

- (a) World Bank studies, based on a country-by-country examination, indicate that the developing member countries of the Bank could effectively use \$4 billion more per year in productive high-priority investment meeting Bank standards.
- (b) Bilateral aid flows from DAC countries have been practically on a plateau during the past several years. If account is taken of the rise in prices and the decline in the proportion of grants to total bilateral aid (from 60% in 1965 to 55% in 1967), the real resource value of bilateral aid has been on a downward trend.
- (c) In view of the trend in official bilateral capital flows, it seems likely that an increased flow of resources to less developed countries will require more extensive tapping of private capital markets in industrial countries. To some extent this is already taking place by increased direct flotations on the part of some of the more advanced of the developing countries, (e.g. Argentina, Mexico, Peru). But for many less developed countries, the Bank will have to be the principal intermediary for channeling private savings in the donor countries to development in the less developed countries.
- (d) Debt servicing problems of some less developed countries have reflected the assumption of excessive short- and medium-term obligations at relatively high interest rates in the form of suppliers' credits. A greater lending capability by the Bank will make it possible to reduce undue reliance on suppliers' credits, and influence their terms and conditions through "conditional" joint financing.

(e) More fundamentally, the capacity of a number of developing countries to service additional foreign indebtedness should increase either because of encouraging trends in recent years in their exports, resulting in part from improved general economic policies, or because of the efforts being made by the World Bank and others to encourage countries to abandon policies that have had the effect of protecting inefficient domestic industries at the expense of improving their export earning capacities. The operation of successful international commodity agreements, e.g. coffee and tin, are also helpful in strengthening the creditworthiness of the countries assisted.

6. There are certain specific considerations with respect to the request for new borrowing in the United States which may be noted. First those which pertain to the Bank's anticipated flows of funds and the domestic capital market situation in light also of the recent tax surcharge:

(a) The flow of funds from the Bank is organized on the assumption that there will be orderly arrangements for regular access to sources of credit to match disbursements for loans extended by the Bank and for servicing of debts owed by the Bank. Table 1 summarizes the IBRD's flow of funds from 1962 until 1973. The tentative projections indicate the contemplated orders of magnitude, but are subject to considerable change, e.g., policy on accumulation of cash and securities. Disbursements on Bank credits in fiscal 1969 are expected to approach \$900 million, while amortization of Bank debts will exceed \$500 million. A portion of the Bank's cash disbursement requirements will be met from inflows of payments on amortization, interest and other sources. However, in addition, a substantial borrowing in private capital markets

in the United States and elsewhere will be needed in fiscal 1969 to cover the projected level of Bank disbursements and attain the desired balance of cash and investments (cf. Table 1). Discussions with European investors, particularly those in Germany, give reason to believe that the Bank will be able to reach the targets for borrowings outside of the United States projected for fiscal 1969.

- (b) The bond issues contemplated in the United States are sizeable and may be regarded as large in terms of corporate or tax-exempt issues, although some of them have run up to higher amounts. However, in terms of the over-all absorptive capacity of the U.S. capital market for newly floated debt, assuming careful timing, the amounts suggested for World Bank operations should have only marginal impact. Moreover, the swings occurring in public offering of long-term debt by others than the Federal Government are much larger than the assumed operations and this would facilitate the timing of the Bank bond issues. In the past year these new issues have ranged between \$2.8 and \$4.1 billion. Moreover, the suggested Bank borrowings would seem comparatively small in terms of Treasury refunding operations and also of its new cash issues, and about in line with normal market operations of Federal agencies. Refunding operations frequently range around \$10 billion or higher, involving \$3 to \$4 billion of private holdings, with an "attrition" of redemption of 10 percent to 20 percent; new cash borrowing (when not spread through additional auctioning of Treasury bills) usually involves from \$1 to \$4 billion, and offerings of "participation certificates" in F.N.M.A. assets have run to over \$500 million.

- (c) The Bank may conceivably tap other sources of funds than those available to the United States Treasury. The Bank's bond issues would be long-term obligations with maturities presumably comparable to the previous borrowings and at market rates of interest. The Bank is, of course, not limited in the interest rate it can offer on bonds longer than certain maturities. In this respect, the Bank and the U.S. Treasury could jointly consider the possibility of the Bank placing newly accrued funds in U.S. Government non-marketable medium-term notes (maturing in approximately eighteen months), of a type similar to those offered to foreign monetary authorities. If so, the Bank could conceivably act as a useful intermediary between the U.S. capital market and the U.S. Treasury. It could also provide running estimates to the Treasury of prospective additions to or withdrawals from its holdings of U.S. Government securities, and coordinate its investment operations with debt and monetary management.
- (d) Market conditions at present do not seem to be an obstacle to large long-term borrowings in the amounts suggested. It is true that interest rates are at historic "peaks", but the new surtax makes it even more likely that there will be a better availability of funds than in 1966 or in some other past years. Also, it seems that the congestion of corporate and tax-exempt borrowing that affected the bond markets in the latter part of 1967 or early 1968 has been moderately alleviated.
- (e) It is also worth considering whether it would be desirable for the Bank to shift from the previous type of bond issues to a mixing of choices, so as to penetrate into new sectors of the financial market and appeal to new groups of investors. For example, it is customary for the U.S. Treasury to offer investors



a "mix" of short and intermediate maturities in its refunding or financing operations. Perhaps, if the Bank's financial outlook permitted, the bond issues could also be divided, say, into a part with a single maturity of 20-25 years and some portion with serial maturities starting with 10 years, with a choice for investors as to which they would wish to acquire. This might lessen the impact of large issues on the market, as well as lessen the risk for the Bank that some maturities might prove less acceptable to investors than others. The decision will of course depend in part on market conditions and investors' preferences at the time. The Bank would welcome the opportunity to exchange views with the U.S. Treasury on this or other suggestions.

7. The above considerations have dealt essentially with the domestic fiscal and money market aspects of the proposed bond issues. There are some aspects pertaining to the effects of the proposed bond issues on the U.S. balance of payments which deserve consideration:

- (a) The World Bank has in recent years adjusted its financial operations so as to make as much of a positive contribution to the U.S. balance of payments as practicable. The Bank has managed its finances in a way compatible with its responsibilities to other countries and with its procurement policies and programs; at the same time, it has been possible for the World Bank to make substantial contributions to the U.S. balance of payments every year in the 1960's (see Table 2). The Bank can continue to manage its finances so that it can continue to make a positive contribution to the U.S. balance of payments in the coming years. To this end it is essential to have much larger long-term borrowings

outside of the United States than in the past. The ability to do this borrowing will be greatly strengthened by having large bond issues in the United States and increasing the Bank's liquid assets.

- (b) The Bank has made these balance of payments contributions in part by investing as much as was considered feasible in U.S. securities of a type which are classified as investments (i.e. transactions on capital account) in U.S. balance of payments statistics. Such investments by the Bank are in certificates of deposit with original maturity exceeding one year and in U.S. agency bonds, which, in accordance with the nomenclature used in balance of payments statistics, are referred to as long-term investments. Much of the Bank's liquid assets are now in this form. The possibility of switching further short-term into long-term assets is now quite limited.
- (c) If our present anticipations of borrowing abroad prove correct, the proceeds of the proposed U.S. bond issues will be entirely, or nearly so, invested in U.S. long-term securities as in the past. There will be favorable effects on the balance of payments, whether the bond issue is to be delivered in full in fiscal 1969 (as illustrated in Table 2), or whether part of it is for delayed delivery in a subsequent year or years. The estimate of balance of payments effects is based on certain conservative assumptions; for example, it is assumed that procurement in the U.S. will continue at the current rate of about 18.5 per cent of total procurement under Bank loans, compared to the percentage of about 30 per cent which prevailed earlier in the 1960's.

- (d) In the longer run, the impact on the U.S. balance of payments of the proposed bond issues will be primarily through their effect on the rate of Bank lending, which must be in accordance with the principles and decisions determined by the Executive Directors of the Bank. A change in the rate of lending will affect the U.S. balance of payments only after considerable time lags between borrowing of funds, the approval of loans made possible by these borrowings, and the disbursements of proceeds in foreign financing. Thus, a large borrowing will not be soon followed by a corresponding increase in disbursements. The time lag between the initiation of a loan commitment and the beginning of substantial disbursement of loan proceeds may be a year or two and disbursements will not be completed for a decade. Therefore, Bank disbursements in the next year or so would not be significantly affected by any current borrowing policy. In the longer run, the bond issues will affect not only disbursements (part of which are made in the U.S.) but also payments of interest and principal to the U.S.; the net effects by IBRD operations on the U.S. balance of payments are therefore likely to continue to be positive.
- (e) The proceeds of the long-term bond issues that the Bank hopes to raise will be used for loans to developing countries which in general are in the least restricted categories in the current measures to safeguard the balance of payments. Under these measures, the developing countries can enter the United States capital market without restraint for long-term bond issues exceeding 10-year maturities.

8. The Bank is acutely aware of the importance from the balance of payments and other viewpoints of borrowing extensively outside the United States, and has continuously made efforts to raise funds in markets other than the United States. Through borrowings, sales of participations and portfolio sales, the Bank has tapped many different capital markets. Indeed, taking fiscal years 1966, 1967, and 1968 together, net borrowing in the United States amounts to \$157 million, while net borrowing outside amounts to \$408 million (Table 3). In Fiscal 1968 alone, net borrowing outside the United States will amount to about \$156 million, as compared to about \$57 million in the United States. These figures are net of redemptions, including roll-overs of medium-term holdings. Sales of participations and portfolio sales by the Bank have in the past been an important additional source of capital (Table 4).

9. The share of the funded debt of the Bank held by investors outside the United States has fluctuated around 58 per cent for the last two years, rising to 58.74 per cent as of the end of May, 1968. There are holdings of Bank bonds and notes in about 60 countries. During the period from January to June 1968 bond issues of about \$89 million have been sold in Germany, \$29 million in Switzerland, \$15 million in Saudi Arabia, \$14 million in Canada and \$11 million in Holland. These issues total about \$158 million. In addition, the Bank Executive Directors on June 25 approved a German issue of DM 400 million. It is intended to continue efforts to increase borrowings outside the United States as much as possible.

SECRET DRAFT  
 DECLASSIFIED  
 SEP 25 2012  
 WBG ARCHIVES

TABLE 1  
SOURCES AND APPLICATION OF IBRD FUNDS BY FISCAL YEAR<sup>1/</sup>  
 (in millions of US \$)

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Net Income	98	113	130	138	141	170	146	176	176	177	177	180
Less Transfer to IDA			50	75	75	10	73	88	88	88	88	90
Net Income Retained	98	113	80	63	66	160	73	88	88	89	89	90
Receipts of Capital Subscriptions	54	44	38	20	32	50	34	30	23	17	13	8
Repaid to IBRD on Loans	104	113	117	137	166	188	236	302	354	383	426	448
Borrowing by IBRD - New Issues	271	121	100	598	289	730	734	1067	810	1028	1140	1200
Less Debt Retirement	167	126	132	348	225	226	519	532	427	458	478	458
Net Borrowing	104	-5	-32	250	64	504	215	535	383	570	662	742
Delayed Deliveries (net)	+189	+3	+5	-18	+18	-234		+157	+77			
Receipts from Sale of Loans	328	296	154	110	105	69	68	74	65	111	109	103
Increase in Misc. Liabilities	9	3	-4	1	6	4						
Payments to IDA over (-) or under (+) Transfer to IDA			+50	+65	+39	-52	+25	+1	-9	-2		+2
TOTAL SOURCES	<u>886</u>	<u>567</u>	<u>409</u>	<u>628</u>	<u>496</u>	<u>689</u>	<u>651</u>	<u>1187</u>	<u>981</u>	<u>1168</u>	<u>1299</u>	<u>1393</u>
Disbursement on Loans - Current	480	615	558	606	666	783	770	767	610	428	251	158
- New								90	370	741	1048	1235
Real Estate Investment	6	3			2	1	6	7	1	-1		
Increase in Accrued & Prepaid Exp.	10	8		16	6	17	3					
TOTAL APPLICATION	<u>496</u>	<u>626</u>	<u>558</u>	<u>622</u>	<u>674</u>	<u>801</u>	<u>779</u>	<u>864</u>	<u>981</u>	<u>1168</u>	<u>1299</u>	<u>1393</u>
Net Increase or Decrease in Year	+390	-59	-149	+6	-178	-112	-128	+323				
Cash and Securities at Year End	1797	1738	1589	1595	1417	1305	1177	1500	1500	1500	1500	1500

<sup>1/</sup> Budget estimates for 1969, and projections thereafter.

N.B. The table does not reflect the most recent changes in prospects for borrowing outside the U.S., nor possible changes in policy concerning the level of cash and securities. (See covering note; see also Table 2, footnote 5)

June 25, 1968

N.B. The table does not reflect the most recent changes in prospects for borrowing outside the U.S., nor possible changes in policy concerning the level of cash and securities. (See covering notes; see also Table 2, footnote 2)

V Budget estimates for 1969, and projections thereafter.

(in millions of US \$)

SOURCES AND APPLICATION OF FUND BY FISCAL YEAR

TABLE 1

	1968	1969	1970	1971	1972	1973
Net Increase or Decrease in Year	1738	1589	1305	1174	-112	-178
Cash and Securities at Year End	1737	1592	1417	1302	1174	1305
<b>TOTAL APPLICATION</b>	<u>156</u>	<u>622</u>	<u>807</u>	<u>779</u>	<u>807</u>	<u>674</u>
Increase in Accrued & Prepaid Exp.	10	16	17	3	17	17
Real Estate Investment	6	2	1	6	1	1
- New						
Disbursement on Loans - Current	100	606	783	750	783	666
<b>TOTAL SOURCES</b>	<u>886</u>	<u>109</u>	<u>658</u>	<u>621</u>	<u>689</u>	<u>106</u>
Under (+) Transfer to IDA						
Payments to IMF over (-) or						
Increase in Misc. Liabilities	2	1	1	1	1	1
Receipts from Sale of Loans	258	110	102	68	68	68
Delayed Deliveries (net)	+189	+2	-23	+121	-23	-23
Net borrowing	101	-2	201	276	201	201
Less Debt Retirement	167	126	126	126	126	126
Borrowing by IBRD - New Issues	271	121	100	288	288	288
Repaid to IBRD on Loans	101	117	117	131	131	131
Receipts of Capital Subscriptions	21	38	20	32	32	32
Net Income Retained	98	113	160	123	123	123
Less Transfer to IDA						
Net Income	98	113	160	123	123	123

WBO ARCHIVES  
 SEP 22 2011  
 DIRECTOR'S OFFICE

487/1/11

111

**DECLASSIFIED**  
 SECRET DRAFT  
**SEP 25 2012**  
**WBG ARCHIVES**

Table 2

Estimated IBRD Effects on U.S. Balance of Payments  
Fiscal Year 1960 through 1969  
 (In millions of U.S. dollars)

	Fiscal Years									
	1960	1961	1962	1963	1964	1965	1966	1967	1968 (est.)	1969 <sup>4/</sup>
New IBRD issues in U.S., gross	125	-	100	-	-	200	175	250	300	500
Adjustments <sup>1/</sup>	-108	+64	-37	-11	-34	-75	-203	-122	-245	+5
Net borrowing in U.S.	17	64	63	-11	-34	125	-28	128	55	505
Net IBRD loan sales in U.S.	79	-9	66	75	11	-13	-34	-52	-50	-30
Investment income earned by IBRD in U.S.	37	40	50	52	53	52	51	58	60	65
 Total received by IBRD in U.S.	<u>133</u>	<u>95</u>	<u>179</u>	<u>116</u>	<u>30</u>	<u>164</u>	<u>-11</u>	<u>134</u>	<u>65</u>	<u>540</u>
 IBRD-financed goods bought in U.S. <sup>2/</sup>	158	118	144	205	175	130	139	148	140	165
Interest paid by IBRD to U.S. bondholders	38	40	43	44	43	45	48	53	55	65
Interest paid by IBRD borrowers to U.S. loan holders	4	12	12	12	16	17	15	15	10	10
IBRD administrative expenses in U.S.	10	10	12	14	16	18	25	27	30	30
IBRD long-term investments in U.S. <sup>3/</sup>	-	-	-	-	-	200	300	185	-5	335 <sup>5/</sup>
 Total paid by IBRD to U.S.	<u>210</u>	<u>180</u>	<u>211</u>	<u>275</u>	<u>250</u>	<u>410</u>	<u>527</u>	<u>428</u>	<u>230</u>	<u>605</u>
 Net paid by IBRD to U.S.	<u>+77</u>	<u>+85</u>	<u>+32</u>	<u>+159</u>	<u>+220</u>	<u>+246</u>	<u>+538</u>	<u>+294</u>	<u>+165</u>	<u>+65</u>

<sup>1/</sup> Delayed deliveries, redemptions and purchases by foreigners.

<sup>2/</sup> Includes procurement specifically identifiable as originating in the U.S. and the same proportion of procurement not identifiable by country of origin. Procurement in the U.S. is projected as 18.5% of total disbursements (the same rate as that of the period July-December 1967).

<sup>3/</sup> Maturities over one year.

<sup>4/</sup> Projected. (No allowance is made for delayed deliveries of new issues).

<sup>5/</sup> It is hoped to expand sales of IBRD bonds outside the U.S. above budget projections. The level of investments in the U.S. shown in this table relate to the budget projections, given in Table 1. However, if present expectations prove correct, it should be possible to invest all of the proceeds of the proposed U.S. bond issues in the U.S. as in the past. Net positive effects on the U.S. balance of payments would thus be increased to about \$230 million in FY 1969.

Source of data: Treasurer's Department.

International Finance Division  
 Economics Department  
 June 24, 1968

Table 3

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## SUMMARY OF TRANSACTIONS AFFECTING FUNDED DEBT FISCAL YEARS 1966 THROUGH 1968

(Expressed in millions of U.S. \$ equivalent)

	1966			1967			1968 (ESTIMATED)		
	Inside	Outside	Total	Inside	Outside	Total	Inside	Outside	Total
	U.S.	U.S.		U.S.	U.S.		U.S.	U.S.	
New issues	175.0	288.0	463.0	250.0	304.2	554.2	300.0	434.8	734.8
Purchases of new issues in U.S. by non-residents of U.S.	(20.3)	20.3	-	(11.6)	11.6	-	(25.1)	25.1	-
Gross Borrowings	154.7	308.3	463.0	238.4	315.8	554.2	274.9	459.9	734.8
Portion sold for delivery in later years	(154.7)	(20.3)	(175.0)	(155.3)	(4.6)	(159.9)	(138.3)	(7.3)	(145.6)
New issues settled in year	-	288.0	288.0	83.1	311.2	394.3	136.6	452.6	589.2
Deliveries of previous issues	17.9	-	17.9	91.5	9.4	100.9	131.0	13.9	144.9
Net U.S. purchases and sales of previous issues	(12.0)	12.0	-	(4.0)	4.0	-	(20.7)	20.7	-
Issues matured, redeemed or refunded	-	(175.6)	(175.6)	-	(171.8)	(171.8)	(150.0)	(312.9)	(462.9)
Purchases for sinking funds and purchase funds	(34.0)	(14.4)	(48.4)	(42.6)	(11.5)	(54.1)	(40.0)	(12.0)	(52.0)
Exchange adjustments	-	-	-	-	-	-	-	(6.0)	(6.0)
NET BORROWINGS	(\$28.1)	\$110.0	\$81.9	\$128.0	\$141.3	\$269.3	\$56.9	\$156.3	\$213.2

Parentheses enclose negative items.

Treasurer's Department  
Securities Division  
May 20, 1968



Table 4

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
 PARTICIPATION IN AND PORTFOLIO SALES OF I.B.R.D. LOANS BY FISCAL YEAR  
 as at December 31, 1967  
 (Expressed in United States Dollars)

FISCAL YEAR	PARTICIPATIONS (Including Agreements to Sell)			PORTFOLIO SALES			TOTAL		TOTAL
	Inside U.S.	Outside U.S.	TOTAL	Inside U.S.	Outside U.S.	TOTAL	Inside U.S.	Outside U.S.	
Prior to 1952	\$ 24,100,000	\$ -	\$ -	\$ 4,599,000	\$ 4,318,496	\$ -	\$ 28,699,000	\$ 4,318,496	\$ 33,017,496
1952	3,500,000	-	-	2,442,000	17,417,192	-	5,942,000	17,417,192	23,359,192
1953	997,000	-	-	499,000	13,138,965	-	1,496,000	13,138,965	14,634,965
1954	10,064,979	1,806,000	-	1,873,290	20,062,337	-	11,938,129	21,868,337	33,806,466
1955	32,795,000	4,522,600	-	15,510,500	46,349,036	-	48,305,500	50,871,636	99,177,136
1956	12,290,000	7,707,842	-	10,726,500	41,442,784	-	23,016,500	49,150,626	72,167,126
1957	14,774,000 (249,297)	8,413,000	-	174,000	33,783,048	-	14,948,000 (249,297)	42,196,048	57,144,048 (249,297)
1958	37,803,900 (174,115) (158,600)	11,165,142	-	1,848,000	36,512,548	-	39,654,900 (174,115) (158,600)	47,677,690	87,332,590 (174,115) (158,600)
1959	26,788,000 (614,000)	5,579,619 (27,000) (25,000)	-	864,000	115,869,900	-	27,652,000 (614,000)	121,449,519 (52,000)	149,101,519 (666,000)
1960	66,688,000	21,723,999 (25,000)	-	27,893,000	126,281,032	-	94,581,000	148,005,031 (25,000)	242,586,031 (25,000)
1961	13,156,000 (84,466) (200,000)	12,234,727	-	21,225,000	155,601,134	-	34,381,000 (84,466) (200,000)	168,035,881	202,416,881 (284,466)
1962	26,973,000 (1,513,000)	9,387,509 (3,072,669) (27,624)	-	69,309,300	217,751,230	-	96,282,300 (1,513,000)	227,138,739 (3,072,669) (27,624)	323,421,039 (4,613,293)
1963	9,732,000	2,084,796	-	113,080,700	148,424,278	-	122,812,700	150,509,074	273,321,774
1964	24,530,000 (166,300)	23,252,554 (166,300)	-	15,446,000	110,376,479	-	39,976,000 (166,300)	133,629,032 (166,300)	173,605,032 (332,600)
1965	25,145,000	5,255,137	-	30,017,300	45,748,894	-	55,162,300	51,004,931	106,166,331
1966	9,935,000 (490,000)	429,991	-	9,928,000	61,997,517	-	19,923,000 (490,000)	62,427,508	82,350,508 (490,000)
1967	14,013,000 (377,000)	644,991	-	5,625,000	49,277,464	-	19,640,000 (377,000)	49,922,455	69,562,455 (377,000)
December 31, 1967	5,695,000	16,265,000 (176)	-	52,000	8,441,038	-	5,747,000	24,706,038 (176)	30,453,038 (176)
Transfers							(15,622,742)	15,622,742	
TOTAL	\$354,358,001	\$127,129,138	\$481,487,139	\$331,172,550	\$1,252,993,392	\$1,584,165,942	\$669,907,809	\$1,395,745,272	\$2,065,653,081

## EXPLANATORY NOTES:

Items in parenthesis represent cancellations of Participations of previous years.

Fiscal years 1961 and 1962 include revision on previous Participations due to revaluations of Netherlands guilders and Deutsche Mark.

Treasurer's Department  
 Securities Division  
 January 22, 1968

THE WHITE HOUSE  
WASHINGTON

JUN 24 REC'D

*please bring out  
June 27*

June 20, 1968

*487/1/10*



Dear Bob:

The President has made his decision on our 1968 aid for Indonesia. The package is:

1. \$25 million Aid Development Loan.
2. \$41 million of rice (200,000 tons).
3. \$26 million of raw cotton (160,000 bales).
4. \$18 million of cotton yarn (70,000 bales equivalent).
5. \$46 million of wheat flour and bulgur (about 500,000 tons).

This package totals \$158 million of calendar year 1968 aid for Indonesia. \$60 million of this was approved by the President in January. \$98 million is new.

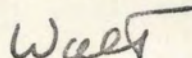
It is important to us to maintain the one-third formula -- and we are therefore treating the \$46 million of wheat as an experimental program in response to the IMF/ADB call for emergency food aid to Indonesia above and beyond the \$325 million figure blessed by the IMF and donor countries. We will be using that argument with the Congress and others to justify the "departure" from the one-third formula. I trust that, if and as necessary, the World Bank will make helpful noises of approbation.

The President has also approved informing Suharto now that we are prepared to consider in the fall -- as a down payment of our 1969 aid -- an additional \$20 million of rice (100,000 tons) and \$22 million of cotton yarn (80,000 bales equivalent). This is not a commitment, but is something we thought would be useful now for its psychological effect.

You will see that we have taken out of the package the extra \$20 million of Development Loan funds. This seemed necessary in view of the inability of the Indonesians thus far to utilize the \$25 million they already have. I am aware of your efforts to help with this problem, and they will be useful not only in seeing the \$25 million is put to productive use but in establishing a basis for the use of Development Loan funds in next year's package.

The Japanese are on the brink of committing their \$110 million. We are ready to commit our \$110 million, plus the \$46 million special wheat aid. The big remaining problem is that the rest of the international community is lagging badly on meeting the remaining third. As I understand it, it now seems likely that non-US/Japanese aid will be about \$80 million this year. That leaves a clear shortfall of \$30 million. It would certainly be a great help if you could fill this breach. Given your deep interest in Indonesia, I know you will do your utmost. If we can be of any help, please let me know.

Sincerely yours,



W. W. Rostow

P.S. If you are living up to your public image as a tiger with figures, you are wondering how we lost \$2 million in the first paragraph. It went for transportation.

The Honorable  
Robert S. McNamara  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D. C. 20433

487/1/19

May 27 1968  
WBG  
ARCHIVES

OKIC

Mr. W. L. Sherwood  
W. L. Sherwood & Company Ltd.,  
744 West Hastings Street  
Vancouver 1, B.C.,  
CANADA

Dear Mr. Sherwood:

I am acknowledging with thanks your letter of May 17 addressed to Mr. McNamara, enclosing a copy of your paper on the Sherwood process for continuous steel making. I have found the description of your process of great interest and I appreciate your having sent it to us.

This Bank shares with others who are working in the field of development a common interest in technical innovations that could lead to worthwhile reductions in the heavy investments required nowadays for iron and steel projects. However, we do not as a rule become involved in the initial preparation of projects or processes and their selection. This is done by our borrowers assisted by consulting engineers of their own choice. Normally, therefore we are not in a position to influence directly the adoption of new techniques--rather our technical appraisals aim to ensure that any project conforms to acceptable technical, economic and commercial criteria.

Presumably the next stage in the development of your process will consist of proving its commercial viability by means of pilot plant operations, and in due course we would be interested to learn of progress in this direction. Needless to say that I would be delighted to hear more about your process and your plans if you should come to Washington for some other business.

Yours sincerely,

RDKing/HFuchs;sm1

cc: Messrs. McNamara  
Hilton (o/r)  
Piccagli (with incoming)  
Circ (3)

Hans Fuchs  
Director  
Engineering Department

4/25/68



EMBASSY  
OF THE  
UNITED STATES OF AMERICA  
New Delhi, India

MAY 3 REC'D

487/1/15

April 30, 1968



Honorable Robert S. McNamara  
President, International Bank for  
Reconstruction and Development  
Washington, D. C. 20433

Dear Bob:

Is there any chance of your coming to India in the next few weeks? I realize the burden on your time, but India is your biggest client and I believe that you would find such a visit here both stimulating and encouraging.

If you cannot come yourself I wonder if you might not send a small group of respected individuals to make their own personal evaluation and report to you. Such a group was set up by Eugene Black, in 1958 and 1959. Their report was the basis for the Consortium agreement.

As I think you know, there have been no top U.S. policymakers in India except for funerals (Shastri's and Nehru's) or on very brief stop-overs between visits to other countries.

Although I think you know I am not the type who sees a Communist behind every bush and on the contrary believe that a rapprochement between the USSR and the USA is one of the most important requirements for world stability, I am concerned about India's steady drift toward a closer relationship with the Soviet Union. Unless effective forces are established to counter this drift, I believe we may see India, within five years, being drawn into the Soviet Bloc.

The fact that Kosygin has been here twice in three months is enormously flattering to the Indians. In addition, the Soviets have handled themselves extremely well here. Since they do not have to worry about a free press, there is nothing to disturb

COMMUNICATIONS  
SECTION  
RECEIVED

-2-

the atmosphere or allow the people of India to realize that their country is being moved in the wrong direction.

With my warmest regards,

Sincerely,



Chester Bowles

P.S. Although I hesitate to add anything further to your reading matter, I do hope you will have an opportunity to read the enclosed memoranda dealing with family planning, agriculture, and a review of the situation as a whole.

Enclosures (3)

## OFFICE MEMORANDUM

487/1/7

TO: Mr. Robert S. McNamara

DATE: May 16, 1968

FROM: I. P. M. Cargill

*Lubari***DECLASSIFIED****CONFIDENTIAL****WBG ARCHIVES**SUBJECT: INDIA: Ambassador Bowles' Letter

I attach a suggested reply to Ambassador Bowles. I have left it in draft chiefly because I have made no response to Bowles' comments about the drift of India into the Soviet orbit. The implication that this drift could be arrested by more frequent visits of top-level policy makers from the West is in my opinion quite erroneous.

At the time of the fighting with China in 1963, the whole of India was gripped by hysteria which has never really died down. To excuse the performance of badly trained troops and weak leadership, the military found a scapegoat in the fact that expenditures on armaments had been limited. The free hand they were given then to acquire arms was on the assumption that most of it would come as gifts or on very easy terms from the West; but after the Indo-Pakistan affair this flow of arms ceased. Since then India has turned to Russia for arms. Morarji Desai has said openly that he is not going to expose himself to the kind of criticism of which his predecessor in 1963 was the target and with this license the military have been behaving like kids in a toy store. They have been acquiring supersonic fighter bombers and other sophisticated weaponry. While it might, with a stretch of the imagination, be possible to argue that India needs supersonic airplanes to defend itself against China, it is more difficult to rationalize the purchase of six submarines. In other words visits of top-level policy makers will have little effect on India's drift towards Russia, unless they come bearing arms.

This is a serious matter. The continued acquisition of modern armaments by India will, in the end, force Pakistan to take similar action and an arms race on the subcontinent will escalate. Last year Pakistan actually reduced its budgeted military expenditures, but I am not certain how long the Minister of Finance will be able to resist pressures in the light of what is happening across the border. In 1966 some understanding was reached with some of the Western aid-giving countries about the level of foreign exchange expenditures for arms. This was supposed to be well below \$100 million a year. Some months ago in the light of the Symington and Conti amendments to the U.S. aid legislation, the embassy in Delhi (so we were informed) asked the Minister of Finance whether the deliveries of supersonic planes was in accordance with the previous plans and whether expenditures were remaining within the understood limits. The U.S. got an affirmative answer on both points. Later, as a result of intelligence reports to the contrary, fresh inquiries were made and the Ministry of Finance had to confess that it had been misinformed by the Defense Ministry. Present guesses about the level of foreign exchange expenditures on arms put them at much in excess of \$100 million.

*President has seen*

May 16, 1968

If this goes on, the impact on the consortium and the aid program for India could be extremely adverse. Apart from the problems which the U.S. might have with Congress, most other countries feel strongly that they do not wish to see an arms race starting on the sub-continent nor do they wish to see India's external payments position, precarious as it is, made worse by the burden of buying arms which few people believe India needs. The Japanese are particularly vehement on this point.

This issue is bound to be raised at the consortium meeting. Up to now the Bank has taken the position that military affairs are beyond the scope of the consortium's work and outside the purview of the Bank as Chairman. Personally, I feel extraordinarily irritated by what I regard as irresponsible behavior, but I feel that we must continue to take the position we have so far adopted. This, of course, has not prevented us and should not prevent us from expressing concern in private.



487118

May 24, 1968



Honorable Chester Bowles  
American Ambassador  
New Delhi, India

Dear Chet:

Many thanks for your letters of April 30 and May 16. I realize full well the importance of India's problems to the Bank and to me in my present capacity. Clearly, I shall have to schedule a visit to India amongst the earlier journeys I make; but at present I have so many pre-occupations in Washington, so much to learn and to do, that it is not possible for me to make any firm plans. However, I shall hope to get there sometime within the next twelve months.

In the Bank we are giving considerable thought, together with the Indians and the members of the consortium, to the question of how to secure acceptance amongst governments and with the public of the Fourth Five-Year Plan. The Bank will, of course, review it and hopefully will be able to give it wholehearted support. I agree with you, however, we must do more in an effort to secure wholehearted support in aid-giving countries. Your suggestion of sending a small group of respected individuals to make their own personal evaluation of India's plans has great merit, but we feel that this would overlap and perhaps conflict with the proposal for a "grand assize" to carry out an appraisal of the overall worldwide development effort. Such an appraisal could hardly avoid giving broad attention to India, the largest of all aid receivers; and I think it would be better to consider what more, if anything, needs to be done to get support for India's future plans when this appraisal is under way.

The memoranda you enclosed added to my education in world development -- thanks so much for sending them.

I expect to be in Washington during the latter part of June and hope to see you then.

With warmest regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

4871116

# OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 15, 1968



FROM: J. Burke Knapp

*Part I my TIA 160 to ...  
a) India's Party under dollar ...  
the 12% would be used ...  
planned at 402, 750 ...  
b) Our present plan is 4 175 - 68 in com ...  
to be used 15 for ... starting 6/1 ...  
planned at 462, 750 - ✓*

SUBJECT: Rationale for IDA Allocations for 1967/68

You will recall that Mr. Woods had a discussion with the Part I Executive Directors on March 25, in which he proposed that a figure of \$400 million be allocated for IDA commitments in 1967/68 of which 40 percent would be assigned to India, 12½ percent to Pakistan and the balance to other countries. It was on the basis of this rationale that we fixed a figure of \$160 million for the Indian Industrial Imports Credit although Mr. Woods told the Executive Directors at the time that there might turn out to be considerable slippage in the completion of credits to "other countries" before June 30, 1968.

As I reported to you in my memorandum of April 24, some of this slippage was already taking place, and I estimated at that time that we would be able to present to the Executive Directors prior to June 30 only about \$340 million of IDA credits for this fiscal year (the balance of the \$400 million to be presented during the period before the Board's August recess). When you and Mr. Cargill and I discussed this paper, we concluded that we should nonetheless go ahead with \$160 million for India and the \$50 million for Pakistan even though this would raise the percentages for these two countries to 47 percent and 15 percent respectively. We also agreed that even a delay in replenishment prevented us from signing many of the credits contained in this \$340 million package before June 30, 1968, we should treat all of them as "1967/68 business" for purposes of the rationale of IDA allocation.

I must now report that the latest forecast indicates some further slippage which leads me to suggest that we change our "rationale" in one respect.

It now appears - both because of the deferment of some projects, and because of a reduction in the amount of some credits because of project considerations - that we shall complete negotiations on some \$360 million of IDA credits by June 30, 1968, but that we shall be able to present the final papers to the Board by that date only with respect to about \$312 million. (After negotiations are completed a period of two or three weeks often elapses to complete the paper work for Board presentation.) If our criterion for "1967/68 business" were to remain in terms of "presentation to the Board", India would again get over 50 percent of the 1967/68 allocation, contrary to our expressed intentions.

I think the remedy for this is to define "1967/68 business" in terms of those operations on which we have completed negotiations by June 30. On the basis of this rationale the \$160 million credit to India would constitute 44 percent of the 1967/68 allocation, and the share of Pakistan

President has seen

*364 - ?  
too high*

*Let 2 for India +  
Pak for remainder  
of 11.4 billion*

*have India's Pk  
been told  
by necessary  
to all/over more  
of already  
add*

*✓  
May 17, 1968  
E. D. ...  
of presented on  
June*

*Star  
minutes  
ID A  
coms by  
country  
FY 70  
to  
inception  
+ this  
FY 70  
(i.e. 2nd)*

*July 10/1968  
to ...  
from the ...*

*Let 2 for India  
+ P for  
rest 732 +  
future X2*

*Does not \$160  
change to*

Mr. Robert S. McNamara

- 2 -

May 15, 1968

would be restored to the original figure of 12½ percent (as of March we had expected to do \$50 million of projects in Pakistan during the current fiscal year, but this figure has now been reduced to \$45 million because of a reduction in the amount of one of the Pakistan credits due to project considerations). There would be about ten projects totalling about \$50 million which we would have fully negotiated by June 30, and which would be formally presented to the Board during July. You will bear in mind that many of these, as well as many of the credits to be presented to the Board before June 30, will be "subject to replenishment"; it remains an open question whether this category of credits will receive final approval of the Board before the replenishment becomes effective, and in any case none of them can be signed before that date.

cc: Messrs. Cargill  
Cope  
Hilken

INTERNATIONAL DEVELOPMENT ASSOCIATION  
 DEVELOPMENT CREDIT COMMITMENTS (GROSS) BY COUNTRY  
 (Expressed in millions of U. S. dollars)

**CONFIDENTIAL**  
**DECLASSIFIED**  
 SEP 25 2012  
 WBG ARCHIVES

Country	FISCAL YEAR ENDING JUNE 30																	
	1961		1962		1963		1964		1965		1966		1967		1968 (Est.)		1969 & 1970 (Est.)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
India	60.0	( 59)	62.0	( 46)	178.0	( 68)	90.0	( 32)	95.0	( 31)	191.0	( 67)	215.0	( 61)	125.0	( 45)	116.0	( 40.0)
Pakistan	-	-	21.0	( 16)	11.5	( 27)	116.5	( 52)	90.7	( 29)	57.2	( 20)	27.8	( 8)	45.0	( 16)	130.0	( 12.5)
*Others	41.0	( 41)	51.1	( 38)	70.6	( 5)	46.7	( 16)	123.3	( 40)	35.9	( 13)	110.8	( 31)	107.0	( 39)	494.0	( 47.5)
<b>TOTALS</b>	<b>101.0</b>	<b>(100)</b>	<b>134.1</b>	<b>(100)</b>	<b>260.1</b>	<b>(100)</b>	<b>283.2</b>	<b>(100)</b>	<b>309.0</b>	<b>(100)</b>	<b>284.1</b>	<b>(100)</b>	<b>353.6</b>	<b>(100)</b>	<b>277.0</b>	<b>(100)</b>	<b>1,040.0</b>	<b>(100.0)</b>
<b>*Others:</b>																		
Afghanistan	-	-	-	-	-	-	-	3.5	-	-	-	-	-	5.0	-	-	-	-
Bolivia	-	-	-	-	-	-	-	15.0	-	-	2.0	-	-	-	-	-	-	-
Botswana	-	-	-	-	-	-	-	3.6	-	-	-	-	-	-	-	-	-	-
Burundi	-	-	-	-	-	-	-	-	-	1.1	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-	-	-	-	11.0	-	.6	-	-	-	-
Ceylon	-	-	-	-	-	-	-	-	-	-	-	-	-	2.0	-	-	-	-
Chile	19.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	15.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colombia	-	19.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Costa Rica	-	5.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ecuador	-	-	-	-	8.0	-	-	-	-	-	-	-	-	5.1	-	-	-	-
El Salvador	-	-	8.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethiopia	-	-	13.5	-	-	-	-	-	7.2	-	-	-	-	7.7	-	-	-	-
Ghana	-	-	-	-	-	-	-	-	-	-	-	-	-	10.0	-	-	-	-
Haiti	-	-	.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Honduras	9.0	-	-	-	-	-	-	3.5	-	-	-	-	-	4.0	-	-	-	-
Jordan	-	2.0	-	-	6.5	-	-	-	-	-	-	3.0	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	10.3	-	-	-	15.9	-	12.8	-	-	-	-	-
Korea	-	-	14.0	-	-	-	-	-	-	-	-	-	11.0	-	-	-	-	-
Lesotho	-	-	-	-	-	-	-	-	4.1	-	-	-	-	-	-	-	-	-
Malagasy	-	-	-	-	-	-	-	-	-	-	10.0	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	-	-	-	6.8	-	21.2	-	-	-	-	-
Mali	-	-	-	-	-	-	-	-	-	-	9.1	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	6.7	-	-	-	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-	11.0	-	-	-	-	-	-	-	-	-
Nicaragua	-	-	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Niger	-	-	-	-	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	-	-	-	35.5	-	-	-	-	-	-	-	-	-	-	-
Paraguay	-	6.0	-	-	3.6	-	-	-	7.5	-	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-	-	-	9.0	-	-	-	-	-	-	-
Somalia	-	-	-	-	-	-	6.2	-	-	-	-	-	-	2.4	-	-	-	-
Sudan	13.0	-	-	-	-	-	-	-	-	-	-	-	-	8.5	-	-	-	-
Swaziland	-	2.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Syria	-	-	-	-	8.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	18.6	-	-	-	5.0	-	-	-	-	3.0	-	-	-	-
Tunisia	-	-	5.0	-	-	-	-	-	-	-	19.0	-	5.3	-	-	-	-	-
Turkey	-	-	26.7	-	-	-	39.0	-	-	-	15.0	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	10.0	-	8.4	-	-	-	-	-
<b>TOTAL OTHERS</b>	<b>41.0</b>	<b>51.1</b>	<b>70.6</b>	<b>46.7</b>	<b>123.3</b>	<b>35.9</b>	<b>110.8</b>	<b>107.0</b>	<b>110.8</b>	<b>107.0</b>	<b>110.8</b>	<b>107.0</b>	<b>107.0</b>	<b>107.0</b>	<b>107.0</b>	<b>107.0</b>	<b>107.0</b>	<b>107.0</b>

NOTES:  
 a/ Includes about \$150 million to be financed out of second replenishment resources.  
 b/ Not including additional resources which may be derived from Bank transfers, supplementary contributions, cancellation, earnings, etc.

Treasurer's Department  
 Finance Division  
 Estimates Prepared by H. G. Hilken  
 Secretary's Department  
 May 16, 1968

*India was the original figure before the import credit for India (contemplated) was reduced from \$160 to \$125  
 RBS 5/16*

DECLASSIFIED  
 CONFIDENTIAL  
 SEP 23 1991  
 WBG ARCHIVE

INTERNATIONAL DEVELOPMENT ASSOCIATION  
 TOTAL DEVELOPMENT CREDIT COMMITMENTS

(U.S.\$ million)

Country	Accumulative to June 30, 1967				Accumulative to June 30, 1968 (Estimate) <sup>a/</sup>			
	Original Commitment		Commitment - Net of Cancellations		Original Commitment		Commitment - Net of Cancellations and Refunding <sup>b/</sup>	
	Amount	%	Amount	%	Amount	%	Amount	%
INDIA	\$ 891.0	(52)	\$ 889.1	(52)	\$1,016.0	(51)	\$1,012.4	(52)
PAKISTAN	354.7	(20)	330.9	(20)	399.7	(20)	366.1	(19)
OTHERS	479.4	(28)	474.2	(28)	586.4	(29)	580.4	(29)
TOTAL	<u>\$1,725.1</u>	<u>(100)</u>	<u>\$1,694.2</u>	<u>(100)</u>	<u>\$2,002.1</u>	<u>(100)</u>	<u>\$1,958.9</u>	<u>(100)</u>

<sup>a/</sup> Includes about \$160 million to be financed out of Second replenishment resources.

<sup>b/</sup> Cancellations and Refunding to April 30, 1968 only.

Treasurer's Department  
 Finance Division  
 Estimates prepared by H.G. Hilken  
 Secretary's Department  
 May 16, 1968

DECLASSIFIED  
CONFIDENTIAL  
SEP 14 2012  
WBSC ARCHIVES

IDA/SecM68-19

March 15, 1968

FROM: The President

IDA LENDING PROGRAM FOR 1967/68

During the discussions leading up to the approval of the Resolutions on the Second IDA Replenishment, it was agreed in principle that meetings of representatives of Part I countries should be convened from time to time, at least at six-monthly intervals, to review the progress of the IDA lending program and to consider the future rate of IDA commitments and their overall geographic distribution. Now that these Resolutions have been approved by the Executive Directors, I would like to convene a meeting of the Executive Directors and Alternate Directors designated below at 3 p.m. on Monday, March 25, to consider a course of action for the remainder of the current fiscal year 1967/68. I expect the incoming President will determine the timing and format of future meetings, and I assume he will give consideration to a meeting early in fiscal 1968/69 to review the lending program for that year in the light of (a) progress made toward the ratification of the Resolutions on the Second IDA Replenishment, and (b) progress of the discussion on IDA lending policies which is scheduled for the Executive Directors of IDA in the coming months.

I suggest that IDA should set a target figure of \$400 million for credit commitments to be undertaken in the fiscal year 1967/68 (as compared with \$354 million in 1966/67 and \$284 million in 1965/66) as follows:

Distribution:

Messrs. Donner  
Gianani  
Haushofer  
Lieftinck  
Maude  
Merchant  
Plescoff  
Reid  
Skjerdal  
Stone  
Suzuki  
van Campenhout

	\$ million
Commitments approved by Executive Directors since July 1, 1967	52
Further commitments against:	
Uncommitted balance of pre-second-replenishment resources	62
Amount to become available from Swiss loan to IDA	12
	<hr/>
Total	126
Commitments to be submitted to Executive Directors before June 30, 1968 for approval subject to ratification of replenishment	<u>274</u>
Grand total	400

The foregoing would envisage the commitment in 1967/68 of \$286 million out of the \$1,200 million being provided under the Second Replenishment, including the resources provided by the Swiss loan.

In considering the possible geographical allocation of the commitments for 1967/68, I have taken into account the widely expressed view that IDA should aim at a broader country diversification in its activities, and in particular that the shares of India and Pakistan (which stood at 52.5 per cent and 19.5 per cent, respectively, in total IDA commitments through June 30, 1967) should be reduced, and have determined the ceiling figure for fiscal 1967/68 for these countries as set forth in the attached table (Annex A). Otherwise this lending program in general consists simply of those projects now being processed which have a good chance of reaching the Executive Directors before June 30, 1968, although there may be some slippage as indicated by the considerable number of projects which are listed for consideration during the month of June.

George D. Woods

Tentative IDA Lending Program for 1967/68

ANNEX A

	<u>Commitments Approved by Executive Directors</u>	<u>Commitments to be Considered by Executive Directors Before June 30, 1968</u>	<u>Total</u>
	(in \$ million)		
Afghanistan (Roads)		5.0 May	
Cameroon (Road Engineering)	0.55		
Ceylon (Lift Irrigation)		*2.0 June	
Chad (Education)		1.4 June	
(Road Maintenance)		3.4 June	
Dahomey (Palm Oil)		4.6 May	
Ecuador (Secondary Education)		*5.0 June	
(Fisheries)		*4.1 June	
El Salvador (Education)		*4.5 June	
Ethiopia (Highways)	7.7		
Ghana (Power)		10.0 June	
Honduras (Power)		4.0 April	
Indonesia (Irrigation)		3.0 June	
Jordan (Potash Engineering)		1.0 April	
Kenya (Trunk Roads)		11.0 June	
(Tea II)		2.4 June	
(Livestock)		3.6 June	
Korea (Railways)	11.0		
(Highways)		2.5 June	
Malawi (Lilongwe Agr.)	6.0		
(Roads)	11.5		
(Shire Agric.)	3.7		
Niger (Road Maintenance)		*4.5 May	
Papua & New Guinea (Agric.)		*6.5 June	
Senegal (Groundnut)		*9.0 June	
Somalia (Port Eng.)		0.3 June	
(Suppl. Road)		2.0 June	
Sudan (Education)		7.0 April	
(Land Clearance)		*4.0 June	
Tanzania (Roads)	3.0		
(Ranching)		*1.5 June	
Togo (Road Maintenance)		*2.5 June	
Tunisia (Port)		*4.7 June	
Turkey (Seyhan Irrigation)		*25.0 May	
Uganda (Livestock)		3.0 May	
(Roads)	5.0		
(Tea)	3.4		
<b>Total, exclusive of India and Pakistan</b>	<u>51.85</u>	<u>137.50</u>	<u>189.35</u>
<u>India</u>			
Industrial Imports		*160.0 May	<u>160.0</u>
<u>Pakistan</u>			
Agricultural Credit		10.0 April	
Highways		*40.0 June	<u>50.0</u>
<b>GRAND TOTAL 1967/68</b>			<u><u>399.35</u></u>

\*To be approved subject to ratification of replenishment.

March 15, 1968

JBK/MC





# Record Removal Notice



<b>File Title</b> President's papers - Robert S. McNamara Chronological files (incoming) - Chrons 01		<b>Barcode No.</b>  1771531		
<b>Document Date</b> Mar 29, 1968	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b>				
<b>Subject / Title</b> Memorandum on informal meeting with representatives of Part I countries concerning the IDA Lending Program for 1967/68, held on March 25, 1968 in the Board Room				
<b>Exception No(s).</b> <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
<b>Reason for Removal</b>				
<b>Additional Comments</b> Pending Review by the Relevant Business Unit		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"> <tr> <td><b>Withdrawn by</b> Sherrine M. Thompson</td> <td><b>Date</b> Nov 9, 2012</td> </tr> </table>	<b>Withdrawn by</b> Sherrine M. Thompson	<b>Date</b> Nov 9, 2012
<b>Withdrawn by</b> Sherrine M. Thompson	<b>Date</b> Nov 9, 2012			

May 2, 1968

Dear Mr. Minister:

I have given careful thought to your letter of April 12 in which you described the problems which India will face as a result of the delay in the replenishment of IDA's resources. Mr. Woods told me before he left of the deferral of action on the proposal that IDA should make a fifth credit to India for industrial imports, and I am well aware of the difficulties which such postponement is causing.

It is difficult to suggest a course of action because of the great uncertainty about the timing of the IDA replenishment. I know of no source of funds for your industrial imports other than that replenishment. As far as I am able to judge at the moment, the timing of the replenishment will be dictated largely by the speed with which the United States Congress acts on the legislation which has just been presented to it. In ordinary circumstances one would expect legislative action to be completed in a matter of months; but there are special difficulties this year, of which you must be aware, that make it impossible to work on such an assumption. Indeed, some observers believe that there is the possibility that action might be postponed until next year.

We hope within the next few weeks to have completed the report of the mission which recently visited India to appraise the industrial imports project. As soon as it is ready, I propose to present it to the Board. It is not yet certain that the Board will be prepared to give its formal approval to proposals for IDA credits to be financed out of the second replenishment until the arrangements for this replenishment have been finally ratified. However, as soon as the papers are distributed to the Board, whether or not the Board feels able to take final action on them, I will try to obtain their agreement in principle that reimbursement be permitted for disbursement requests received after June 1 (the date by which we expect Bank discussion) if the credit is eventually approved. Given the difficulties which have attended the negotiations for IDA replenishment, I will make this proposal with some reluctance but intend to do so because I recognize the serious problems which India might otherwise face and because, as you say, the policy of liberalizing import licenses was entered upon with the full knowledge of the consortium and in the expectation that there would not be any serious hiatus in the flow of aid.

I am hoping that very shortly it will be possible to finalize the arrangements for the rescheduling of debt. We have now had proposals from the Italians and are waiting confirmation of a proposal from the Japanese, both of which I regard as acceptable. Assuming that these proposals are acceptable to the other members of the consortium, hopefully the agreements between India and its creditors for rescheduling can be negotiated very quickly and will provide some relief to your external payments position.

Sincerely,  
(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Morarji R. Desai  
Deputy Prime Minister and Minister of Finance  
Government of India  
New Delhi, India

cc: Messrs. Knapp, Cargill

IPMC:JBR:RSM:ml

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 24, 1968

FROM: J. Burke Knapp

SUBJECT: IDA Lending Program in the Coming Months

On March 15, 1968 Mr. Woods sent to the Part I Executive Directors a memorandum on the IDA lending program for 1967/68 (see copy attached), outlining a program of credits totaling about \$400 million, including \$160 million for India, \$50 million for Pakistan and about \$190 million for a list of other countries in Africa and elsewhere. He pointed out that, aside from India and Pakistan, "this lending program in general consists simply of those projects now being processed which have a good chance of reaching the Executive Directors before June 30, 1968, although there may be some slippage as indicated by the considerable number of projects which are listed for consideration during the month of June." This memorandum contemplated making firm commitments during 1967/68 up to the amount of available resources, then estimated at \$126 million, including the \$12 million Swiss loan to IDA. With respect to the remaining \$274 million, Mr. Woods said that he would expect to submit these credits to the Executive Directors for approval, subject to the ratification of the replenishment.

Our latest forecast indicates that there will indeed be substantial slippage in the time schedule, as you will see from the attached list. It now appears that we can present only about \$340 million to the Executive Directors prior to June 30, with a further \$56 million to follow in July/August. There have been some minor changes in this list as compared with that of March 15, but these are not very significant. Please note that there can be no guarantee that this time schedule will be adhered to; there may be further slippage which cannot now be predicted.

We also now have an open question, resulting from the discussion which took place with the Executive Directors on March 25, as to whether the Directors will actually approve credits "subject to replenishment." However, this may be decided, we are nonetheless proceeding with the processing of the projects on the attached list up to the point of their presentation to the Directors. You have asked me to consider how we would proceed if the ratification of the replenishment were seriously delayed and we had to limit our commitments to the amount of our available resources (now estimated at \$128 million), plus a transfer of \$50 million from Bank profits for 1967/68. I find that this amount of \$178 million would be sufficient to cover all of the credits on the attached list except for the Indian industrial imports credit (\$160 million), the Pakistan highway credit (\$40 million), and the Turkish irrigation credit (\$25 million), leaving \$6 million to spare. If the transfer of Bank profits amounted to \$75 million, it would also cover the Turkish credit.

In all the circumstances I would recommend that this be our policy, namely to postpone the Indian, Pakistan, and if necessary the Turkish credits until replenishment, while proceeding with the other credits on the list. My nominations for credits to be postponed are based simply upon their size. In the case of the Pakistan credit, the project is pretty much self-contained and it would be no use to proceed with a much smaller credit. In the case of the Indian industrial imports credit, the amount could of course be fixed at any level, but (a) a small credit would make no significant dent on the Indian problem, and (b) if we permit reimbursement of expenditures undertaken by India on their industrial imports after a certain date, they can finance their ongoing program out of their own reserves and await reimbursement at a time when the replenishment is ratified and the industrial imports credit could be signed. I realize that there remains the risk that the IDA replenishment will not be ratified at all, but even then I would not see much point in giving India a small industrial imports credit (say \$25 million) at the sacrifice of other IDA credits to smaller countries which are now pending.

I should also like to call your attention to a problem which exists with respect to the so-called "earmarked credits," i.e. those credits shown on the attached list which we have accepted for action prior to replenishment. These now total \$130.05 million, as against \$128 million of available resources. I am not worried about this small overrun in view of the fact (a) that some of these earmarked credits may be subject to slippage (in particular, the \$4.6 million oil palm credit in Dahomey is stuck pending clarification of French financial relations with Dahomey following the revolution which took place there in December); and (b) that "available resources" will increase somewhat over time, even without the replenishment, because of (i) cancellations on old credits, (ii) further release from Part II IDA subscriptions, and (iii) IDA earnings after June 30, 1968. In fact, on the general strength of these prospects, I would recommend adding a further credit to the earmarked list, namely the \$5 million Ecuadorian education credit which has come forward a little faster than expected and should now be ready for action in June.

May I discuss the foregoing with you.

Attachments

cc: Mr. Cope

TENTATIVE FORECAST OF IDA CREDITS

THROUGH AUGUST 1968

<u>Country (Project)</u>	<u>Africa</u>	<u>Asia</u>	<u>Europe</u>	<u>M.E.N.A.</u>	<u>W.H.</u>	<u>TOTAL</u>
Credits Signed since July 1, 1967	40.85	11.0				51.85
<u>May</u>						
Kenya (Livestock)	3.6					
Pakistan (Agri.Credit)		10.0				
<u>June</u>						
Afghanistan (Road Maint.,)		5.0				
Ecuador (Educ.)					*5.0	
Ghana (Power)	10.0					
India (Indus. Imports)		*160.0				
Indonesia (Tech. Assis.)		2.0				
Kenya (Trunk Roads)	11.0					
Kenya (Tea II)	2.4					
Pakistan (Highways)		*10.0				
Somalia (Port Engin.)	0.3					
Somalia (Road Suppl.)	2.0			8.5		
Sudan (Educ.)				8.5		
Turkey (Seyhan II)			*25.0			
Honduras (Power)					4.0	
ESTIMATED TOTAL, FY 1967/68	<u>70.15</u>	<u>228.0</u>	<u>25.0</u>	<u>8.5</u>	<u>9.0</u>	<u>340.65</u>
<u>July/August</u>						
Ceylon (Lift Irrig.)		*2.0				
Ceylon (High.Maint.& Bridges)		*10.0				
Chad (Educ.)	1.4					
Chad (Road Maint.)	3.4					
Dahomey (Oil Palm) ?	4.6					
El Salvador (Educ.)					*4.5	
Indonesia (Irrig.)		3.5				
Jordan (Potash Engin.)				1.0		
Korea (Highway Studies)		2.5				
Niger (Road Maint.)	*4.5					
Papua & New Guinea (Agric.)		*6.5				
Tanzania (Ranching)	*1.5					
Togo (Road Maint.)	*2.5					
Tunisia (Port)				*5.3		
Uganda (Livestock)	3.0					
ESTIMATED TOTAL, July/Aug.	<u>20.9</u>	<u>24.5</u>	<u>-</u>	<u>6.3</u>	<u>4.5</u>	<u>56.2</u>
<u>GRAND TOTAL</u>	<u>91.05</u>	<u>252.5</u>	<u>25.0</u>	<u>14.8</u>	<u>13.5</u>	<u>396.85</u>

\*Subject to replenishment

April 24, 1968  
H.G. Hilken

MAY 1 REC'D

Mr. Cargill

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED



163, BACKBAY RECLAMATION, BOMBAY 1 / GRAMS: 'CREDCORP' BOMBAY / PHONE: 245081/245478/245485/245939

487/A/14

April 24, 1968

Mr. Robert McNamara  
President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington, D.C.



Dear Mr. McNamara,

I have not written to you since your assumption of office at the World Bank mainly because I thought I should allow some time before I do so. I do not know whether you remember our brief meeting at a dinner at the Indian Embassy in May, 1963, when we had some talk about the Indian Institute of Management in Ahmedabad which was being assisted by the Ford Foundation.

I have no doubt Mr. George Woods must have told you about this institution in which I have been working since I relinquished charge as India's Ambassador in Washington in 1958. This Corporation, in fact, came into existence at the instance of the World Bank and Mr. Woods headed a mission sent out by Mr. Eugene Black in 1953 to formulate a scheme for the purpose in consultation with the Government of India and Indian industrialists and bankers.

You would, no doubt, have heard about its progress during the last thirteen years. The Bank has got all the relevant reports and documents. However, I am sending under separate cover a copy of the Corporation's latest Annual Report and Balance Sheet as also the Souvenir Volume which was published when the Corporation completed ten years in 1965.



-2-

...  
...  
I am also sending herewith two Brochures: one containing my two Foundation Lectures which were delivered at the Administrative Staff College at Hyderabad last December on Management in Indian Industrial Enterprise as well as a paper I read before the Indian Economic Conference on Development and Foreign Collaboration as I believe these interest you.

I had expected to go to London and Europe in connection with some engagements but have had to cancel my visit. I do not know whether it would be possible for me to come to Washington in September at the time of the World Bank/Fund Meetings but in case I cannot do so, our Deputy Chairman and Managing Director, Mr. H. T. Parekh, will attend and will, no doubt, call on you.

Before I conclude, may I wish you all the best in your new important assignment and hope that the close and cordial co-operation which has hitherto existed between the World Bank and this Corporation will continue under your stewardship.

With best regards and all good wishes,

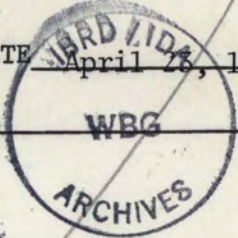
Yours sincerely,

G. L. Mehta  
(G. L. Mehta)

U. S. TREASURY DEPARTMENT

*To Sir Dennis Rickett*

DATE April 23, 1968



TO Mr. McNamara

Secretary Fowler asked me to send this IDA history to you.

*Dennis you may be interested in reading this.*

*Thank you. Very interesting.*

Joseph W. Bowman

Assistant to the Secretary

Room 3414

*WJW*  
*2664*

Ext. 2038



U. S. TREASURY DEPARTMENT

DATE: 11/17/1968

TO: Mr. McNamara



Secretary Fowler asked me to send this IDA history to you.

By Mr. Wm. Clark  
" Mr. Friedman

4/24

*Handwritten signature:* Jay K. ...

Room 3414 Assistant to the Secretary Joseph J. Gorman  
Exc. 2038

487/1/3

MEMORANDUM



Subject: IDA Replenishment

Attached is an analysis of the prospects of obtaining House approval of an authorization for the replenishment of the International Development Association. The conclusion, on page 9, indicates that House passage will be difficult. It is significant that the analysis was prepared on January 13, 1967 -- long before the enormous cost of the Vietnam War, and the resulting budgetary deficit, was fully appreciated.

The January 13, 1967, analysis was prepared in anticipation of the proposed replenishment which was postponed because of the breakdown in member country negotiations last year. Because of the change in Congressional attitudes since January 1967, the possibility of success in the House is much poorer now than it was early in 1967.

The January 13, 1967 memorandum does not include a discussion of the Inter-American Development Bank legislation, which was enacted later in 1967. An analysis of the legislative history of the 1967 increase in the Fund for Special Operations of the IDB is extremely relevant, keeping in mind that the IDB is more popular with the Congress than IDA because the former involves Latin America and its loans are not as "soft" as IDA loans.

The IDB bill passed the House by a vote of 275-122, only after an intensive headcount with substantial help from private financial interests. 203 Democrats voted for final passage, supported by 72 Republicans. On the recommittal motion with instructions to cut the authorization back to the previous level of \$250 million per year, Republican support was crucial. The recommittal motion was defeated, 185-217. 196 Democrats voted against recommittal, supported by 21 Republicans. Without the Republican support, the recommittal motion would have carried.

The 1967 IDB vote is indicative of the opposition tactics which may be forthcoming on the IDA bill: a recommittal motion to cut back the authorization to the old level of \$104 million per year -- a reduction of \$56 million from the amount requested. In the present climate -- a desire for expenditure reductions coupled with the Administration's tax proposal -- such a motion would probably prevail. However, the argument that the \$160 million per year is a negotiated package -- almost an international commitment -- resulting in a small percentage reduction for the U.S., will be somewhat persuasive, but by no means conclusive. To the contrary, many Members of both parties resent being presented with a negotiated, prearranged package which gives the Congress no latitude. Under present conditions, the bill might be recommitted altogether, as was the case in February 1964.

January 13, 1967

MEMORANDUM TO THE SECRETARY:

From: Joseph M. Bowman

On February 26, 1964, H.R. 9022, legislation to replenish IDA was recommitted on a motion offered by Rep. Talcott by a vote of 208-189, with 70 Democrats and 138 Republicans voting for recommitment; 161 Democrats and 28 Republicans voted against recommitment.

On May 13, after one of the most intensive lobbying efforts undertaken in Treasury, S. 2214, essentially identical to H.R. 9022, was passed by voice vote, after a motion to recommit, offered by Rep. Clawson, was rejected by a vote of 247-132, with 38 Democrats and 94 Republicans voting for recommitment; 177 Democrats and 70 Republicans voted against recommitment.

Between February 26 and May 13 of 1964 18 Democrats and 37 Republicans were persuaded to change their position. They were:

Democrats -- 18

Republicans -- 37

- Downing (Va)
- Hardy (Va)
- Herlong (Fla)
- Landrum (Ga)
- Morris (N Mex)
- Rivers (SC)
- Shiple (Ill)
- Slack (W Va)
- Staggers (W Va)
- Teague (Tex)
- Evins (Tenn)
- \*Gary (Va)
- \*Kilgore (Tex)
- \*Lesinski (Mich)
- \*Pilcher (Ga)
- \*Secrest (Ohio)
- \*Tuten (Ga)
- \*Murray (Tenn)

- Anderson (Ill)
- Ayres (Ohio)
- Bates (Mass)
- Bell (Calif)
- Brotzman (Colo)
- Burton (Utah)
- Cederberg (Mich)
- Corbett (Pa)
- Fino (NY)
- Grover (NY)
- Gubser (Calif)
- Mosher (Ohio)
- \*Auchincloss (NJ)
- \*Chenoweth (Colo)
- \*Griffin (Mich)
- \*Miller (NY)
- \*Riehlman (NY)
- \*Glenn (NJ)
- Bolton (Ohio)
- Nelsen (Minn)
- Pelly (Wash)
- Robison (NY)
- Rumsfeld (Ill)
- Saylor (Pa)
- Schneebeli (Pa)
- Schweiker (Pa)
- Schwengel (Iowa)
- Springer (Ill)
- Talcott (Calif)
- Teague (Calif)
- Jonas (NC)
- \*Barry (NY)
- \*Curtin (Pa)
- \*Martin (Mass)
- \*Ostertag (NY)
- Pirnie (NY)
- \*McIntire (Maine)

An asterisk indicates the members who have since left the House.

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer
Surname					
Initials					

Since the position of the Minority party on IDA replenishment is always unpredictable and, as a matter of fact, this Department has never relied on a "headcount" of Republicans before going to the floor on legislation, the most realistic assumption that we can make at the present time -- and that may be somewhat optimistic -- is that those Democrats who voted with us in May of 1964 will vote for an IDA replenishment. 130 Democrats including 11 who changed to our position between Feb. and May are still in the Congress. They are:

<u>Arizona</u>	<u>Florida</u>	<u>Iowa</u>	<u>Minnesota</u>	<u>Ohio</u>
Udall	Fascell Gibbons	Smith	Blatnik Fraser Karth	Ashley Feighan Hays Kirwan Vanik
<u>Arkansas</u>	Pepper *Herlong	<u>Kentucky</u>	<u>Missouri</u>	
Mills		Perkins Watts		
<u>California</u>	<u>Georgia</u>	<u>Louisiana</u>	Bolling Karsten Sullivan	<u>Oklahoma</u>
Cohelan Edwards Hanna Johnson Leggett McFall Moss Sisk Van Deerlin Brown Corman Hawkins Holifield Roybal Wilson	Davis Flynt *Landrum Stephens	Boggs Willis	<u>Montana</u>	Albert Steed
		<u>Maryland</u>	Olsen	<u>Oregon</u>
		Fallon Freidel Garmatz Long	<u>New Jersey</u>	Green Ullman
	<u>Hawaii</u>		Daniels Joelson Gallagher Minish Patten Thompson	<u>Pennsylvania</u>
	Matsunaga			Clark Dent Flood Holland Moorhead Morgan Rhodes Rooney Barrett Byrne Nix
	<u>Illinois</u>	<u>Massachusetts</u>	<u>New Mexico</u>	
	Gray Price *Shipley Dawson Kluczynski Murphy O'Hara Pucinski Rostenkowski	Boland Burke Donohue O'Neill Philbin	*Morris	
<u>Colorado</u>		<u>Michigan</u>	<u>New York</u>	
Daddario Giaimo Monagan St. Onge		O'Hara Diggs Dingell Griffiths Nedzi	Dulski Pike Stratton Carey Delaney Farbstein Gilbert Kelly Multer Murphy Powell Rooney Rosenthal	<u>Rhode Island</u>  <u>St. Germain</u>  <u>South Carolina</u>
	<u>Indiana</u>			*Rivers
	Brademas Madden Roush			

Tennessee

Everett

\*Evins

Fulton

Texas

Gonzalez

Mahon

Patman

Poage

Roberts

\* Teague

Wright

Young

Virginia

\*Downing

\*Hardy

Washington

Hansen

West Virginia

Hechler

\*Slack

\*Staggers

Wisconsin

Kastenmeier

Reuss

Zablocki

60

The/Republicans who voted against IDA replenishment in May 1964 who are in the 90th Congress are:

<u>Arizona</u>	<u>Kentucky</u>	<u>Oklahoma</u>
Rhodes	*Snyder	Belcher
<u>California</u>	<u>Michigan</u>	<u>Pennsylvania</u>
Clawson	Chamberlain	Fulton
Hosmer	Hutchinson	*Goodling
Clausen		Johnson
Younger	<u>Minnesota</u>	
Lipscomb	Langen	<u>North Dakota</u>
Smith		*Barry
<u>Florida</u>	<u>Missouri</u>	Reifel
Cramer	Curtis	<u>Tennessee</u>
Gurney	Hall	Quillen
<u>Illinois</u>	<u>Nebraska</u>	<u>Virginia</u>
Findley	Cunningham	Broyhill
Arends	Martin	Poff
McClory	<u>New Hampshire</u>	<u>West Virginia</u>
Michel	Cleveland	Moore
Reid	*Wyman	
Derwinski	<u>New York</u>	<u>Wisconsin</u>
Anderson	Goodell	O'Konski
<u>Indiana</u>	Wydler	*Schadeberg
Adair	King	Thompson
Bray	<u>Ohio</u>	<u>Wyoming</u>
Halleck	Ashbrook	*Harrison
Roudebush	Betts	
<u>Iowa</u>	Bow	
Gross	Clancy	
*Kyl	Devine	
<u>Kansas</u>	Harsha	
Dole	Latta	
Skubitz	McCulloch	
	Minshall	

Asterisk indicates Republicans in 88th and 90th Congresses but not in 89th.

The following Democrats (58) in the 90th Congress were not in the 88th Congress and therefore have taken no position on IDA:

<u>Alabama</u>	<u>Louisiana</u>	<u>North Carolina</u>
Bevill	Edwards	Jones
Nichols	Long	Galifianakis
	Rarick	
<u>Arkansas</u>	<u>Maine</u>	<u>Pennsylvania</u>
Pryor	Hathaway	Vigorito
	Kyros	Green
<u>California</u>		Eilberg
Tunney	<u>Maryland</u>	<u>South Carolina</u>
Waldie	Machen	Gettys
Rees		
<u>Colorado</u>	<u>Michigan</u>	<u>Tennessee</u>
Evans	Conyers	Anderson
	Ford, Wm.	Blanton
<u>Connecticut</u>	<u>Mississippi</u>	<u>Texas</u>
Irwin	Montgomery	Cabell
<u>Georgia</u>	<u>Missouri</u>	de la Garza
Brinkley	Hungate	Eckhardt
Stuckey		White
		Kazen
<u>Hawaii</u>	<u>New Jersey</u>	<u>Virginia</u>
Mink	Helstoski	Satterfield
	Howard	
<u>Illinois</u>	<u>New Mexico</u>	<u>Washington</u>
Annunzio	Walker	Adams
Ronan		Foley
Yates	<u>New York</u>	Hicks
	Dow	Meeds
<u>Indiana</u>	Hanley	<u>West Virginia</u>
Hamilton	McCarthy	Kee
Jacobs	Ottinger	
	Tenzer	
<u>Iowa</u>	Wolff	
	Brasco	
<u>Culver</u>	Bingham	
	Scheuer	

The following Republicans (66) in the 90th Congress were not in the 88th Congress and therefore have taken no position on IDA:

Alabama

Dickinson  
Buchanan  
Edwards

Alaska

Pollock

Arizona

Steiger

Arkansas

Hammerschmidt

California

Mathias  
Pettis  
Reinecke  
Wiggins

Connecticut

Meskill

Delaware

Roth

Florida

Burke

Georgia

Blackburn  
Thompson

Idaho

Hansen  
McClure

Illinois

Erlenborn  
Railsback

Indiana

Myers  
Zion

Iowa

Mayne  
Scherle

Kansas

Winn  
Mize

Kentucky

Carter  
Cowyer

Maryland

Gude

Massachusetts

Heckler

Michigan

Brown  
Vander Jagt  
Esch  
Riegle  
Ruppe  
McDonald

Minnesota

Zwach

Nebraska

Denney

New Jersey

Hunt  
Sandman

New York

Conable  
McEwen  
Smith  
Button  
Kupferman

North Carolina

Gardner

North Dakota

Kleppe

Ohio

Lukens  
Miller  
Brown  
Stanton  
Whalen  
Wylie

Oklahoma

Smith

Oregon

Dellenback  
Wyatt

Pennsylvania

Biester  
Williams  
Eshleman

Tennessee

Duncan  
Kuykendall

Texas

Bush  
Price

Virginia

Scott  
Wampler

Wisconsin

Davis  
Steiger



The Republicans who voted with us in May 1964 and who are still in the Congress are:

<u>California</u>	<u>New Jersey</u>	<u>Utah</u>
**Gubser	Cahill	**Burton
Mailliard	Dwyer	Lloyd
**Talcott	Frelinghuysen	
**Teague	Widnall	<u>Vermont</u>
**Bell		Stafford
<u>Colorado</u>	<u>New York</u>	<u>Washington</u>
*/**Brotzman	**Grover	**Pelly
	Horton	
<u>Illinois</u>	**Pirnie	<u>Wisconsin</u>
**Springer	Reid	Byrnes
**Rumsfeld	**Robison	
**Anderson	**Fino	
	Halpern	
<u>Iowa</u>	<u>North Carolina</u>	
*/**Schwengel	**Jonas	
<u>Massachusetts</u>	<u>North Dakota</u>	
**Bates	Andrews	
Conte	<u>Ohio</u>	
Keith	**Ayres	
Morse	**Mosher	
<u>Michigan</u>	**Bolton	
Broomfield	<u>Pennsylvania</u>	
**Cederberg	**Corbett	
Ford	McDade	
Harvey	**Saylor	
<u>Minnesota</u>	**Schneebeli	
MacGregor	**Schweiker	
**Nelsen	Whalley	
Quie	<u>Tennessee</u>	
	Brock	

\* Indicates those elected to the 90th Congress who were Members of the 88th Congress but not the 89th Congress.

\*\* Indicates those whose votes were changed between February 26 and May 13.

29

The/Democrats who voted for the motion to recommit in  
May who are still in the Congress are:

Arkansas

Gathings

Florida

Fuqua  
Bennett  
Haley  
Rogers  
Sikes

Georgia

Hagan

Kentucky

Natcher  
Stubblefield

Louisiana

Passman  
Waggonner

Mississippi

Abernethy  
Whitten  
Williams

Missouri

Hull  
Ichord

North Carolina

Henderson  
Kornegay  
Lennon  
Taylor  
Whitener

Oklahoma

Jarman

South Carolina

Watson (D in 1964,  
R now)

Texas

Burleson  
Casey  
Dowdy

Virginia

Abbitt  
Marsh  
Tuck

OFFICE

RECEIVED  
KORNEGAY  
LENNON  
TAYLOR  
WHITENER

### Conclusion

The efforts undertaken to pass this between February and May 1964 cannot be underemphasized. Those efforts not only included seeing personally every individual who voted with us but visiting many individuals who voted against us in an effort to change their vote. The 18 Democrats who switched their votes from unfavorable to favorable did so only with reluctance after being contacted wither by Treasury, the White House, or the Speaker, and, in some cases, all three. For at least a year after the vote in May these Democrats who changed their votes received mail from their constituents wanting to know why, in such a short time, they can change their position. Treasury was required to write speeches for them to deliver before various groups in their district.

Those 37 Republicans who changed their votes did so only after Secretary Douglas Dillon visited with the Republican Policy Committee and made at least two promises that I remember: (1) That the Foreign Aid Program would be cut by the amount that IDA was replenished and (2) That no adverse effect on the balance of payments would occur as a result of the replenishment.

Although the vote of May 13, 1964, appears to be bipartisan in spirit that spirit cannot be assumed to continue into 1967 and no reasonable man would assume that we can receive 70 favorable Republican votes on any IDA replenishment bill brought to the floor this calendar year. The amount we get will be certain only after the vote is taken. For this reason, it is necessary that we have a majority of the full House committed to support us for the bill and against any motion to recommit before we can go to the floor with this bill. Since we can only count on those 130 Democrats who voted with us in May 1964, (and they must be re-visited and persuaded to support the measure) we must pick up approximately 40 more Democrats from those 58 Democrats in the 90th Congress who were not in the 88th Congress and, consequently, have not taken any position on IDA. This is possible but it will not be easy.

CONGRESSIONAL OPPOSITION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION  
AND THE INTERAMERICAN DEVELOPMENT BANK  
1959 - 1969

A. Principal objections to US participation in the IDA and the IADB

The principal arguments which Members of Congress have expressed against US participation in the IDA and the IADB are:

(1) The proposed US contributions adversely affect our balance of payments principally because not enough procurement from the US can be guaranteed.

(2) Our contributions represent additions to rather than substitutes for our foreign aid assistance.

(3) The US's share of cost is too large in proportion to our returns.

(4) The Congress does not have adequate control over the appropriation and allocation of the funds we contribute.

(5) The soft loan conditions amount to handouts of our foreign currencies.

(6) The recipient nations frequently relend the funds at usurious interest rates.

(7) These organizations are not subject to the conditions applied to the foreign aid program (especially the Hickenlooper amendment).

(8) To finance development, private rather than public funds are preferable.

1. The adverse impact on our balance of payments

This argument has become prominent in the last two years.

In 1964 the IDA authorization bill (H.R. 9022, S. 2214) met strong opposition in both chambers from coalitions of Republicans and Southern Democrats. The Senate opposition was led by Senators Stuart Symington (D-Mo.), Wayne Morse (D-Ore.) and Frank Lausche (D-Ohio). The chief critics in the House were Republicans Frank T. Bow (Ohio), E. Ross Adair (Ind.) and H.R. Gross (Iowa), and Democrats Howard V. Smith (Va.) and Otto E. Passman (La.)

Senator Fulbright countered this objection in the 1964 debate by arguing that other measures (such as reducing overseas tourist and military expenditures) should be taken before undermining such a valuable institution as the IDA.

In 1965 the balance of payments argument was used against the IADB authorization bill (H.R. 45) by Senators Symington, Lausche and Gruening and Representatives Paul Fino (R-NY) and William Widnall (R-NJ). Senator Symington advocated formally tying US contributions to US procurement; Senator Lausche proposed an amendment to prohibit the Bank from floating new security issues in the US during the period of the bill's authorization (rejected); and Senator Gruening proposed an amendment to require that 1/3 of the loans made from US contributions be repayable in dollars (adopted but later deleted in conference).

Rep. Fino argued that the proposed US contribution was too high in view of our balance of payments deficit, and he called the proposal "an aid program disguised as a loan program." Rep. Widnall offered an amendment to require that before each of our three annual payments, the President must conclude that the payment was in the national interest in light of the current balance of payments situation (rejected).

2. The duplication of foreign assistance

The argument that no new international financial organizations are necessary has reappeared periodically since the original 1959 Senate debate on US participation in the IADB (S. 1928). At that time Senator Russell Long suggested that all lending functions should be united under one roof (such as the World Bank).

In the 1960 debate on US participation in the IDA, Rep. Wright Patman criticized the duplication of foreign lending agencies. He argued that this was particularly inequitable since we were not offering the same privileges to our own citizens. Republican Rep. Rhodes (Ariz.) and O'Konski (Wis.) agreed with Patman.

This argument could be applied this year to the Asian Bank if it becomes necessary to retard our domestic spending programs to finance the Viet Nam war effort. Since it was one of the primary arguments voiced by the Republican-Southern Democrat coalitions in both chambers during the 1964 IDA and IADB authorization debates, it is reasonable to assume that the same members will reiterate the argument this year in re the Asian Bank. In the context of the current "guns or butter" debate, this could be a difficult objection to counter.

3. The disproportionate burden borne by the US

This objection has characteristically come from the Mid-western isolationist Republicans and the Southern fiscal conservatives.

Republican Representative Frank Bow (Ohio) presented this point in the 1960 IDA debate. In the 1964 IDA Senate debate, opponents of the bill pointed out the discrepancy between the US's increased financial contributions and its voting strength. This argument is, of course, even more applicable to the Asian Bank which would be the first international financial organization in which we have participated without holding voting strength equivalent to veto power.

In the 1964 IDA debate in the House, one of the opposition's chief arguments was that the contributions of the industrially developed European nations were inadequate and the US's share disproportionately large. This is another objection applicable to the Asian Bank particularly in view of the UK's relatively small subscription.

4. The circumvention of Congressional control

This argument has come primarily from Republicans and more often in the Senate than in the House. It has emerged in several guises.

In the 1960 IDA debate Senator Lausche (D-Ohio) asked, "If it is proper to require additional Congressional authority for new dollar subscriptions, why is it not likewise logical and sound to require that supplementary subscriptions in the form of soft currency must receive new authority from the Congress?"

More frequently the objections have been to the lack of Congressional control over the selection of projects (IDA 1964 Senate debate) and to the "back door" financing of foreign aid through separate assistance programs such as the IADB. (Rep. Bill Brock, R-Tenn., and Senator Ernest Gruening, D-Alaska, IADB 1965 debates). In 1965 Senator Gruening spoke generally against the trend toward diminishing Congressional authority and responsibility in fiscal affairs related to US foreign activities.

Although this objection is of course applicable to the Asian Bank, it has generally been well met by advocates such as Senators Fulbright and Javits and Rep. Reuss with the argument that the advantages of the multilateral

approach (sharing of cost and responsibility; development of independence through self-help, etc.) outweigh the disadvantages of less direct control, In regard to the Asian Bank, the best defense is probably a strong offense in the form of emphasis on <sup>the</sup> "an Asian Bank of, by and for Asians" theme.

#### 5. Criticism of soft loan conditions

This has been a maverick critique -- coming primarily from veteran foreign aid opponents like Senators Wayne Morse (D-Ore.) and George Aiken (R-Vt.) and the House Republican-Southern Democrat coalition.

The objection that the soft loans are give-aways (because of their nominal interest charge) has repeatedly been successfully countered by supporters with the argument that despite the easy repayment conditions of the loans, they are not give-aways but rather loans which must be repaid in hard currencies.

Since the Charter of the Asian Bank provides that "not more than 10% of capital may be used for loans on easier repayment terms," if it arises this objection should not prove problematical.

#### 6. Recipient nations' relending of funds at higher interest rates

This objection has not been a major one. In 1961 Senator John Williams (R-Del.) proposed an amendment to the bill containing the IADB authorization to prevent usury by imposing a ceiling of 8% on annual interest rates charged by lending agencies in recipient nations for funds loaned or reloaned (modified later in conference). This point was raised again by Senate opponents of the 1964 IDA authorization bill.

#### 7. Application of AID program

##### conditions to multinational organizations

The argument that restrictions such as the Hickenlooper Amendment<sup>1</sup> should be applied to international organizations has been raised repeatedly by the regular opponents of those organizations, conservative members of both parties in the House and Senators Morse, Symington and Gruening in the Senate. The standard response has been that it is neither possible nor advisable unilaterally to impose US policies on multilateral organizations.

---

<sup>1</sup>The Hickenlooper Amendment provides that no loans shall be made to any country that has expropriated property of US citizens without due compensation.

## 8. Advantages of private over public capital

Representative Tom Curtis (R-Mo.) developed this argument at some length in regard to the 1965 IADB authorization. In view of the paucity of both indigenous capital and Western investment in the Far East, this argument is less relevant to the Asian Bank.

\* \* \*

The lists on pages 6-8 include only those Members of Congress who spoke at some length in support of a particular point and/or in defense of their general positions. In two cases the Members' final votes were in support of the bills although they had criticized specific aspects in the course of the debates. They are so indicated by a Y.

The most frequently vocal opponents of the IADB and the IDA have been:

<u>Senators</u>	<u>Representatives</u>
Ellender (D-La.)	Adair (R-Ind.)
Lausche (D-Ohio)	Bow (R-Ohio)
Morse (D-Ore.)	Gross (R-Iowa)
Symington (D-Mo.)	
Miller (R-Iowa)	

In the Senate vocal opposition has generally come from Southern Democrats and Western conservatives of both parties. The vocal opposition in the House has been almost entirely from Western and Mid-western Republicans.

It is noteworthy that in the 1959 Senate debate on US participation in the IADB (S. 1928) Senator Wayne Morse made a lengthy speech strongly supporting the Bank. He said that we had concentrated on Europe long enough and should now focus our attention on Latin America. He stressed the psychological importance of giving Latin Americans a chance "to participate with us on an equal footing." He voted for S. 1928 but has since voted consistently against IDA and IADB authorization bills.



B. Senators who spoke in debate in support of the IADB and/or IDA

<u>NAME/STATE</u>	<u>IADB</u>			<u>IDA</u>	
	<u>1959</u>	<u>1964</u>	<u>1965</u>	<u>1960</u>	<u>1964</u>
Clark(Pa.)					x
Fulbright (Ark.)	x	x	x	x	x
Gore (Tenn.)				x	
R Hickenlooper (Iowa)				x	
R Javits (NY)	x		x	x	x
Lausche (Ohio)				x	
Long (La.)			x		
Mansfield (Mont.)					x
Monroney (Okla.)				x	x
Morse (Ore.)	x				
Smathers (Fla.)	x				
R Williams (Del.)				x	

C. Senators who spoke in debate in opposition to the IADB and/or IDA

<u>NAME/STATE</u>	<u>IADB</u>			<u>IDA</u>	
	<u>1959</u>	<u>1964</u>	<u>1965</u>	<u>1960</u>	<u>1964</u>
R Dirksen (Ill.)		x			
Ellender (La.)		x			x
Gruening (Alaska)			x		
R Hickenlooper (Iowa)					x
Lausche (Ohio)			x		x
R Miller (Iowa)		x			x
Morse (Ore.)		x	x		x
Symington (Mo.)		x	x		x
R Thurmond (SC)			x		

D. Members of the House who spoke in debate in support of the IADB and/or IDA

<u>NAME/STATE</u>	<u>IADB</u>		<u>IDA</u>	
	<u>1959</u>	<u>1965</u>	<u>1960</u>	<u>1964</u>
Albert (Okla.)				x
Annunzio (Ill.)		x		
Ashley (Ohio)			x	
Boggs (La.)				x
Brademas (Ind.)		x		
Delaney (NY)				x
R Dwyer (NJ)	x	x	x	x
R Frelinghuysen (NJ)				x
R Halpern (NY)		x	x	x
Hanna (Calif.)				x
R Harvey (Mich.)				x
R McDade (Pa.)				x
McDowell (Del.)			x	
R Mailliard (Calif.)		x		
Matsunaga (Hawaii)				x
R Mize (Kan.)		x		
Moorhead (Pa.)			x	x
R Morse (Mass.)				x
Multer (NY)		x		x
Patman (Texas)		x		x
R Pelly (Wash.)				x
R Reid (NY)				x

D. (Continued)

<u>NAME/STATE</u>	<u>IADB</u>		<u>IDA</u>	
	<u>1959</u>	<u>1965</u>	<u>1960</u>	<u>1964</u>
Reuss (Wis.)	x	x		x
Sickles (Md.)				x
Sikes (Fla.)	x			
Stephens (Ga.)				x
R Talcott (Calif.)		x		x
R Widnall (NJ)	x		x	

E. Members of the House who spoke in debate in opposition to the IADB and/or IDA

<u>NAME/STATE</u>	<u>IADB</u>		<u>IDA</u>	
	<u>1959</u>	<u>1965</u>	<u>1960</u>	<u>1964</u>
R Adair (Ind.)		x		x
R Bow (Ohio)			x	x
R Brock (Tenn.)		x		
R Clawson, Del (Calif.)				x
R Curtis (Mo.)				x
R Devine (Ohio)			x	
R Fino (NY)		x <sup>y</sup>		
R Gross (Iowa)	x	x	x	x
R O'Konski (Wis.)			x	
Passman (La.)				x
Patman (Texas)			x	
R Rhodes (Ariz)			x	

- F. Witnesses who appeared before (or submitted statements to) the House Banking and Currency Committee in support of the IADB Act authorizing US participation in the IADB (H.R. 7072 and H.R. 7073) June 3, 4, and 5, 1959 (86th Cong., 1st Sess.)

Tom B. Coughran, Executive Vice President, Bank of America

\*Victor C. Folsom, Representing the US Council of the International Chamber of Commerce

Frank T. Mitchell, Senior Vice President, First National Bank of New York, representing the American Bankers Association

James J. Saxon, attorney, First National Bank of Chicago

Lynn U. Stambaugh, First Vice President, Export-Import Bank

- G. Witnesses who appeared before the House Banking and Currency Committee (or submitted statements for the record) in support of the IDA Act, H.R. 11001 (to authorize US participation in the IDA) March 15, 16, and 17, 1960 (86th Cong., 2nd Sess.)

Tom B. Coughran, Executive Vice President, Bank of America, NY

\*\*Cheever C. Hardwick, Member of Finance Committee, U. S. Chamber of Commerce

\*\*John J. McCloy, Chairman, Chase Manhattan Bank, NY  
National Farmers Union

Lloyd K. Neidlinger, Executive Director, US Council of the International Chamber of Commerce

Stanley H. Ruttenberg, Director of Research, AFL-CIO

James J. Saxon, attorney, on behalf of the First National Bank of Chicago

U.S. Executive Director of the IBRD (Upton T. Graydon)

\*\*√American Farm Bureau Federation

(with qualification that authorization for US participation in IDA "should be made only with the firm understanding that the present level of appropriation for the Development Loan Fund will be reduced by the amount of the appropriation necessary to fulfill the US contribution to IDA")

√American Merchant Marine Institute, Inc.

(questioned though "whether the method of administration by such an international entity is in the best interests of the US")

\*Appeared before the Senate Foreign Relations Committee in support of the Senate bill (S. 1928) on June 23, 1959.

\*\*Appeared before Senate Foreign Relations Committee in support of S. 3074 (Senate bill) on March 18-21, 1960.

√Indicates qualified support

National Council of Farmers Cooperatives

National Grange

National Council of the Churches of Christ in the USA, Dept. of  
International Affairs

National Council of the Churches of Christ in the USA, United  
Church Women

United Christian Missionary Society

Women's International League for Peace and Freedom

Bert Seidman of the AFL-CIO appeared before the Senate Committee and  
Elton Atwater of the Friends Committee on National Legislation said  
the total subscription to the IDA should be larger than that  
proposed.

*Mr. McNamara - to see, please. Original has gone to Mr. Sidles and copy to Mr. Cassill.*

*4/17*

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON

*RBS 4/16*

*487/1/2*

OFFICE OF  
THE ADMINISTRATOR

APR 15 1968



Mr. Robert S. McNamara  
President  
International Bank for  
Reconstruction and Development  
Washington, D. C. 20433

Dear Mr. McNamara:

In accordance with the request contained in IBRD Document PAK 68-5, dated March 29, 1968, I hereby advise you that Mr. Maurice Williams, Assistant Administrator for Near East and South Asia, is authorized to sign the Tarbela Development Fund Agreement, without reservation, on behalf of the Government of the United States.

For purposes of Section 13.02 of the Agreement, correspondence should be submitted in duplicate to the Government of the United States, one copy each to be mailed to:

Bureau for Near East and South Asia  
Agency for International Development  
Department of State  
Washington, D. C. 20523

Export-Import Bank of Washington  
811 Vermont Avenue, N. W.  
Room 1137  
Washington, D. C. 20571

Sincerely yours,

William S. Gaud

4/15  
OFFICE MEMORANDUM

487/1/1

TO: Mr. Robert S. McNamara

DATE: April 10, 1968

FROM: Irving S. Friedman

SUBJECT: Mr. Maurice Strong

Mr. Maurice Strong, who is the head of the Canadian Aid Agency, telephoned me today. He and I have had continuous contacts since he has been in office, and from time to time he was most useful on a personal and confidential basis in the IDA replenishment exercise and in getting Canadian support for the Grand Assize. He telephoned me today to ask whether I was planning to go to the Conference at the end of next week in Beirut. He is going to attend.

During the course of the conversation I asked about the statement made by Mr. Trudeau on Canadian aid. He said that he was certain from discussions with Mr. Trudeau that this statement was not intended to apply to the World Bank Group, but to other U.N. agencies. Mr. Trudeau has seemingly been unfavorably impressed with the proliferation of these other U.N. agencies. He agreed that I could pass on these assurances to you and others concerned.

cc: Mr. Knapp  
Sir Denis Rickett  
Mr. William Clark

ISF