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Friedman Presidential Chronfiles/ Economics Group Sep. 1969-Aug. 1970

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Irving S. Friedman Chron files - Correspondence 11

Matters Outstanding

International Bank for Reconstruction and Development International Finance Corporation International Development Association

ADMINISTRATIVE CIRCULAR

October 16, 1968

REORGANIZATION

On November 1, 1968, the following organizational units will be established and the staff assigned to them will report directly to The Economic Adviser to the President:

- 1. Special Studies. Mr. David Kochav will be Acting Special Studies Director. The functions of this unit are described in Annex I.
- 2. Basic Research Center. Mr. Louis Goreux will be the Director of the Center, the functions of which are described in Annex II.
- 3. Creditworthiness Studies. Mr. Barend de Vries will be Creditworthiness Studies Director. The functions to be performed by this unit are described in Annex III.
- 4. Development Finance Studies. Mr. Ugo Sacchetti will be Development Finance Studies Director and the functions to be performed by this unit are described in Annex IV.
- 5. Commodity Stabilization Studies. Mr. Dragoslav Avramovic will be Commodity Stabilization Studies Director. The functions to be performed are described in Annex V.
- 6. Development Programs Studies. The functions to be performed by this unit are described in Annex VI. Mr. Barend de Vries will serve as Director of this unit on an acting basis until a permanent Development Program Review Director is appointed.

The Economics Department, with Mr. Andrew Kamarck as Department Director and Mr. Alexander Stevenson as Deputy Department Director, will consist of eight divisions, the functions of which are described in Annexes VII through XIV. These divisions and the staff members who will serve as Division Chiefs are as follows:

- 1. Sector and Projects Studies (see Annex VII) Mr. H. G. van der Tak
- 2. Quantitative Techniques and Analysis (see Annex VIII)- Mr. E. K. Hawkins

- 3. Trade Policies and Export Projections (see Annex IX)- Mr. A. J. Macone
- 4. Fiscal Policies of Developing Countries (see Annex X)- Mr. S. Please
- 5. Economics of Industrialization (see Annex XI)- Mr. G. Kalmanoff
- 6. Polulation Studies (see Annex XII) Mr. E. K. Hawkins, Acting
- 7. Economics of Urbanization (see Annex XIII) Mr. R. M. Westebbe
- 8. Statistical Services (see Annex XIV) Mr. A. E. Tiemann

Robert S. McNamara President

But S. M. Naman

ANNEX I

is a

Special Studies

The basic functions of the unit are to prepare papers for the President and the Board on policy questions (including but not confined to economic policy questions).

ANNEX II

Basic Research Center

The basic function of the Unit is to do long pay-off research. The Center is not to engage in applied or operational research but only on problems that need to take several years for fruition. The research is directed at providing the theoretical underpinnings of national and international economic policies pertaining to development with the emphasis on deriving new insights into key problems as a means of improving policy making by the Bank Group and their member countries or institutions therein. It is intended to establish an advisory group, consisting of some members from outside the Bank, and some members from various parts of the Bank, to advise on the program of studies to be carried out, and to review the resulting studies.

Creditworthiness Studies

This unit is to provide advice and to make recommendations on creditworthiness policies. It will be concerned with the methods, standards and approaches of the Bank in dealing with the assessment of country creditworthiness, and review and evaluate for The Economic Adviser to the President the work done by the Area Departments on these matters. It will exercise functional control over the preparation of creditworthiness reports and, where appropriate, will prepare pilot studies. It will, where appropriate, make comparative studies of country creditworthiness as a basis for making over-all assessments and policy recommendations.

ANNEX IV

Development Finance Studies

The basic functions of this unit are: to provide advice and to make recommendations on the economic, financial and other developments that affect the availability, terms and flow of public and private capital from the developed countries to the developing countries. This unit will also provide background information for the Bank's borrowing activities and information and advice needed in the various negotiations with the developed countries on IDA replenishment and the like. In carrying out these functions, this unit will keep in close touch with the other institutions doing research on the developed countries to take full advantage of their work.

ANNEX V

Commodity Stabilization Studies

The basic function of this unit is to do research, to provide advice and to make recommendations on Bank action in the field of commodity problems, policies and organization.

ANNEX VI

Development Program Studies

This unit has two basic functions:

- 1. To assist in the Bank's five-year programs for its member countries by the establishment of consistent methodology, approaches and standards for the preparation of the economic sections of the five-year programs by the Area Departments. It will exercise functional control over the preparation of such sections and will coordinate and review the economic judgments, sector priorities and conclusions of such studies for submission to The Economic Adviser to the President. It will bring out the major economic issues of significance for Bank and IDA policy emerging from the analysis of the various five-year country programs.
- 2. To establish uniform approaches, standards and methodologies, and review the work done by the Area Departments on development strategies, programs and policies in order to advise The Economic Adviser to the President on its quality. It will prepare comparative studies of country programs, where necessary, to help establish such uniform approaches, standards and methodologies.

Sector and Projects Studies

The basic function of this division is to provide advice, to make recommendations, and to do operational research in the field of sector and project analysis, so as to provide a better basis for judgments on appropriate policies and investment priorities in the lending and other activities of the Bank.

This function is performed in two main ways by:

- a) Undertaking general and methodological studies of sector and project policy problems, and developing better analytical techniques for arriving at resource allocation decisions; and
- b) Providing advice on specific problems arising out of the work of the Bank on a sector or project in a particular country.

a) involves specifically:

- (i) Development of methods and techniques for reaching investment decisions at the project and sector levels, by considering:
 - (a) General problems, such as, for example, optimum timing of investment, risk analysis, and complications due to inflation; and
 - (b) Problems specific to individual sectors. These concern primarily the definitions and evaluation of the relevant economic costs and benefits, and the development of techniques of project and sector analysis that properly consider relevant costs and benefits and relevant alternatives.
- (ii) Research on sector policy issues such as pricing, and development of practical recommendations on them.
- (iii) Collection and analysis of information pertaining to the relevant supply and demand functions with a view of devising operationally useful parameters.

b) comprises:

- (i) Participation, where appropriate, in project and country missions, as well as separate field studies. This activity is coordinated with on-going research.
- (ii) Advice and comment on project and sector work originating in the Project Department.

ANNEX VIII

Quantitative Techniques and Analysis

The basic functions of this division are:

- l. to do operational research on the use of modern quantitative techniques of analysis and to apply it particularly in country economic work. This function is performed by:
 - (a) developing analytical techniques and models useful to understand and to help predict the behavior of particular types of economies;
 - (b) working on growth, planning and other models used for analyzing the economic development of member countries, advising other departments on the methodology used for such work, and reviewing such work done in such departments.
- 2. to provide the Bank a systematic compilation on a uniform comparative basis of the significant economic data on the developing countries and where appropriate to make an analytical evaluation of these statistics. At present, work is proceeding leading to the establishment of a computer country data bank. The division advises other departments on matters relating to national income accounting and macro-economic computations. In consultation with area departments, it evaluates and advises countries on improving their key economic development statistics.

ANNEX IX

Trade Policies and Export Projections

The basic function of this unit is to do research on the major commodities of interest to the developing countries in order to advise the Bank Group on the outlook for future demand, supply, trade and prices of these commodities. The unit studies the economic and other forces affecting some 40 important commodities so as to maintain up-to-date short and medium term projections for those commodities as well as follow the activities, policies and programs of the various international organizations and commodity groups involved in this field.

ANNEX X

Fiscal Policies of Developing Countries

The basic function of this division is to provide advice, and to make recommendations and to do operational research on problems relating to the mobilization by the developing countries of domestic resources for development so as to provide a basis for judgments as to the appropriateness of policies in the fields of taxation, private savings mobilization, money, credit, and financial institutions. The emphasis is on the general policy aspects of these problems rather than on the detailed technical aspects of tax administration, budgetary control, etc., or on the legal and administrative problems associated with the development of capital market institutions and instruments. This function is performed by:

- (a) making recommendations on Bank policy in this field;
- (b) advising other departments on specific problems in this field arising out of the work of the Bank and reviewing work in this field done elsewhere in the Bank; and
- (c) undertaking comparative studies of these problems in selected countries.

Economics of Industrialization

The basic function of this division is to provide advice and to make recommendations on industrialization problems and policies and to do operational research in the field of industrialization so as to provide a better basis for judgments on appropriate policies and investment priorities, as reflected, for instance in country, sector (and project) reports, and in the lending and other activities of the Bank.

The function is performed in three main ways by:

- (a) preparing recommendations on Bank policies in this field;
- (b) undertaking studies of the process of industrialization and its relation to general economic and social development in individual countries, developing techniques for efficiently stimulating the process (e.g. protection against imports, subsidies, government sponsorship, providing a favorable climate for private investment and the like), and advising on the use of such techniques;
- (c) providing advice on general and specific problems of industrialization arising out of the work of the Bank, and reviewing the economic analysis of industrialization carried out in other departments.

ANNEX XII

Population Studies

The basic function of this section is to prepare recommendations and to do operational research on problems, particularly economic problems, related to population growth and its control in the developing countries. This function is undertaken by:

- (a) initiating recommendations on policies needed to accomplish Bank Group objectives in the developing countries;
- (b) collecting information about research work in the field currently going on elsewhere;
- (c) in collaboration with area departments stimulating the collection by developing countries of appropriate data required for the evaluation of demographic trends and family planning programs;
- (d) providing advice to, and reviewing the economic aspects of work done in other departments, and providing direct assistance on specific problems in the population field where requested by area departments;
- (e) conducting and stimulating studies of specific topics of particular interest to the Bank such as the measurement of the demographic and economic impact of birth control programs, practical problems of implementing such programs, and the effects of policies other than family planning that could affect the rate of population growth.

Economics of Urbanization

The basic function of this division is to prepare recommendations, to do operational research, and to provide advice to the Bank on the problems of urbanization in developing countries so as to provide a better basis for judgments on appropriate policies and investment priorities in Bank lending and other activities.

The function is performed by:

- (a) undertaking studies of the process of urbanization and its relation to general economic and social development, of different policies and approaches to it (e.g. satellite towns, etc.), and of special problems arising in connection with it (e.g. in the areas of transportation, town planning, financing, growth of slums, etc.);
- (b) providing advice on general and specific urban problems arising out of the work of the Bank.

ANNEX XIV

Statistical Services

The basic function of this group is to provide the Bank with statistical services in the form of statistical analyses and advice, computations and tabulations, computer programming services and basic statistical reports. The group's work has the following four major sub-divisions:

External Debt and Capital Exports: Periodic reports are received from member countries on the status of their long-term external public debt. Data are obtained from this reporting system and provided to the Bank, and also to international organizations, regional development banks, individual countries and others requesting such information. Periodic reports of credits and grants made available to developing countries are received from the creditor countries through the Expanded Reporting System, operated jointly with OECD. In this fashion, by obtaining corresponding data from both debtor and creditor countries a more complete coverage of the external debt situation should be provided and the quality of debt statistics improved. For this purpose also technical assistance in the collection and processing of debt statistics is provided to developing countries as required.

Selected data are maintained on new foreign issues in major capital markets, and are made available twice a year to the Bank and IMF, OECD and other interested parties.

<u>Statistical Techniques</u>: Advice is given to Bank staff on statistical methodology and techniques. Manual tabulations and statistical checking services are provided for Bank staff.

Computer Programming: Computer programming requirements associated with external debt data are provided as are all the "scientific" programming needs of the Bank staff, including regression analysis, linear programming, Monte Carlo techniques, rate of return and discounting calculations.

Graphics: All charts, graphs and diagrams appearing in Bank, IDA and IFC reports are provided.

OFFICE MEMORANDUM

TO: Mr. Irving S. Friedman

DATE: July 27, 1970

FROM: S. N. Kao

SUBJECT: Vacation Program

As desired by you in the meeting of Economic Groups held in your room on July 27, 1970, this is merely to indicate that I do not propose taking any vacation this year.

For information.

HIL 28 1970 12 ---

Files

Andrew M. Kamarck

Mr. Narayan Prasad

At the President's Council meeting this morning, Mr. Demuth said he wanted to raise one personnel matter. Mr. Prasad was returning to the Bank after some seven years away. He did not want to retire. He wanted to spend a couple more years with the Bank, presumably in order that his children finish school. The Administration Department was having difficulty in finding a suitable place for him. Mr. Demuth was raising the matter to see whether anyone could help.

I said that I had a suitable job for him as a Senior Adviser in the Economics Department, but I did not have a slot. I said that our present system of reviewing country economic reports badly needed strengthening. If I had Mr. Prasad I would use him to help review country economic reports.

Mr. McNamara cut the discussion short and said that he wanted the President's Council members to work with Mr. Ripman to help find a suitable post for Mr. Prasad.

After the meeting, I spoke with Mr. Knapp and Mr. Demuth. I said that it would be useful for the Bank to have Mr. Prasad to use his knowledge and experience in reviewing the country economic reports. Under our setup the chief economist was responsible for the review but that an objective person outside the area department was needed to give his review of the report. I thought that Mr. Prasad could make a real contribution in this. Mr. Knapp agreed.

cc: Messrs. Friedman Ripman Stevenson

AMK/vhw



OFFICE MEMORANDUM

TO: Messrs. Friedman and Kamarck

DATE: July 10, 1970

FROM: James Chaffey 4

SUBJECT: Reviewing Country Economic Reports

I would like to suggest that the Economic Committee consider again the question of the review of country economic reports. In my view the present procedure, set up in April following the recommendations of Messrs. Collier and McDiarmid, is not working satisfactorily.

The basic reason is that hardly any one on the panel is able to give priority to the review function. Consequently it is difficult to find readers for a report, even from those whose names have been volunteered against a given country.

Another problem is that not all reports are made available for panel review at the buff color stage, when outside comment is likely to prove most beneficial.

There have been a few successful country review panel meetings, although currently annual leave makes it more difficult to find readers. But I doubt whether it can be said in general that country reports, the preparation of which consumes a considerable amount of time and the use of which is to be increasingly extensive, are adequately scrutinised by the Economic Committee.

INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Irving S. Friedman

DATE: December 19, 1969

FROM: R. M. Sundrum

FOPM No. 38

DEC 19 1969 4 W

SUBJECT: Country Program Papers

The question of the degree of uncertainty of future capital inflows and the type of Bank safeguard is quite far removed from the work our Group is doing on the country programs. Hence, I feel that we cannot undertake to review this question in any systematic way.

INTERNATIONAL DEVELOPMENT | INTERNATIONAL BANK FOR ASSOCIATION | RECONSTRUCTION AND DEVELOPMENT | CORPORATION

OFFICE MEMORANDUM

TO: Messrs. de Vries and Sundrum

DATE: December 15, 1969

FROM: Irving S. Friedman

SUBJECT: Country Program Papers

In our Country Program Papers it is becoming clear that some of our most important and increasing World Bank Group programs, such as those for Iran and Brazil, are subject to the greatest uncertainties and risks. These elements of risk arise with respect to the country's ability to perform, usually coupled with uncertainty about estimates made with respect to gross or net capital inflows, terms of such capital inflows in the future, possibilities of debt re-scheduling, and likely or possible inadequacies in domestic savings efforts. Our response with respect to safeguards to these different situations has been varied, e.g. conditionality in some cases but not in others.

I would appreciate it if someone in either the Development Programs Studies Group or the Creditworthiness Studies Group could undertake to look at the Country Program Papers already prepared to note briefly and systematically those countries which are examples where we are combining great uncertainty in moving ahead with an increasing substantial Bank program absolutely or relatively, and the Bank's safeguards or response to these uncertainties.

135

cc: Mr. Kamarck

Mr. Andrew M. Kamarck

Irving S. Friedman

Proposed Study on the Implications of the United Kingdom joining the Common Market

Mr. Caram requested today that we extend our meat study to include the possible implications of the United Kingdom joining the Common Market for meat exports. I suggested that he not make this request as it would delay the completion of the study by a considerable period of time, perhaps months. However, I said this raised a question of considerable importance for various commodities in a number of developing countries, and I would consider doing such a paper to include a section on meat.

I do think it would be worthwhile to prepare a paper on possible implications of the United Kingdom joining the Common Market for principal commodities of the countries most affected.

Your reaction would be appreciated.

cc: Mr. Macone

TO: Mr. Andrew M. Kamarck

Irving S. Friedman

Economic Committee Meetings - Country Program Papers

In reading over the minutes of the Economic Committee meetings on the Country Program Papers I believe they indicate that subsequent meetings should be careful to:

- (1) Make explicit decisions on a country's economic performance (and development strategy, where appropriate), creditworthiness, and the proposed Bank program from an economic viewpoint.
- (2) Indicate explicitly what issues the Committee feels ought to be explored further by Mr. McNamara's review meeting.
- (3) Indicate any other important specific subjects which arose in the course of the discussion.

I believe that the Deputy Chairman as well as the Chairman ought to be responsible for ensuring that this is done. Perhaps one way to achieve this would be for me to call on you before closing the meeting and ask you whether you believed that the meeting had considered all the major points. I would then indicate whether I concurred or suggest changes.

To achieve this it would be helpful if the Chairman circulated to the Committee, in advance (as we originally said we would do), a list of major questions or issues which we felt needed decisions.

There continues to be a need for a more penetrating and critical review of the judgments made in the Country Program Paper and the background Economic Report. For example in discussing Iran at the review meeting this morning, I found the Area Department quite unwilling to defend its projections on oil earnings or its projections on gross capital inflows and net public savings. Changes in these three parameters would, of course, completely change the outlook for Iran and the implications of the proposed Bank program.

If the above is not feasible because of staff limitations, perhaps we need to sort out which countries will get the deeper probing and on what subjects. Your thoughts on the above would be most appreciated.

December 15, 1969

Mr. Andrew M. Kamarck

Irving S. Friedman

IRAN - Oil Revenues Projections

As a result of the Country Program Review meeting this morning on Iran, the President requested that a study be done on the oil situation and outlook. The study is to be prepared by the Trade Policies & Export Projections Division in consultation with the East Asia and Pacific Department. He was concerned that the projections on oil revenues for Iran (compiled by both the Iranians and the Bank) are too optimistic. It has been agreed that the Iranian situation will be reviewed in its entirety in June. However, it would seem desirable to have this study done as soon as possible.

Please let me know when such a study could be prepared.

cc: Mr. Macone

OFFICE MEMORANDUM

TO: Mr. M.M. Mendels

DATE: December 8, 1969

FROM:

Irving S. Friedman

SUBJECT:

Information Required for Executive Directors

In reply to your memoranda of November 6 and 14, I wish to advise as follows:

(a) Review of Creditworthiness Policy (with particular reference to creditworthiness as IDA criterion)

I am giving further thought to what we should be doing. We have a paper already prepared that might be suitable if it were decided to have such a Board discussion.

(b) <u>Disposition of Incremental Revenue from Agriculture for</u>
Purposes of Development

Held of by Projects Myt, This paper will be ready in December.

(c) International Sugar Agreement

This paper will be ready in December.

(d) Study on Meat Markets of the World

We will have a paper ready by the middle of February and it will be done in such a way as to enable it to be distributed to the Board, if desired.

(e) High Interest Rates in Latin American Countries

I will be sending you a note on this after we have looked into the matter further.

cc: Mr. Kamarck Mr. de Vries 18F

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

December 8, 1969

International Sugar Agreement December 17

Meat Markets of the World February 15

Disposition of Incremental Revenue from Agriculture December 12

OFFICE MEMORANDUM

TO: Mr. Friedman

DATE: November 14, 1969

FROM: M. M. Mendels

FORM No. 58

SUBJECT: Study on Meat Markets of the World

70 30 A

- 1. You will recall that on September 4, 1969, at the briefing session on a proposed loan for the Ecuador Livestock Project, Mr. McNamara requested you to prepare an analytical memorandum on the "Meat Markets of the World" for the use of the top staff. He indicated that, if found suitable, the memorandum might be made available to the Executive Directors.
- 2. Please advise as to when this memorandum might become available and if it is proposed to distribute it to the Executive Directors.

M. h. h.

November 19: Today spoke to Mr. Macone on phone and he promised to let me have a date for this.

cc: Mr. Stevenson Mr. Macone

OFFICE MEMORANDUM

TO: Mr. Friedman

DATE: November 6, 1969

FROM: M. M. Mendels

SUBJECT: Information Required for Executive Directors

- 1. You will recall that pursuant to the request of certain Executive Directors, Mr. McNamara has undertaken to provide studies on the following subjects:
 - (a) Review of Creditworthiness Policy (with particular reference to creditworthiness as IDA criterion)meeting of January 28, 1969
 - /(b) Tea Export Arrangements Meeting of October 28, 1969
 - (c) Disposition of Incremental Revenue from Agriculture for purposes of Development Meetings of May 27, 1969, July 15, 1969 and October 21, 1969
 - (d) International Sugar Agreement Meeting of October 28, 1969
 - (e) High Interest Rates in Latin American Countries Meeting of November 4, 1969 (in association with the alter)
- 2. Please advise as to when these studies might become available for distribution to the Executive Directors.

h. h. h -

NOV 1969

ECONOMICS STUDY GROUPS

BASIC RESEARCH CENTER	CREDITWORTHINESS STUDY GROUP	DEVELOPMENT FINANCE STUDY GROUP	DEVELOPMENT PROGRAMS STUDY GROUP
L. Goreux	B. de Vries 2/	U. Sacchetti	R. Sundrum
A. Condos J. Duloy 1/ S.K. Singh R. Vaurs	D. Budhoo M. Devaux V. Dubey 2/ T. Klein J. McGibbon	F. Heidhues J. Hulley B. Rao J. Saxe E. Yudin	A. Elsaas S. Kao I. Sakura

^{1/} Due in by June 1, 1970

^{2/} Transferring July 1, 1970

CONFIDENTIAL EG/70-23 August 31, 1970

ECONOMICS GROUP

Note of Meeting on August 31, 1970

Present: Messrs. Friedman (in the Chair)

Kamarck Stevenson Dulov Kao Sacchetti Chaffey

Reports on Activities

Mr. Friedman said he had not received a report on the work of the Creditworthiness Group. Mr. Chaffey was asked to take this up with Mr. McGibbon on the latter's return from leave. Mr. Friedman said he would be available during this week to receive any other reports, etc for passing on to Mr. Chenery.

530 Club

2. At the President's Council Mr. McNamara had spoken about his recent attendance at a meeting of the '530 Club', reported Mr. Friedman. Mr. McNamara had made it known that he encouraged senior staff to participate in the Club's meetings, if invited to do so.

Creditworthiness Studies

3. Mr. Friedman said the Creditworthiness Studies Group would shortly be dissolved. The work on the external debt study would continue under the direction of Sir Denis Rickett, with support from the Programming and Budgeting Department.

Concluding Remarks

4. Mr. Friedman said this would be the last meeting of the Group under his chairmanship. He wished to thank all those who had taken part in these meetings for their support and cooperation in the past and said he looked forward to working with them again in the future. Mr. Kamarck, speaking on behalf of himself and the Group, wished Mr. Friedman well during his sabbatical year.

J. Chaffey

Secretary's Department

Distribution:

All Present Messrs, Goreux and McGibbon SEP 1/2 2012

CONFIDENTIAL EG/70-22

ECONOMICS GROUP

Note of Meeting on August 10, 1970

Present: Messrs. Friedman (in the Chair)
Stevenson
Goreux

Kao

Sacchetti Owen

Mr. Friedman said that:

- (a) In-Depth Commodity Studies: Mr. McNamara had requested that the first two studies be on rubber and tea; target completion date would be not later than June 30, 1971. The respective responsibilities of the Economics Department and the Development Programs Study Group had yet to be decided; Mr. Friedman asked Mr. Stevenson and Mr. Kao to confer on this and give him their recommendation.
- (b) Cooperation with Regional Development Banks; Mr. McNamara was interested in the coordination meetings of the Economics Directors of Regional Banks and IBRD, and had requested advance information on proposed agendas and Bank participants for future meetings. Mr. Friedman had suggested that similar cooperation might be undertaken with bilateral donors; Mr. McNamara was agreeable.
- (c) Conferences: The President's Council had agreed that the attendance of Bank staff at meetings in the U.S. and abroad should be coordinated, tentatively by Mr. William Clark, but no final decision had been made. Mr. Ripman would make a proposal. Thoughts on the most suitable procedures should be conveyed to Mr. Stevenson who would communicate with Mr. Ripman.
- 2. Mr. Friedman requested by mid-August reports of work in progress from the Economics Department and each Economic Study Group.
- 3. Mr. Sacchetti reported on the meeting of the Committee on Invisibles and Financing relating to Trade (UNCTAD) which he had attended in Geneva, July 20-31. Main impressions were:
 - (a) The Committee would not be effective unless it is reorganized; most statements of participants were rationalizations of well-known positions.
 - (b) UNCTAD staff did not appear to appreciate the amount of work being done for them by other organizations, including the Bank and the IMF.

- 4. Mr. Sacchetti had intervened in the discussion to dispel the impression given in the paper before the Committee that the Bank had accepted the principle of interest rate subsidization because its present borrowing rate was higher than its lending rate.
- 5. Mr. Stevenson reported on the meeting of the Working Group of the U.N. Committee for Development Planning, chaired by Professor Tinbergen, which he had attended in Geneva, August 3-7. Its purpose was to establish a framework for appraising world economic progress, using country data, in connection with the U.N. work on the Second Development Decade. A strong plea would be made in the Committee's report for obtaining better national data more quickly, hopefully with the help of the U.N. Statistical Commission. The first report on the Second Development decade was scheduled for 1973; a major problem was that by then only 1971 data would likely be available.

C. F. Owen

Secretary's Department

Distribution

All Present Messrs. Kamarck, McGibbon and Chaffey

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SEP 1 2 2012

CONFIDENTIAL EG/70-21

ECONOMICS GROUP

Note of Meeting on July 27, 1970

950--

Present: Messrs. Friedman (in the Chair)

McGibbon

Kamarck Goreux

Saxe

Kao

Chaffey

Untying of Aid

Mr. Saxe was asked to contact Mr. Cope concerning Mr. Sacchetti's role in a note on this subject.

Disbursement Studies

It has been decided that in an effort to improve the reliability of disbursement forecasts there will be a schedule of disbursements for all projects (including existing loans and credits with disbursements outstanding). A quarterly forecast of disbursements will be prepared. Both Controller's and Projects Departments will be examining their concern with this problem.

EDI

The work of the EDI will be expanded over the next five years. There will be more courses held outside the U.S. EDI staff will be encouraged to participate in Bank economic missions periodically. The proposed expansion program will take effect largely after fiscal 71.

Bunching of Economic Missions

4. Mr. McNamara had expressed concern about the bunching of Economic Missions in October and April; Mr. Friedman had been asked to look into this.

Publication of Economic Reports

In order to obtain more effective use of the country economic reports, Mr. Friedman proposed that he, Mr. Kamarck and Mr. William Clark should convene to study the problems of circulation in the present or in modified form. Mr. Chaffey was asked to provide the current distribution lists.

Review of FY71 Budget

The lending program was being reviewed to identify those projects which it was now felt were unlikely to come forward in the current year.

Size of Economic Staff

7. Mr. Friedman asked for some figures on the growth of the professional staff of the Economics Department over the last ten years. Mr. Goreux drew attention to the information in Table 1 of Section 1 of the 1971 Budget.

J. Chaffey

Secretary's Department

Distribution:

All Present Messrs. Stevenson Sacchetti

July 28, 1970

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ECONOMICS GROUP

CONFIDENTIAL

EG/70-20 July 24, 1970

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Note of Meeting on July 20, 1970

Present: Messrs. Friedman (in the Chair)

Kamarck

McGibbon

Hulley Goreux Chaffey

Review of Country Economic Reports

Mr. Friedman said he had been advised by Mr. Chaffey that the new procedure for country review meetings was not working very well. Mr. Kamarck queried whether the procedure was poor or whether there were currently difficulties in operating it effectively. Mr. Goreux suggested one of the problems was that the CPP, which offered a better picture of the views and policies being advocated by the Area Department, was not available when the economic report was being reviewed (in practice, the draft CPP should normally be available about one month later). Mr. Kamarck said the report served a wider purpose; he felt there were advantages in seeing it at an earlier stage.

Mr. Friedman said that, as the subject had been raised, he would like a recommendation from Mr. Chaffey, submitted through Mr. Kamarck, on further action.

Developing of Models

Mr. Friedman said he would like an information paper on the kinds of projections currently being done in the Bank, identifying any areas of overlap. No decision was reached on who should furnish the paper.

Development Programs Study Group

Mr. Friedman said he expected the second year program of work of this Group to include consideration of the country studies it was proposed to undertake.

Quarterly Reports

Mr. Friedman said he would like, by mid-August, descriptive reports on the activities of the Economics Department and the Study Groups covering the preceding twelve months.

J. Chaffey

Secretary's Department

Distribution:

All Present

Mr. Stevenson

Mr. Sacchetti

CONFIDENTIAL

EG/70-19 June 30, 1970

> SEP + 2 2017 WBG ARCHIVES

ECONOMICS GROUP

Note of Meeting on June 29, 1970

Present: Messrs. Friedman (in the Chair)

Kamarck Goreux Hullev McGibbon Sundrum Chaffey

President's Council

Mr. Friedman said it had been reported that negotiations on the Third IDA Replenishment were almost complete and a level of \$810 million per annum agreed. Preparations were also nearly complete for another German bond issue. The Council had also discussed ways of helping Peru following the recent earthquake.

World Food Congress

2. Following this Congress, which Messrs. Demuth and Evans had attended, Messrs. Friedman and Demuth had been asked to produce an analysis of the World Indicative Plan which had been discussed. Mr. Friedman asked Mr. Kamarck to allocate someone to this task.

External Debt

- 3. Mr. Friedman said a position paper on external debt problems had been prepared. The next steps would be to get the comments of the President's Council on it and then to have a series of discussions with Area Departments on the potential debt difficulty countries.
- 4. Further questions for consideration were whether to keep the ad hoc group which had put the position paper together in being to work on ideas for a procedure to deal with the problems identified. Consideration would have to be given to the provision of material to CIAP and other organizations.

Annual Report

5. Mr. Kamarck, reporting on the Board's discussion of the Annual Report, said there had been brief exchanges on the inclusion of a section on domestic financing of economic development and the omission of any appreciative comment on the work of the Bank staff. The section on external debt had been labelled dramatic, perhaps a transferred epithet Mr. Kamarck opined. The section on urbanization attracted no comment.

Development Programs Studies Group

6. Mr. Sundrum said eight studies from his Group were being presented in the next day or so.

Mr. Sundrum

7. Mr. Friedman paid a short valedictory tribute to Mr. Sundrum, who will be leaving the Bank shortly. Members of the Economics Group presented Mr. Sundrum with a gift to mark the occasion.

J. Chaffey

Secretary's Department

Distribution:

All Present

Mr. Stevenson

Mr. Sacchetti

EG/70-18 June 23, 1970

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ECONOMICS GROUP Note of Meeting on June 22, 1970

Present: Messrs. Kamarck (in the Chair) Sundrum
Goreux Chaffey
Hulley

Annual Report

- 1. Reporting on the Board meeting on the draft Annual Report, Mr. Kamarck said there had been virtually no discussion of the chapter on Commodity Study-Implementation of Decisions. The Board did not like the reference to the Bank's entry into the primary education field through an Ivory Coast project in educational television, as there had been no policy decision to finance primary education.
- 2. Mr. Kamarck mentioned that it had been agreed that the Executive Directors would meet in January, 1971 to discuss the form of the Annual Report for fiscal 71.

President's Council

3. Mr. McNamara had reported on his recent meeting in Meidelberg with the heads of bilateral agencies, Messrs. Pearson, Herrera, Professor Tinbergen and others to discuss the global reviewing of progress in the second development decade. It had been agreed that the Tinbergen Committee would undertake this task. The meeting had agreed that country reviews would increasingly be undertaken on the basis of Bank country economic reports and the expansion of coordinating mechanisms.

Burden of External Debt

4. Mr. McNamara had said that the meeting was preoccupied with the problem of the LDCs growing burden of
external debt. The U.S. had said that some LDCs had a net
outflow of resources to some bilateral donors arising from
repayment charges on earlier loans, and the U.S. was in some
cases thus in effect providing funds to repay other donors.

Caribbean Development Bank

5. Mr. McNamara had reported that he had responded to Sir Arthur Lewis' request for support from TDA for the Caribbean Development Bank, by suggesting that the Bank should provide technical assistance and, when the CDB's available funds had been absorbed, should reconsider providing additional help. It was unlikely that TDA funds would be involved.

6. Mr. McNamara had welcomed Mr. Gaud's suggestion that, if the CDB were to set up a separate fund for investment in small private industry, then IFC might be able to invest through the agency of the fund.

Ceylon

 Mr. McNamara had reported that the new Ceylon government had indicated that they would not go ahead with the Mahaweli project.

Supplementary Finance

8. Mr. McNamara had reported that he had indicated to Mr. Herrera that as it was felt that funds for Supplementary Finance could only be obtained at the expense of IDA resources, the proposals were not being pursued for the present.

Seminar on Mexico

- 9. Mr. Goreux reported that it appeared likely that the report on the Mexico study would be published on schedule in January, 197. The report would have two parts; first a description of the models for the economy as a whole, for the energy sector, for electricity and for electrical machinery; secondly describing the linkage between the models and the extent to which decisions at one level should be modified when considered at another level.
- 10. Mr. Kamerck reiterated the need to consider the form of publication and, if necessary, to put the Publications Committee on notice.

J. Chaffey

Secretary's Department

Distribution:

Those Present Messrs. Friedman, Sacchetti and McGibbon

CONFIDENTIAL EG/70-17

June 17, 1970 WEG ARCHIVES

JUN L 8 1970

ECONOMICS GROUP

Note of Meeting on June 15, 1970

Present: Messrs. Friedman (in the Chair) Sacchetti

Kamarck Stevenson Goreux

Sundrum Chaffey

Pearson Commission

Mr. Friedman said a meeting would be held on June 17 to discuss the handling of the Pearson Commission papers for the Board's discussions.

Third IDA Replenishment

- 2. Mr. Friedman said the next meeting of Deputies was scheduled for June 24, when it was hoped to get the agreement of the Australian and Austrian Governments to the proposed replenishment.
- A draft paper on the Allocation of IBRD Net Income had been prepared.

Project Auditing

4. Mr. Friedman said Mr. McNamara had asked him to confer with Mr. Aldewereld on the issue of the Departments to be concerned in project auditing.

World Capital Markets

Mr. Friedman said Mr. McNamara might call for a study on the implications for the Bank of current trends in world capital markets. Mr. Sacchetti was asked to let Mr. Friedman have copies of any work done on this topic so far.

Berne Union

- 6. Mr. Sacchetti reported briefly on his visit and said that the Bank's system of creditworthiness analysis was commented on favorably.
- Mr. Sacchetti announced his plans for visiting Rome (World Food Planning officials) and Tunis (Seminar on World Economic Trends) in July, before going on to the (UNCTAD) CIFT meeting in Geneva. Among topics to be raised in Geneva would be the report on the "link".

Basic Research Center

Mr. Goreux reported on his recent visit to Europe and the Ivory Coast.

9. Mr. Goreux also announced that the Center's next quarterly review would begin on June 16 when it was hoped to finalize plans for the Mexican study.

Publications

10. There was a brief discussion of the appropriateness of the Bank's procedure for issuing "Occasional Papers" as the vehicle for publishing papers from the Basic Research Center and the desirability of publishing the results of Bank research work in other learned journals. Mr. Friedman said that papers for this series should be identified well in advance so that budgetary provision could be made and the procedure via the Publications Committee carried out.

J. Chaffey

Secretary's Department

Distribution:

All Present

EG/70 - 16 May 19, 1970

ECONOMICS GROUP Note of Meeting on May 18, 1970

Present: Messrs. Friedman (in the Chair) McGibbon

Kamarck Stevenson

Goreux

Sacchetti Sundrum Chaffey

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FY71 Budget

Mr. Friedman reminded the Study Group Directors that their appeals on the FY71 budget (in response to the Programming and Budgeting memorandum dated May 13, 1970) should be sent to him by midday on May 19, 1970, for sending on to Mr. McNamara.

Import Substitution

- Apropos of a statement made at the Board Meeting on May 12, 1970 by Mr. Tolbert (see attached extract from the transcript), Mr. Friedman asked whether there was scope for the Economics Department to prepare some comments on the criteria for examining import substituting industries and to look at the treatment of this subject in Country Economic Reports.
- It was stated that some material on this topic was in a Technical Note on Industrial Policy prepared by Mr. Belassa and in a paper on which Mr. Dubey had worked.

Refinancing of Export Credits

Mr. Sacchetti said this Paper should be ready this week.

Berne Union

Mr. Sacchetti said he would be at the next meeting from May 27-31.

Attachment

J. Chaffey

Secretary's Department

Distribution:

All Present

CONFIDENTIAL EG/70 - 15 May 13, 1970 DECLASSIFIED
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ECONOMICS GROUP Note of Meeting on May 11, 1970

Present: Messrs. Friedman (in the Chair)

Stevenson Goreux McGibbon Sacchetti Sundrum Chaffey

FY71 Budget

Mr. Friedman said that preliminary FY71 administrative budget details were being circularized. Although Mr. McNamara had given provisional approval of the budget, there remained the opportunity for Department Heads and Directors to record any differences of view. Mr. Friedman said he intended to register the view that not enough emphasis had been given to independent and longer term research work and thus to increasing the size of the Basic Research Centre and the Development Program Study Group.

Supplementary Finance

2. Mr. Friedman reminded the Group that when the general picture of the Third IDA Replenishment was clarified, it would be necessary for the Bank to pick up the threads on Supplementary Finance.

Debt Management Problems

3. Mr. McGibbon reported that Mr. McNamara had called for a draft report by June 15. The proposed timescale would therefore be:by May 15 completion of the country pieces on "debt difficulty countries"; by May 25 a general survey drawing upon the country pieces; in parallel by May 25 a review of past problematic debt situations and rescheduling exercises, and empirical descriptions of debt outstanding and creditors' institutional arrangements with particular reference to the 'debt difficulty' countries.

J. Chaffey

Distribution:

All Present Mr. Kamarck

Secretary's Department

CONFIDENTIAL EG/70 - 14 May 6, 1970

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ECONOMICS GROUP

Note of Meeting on May 4, 1970

Present: Messrs. Kamarck (in the Chair)

Sacchetti de Vries Sundrum Chaffey Goreux

McGibbon

MAY 7 1970

112-

President's Council

Mr. Kamarck said the following topics had been raised:

- (a) CIA Debt Study Mr. McNamara attached considerable importance to the Bank's fullest cooperation with this study;
- (b) Third IDA Replenishment Sir Denis Rickett had reported that ten countries now favored a \$1 billion annually replenishment; Germany and Luxembourg preferred \$800 million, Australia and France \$500 million, while Austria and Belgium had reserved their positions;
- (c) Administrative Committee on Coordination Mr. Demuth had reported that the main focus would be on the green revolution. There was also a proposal that regional inter-disciplinary teams be set up to assist countries in planning development strategy. The proposal was opposed by most of the Special Agencies with which the Bank worked closely;
- (d) Pearson Commission the Board would discuss the Bank papers on the Commission's recommendations in July, 1970;
- (e) Loan Disbursements Mr. Aldewereld had been asked to set up a procedure for monitoring loan commitments and disbursements;
- (f) Ten Year Program early in FY71 it was proposed to look at the Bank's program through the seventies, relating the creditworthiness of borrowers with net capital transfers; and
- (g) Mr. Hollis B. Chenery until September 1, 1970, when he will be joining the Bank, Mr. Chenery will be spending two or three days per month in the Bank on a consulting basis.

Techniques of Lending

2. Mr. Sacchetti reported that Mr. McNamara had approved the Paper, which would now go to Board members.

Refinancing of Export Credits

3. Mr. Sacchetti was working on the conclusions of this Paper for UNCTAD which should reflect the Bank's view (in a Pearson Commission Paper) that the Regional Development Banks were the competent authorities for and should take the lead on this.

Debt Study

4. Mr. McGibbon reported on work in progress looking at break-downs of loans outstanding by creditors and by terms and at previous rescheduling exercises.

Basic Research Center

5. Mr. Goreux reported briefly on progress with the Mexico and Ivory Coast models and cited some of the unique features of the latter.

J. Chaffey

Distribution:

Mr. Friedman All Present

Secretary's Department

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EG/70 - 13

ECONOMICS GROUP

Note of Meeting on April 27, 1970

APR 2 1 1970

930 --

Present: Messrs, Friedman (in the Chair)

Stevenson de Vries Sacchetti Singh (S.K.) Sundrum Chaffey

Reports

Mr. Chaffey was asked to collate by April 29 the monthly and quarterly reports from the Study Groups together with the monthly status reports from the Economics Department under a draft memorandum for Mr. Friedman to send to Mr. McNamara. Mr. de Vries was asked to submit his quarterly report in time for this exercise.

2. Mr. Chaffey was asked to check details of requests for additional staff for FY71.

Material for UNCTAD

3. Mr. Sacchetti reported that he had been asked to provide material for the UNCTAD annual report. He proposed to offer information on certain Bank activities e.g. the proposed increases in capital subscriptions, the decisions on commodity stabilization together with details of the work on debt statistics (which the Bank alone was in a position to provide). He asked for suggestions on material from others present.

J. Chaffey

Secretary's Department April 28, 1970

Distribution:

All present Messrs. Kamarck Goreux

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EG/70 - 12

ECONOMICS GROUP Note of Meeting on April 22, 1970

APR 23 1970

Present: Messrs. Friedman (in the Chair)

Kamarck de Vries McGibbon Sacchetti Sundrum Chaffey

 $\underline{\text{Mr. Friedman}}$ called for progress reports on the following papers:

1) Possible Improvements in Techniques of Lending

Work on this started in the fall of 1968 and it was required for UNCTAD II by May 1, 1970. A draft was sent to the President's Council on April 4, but had not yet been seen by Mr. McNamara.

2) Issues for World Bank in the Refinancing of Suppliers' Credits

Mr. Sacchetti said that this had been sent to the President's Council on April 3. Messrs. Broches and Demuth had commented on it.

3) Refinancing of Export Credits

This paper for UNCTAD was about 75 percent complete and was expected to be ready in June.

4) Creditworthiness

Mr. de Vries said a draft paper had been sent to Messrs. Knapp, Demuth and Broches at the request of Mr. McNamara. He was doing some further work on the paper, which would probably be retitled.

5) Debt Management Problems

Mr. McGibbon said a list of 27 "possible debt difficulty" countries had been compiled. He was looking at the available material as a basis for compiling the country pieces according to the agreed outline. He was also preparing a list of questions for discussion with the Area Departments. His concern was with the nature of the debt problem and reaching a judgment on it and on the necessary action to ameliorate it. Ultimately it was hoped to form some sort of global picture.

6) Inflation

Mr. Kamarck said he was working on a paper contrasting the methods of dealing with inflation in Brazil and Indonesia.

J. Chaffey

Distribution:

All present

Secretary's Department April 22, 1970

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EG/70 - 11

APR 13 1970

ECONOMICS GROUP

Note of Meeting on April 13, 1970

Present: Messrs. Friedman (in the Chairman)

Stevenson de Vries Goreux Sacchetti Sundrum Chaffey

President's Council

Mr. Friedman said Mr. McNamara had reported (following his recent visit to Europe) finding concern amongst officials and others over the organization of the development effort. Considerable thought was being given to institutional changes affecting, inter alia, the role of the UNDP Representatives and of the Regional Development Banks.

2. On agriculture, $\underline{\text{Mr. Friedman}}$ said it had been reported that neither the Ford nor the Rockefeller Foundations could maintain their support of agriculture research at the present level. It was generally recognized that more funds would have to be made available for agriculture research.

Local Currency Financing

3. Mr. Friedman said he was preparing a memorandum for Mr. McNamara on local currency financing. In particular he would be discussing the criteria for justifying local cost financing in President's Reports.

Next Meeting

4. This will be held on Monday, April 20, 1970 at 11:30 a.m.

J. Chaffey

Secretary's Department

Distribution:

All present Mr. Kamarck

SEP 1 2012

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EG/70 - 10

APR 8 1970

ECONOMICS GROUP Note of Meeting on April 6, 1970

Present: Messrs. Friedman (in the Chair)

Stevenson de Vries Goreux Sacchetti Sundrum Chaffey

Visit to Pakistan

Mr. Friedman spoke briefly about his visit to Pakistan high-lighting some of the developments that may follow from the bifurcation of the country.

Refinancing of Suppliers' Credits by Developing Countries

2. Mr. Sacchetti reported that a revised version of this Paper had been sent to the President's Council.

Techniques of Lending

3. Mr. Sacchetti said he hoped for comments on this Paper from members of the President's Council by April 14 in order to meet the UNCTAD deadline of May 1, 1970.

Debt Management Problems

4. Mr. de Vries reported that it had now been decided that the Creditworthiness Group (under Mr. McGibbon's direction) would carry out the country studies.

Panel Review of Economic Reports

- In connection with his reading, as a Panel Member, the Economic Report on Ivory Coast, Mr. Goreux said he found the report rather more descriptive than analytical and asked for clarification on the purposes Country Economic Reports were intended to fulfil (which are set out in 0.M. 4.02, paragraphs 4-7). In a brief discussion which followed, Mr. Friedman emphasized the importance which Mr. McNamara attached to the preparation of periodic and comprehensive reports which were intended to be made available to other U.N. agencies engaged in development assistance. Among the points made in the discussion were:
 - (a) reports sometimes failed to identify clearly the Bank view on an important issue, policy or proposal; and
 - (b) it was difficult, particularly for inexperienced country economists, to blend reports to meet the requirements of the Bank, the sensitivities of the country under review, and the needs of other U.N. agencies.

It was noted that a small group (Messrs. Cope, Adler, Baum and Kamarck) were looking, at the request of Mr. McNamara, at questions of the coverage of and time taken to write Country Economic Reports.

J. Chaffey

Secretary's Department April 7, 1970

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EG/70 - 9

ECONOMICS GROUP

Note of Meeting on March 30, 1970

Present: Messrs. Kamarck (in the Chair)

Stevenson

Goreux

Hulley

McGibbon

Sundrum

Chaffey

Banks' Economic Coordination Meeting

Referring to the forthcoming meeting of the Regional Development Banks and the IBRD in Korea (April 10-11), which he would be attending, Mr. Kamarck said Mr. McNamara had asked him, inter alia, to get some views on the use made of the IBRD's country Economic Reports and on any changes in them that would be welcomed.

Economic Missions

Mr. Kamarck said that, together with Mr. Cope, he had been asked by Mr. McNamara to look at the proposed size of country economic missions and at the time taken from the end of the mission to getting out the Green Cover Report. Mr. McNamara had said that some Latin American countries were concerned about the size of missions they had been getting. On the time taken for writing Reports, he had said that it appeared to vary not by classification of country but between Area Departments.

Debt Management Problems

Mr. McGibbon reported that, following discussions with Mr. Cope, a tentative list of 23 countries had been drawn up from which it was expected that about 15 would be chosen for study at an Area Heads meeting on April 3, 1970.

J. Chaffey

Secretary's Department April 1, 1970

Distribution:

Mr. Friedman (o.r.)

All Present

Mr. de Vries (o.r.)

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EG/70 - 8

ECONOMICS GROUP

Note of Meeting on March 23, 1970

MAR 8 5 1970

Present: Messrs. Kamarck (in the Chair)

Stevenson Lowther Goreux McGibbon Sacchetti Sundrum Chaffey

Debt Management Problems

Reporting on the preliminary work for this study, Mr. McGibbon said that the proposal put forward by Mr. Friedman to Messrs. Knapp and Cope was that the first step would be to work out an agreed list of country studies, which would be carried out by the Area Departments on the basis of an outline prepared by the Creditworthiness Group, who would also provide assistance with the work. It was hoped to have the country studies in draft by the beginning of June and, tentatively, a complete report ready by the end of June.

2. Further consideration would have to be given to how this work would fit into the CIAP study being done as a result of the Rockefeller Report.

Techniques of Lending

3. Mr. Sacchetti said a draft paper on this had been sent under a cover note from Mr. Friedman to members of the President's Council. It was hoped to send a paper to UNCTAD by May 1, 1970.

Budget

Mr. Kamarck said that Mr. Lowther, under the guidance of Mr. Stevenson, would be available to assist Study Group Directors with the mechanics of their budget submissions. Mr. Kamarck said that although some degree of co-ordination of the budget submission from the Group as a whole was desirable, he was not proposing to exercise any review function over the Study Group submissions.

J. Chaffey

Secretary's Department

Distribution:

Mr. Friedman (o.r.)

All present

Mr. de Vries (o.r.)

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EG/70 - 7

ECONOMICS GROUP

Note of Meeting on March 16, 1970

100

Present: Messrs. Friedman (in the Chair) Sacchetti

Kamarck Goreux McGibbon

Sundrum Chaffey

Budget FY71

Mr. Friedman said he would welcome the opportunity to discuss with the Study Group Directors their FY71 budget submissions before the end of the week.

Mr. Friedman advised the Directors that they should seek to identify the number of staff necessary to carry out all the tasks that the Groups were required to undertake. Against this it should be borne in mind that there was a strong presumption that there would be no overall staff increase in the Economics Group in FY71.

Debt Management Problems

Mr. Friedman asked Mr. McGibbon, who was responsible for this study, to let him have a memorandum detailing the timing and staff requirements for sending to Mr. McNamara.

President's Review Meetings on CPPs

Mr. Friedman said that in future he proposed to make a practice of reporting on the issues raised at these meetings. Apropos of this he said that he was considering whether to invite Division Heads from the Economics Department to attend the Group meetings.

Employment and Economic Development

Mr. Friedman asked Mr. Chaffey to draft a memorandum for sending to Mr. Demuth drawing attention to the liaison that was already taking place with the ILO on covering employment aspects in economic missions. The recently issued memorandum on Employment and Economic Development should be amended to include reference to the liaison with the ILO.

Technical Notes

6. Mr. Friedman drew attention to his request that some initiative be taken on these (see EG/70 - 6, paragraph 8). Notes should be sent to Mr. Friedman and copied to other Group members.

Basic Research Center Seminar

7. Mr. Goreux reported that he would be holding his next seminar at the end of June, 1970.

Mr. Friedman's Absence

8. Mr. Friedman said he would be away in Pakistan for two weeks from the end of this week. He said the Study Group Directors should look to Mr. Kamarck for guidance in his absence.

J. Chaffey

Secretary's Department March 17, 1970

Distribution:

All Present Mr. Stevenson Mr. de Vries (o.r.)

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EG/70 - 6 MAR 11 1970

ECONOMICS GROUP

Note of Meeting on March 9 and 10, 1970

Present: Messrs. Friedman (in the Chair)

Sacchetti Sundrum

Kamarck de Vries Goreux

Chaffey

Peterson Report

Mr. Friedman urged that those concerned with the Export Credit Study and the External Debt Study should take note of the Peterson Report's comments on these topics.

2. Mr. Friedman, referring to the New York Times' article on the Report, said it would appear that the Report called for more coordination between U.S. aid and aid from multilateral agencies and recommended that the U.S. contribute one billion dollars for IDA.

External Debt Study

- 3. Mr. Friedman said he expected the study to cover three main aspects the position of Latin American countries vis-a-vis each other, the United States, and the rest of the world. For both the outline and the general study, the starting point should be the Caracas resolution.
- 4. Mr. Friedman said that the study should be seen by Mr. Cope before it went to Mr. McNamara.

Basic Research Center Seminar

5. Mr. Goreux announced that he had circulated a timetable and a list of documents for his Seminar on the three research projects from March 12-14. He hoped to restrict the number of participants only to those with an interest in a particular project.

Regional Development Banks

6. In the course of discussion on the scheduling of missions, reference was made to subject of the role of the Regional Development Banks in economic reporting. Mr. Sundrum was asked to prepare a Paper on this topic.

Lists of Studies and Technical Notes

- 7. Mr. Friedman said he would like Mr. Kamarck and the Study Group Directors to let him have as soon as possible lists of the studies carried out in their bailiwicks:
 - (a) over the past say six months; and
 - (b) currently being undertaken (including the scheduled date of completion).

The lists should identify (perhaps by asterisk) those studies for which it might be useful to prepare a "technical note" summarizing the main issues and conclusions (which may be only interim judgments if the study is currently under way). The criteria for identifying the need for a "technical note" were:

- (i) (for a study already completed) the likelihood that Mr. McNamara has not read it;
- (ii) the emergence of issues or points of particular interest to the management; and
- (iii) the likelihood that the final Study would be of such length as to deter all but the most avid readers.
- 8. Mr. Friedman emphasized that, as a general rule, he would welcome those undertaking studies to take the initiative in preparing "technical notes" and submitting them to him through the proper channels. The lists of studies would be sent to the President, who might call promptly for "technical notes" in particular on past studies. But the notes were not intended only for circulation to the President, but as valuable precis of the main issues and conclusions.
- 9. Mr. Kamarck suggested that it would be useful in so identifying candidates for "technical notes" if information was made available at the earliest date on Mr. McNamara's travel plans. Mr. Friedman agreed to look into this.

J. Chaffey

March 11, 1970 Secretary's Department

Distribution:

All present Mr. Stevenson

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3,30 pm

EG/70 - 5

ECONOMICS GROUP

Note of Meeting on March 2, 1970

Present: Messrs. Friedman (in the Chair)

Kao

Kamarck Stevenson

Sacchetti

de Vries

Chaffey

Quality of Work

 $\underline{\text{Mr. Friedman}}$ said Mr. McNamara was concerned lest the impression was gained that the efforts to increase the volume of lending would lead to a falling off in the quality of Bank work. There was no intention to let the quality deteriorate.

Mission Schedules

2. Mr. Friedman said he would be holding a meeting with Messrs. Cope and Willoughby on the Mission Schedules for FY71.

Export Credit Study

- 3. Mr. Friedman said that Mr. Knapp, commenting on the study, which was expected to be ready in draft for internal consideration by the first week in April, had asked whether this was a preferable field of activity for the Bank to engage in and whether it was desirable for the Bank Group to become involved in the difficult area of internationally competitive export financing. On the scope of the study it was said that the problem of deferred receipts from exports arises only in the case of capital goods.
- 4. Mr. Friedman said Mr. Sacchetti was responsible for the study and thus for coordinating the work of Messrs. Nespoulous-Neuville, Hulley and Tamagna on it.

Monthly Time Sheets

- 5. Mr. Friedman said he would like the Study Group Directors to adapt the time reporting system introduced by the Economics Department. Mr. Lowther would explain the procedure and would be asked to prepare for Mr. Friedman the Groups' consolidated report every month. (Mr. Lowther has since agreed to do this.)
- 6. Mr. Friedman suggested that the Study Group Directors should also submit quarterly to Mr. Friedman a descriptive Report on the activities of their Groups. The first report would be due at the end of March 1970.

Review of Economic Reports

7. Mr. Kamarck said he was drafting an instruction on this.

Review of Economic Committee Meetings on CPP's

8. Mr. Chaffey was asked to draw up an agenda paper for a meeting of the Economic Committee on this.

Travel

9. Mr. Friedman said he would like to be informed of all proposed travel by those present.

J. Chaffey

Secretary's Department March 4, 1970

Distribution

All present Mr. Sundrum

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EG/70 - 4

ECONOMICS GROUP

Note of Meeting on February 9, 1970

Present: Messrs. Friedman (in the Chair)

Sacchetti Sundrum

Stevenson de Vries

Chaffey

Goreux

Work Priorities within the Economics Group

Mr. Friedman said he would like to hold a meeting with those present very shortly to consider the priorities of the work currently being undertaken in the Economics Group in relation to the operational requirements of the Bank (no date has yet been fixed for the meeting).

Management Information and the Study Groups

- 2. Mr. Friedman said he would like the Directors of the Study Groups to adopt some form of information reporting system on the work of all their professional staff with immediate effect. The reports should be sent to Mr. Friedman preferably monthly.
- 3. Mr. Friedman suggested that the reporting system recently introduced in the Economics Department might be used as a guide for any procedure the Study Group Directors adopted.

Review of Economic Reports and CPPs

- 4. Mr. Friedman said he had asked Messrs. Collier and McDiarmid to come up with some ideas for a new review procedure. Mr. Chaffey was asked to check what progress was being made.
- 5. Mr. Friedman also mentioned that he hoped to have a special meeting to consider the Economic Committee's review of CPPs, after the present hump of Economic Committee meetings was over.

Papers by Economics Group Staff

6. Mr. Friedman urged that Papers prepared by Economics Group staff as part of their professional duty to be delivered at Conferences etc. should be distributed officially to the Executive Directors and staff members.

J. Chaffey

Distribution:

All Present Mr. Kamarck

Secretary's Department February 11, 1970



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February 4, 1970

ECONOMICS GROUP

Note of Meeting on February 2, 1970

Present: Messrs. Friedman (in the Chair)

Singh (S.K.)

Stevenson de Vries

Sundrum Chaffey

Sacchetti

Jackson Report

Mr. Friedman mentioned the forthcoming meeting of the Heads of Special Agencies on the Jackson Report and the role of the UNDP. He said the Bank's approach was that of cooperating with the UNDP program. The Bank would be responsible for the overall development program, part of which would be the Technical Assistance program.

Bank/Fund Collaboration

Mr. Friedman reported that there had been further discussions with the Fund. A significant step towards closer cooperation was the making available to the Fund of the complete draft Country Program Paper. The Bank (generally the appropriate Area Department) would now receive draft copies of the Fund's proposed standby arrangements.

Third IDA Replenishment

- 3. Mr. Friedman reported that a further meeting of Deputies was scheduled for March, 1970. There would be a Working Party meeting (on the implications of changes in contributions on the voting powers) in Washington next week.
- Mr. Sacchetti said he had heard from Mr. Saxe that the U.S. Government would seek balance of payments safeguards, as they had in the Second Replenishment. Mr. Friedman asked Mr. Sacchetti to inform Sir Denis Rickett of this.

Colombia Mission

- 5. Mr. Friedman said that Mr. McNamara had raised some questions on the size of the February mission to Colombia (26 at the last count).
- 6. Mr. McNamara would like a procedure set up which spotlighted exceptionally large missions. Mr. Chaffey was asked to look into this and arrange for Messrs. Friedman and Knapp to be alerted if a large mission was scheduled.

J. Chaffey

Distribution

All present Messrs. Kamarck and Goreux 4 3 t = -

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DRAFT JChaffey:mwp

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EG/70 - 2

ECONOMICS GROUP Note of Meeting on January 27, 1970

Present: Messrs. Friedman (in the Chair)

Stevenson de Vries Sacchetti Singh (S.K.) Sundrum Chaffey

Budget for FY71

Mr. Friedman said that it was expected that FY71 would be a period largely for consolidating earlier expansion. The presumption could be made that there would be no staff increases overall for the Economics Group. Thus the budget exercise should prompt a careful reexamination of the priorities of tasks undertaken within the Group.

- Mr. Friedman said that, aside from operational work for which the priorities were clearly established, he expected all concerned to take the initiative in putting forward suggestions for new research and other projects bearing in mind the overall staff constraint. He would also expect those present to establish priorities for their own bailiwicks. Mr. Friedman said that he would like to be consulted beforehand on any proposed FY71 budgetary discussions with Programming and Budgeting Department.
- 3. Mr. Friedman said he might wish to hold a special meeting of the Group on the FY71 budget.

Review of Economic Reports

4. Mr. Friedman said he would want to discuss this topic in detail at an early stage (perhaps a special meeting of the Economic Committee). In the meantime, he would welcome recommendations for a review procedure designed to preserve the quality of Economic Reports. Such a procedure should not be too bureaucratic or impede the scheduled flow of Reports.

5. In a brief discussion, <u>Mr. de Vries</u> favored the notion of a review procedure separate from the Economic Committee's scrutiny of Country Program Papers, which would require competent economists of some experience to be seconded full-time for limited periods for this task. <u>Mr. Friedman</u> suggested allocating responsibility for given country Reports to the Chief Economists and finding a way of ensuring they were able to give to the task the time and importance it merited. <u>Mr. Chaffey</u> pointed out that, by FY71 the Reports and CPPs should normally be coming forward in draft more or less at the same time. From an operational viewpoint, the Economic Committee's scrutiny of a country's Report and CPP should be a joint exercise. For publication outside the Bank, perhaps some sort of Publications Committee could be set up. <u>Mr. Friedman</u> said he would like to have a special meeting of the Economic Committee to discuss this aspect.

Bank/Fund Cooperation

- 6. Apropos of the discussions with the Fund on this, Mr. Friedman called for views on the notion that there could be some degree of discussion of labor between Bank and Fund missions if it were agreed that, for example, the Fund mission would probe say exchange rate policy matters and the Bank would give the Fund a list of questions to raise on this. The Bank mission would accept that section of the Fund Report on this topic and of course vice versa on other agreed topics.
- 7. It was generally agreed that there was merit in joint information gathering exercises of this kind. But it would be feasible only if the Bank and Fund missions went out about the same time and assuming agreement could be reached on the areas of responsibility for joint questioning. It was more difficult to envisage an acceptance of the mutuality of interest in projection work and on policy exchanges with the host government.

8. Mr. de Vries made a plea for encouraging more cooperation at the operational level, without first attempting at a higher level to delineate areas or topics for formal collaboration.

J. Chaffey

Distribution:

All Present

Mr. Kamarck

Mr. Goreux

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EG/70 - 1

ECONOMICS GROUP

Note of the Meeting on Monday, January 5, 1970

Present: Messrs. Friedman (in the Chair)

Kamarck Stevenson de Vries

Goreux Sacchetti Sundrum Owen

- Mr. Friedman would keep members informed on Mr. McNamara's travel plans. This information related, among other things, to deadlines for technical papers prepared for Mr. McNamara.
- 2. There was a discussion of the present position on the Third IDA Replenishment and the Supplementary Financial Measures. A proposal on the latter had been submitted to Mr. McNamara; his response was not expected before the end of January.

C. F. Owen

Secretary's Department January 6, 1970

Distribution:

All present Mr. J. Chaffey

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ECONOMICS GROUP

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Note of the Meeting on Monday, December 22, 1969

Present: Messrs. Friedman (in the Chair)

Hulley Kamarck Sundrum de Vries Chaffey Goreux

Land Reform and Tenure Systems

Mr. Friedman asked Mr. Kamarck for a technical paper from the Economics Department on Land Reform and Tenure Systems. This arose out of Mr. McNamara's concern with social indicators and following a discussion on the Argentina Country Paper.

In response to a question, Mr. Friedman said Mr. Sundrum's group was generally responsible for questions on social indicators.

Lending Programs

Mr. Friedman mentioned that he had asked either Mr. de Vries or Mr. Sundrum to let him have some brief comment on the view that the Bank seemed to be moving ahead most rapidly with its lending program in those countries where economic performance was less than satisfactory and the creditworthiness risk was highest.

Brazil: Country Program Paper

Mr. Chaffey was asked to ensure that pages 21 and 22 of the draft Paper EC/0/69-125 dated November 25, 1969 were removed from all the copies distributed.

Brazil: External Debt

Mr. de Vries was asked to note that the Western Hemisphere Department had been asked to prepare a note for Mr. McNamara on Brazil's external debt projections and how it is proposed the debt will be managed.

J. Chaffey

Secretary's Department December 22, 1969

Distribution

All present Mr. Stevenson Mr. Sacchetti

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ECONOMICS GROUP

WBG ARCHIVES

Note of Meeting on Monday, December 15, 1969

UEU 1 / 1969 4- p.-

Present: Messrs. Friedman (in the chair)

Kamarck Stevenson de Vries Hulley Singh (S.K.) Sundrum Chaffey

Sir Alexander Cairncross

Mr. Friedman mentioned that Sir Alexander Cairncross would be in Washington early in January in connection with the EDI review.

Industrial Coordination Committee

2. Mr. Kamarck referred to a memorandum he had written for the file in connection with the setting up of the Industrial Coordination Committee and a proposed Coordinating Group on Capital Market Development in Developing Countries.

Back-to-Office Reports

- 3. Mr. Friedman said that he would like to receive a Back-to-Office Report following visits by Economics Department and Study Group members to Conferences etc, comparable to the Back-to-Office Reports after missions (see OM 4.02 paragraph 10).
- 4. Mr. Sundrum mentioned the highlights of the informal UNCTAD meeting he attended last week on Performance Indicators, on which he will very shortly be submitting a report.

Country Program Papers

- 5. Mr. Kamarck asked for five copies of the draft CPPs to be sent to him.
- 6. Mr. Friedman reiterated his earlier request to all concerned to ensure that the draft CPPs should be scrutinized carefully by the appropriate Divisions/Groups and important issues brought to the attention of the Economic Committee.
- 7. Arising out of the CPP Review meeting on Iran, Mr. Friedman said that he would be asking Mr. Kamarck to get the Trade Policies and Export Projections Division to undertake a study on the oil situation and outlook, in consultation with the East Asia Department.
- 8. The meeting also briefly discussed the problem of the review by the Economic Committee of "Green Cover" Economic Reports, and the linking of this task with the Committee's scrutiny of draft CPPs, but no agreement was reached.

Employment

- 9. Mr. Friedman said that Mr. McNamara felt
 - (a) that there should be a separate chapter on employment in the Economic Reports; and
 - (b) employment should be regarded as being comparable to growth in importance for the Bank in relation to overall development strategies.

Mr. Stevenson said that Mr. Henderson would be producing very shortly a draft review of the role of the Bank in relation to the problems of unemployment in Developing Countries. Mr. Friedman said he wished to report back to Mr. McNamara shortly on the implementation of (a).

Next Meeting

10. Provisionally scheduled for Monday, December 22 at 11:30 a.m.

J. Chaffey

Distribution:

All Present Messrs. Goreux Sacchetti

Secretary's Department

OFFICE MEMORANDUM

DEC 1 0 1969

Mr. Irving S. Friedman TO:

DATE: December 10, 1969

FROM:

J. Chaffey

SUBJECT:

Economics Group

Mr. Friedman has asked me to issue an amended note of the meeting on Monday, December 8, 1969.

Attachment

Secretary's Department

SEP 1 2 2002 WBG ARCHIVES

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ECONOMICS GROUP

Note of Meeting on Monday, December 8, 1969

Present: Messrs. Friedman (in the chair)

Kao Singh (S.K.)

de Vries Hulley

Chaffey

Creditworthiness

Mr. Friedman asked Mr. de Vries to discuss with him proposed action on a review of creditworthiness policy in response to the Board discussion on January 28, 1969.

2. Mr. de Vries was asked to do a brief statement on Bank's attitude towards rescheduling of its debt. Mr. Friedman mentioned that Mr. Sella was working on a paper for the Pearson Commission on the Bank's attitude to Debt Rescheduling and Mr. de Vries should contact him. Mr. Friedman asked Mr. de Vries for a presentation categorizing the Bank's percentage holding of the total external debt of given countries by 1978. It would also be useful to have a similar indication of the Bank's share of the net capital inflow (or public capital inflow).

Annual Report

3. Mr. Friedman asked that full cooperation be given to Mr. Tamagna, who had been asked to do the first draft of the 1970 annual report.

Supplementary Finance

4. Mr. Jalan was to be asked by Mr. Kao to offer to Mr. Sacchetti any assistance that may be required.

Meetings with Divisions and Groups

- Mr. Friedman said he was particularly concerned after his meetings with Divisions and Groups about the possibility of duplicated effort in model building and projection making between Quantitative Techniques and Analysis, Sector and Projects Studies, Trade Policies and Export Projects, Basic Research Center and Creditworthiness Studies (and possibly Development Finance Studies). He had asked Mr. Kamarck to review the matters with respective Group Heads as well as within his Department to take steps to ensure that there was no duplication in the work being done and to suggest stream-lining, if possible.
- 6. Mr. Friedman said he would welcome a paper from Mr. Sundrum's group reviewing Bank experience in the implementation of performance criteria. This would help lay the groundwork for establishing more uniform practices for identifying, and where appropriate enforcing any attachments to, performance criteria.

Economic Reports

- 7. Mr. Friedman said he was looking at the question of the review of Economic Reports at the green cover stage. At present this review process was neglected and it would probably be necessary to set up a new system which provided for comprehensive review of these reports.
- 8. One part of this process was looking closely at the current periodicity of mission and report schedules on which Mr. Chaffey would be reporting.

Next Meeting

9. Will be held at 11:30 a.m. on Monday, December 15, 1969.

J. Chaffey

Distribution:

All present
Messrs. Kamarck
Stevenson
Goreux
Sacchetti
Sundrum

Secretary's Department December 10, 1969

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NOTE OF THE MEETING OF THE ECONOMICS GROUP IN MR. FRIEDMAN'S OFFICE 9 . . .

ON WEDNESDAY, NOVEMBER 26, 1969

Present: Messrs. Friedman (in the chair)

Kamarck Stevenson de Vries Hulley Sundrum Chaffey

Country Program Paper Review Meetings

- 1. Reporting briefly on these, <u>Mr. Friedman</u> said one of the issues was the disproportionate amount of time that would have to be given by Projects Departments to the problems of mini-states. Mr. Friedman also said that in the main the discussions focussed on the lending program.
- 2. Mr. Kamarck asked about the distribution of the CPPs after they had been reviewed. (Note: According to Mr. Willoughby there is no fixed distribution but the Area Department concerned will make a copy of the Paper available on request, on a "need to know" basis.)

Economic Committee Meetings

3. Mr. Friedman emphasized the need for Study Group Directors to participate actively in the Committee's discussions and be prepared to raise questions on aspects of a CPP which bore upon their fields of interest.

Program of Work

- 4. Mr. Friedman called for periodic reports on work accomplished by all professional staff to be submitted by the Study Group Directors, along the same lines as those submitted by Division Heads in the Economics Department.
- 5. Mr. Friedman repeated an earlier request for proposed schedules of individual professional activity over the forthcoming six months to be prepared by Groups and Divisions. Mr. Chaffey was being asked to pursue this.

Export Credit Study

6. It was agreed that Mr. Hulley should ask Mr. Nespoulous-Neuville to prepare a note summarizing the Bank's view of this study, which Mr. Friedman would circularize to Messrs. Knapp, Aldewereld and Demuth.

Next Meeting

7. Will be held on Monday, December 1, 1969 at 12:00 p.m.

Secretary's Department

J. Chaffey

Distribution:

All present

Messrs. Goreux and Sacchetti

SEP 1 2 2012

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NOTE OF POINTS RAISED AT THE

ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE

ON MONDAY, NOVEMBER 17, 1969

Present: Messrs. Friedman (in the chair)

Stevenson de Vries Goreux Hulley Sundrum Chaffey

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Information Required for Executive Directors

- 1. Referring to the memorandum from Mr. Mendels to him dated November 6, 1969 (copy attached), Mr. Friedman asked Mr. de Vries to undertake study (a) and Mr. Stevenson studies (c) and (e).
- 2. Transcripts of the relevant parts of the Board discussions may be read in Mr. Mendels' office by arrangement with Mr. Venkatraman (extension 3660) and with one hour's notice.

Rockefeller Report

- 3. Mr. Friedman asked Mr. de Vries and Mr. Hulley to arrange for "notes" to be prepared as indicated for Mr. McNamara on:
 - (a) Mr. de Vries i) the proposals in the report on U.S. debt relief:
 - ii) what these proposals mean in terms of the schedule of debt servicing of Latin American countries;
 - iii) how the proposals fit into the total
 external debt picture of Latin America
 (U.S., non U.S., private etc.);
 - iv) what legislation would be required to effect the proposals.
 - (b) Mr. Hulley the implications for Latin America of the untying of U.S. procurement.

The first step would be to get hold of a copy of the Rockefeller Report, probably from Public Relations. Note (a) was required by the end of this week.

Rockefeller Proposal on Preferences

4. Mr. Friedman asked Mr. Stevenson to arrange for the preparation of a note on the implications of the U.S. proposal on Trade Preferences indicating for example, which commodities would be involved, what volume of trade was involved, which nations would benefit from the proposed

changes, what potential merit the proposals had and what the current thinking was on the subject in the U.S. and elsewhere.

- 5. The note was required in time for a Board Meeting on a parallel subject (Domestic Suppliers' Preferences) on November 25, 1969.
- 6. Mr. Stevenson has asked Mr. Kalmanoff to take this on.

Next Meeting

7. This will be held on Monday, November 24, 1969 at 11:30 a.m.

Attachment

J. Chaffey

Distribution

All present Mr. Kamarck Mr. Sacchetti

Economic Committee Secretariat Secretary's Department November 18, 1969

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EG/69 - 14

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NOTE OF POINTS RAISED AT THE ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE ON MONDAY, NOVEMBER 10, 1969

Present: Messrs. Friedman (in the chair)

Stevenson

Goreux

de Vries

Sundrum

Chaffey

1. Mr. Friedman made some brief remarks on the Bank's posture on program lending, on progress with the 3rd IDA replenishment and on increasing the capital subscriptions for members of the Bank.

Mr. Friedman's Meeting with Groups/Divisions

- 2. Mr. Friedman said that his aim in calling for these meetings (in an earlier memorandum to all concerned) was to meet all the professional staff and get a brief first-hand account of their individual activities.
- 3. The schedule for these meetings was being rearranged.

Economics Group Meetings on draft Country Program Papers

4. Mr. Friedman said he had received a proposal from Mr. Sundrum calling for preliminary meetings of Group and Division heads concerned to review draft CPPs and in particular discuss the link between the analysis of economic performance and prospects with the lending program. There were some procedural difficulties but Mr. Friedman said he welcomed the proposal, which he was considering further.

Next Meeting

5. This will be held on Monday, November 17, 1969 at 11:30 a.m.

J. Chaffey

Distribution:

All Present Messrs. Kamarck Sacchetti

Economic Committee Secretariat Secretary's Department November 12, 1969

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EG/69 - 13

NOTE OF POINTS RAISED AT THE ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE ON MONDAY, NOVEMBER 3, 1969

NOV 4 1969

Present: Messrs. Friedman (in the chair)

Kamarck Stevenson de Vries Goreux Sundrum Chaffey

Supplementary Finance

1. It was agreed that Mr. Jalan would replace Mr. Henderson in the support work for Mr. Sacchetti (reported in EG/69 - 12).

Salary Administration

2. Mr. Friedman said that if there was any dissatisfaction with the new classifications within Divisions/Groups he would like the Director concerned to submit a written memorandum to him on it.

Seminar on Mexican Study

3. Mr. Goreux reported briefly on the seminar held on October 30 and 31. The next seminar would be on February 26 and 27, 1970.

J. Chaffey

Economic Committee Secretariat Secretary's Department

Distribution:

All present Mr. Sacchetti

NOTE OF POINTS RAISED AT THE

ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE

ON WEDNESDAY, OCTOBER 29, 1969

DET 3 1 1969

EG/69 - 12

Present: Messrs. Friedman (in the chair)

Kamarck Stevenson de Vries Goreux Sacchetti Sundrum Chaffey SEP 1 2 2012 WBG ARCHIVES

Country Program Review Meetings

1. Commenting on the first round of these meetings, Mr. Friedman said that the Projects Departments had expressed concern about being able to fulfill all the demands for sectoral work being made upon them. Mr. Stevenson drew attention to the problem (for Projects and Economics Departments) of being asked to accept commitments without necessarily being informed of all the contemporaneous demands of a similar kind that would be made.

Matrix

- 2. After a lengthy discussion, Mr. Friedman asked Mr. Chaffey to prepare three tables showing
 - (a) the recognized main functions of the Group, identified against the Divisions etc. carrying them out;
 - (b) the assignments within those functions identified against the individuals designated to carry them out; and



(c) the actual and forecast work programs of the professional staff, up to the end of FY70.

Supplementary Finance

3. In response to a point raised by Mr. Sacchetti, it was confirmed that in the work he was doing on Supplementary Finance, he would require the immediate help of Messrs. Henderson and Macone who were respectively to prepare technical papers on defining and measuring unexpected shortfall and on assessing the likely cost of a support scheme. Mr. Friedman said that the President was waiting to see whether the Bank could formulate a scheme that could be recommended to the Board, after which it would be necessary to explore in detail a number of technical aspects, including the relationship between unexpected shortfall and development problems.

Study on Suppliers Credits by Developing Countries

4. In response to a request from Mr. Sacchetti, Mr. Kamarck said that Mr. Nespoulous-Neuville should get in touch directly with the people in Economics Department who could be of help. Mr. Kamarck also drew attention to the help Statistical Services Division could give in this and other connections.

J. Chaffey

NOTE OF POINTS RAISED AT THE ECONOMICS GROUP MEETING

IN MR. FRIEDMAN'S OFFICE ON OCTOBER 13, 1969

Messrs. Friedman (in the Chair) Present:

Stevenson

Sundrum

de Vries Goreux

Chaffey

Industrial Projects Department: Industrialization Division

Mr. Friedman asked Mr. Stevenson to make recommendations to him on the division of duties between these two units.

Special Projects Department

Mr. Friedman said he would welcome suggestions on further projects for this Department to undertake.

Current Interest Rates

Mr. Friedman asked Mr. Sacchetti for a short analytical note on current short and longer term interest rates.

Bank Activity on the Pearson Report

- Mr. Friedman said that the Report recommendations broke down into three categories:
 - a) those relating to current Bank activity
 - b) those relating to emerging Bank roles e.g. with regard to financing of buffer stocks, and
 - c) those relating to the general field of development financing and which fell outside the Bank's purview.
- 5. The immediate problems were
 - a) the need for all present to comment quickly on what assignments identified by Mr. Demuth (and other recommendations if thought relevant) it would be most worthwhile to pursue. Mr. Friedman expected the Study Group Directors to discuss this on Tuesday morning, October 14. (Copies of Mr. Demuth's provisional allocation of departmental responsibilities are attached.)
 - b) to formulate a view on the extent to which the Economics Group (identified either individually or by Division or Study Group) could undertake these assignments without detriment to existing tasks.

It was pointed out that it would be desirable to find out on what recommendations other parts of the Bank were writing position papers.

Program of Work

- 6. Mr. Friedman said he wanted a detailed analysis made of the work assignments within the Group—and the relationship each assignment had with comparable or parallel activities elsewhere in the Bank. Mr. Friedman wanted a framework of programmed activity which he could use as a reference document on all the individual assignments within the Group.
- 7. Mr. Chaffey was asked to prepare a matrix of the roles being undertaken, after consultation with the others present and Mr. Kamarck.

Country Program Papers

8. Mr. Friedman said that in future all members of the Group would receive copies of draft Country Program Papers, which were distributed by the Economic Committee Secretariat. He would therefore welcome written comments from all present on matters arising in the draft Country Paper which fell within their respective bailiwicks.

Next Meeting

9. This will be held on Monday, October 20, 1969 at 11:30 a.m.

J. Chaffey October 13, 1969

Attachment

1/ The Group refers to both the Economics Department and the Study Groups.

Distribution

All present Mr. Kamarck

October 14, 1969

Mr. J. Chaffey

Louis M. Goreux

OCT 15 1989

Report on the October 6 Meeting, para. 1, EG/69/10

According to my understanding confirmed by the discussion on October 13, Mr. Friedman said that the discussion on substance should be held after Mr. Sundrum's return. This is quite different from what is written in the last sentence of paragraph 1. I therefore recommend the deletion of this sentence.

cc: Mr. I.S. Friedman

LMGoreux:pmh

OFFICE MEMORANDUM

TO: Mr. Irving S. Friedman

DATE: October 7, 1969

FROM:

FORM No. 58

J. Chaffey &

SUBJECT: Draft Notes of Economics Group Meeting

> My draft note of yesterday's meeting is attached for your approval.

2. I feel that these notes are of value only if they are circulated promptly. May I therefore have your permission to circulate them without your prior approval. My drafts for the last two meetings have not yet been approved.

Attachment

Economic Committee Secretariat Secretary's Department

DRAFT JChaffey:mwp October 7, 1969 EG/69/10

NOTE OF POINTS RAISED AT THE ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE ON MONDAY, OCTOBER 6, 1969

Present: Messrs. Friedman (in the Chair)

Kamarck

Stevenson de Vries Goreux Sacchetti Kao

Chaffey

Unemployment

1. Mr. Friedman asked all present to let him have a short note on those aspects of their work which bore upon the problems of unemployment and labor mobility. Mr. Friedman would be reporting to Mr. McNamara on this. In future the Group's work on unemployment would be co-ordinated by Mr. Sundrum.

Pearson Commission

- 2. Mr. Friedman said that Mr. McNamara had asked Mr. Demuth to prepare a program for the presentation to the Board of position papers on the Pearson Report. Group members should not commit themselves to any assignments on this exercise without consulting Mr. Friedman.
- 3. Mr. Friedman asked all present to send him, within the next few days, any comments they may have on the analyses and conclusions in the report, in particular where these differed from those views either current or emerging in the Bank. Mr. Friedman had in mind, and had suggested to Mr. McNamara, that a seminar might be held within the Bank to discuss the analyses and conclusions of the report.

Report of the Expert Group on International Monetary Issues

4. Mr. Sacchetti reported that a draft of this UNCTAD report on the Link had been prepared. Mr. Sacchetti was asked by Mr. Friedman for

a memorandum commenting on the report.

India: Export Credits

5. Mr. Sacchetti reported that Mr. Cargill was interested in setting up a working party to study the possibility of establishing a refinancing facility for export credits by India and had asked Mr. Sacchetti if he were interested in organizing it. Mr. Friedman felt this might be a worthwhile assignment for Mr. Sacchetti to pursue.

Next Meeting

6. Will be held in Mr. Friedman's office on Monday, October 13, 1969 at 11 a.m.

J. Chaffey

Distribution

All present Mr. Sundrum

FORM NO. 75 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(2-60) INTERNATIONAL FINANCE

INTERNATIONAL DEVELOPMENT

ROUTING SLIP	,	Date September 23, 1969
NAME		ROOM NO.
Mr. Irving S. Frie	dman	A1221
		SEP 2 3 1969
To Handle		18=
To Handle Appropriate Disposi	ition	
	ition	Note and File
Appropriate Disposi	ition	Note and File Note and Return
Appropriate Disposi	ition	Note and File Note and Return Prepare Reply
Appropriate Disposi Approval Comment	ition	Note and File Note and Return Prepare Reply Per Our Conversation

A draft note of this meeting is attached for your approval.

From

J. Chaffey 2

NOTE OF POINTS RAISED AT THE ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE ON MONDAY, SEPTEMBER 22, 1969

Present: Messrs. Friedman (in the Chair)

Goreux

Kamarck

Kao

Stevenson

Chaffey

de Vries

Draft OM on Economic Reports

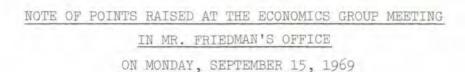
- strengthen the wording on clearance of Economic Reports in the final draft, it should be recognized that the Economic Committee's review meeting would be a mandatory exercise. The Committee would consider the conclusions of an Economic Report and record its agreement with or dissent from the policy views set out in the ensuing Country Program Paper by the Area Department.
- 2. Mr. Kamarck asked whether any overall responsibility for the calibre of economic work in the reports would be exercised by Mr. Friedman or on his behalf. Mr. Kamarck also asked who would be responsible for coordinating the active participation by other UN Development Agencies in country economic missions.
- 3. On the first question, <u>Mr. Friedman</u> said that any disputes on the content of a report would normally be resolved in the clearance procedures. In the final analysis, an unresolved dispute with an Area Department would be determined by the President. On the second question <u>Mr. Friedman</u> said he did not know the answer. He believed that initially cooperation with other development agencies would result from the increasing emphasis in Bank reports on pre-investment surveys and sectoral analyses, which would serve to identify scope for further activity by the other agencies.

J. Chaffey

Economic Committee Secretariat Secretary's Department

Distribution: All present

DRAFT JChaffeyMwp September 16, 1969



SEP | 8 1969

Present: Messrs. Friedman (in the Chair)

Kamarck

Stevenson de Vries Goreux Kao Sacchetti Chaffey

Supplementary Finance

- Development Board had resolved that the minth session of the Trade and Development Board had resolved that the Bank should be called upon to implement its proposals for action in the field of international commodity policy. This would pose a number of problems for the Bank, which would have to prepare a scheme for carrying out the proposals. The Bank would have to tackle the organizational problems involved; determine what effect the scheme would have on the Third IDA Replenishment exercise; and consider whether a shift in emphasis from a program to a project approach would be appropriate. Mr. Friedman said that, whereas a new policy would have to be evolved, his personal view at this stage was that a separate funding institution would not be required.
- 2. Mr. Stevenson suggested that Bank officers should be prepared for some Board questioning when the decision was formally made known. Mr. Friedman asked Mr. Stevenson to mention this point to Mr. Sarma.

IDA Replenishment

- 3. Mr. Friedman briefly mentioned the forthcoming meeting of Part I countries on which countries would be eligible for IDA assistance under the second replenishment.
- 4. Mr. Friedman also referred to the President's meetings to determine the approach on the third replenishment. Before a paper on the case for an increase in IDA resources could be mooted, the President had called for a

paper on the proposed time schedule for the third replenishment discussions, and also for a paper setting out a likely Board resolution on the exercise.

5. Mr. Sacchetti mentioned two other papers he was preparing. The first explored the implications of three alternative payment flows on the common assumption of \$1 billion per annum being made available over three years. The second was a list of questions which were extractions from the briefing papers prepared for the President and which could be posed by him at the Governors' meeting.

Draft OM on Economic Reports

6. Mr. Friedman said the draft OM would be published simultaneously with that on Country Program Papers. He would like to discuss with Mr. Kamarck the question of Principal Outside Readers.

Copenhagen Seminar

7. Mr. Kamarck said that, as for the Annual Meeting in Rio, plans were being made to hold a seminar in Copenhagen. This would be attended by leading Nordic Economists.

Date of Next Meeting

8. Monday, September 22, 1969 at 11:30 a.m.

J. Chaffey

Distribution

All present

EG69-7

NOTE OF POINTS RAISED AT THE ECONOMICS GROUP MEETING IN MR. FRIEDMAN'S OFFICE ON MONDAY, SEPTEMBER 8, 1969

Present: Messrs. Friedman (in the Chair)

Goreux

Kamarck Stevenson de Vries Sacchetti Sundrum Chaffey

Current Activity

- 1. Mr. Sacchetti reported on the preliminary work on the third IDA Replenishment.
- 2. Mr. de Vries said he had received Mr. Armstrong's report on the long term creditworthiness of Morocco from the Europe, Middle East and North Africa Department which Mr. Lejeune had asked for his views on.
- 3. Mr. Sundrum said he would be attending a seminar on Development Planning in Bangkok from September 15-26, organized by the U.N. Center for Development Planning and ECAFE.
- 4. Mr. Goreux spoke of his visit to Mexico in connection with his work on the relation between the project, sectoral and country approach to return on investment. The work of the consultant would be reviewed at the end of October.
- 5. Mr. Friedman asked about the relationship of this work with that of Mr. Henderson's Division (Quantitative Techniques) and about the extent to which the Bank's current economic analyses differed from Mr. Goreux's approach. Mr. Goreux said he was concerned with the methodology of relating the internal return to the project with the economic return to the country.

Mission Schedules

6. Mr. Kamarck said that in the past it had been difficult for Economics and Projects Departments to schedule their own programs because of the need to respond to Area Department mission needs, frequently at short notice. He said the revised mission schedules now being produced on a twelve-month ongoing basis would go some way towards helping Economics and Projects Departments to overcome this difficulty. There was still a need to find a way of showing the change from an identified to an agreed requirement on these schedules.

Draft OM on Economic Reports

- 7. Mr. Kamarck said the latest draft was with the President and Mr. Friedman. This draft had been amended in the light of Programming and Budgeting's draft OM on Country Program Papers.
- 8. Mr. de Vries mentioned the need to ensure that the criteria for eligibility for Bank lending were suitably reviewed in the new draft procedure for clearance of Country Program Papers.

Date of Next Meeting

9. Monday, September 15 at 11:30 a.m.

J. Chaffey

Cleared with Mr. Friedman

Distribution

All present

Economic Committee Secretariat Secretary's Department September 12, 1969