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**Subfonds:** Records of President A. W. Clausen

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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000


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90000/017  
PRESIDENT CLAUSEN  
CHRONOLOGICAL FILES

June 1986 (61)

**DECLASSIFIED  
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 **Archives**  
1777500  
A1990-011 Other #: 9  
Chronological (outgoing) Files - Chrons 61 209517B

June 30, 1986

Dear Mr. Okura:

I would like to thank you for your letter of June 2 informing me of your resignation from the position of President of the Export-Import Bank of Japan. Thank you also for the kind words regarding the excellent relationship which we have had between our two institutions. It has been a pleasure to work with you and the Export-Import Bank over the years.

As you may know, I will be leaving the Presidency of The World Bank effective tomorrow. I am confident that The World Bank and The Export-Import Bank of Japan will continue to work closely together under the guidance of the new presidents of each institution. Hopefully my successor, Mr. Barber Conable, will soon have the opportunity to meet with Mr. Takashi Tanaka.

Please accept my best wishes for your future endeavors. I look forward to maintaining our contacts in the years to come.

Sincerely,



A. W. Clausen

Mr. Masataka Okura  
The Export-Import Bank of Japan  
Ohtemachi, Chiyodo-ku  
Tokyo, Japan

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ART  
ERE

MR. MAX AITKEN, SHEDDON PACIFIC PTY, LTD. MELBOURNE, AUSTRALIA.

DEAR MR. AITKEN: THANK YOU FOR YOUR TELEX OF 26 JUNE 1986

CONCERNING THE CONTRACTUAL ARRANGEMENTS BETWEEN SHEDDON PACIFIC AND

THE GOVERNMENT OF PAKISTAN WHICH I HAVE REFERRED TO OUR SOUTH ASIA

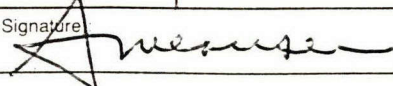
REGION FOR REVIEW AND RESPONSE. SINCERELY A.W. CLAUSEN, PRESIDENT,

THE WORLD BANK.

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INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE:	Telex	TELEX NO.:	SPPLML AA38110	DATE:	06/30/86
SUBJECT:	DRAFTED BY: (VPA) JLTtheodores:bh			EXTENSION: 74911	
CLEARANCES AND COPY DISTRIBUTION: Cleared with and cc: Ms. Kaplan cc: Mr. Paijmans, Mr. Hopper, Ms. Lowenstein (Acting Div. Chief), Mr. Theodores			AUTHORIZED BY (Name and Signature) A.W. Clausen 		
			DEPARTMENT: Office of the President		
			SECTION BELOW FOR USE OF CABLE SECTION CHECKED FOR DISPATCH		

June 30, 1986

Dear David:

The Executive Summary of the Americas Society report on Latin America looks to me like a sound piece of work. It is fully consistent with the advice the World Bank has been giving the countries of that region. If anything, I would have liked to see more of the executive summary drawn from Simonsen's excellent chapter, "Financing Development", which deals with tax regimes and financial markets.

The reference to World Bank guarantees (page 37) might be clarified. While we accept that some selective use of guarantees might be sound, we cannot substitute our exposure for that of the banks.

The executive summary might also note that the banks have not, during 1984 and 1985, been increasing their overall exposure in the region, contrary to the intent of the Baker initiative. In fact, exposure has remained roughly constant, according to the Bank of International Settlements, and a number of banks (notably US banks) have been reducing their exposure. Unless this attitude is sharply reversed, the prospects of a workable solution to the debt problem will be even dimmer than what is projected in the report.

I am sorry that it will not be possible for us to provide financial support for the project. Our budget is always constrained, and, recently, in approving the budget for the next fiscal year, our Board put great emphasis on further savings, and the contingency fund was deleted.

I congratulate you and Fred Bergsten for a first-rate job. I am sure this report will be very useful.

Sincerely,

A handwritten signature in black ink, appearing to be 'D Rockefeller', with a large, sweeping initial 'D'.

Mr. David Rockefeller  
Chairman  
Americas Society  
680 Park Avenue  
New York, N.Y. 10021

✓ bcc: Mr. Stern

June 30, 1986

Mr. Douglas Gustafson  
Director, Department of  
Investments, Europe and Middle East  
International Finance Corporation  
Washington, D.C. 20433

Dear Mr. Gustafson,

This is in response to the June 11, 1986, letter which you and your colleagues sent me regarding the grading of Executive Assistants to Department Directors in the IFC. I fully share your concern that all positions should be equitably and appropriately graded, which was the purpose of the Job Grading Program, and I also understand your concern about the results in IFC. As you know, however, Executive Assistant positions were the subject of an extremely detailed and extensive review to ensure that they were properly evaluated and graded. The recommendations of the Special Evaluation Committee and their potential impact on staff, as well as the approach, methodology and criteria were carefully reviewed by Senior Management before they endorsed the results.

Because of the concerns you raised about the grading of IFC senior secretaries, Martijn Paijmans requested the Job Evaluation Unit to conduct a detailed exploration of the issues raised by the points expressed in your letter. This review has now been completed and I am assured that the duties, responsibilities and unique characteristics of these positions were fully taken into account by the Special Evaluation Committee in its recommendations and by the Job Evaluation Unit. Consequently, no revision to the grading of these positions is warranted.

This finding does not preclude the due process afforded all Bank/IFC staff--namely the right to request an administrative review and to appeal the grading decision. I trust you will advise and counsel each of your Executive Assistants accordingly.

Regarding two specific points raised in your letter, namely the membership of the Special Evaluation Committee and the impact of the results on career growth for Executive Assistants in IFC, let me say that while IFC was not represented on the Committee, an IFC staff member did participate in the team which conducted interviews and analyzed issues

June 30, 1986

prior to the Committee's deliberations. Finally, the impact on career development is an important issue for all Executive Assistants--and, indeed, other staff in the Bank and IFC to which Management is devoting considerable attention. The creation of the Career Information Center, for example, is a major step forward in assisting staff to make informed career development plans and decisions. I hope your staff will avail themselves of this opportunity.

I trust the above provides the assurance you seek that the grading decisions on these positions were made objectively and fairly.

Sincerely,

A handwritten signature in dark ink, appearing to read "A.W. Clausen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

A.W. Clausen  
President

cc: Sir William Ryrie, CEXVP  
IFC Department Directors

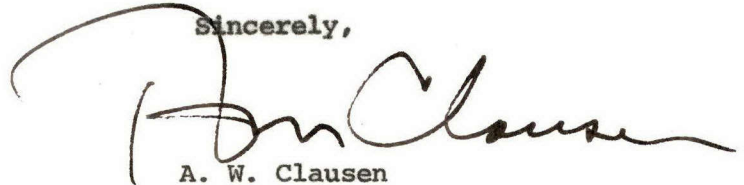
June 27, 1986

Dear Senator Dole:

Thank you for your letter advising of Mr. Mulugeta's interest in working for the International Finance Corporation. I shall be pleased to pass your letter and his resume on to my colleagues in our Personnel Department, who will be in touch with him directly to follow up on his inquiry.

Thanks again for bringing him to our attention.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. W. Clausen". The signature is fluid and cursive, with a large initial "A" and "W" that are connected to the rest of the name.

A. W. Clausen

The Honorable Bob Dole  
United States Senate  
Washington, D. C. 20510

bcc: Mr. Chandran (w/ incoming)

MH

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 27, 1986

Dear Bill:

Just a word of thanks and deep gratitude for the very warm and friendly evening Peggy and I spent with you and your IFC colleagues earlier this week. I haven't often had the chance to be with so many IFC senior staff on a single occasion and it was particularly enjoyable to visit with all of them. The elegant setting, delicious menu, superb wine and the delightful company all added up to a memorable night.

As I mentioned in my remarks at dinner, IFC's progress has given me as great a sense of pride as any other development in The World Bank Group these last five years. I certainly will continue to follow your fortunes with great interest in the years to come.

I hope, Bill, that there will be many occasions for us to get together in the future.

Warm regards.

Sincerely,



Mr. William Ryrie  
Executive Vice President  
International Finance Corporation  
Washington, D. C.

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 27, 1986

Dear Joe:

Many thanks for the fine reception you hosted earlier this week marking the occasion of the 40th anniversary of The World Bank. It was an honor to be a part of the group, and I am most grateful to you for your generous remarks about my tenure at the Bank.

All of us here are indebted to you and the Bretton Woods Committee for the fine work you have undertaken to increase public awareness of the Bretton Woods Institutions. Your message is a critical and vital one for our health and I know you will continue to work diligently at getting it to the public domain.

On a personal note, Joe, I always have appreciated the opportunities we have had to work together. I greatly admire your statesmanlike qualities and value your sound advice. And in the Bretton Woods Institutions we share a common bond. Although my career at the Bank is about to conclude, the issues and problems of the developing world will always remain a high priority for me.

Warm regards.

Sincerely,

Mr. Henry H. Fowler  
Co-Chairman  
The Bretton Woods Committee  
1616 H Street, N. W.  
Washington, D. C. 20006

June 27, 1986

Dear Antti:

I understand that you are retiring from the Bank on July 1, 1986. As your retirement from the World Bank approaches, I am writing to express the thanks of management for your having given almost 21 years of dedicated service to the institution. I am truly sorry, however, that your retirement comes at a time when you are having health problems. Hopefully, you will see some improvement in the months ahead.

I am sure you are leaving the Bank with mixed emotions - pride and satisfaction in the contribution you have made, and at the same time, a sense of sadness because you will no longer have daily contact with your friends and associates.

You are highly regarded for your professional competence and devotion to your responsibilities. Both professionally and personally, you have been an asset to the organization, and especially to the Loan Department and Controller's Organization.

My best wishes to you for good luck and happiness in the years ahead.

Sincerely,

 W. Clausen

Mr. Antti A. Helne  
90 Colden Arrow Street  
P.O. Box 745  
Great Falls, Virginia 22066

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FOR THE R.H. JUDGE E. JIMENEZ DE ARECHAGA, SUCORNA, MONTEVIDEO,  
URUGUAY

IT IS MY PLEASURE TO INFORM YOU THAT THE EXECUTIVE DIRECTORS OF  
THE WORLD BANK HAVE REAPPOINTED YOU TO BE A MEMBER OF THE WORLD  
BANK ADMINISTRATIVE TRIBUNAL FOR ANOTHER THREE-YEAR TERM,  
EXPIRING SEPTEMBER 30, 1989. REGARDS, A.W. CLAUSEN, PRESIDENT,  
THE WORLD BANK

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CLASS OF SERVICE: **Telex** TELEX NO.: **22041 NAVIGEN FOR EJA** DATE: **6/26/86**

SUBJECT: **Administrative Tribunal** DRAFTED BY: **ELMeigher/NELindsay** EXTENSION: **76338**

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AUTHORIZED BY (Name and Signature)

**A. W. Clausen**

DEPARTMENT:

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FOR THE R.H. JUDGE A. KAMAL ABUL-MAGD, OSORIS BUILDING, SUITE 34,  
4 LATIN AMERICA STREET, GARDEN CITY, CAIRO, EGYPT  
IT IS MY PLEASURE TO INFORM YOU THAT THE EXECUTIVE DIRECTORS OF  
THE WORLD BANK HAVE REAPPOINTED YOU TO BE A MEMBER OF THE WORLD  
BANK ADMINISTRATIVE TRIBUNAL FOR ANOTHER THREE-YEAR TERM,  
EXPIRING SEPTEMBER 30, 1989. REGARDS, A.W. CLAUSEN, PRESIDENT,  
THE WORLD BANK

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CLASS OF SERVICE: <b>Telex</b>		TELEX NO.: <b>22252 Serve UN</b>	DATE: <b>6/26/86</b>
SUBJECT: <b>Administrative Tribunal</b>	DRAFTED BY: <i>ELM</i> <b>ELMeigher/NELindsay</b>		EXTENSION: <b>76338</b>
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	DEPARTMENT:		
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FOR PROF. E. LAUTERPACHT, 7 HERSCHEL ROAD, CAMBRIDGE CB39AG,  
ENGLAND

IT IS MY PLEASURE TO INFORM YOU THAT THE EXECUTIVE DIRECTORS OF  
THE WORLD BANK HAVE REAPPOINTED YOU TO BE A MEMBER OF THE WORLD  
BANK ADMINISTRATIVE TRIBUNAL FOR ANOTHER THREE-YEAR TERM,  
EXPIRING SEPTEMBER 30, 1989. REGARDS, A.W. CLAUSEN, PRESIDENT,  
THE WORLD BANK

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CLASS OF SERVICE: Cable

TELEX NO.:

DATE: 6/26/86

SUBJECT:  
Administrative TribunalDRAFTED BY: *EL*  
ELMeigher/NELindsayEXTENSION:  
76338

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A. W. Clausen

DEPARTMENT:

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THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 26, 1986

Mr. Bruce M. Rich  
Senior Attorney  
Environmental Defense Fund  
1616 P Street, N. W.  
Washington, D. C. 20036

Dear Mr. Rich:

This is in response to the June 14 letter sent by you and several other organizations on the Power Sector Loan approved by the Bank Executive Directors on June 19, 1986.

In addition to matters of direct institutional interest to your organizations -- to which I refer below -- your letter also mentions several points related to other technical and financial aspects of the loan, and of the Sector Plan to be supported by it. On these, I will only say that the technical characteristics of the Sector Plan, and the conditions of the loan, have been designed with a view to ensuring the full financial rehabilitation of the sector within what is, under the country's overall economic conditions, the shortest advisable period. Such characteristics and conditions are also, in my view, fully consistent with a strict application of Bank lending guidelines.

Contrary to what you state in your letter, the environmental and socio-cultural aspects of the Plan and the loan are also fully consistent with our guidelines. The sectoral approach to this loan, in fact, involves the Bank, for the first time, in some issues related to specific projects with which we have never been associated. The loan conditions related to these issues, include, inter alia, the preparation and adoption by Brazil of a sector-wide Master Environmental Plan, acceptable to the Bank. This Master Plan would be designed to avoid the future occurrence of negative environmental and socio-economic effects similar to those caused already by the execution -- already completed or nearly so -- of some of the projects that you mention in your letter. The Plan will also include actions for mitigating the negative impact of such projects. I would like now to refer to the issues raised by you concerning these projects.

You are right in pointing out that the Bank refused in the 1970s, on economic and environmental grounds, to finance the Tucuruí dam. In this particular case, national authorities turned to different sources of finance and were able to build the dam in spite of the Bank's refusal to finance the project. I believe that institutions such as yours, whenever a similar situation arises, should write to the Governments or the financing institutions concerned, and support the World Bank's views on that matter. I am offering you a very cooperative suggestion that can prevent similar

difficult problems in the environmental field arising in the future. We lacked such support in the past. Now it is too late to avoid the negative effects of this project. The dam has already been built, the reservoir filled, and the environmental and socio-economic damage done. I should add, however, that such damage has been smaller, up to now, than expected by us a few years ago. The rapid flow of waters has so far precluded the emergence of the water-quality problems that were expected to be caused by the vegetation that was not removed from the reservoir prior to flooding. And, after several years of delay, the new Amerindian reserve for the reallocated Parakana tribe has been properly demarcated and legally approved, under arrangements made through the Bank-supported Carajas project. As of this moment, there are no outstanding environmental and Amerindian issues related to the Tucuruí dam.

The Balbina dam is, indeed, an ill-conceived project, which has had substantial negative effects on the environment and on the Amerindian population. I should note that the Bank has never been involved, directly or indirectly, with this project. But the project is virtually completed now, and nothing can be done about its basic flaws. The Master Plan, however, will include, to the extent still feasible, mitigating actions concerning the protection of, and compensation to, the affected Amerindian population, as well as the legal establishment of environmental reserves in the vicinity of the reservoir.

On the Samuel dam, I would like to note that it should be completed in 1987-88, and that it does not have a direct impact on any Amerindian area; there are, therefore, no resettlement issues associated with this dam. Let me add that there is another project in Rondonia, the Ji-Parana dam, which has some potential marginal effects on Amerindians and on the environment. To deal with these potential problems -- which you do not mention in your letter -- appropriate studies have been carried out, and their results have been reflected in the design of the project.

You also refer to the Itaparica dam, saying that: "the Bank is only requiring the preparation of a plan, which the Bank is to approve or disapprove by July 15. Significantly, implementation will be monitored by the Bank only once, three months later, at a time when, even under the best of circumstances, it will be highly unlikely that actual resettlement will have begun. Afterwards, the Bank apparently takes no responsibility for the more than 8,000 families to be relocated." You fail to note that the approval of the plan by the Bank will be a pre-requisite for disbursing the first tranche of the loan, and that appropriate progress in the implementation of that plan will be a condition for releasing the second tranche. It is not true that the Bank will monitor implementation only once. Environmental and socio-cultural issues will be included in the annual review by the Bank of the sector rehabilitation plan, and will also be taken into account in future Bank loans to the sector. Moreover, the Bank has agreed with the Government to prepare, and consider financing, a resettlement project for the population affected by this project. This, it seems to me, goes well beyond the simple compliance with Bank guidelines on this matter, and reflects fully the high priority that the Bank attaches to environmental issues.

In a more general way, I would like to point out that we disagree with several broad statements of your letter, among which I wish to note the following three:

- (a) "The environmental provisions of the loan are fatally flawed in that they call for no specific actions -- only for the establishment of an environmental coordinating committee for ELETROBRAS and for the preparation of plans to strengthen or establish environmental units in the regional electric companies of ELETROBRAS". The loan does much more than that, and the Bank effort -- of which the environmental provisions of this loan are part -- in dealing with the environmental and socio-cultural issues in Brazil also has a scope which is substantially broader, and much more effective, than your letter implies. On a sector-wide basis, the Brazilian authorities have, for the first time, entered into a commitment to discuss environmental issues with the Bank, even for projects which we have not financed directly.
- (b) "Approval of this loan in its present form would constitute an unambiguous disregard by the World Bank of its guidelines concerning the environment and indigenous peoples." This is, simply put, not true.
- (c) The loan ... "would subsidize widespread economic inefficiency in a sector in drastic need of policy reform." Well, the truth is just the opposite: the loan will support substantial policy reforms, and the increase of the sector's efficiency. I would like also to note that the efficiency of Brazil's power sector is not as low as your letter implies. On the contrary, most electric power companies are well run, technically and administratively. Just to give you two examples: the financial rate of return of the sector has been substantially positive for 1985 and previous years; and electricity losses, a common measure of inefficiency, are among the lowest in the world. The required additional reforms are, precisely, those that are to be supported by the World Bank loan. These include, inter alia, a program of tariff increases directed towards achieving tariff levels based on the long-run marginal cost of electric power--an approach which will result in substantial energy conservation.

For many years now, the World Bank has been the main source of external support for activities directed towards the protection of the environment and of the indigenous population, in Brazil and in other countries. These are difficult policy areas, in which the risks are high, and the rewards of a long-term nature. The Bank Management and staff are committed to follow this difficult, but necessary, course of action. It would be easier for us to pull out of these activities and concentrate our assistance in projects unrelated to critical environmental or socio-cultural issues. We would thus avoid being subject to so much unwarranted criticism. But, if we were to do that, the situation concerning these issues would become progressively worse. We believe, therefore, that it is the Bank's duty to continue doing whatever is feasible in these policy areas.

June 26, 1986

I would like to hope that your institution will find it possible to maintain, in the future, a constructive approach to the Bank activities related to the protection of the environment and of indigenous populations. If that were the case, you can be sure that the Management and staff of the Bank would be ready to maintain a fruitful dialogue in which we could take advantage of the expertise on these critical policy areas accumulated over the years by your organizations.

Sincerely,

A handwritten capital letter 'A' with a horizontal stroke extending to the right, serving as a signature.

A. W. Clausen  
President

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FOR THE R.H. JUDGE CHARLES D. ONYEAMA, C/O CENTRAL INVESTMENT CORPORATION, ENUGU, NIGERIA

IT IS MY PLEASURE TO INFORM YOU THAT THE EXECUTIVE DIRECTORS OF THE WORLD BANK HAVE REAPPOINTED YOU TO BE A MEMBER OF THE WORLD BANK ADMINISTRATIVE TRIBUNAL FOR ANOTHER THREE-YEAR TERM, EXPIRING SEPTEMBER 30, 1989. REGARDS, A.W. CLAUSEN, PRESIDENT, THE WORLD BANK

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CLASS OF SERVICE: <b>Telex</b>		TELEX NO.: <b>51223 NG</b>	DATE: <b>6/26/86</b>
SUBJECT: <b>Administrative Tribunal</b>		DRAFTED BY: <b>ELMeigher/NELindsay</b>	EXTENSION: <b>76338</b>
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THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 25, 1986

Dear Matt,

This is just a brief note following on my earlier one, to let you know that we have decided not to pursue the proposal for a Foundation for Applied Scientific Research for Development, at this stage.

We continue to believe that it could make a valuable contribution in filling an important gap in our development knowledge. However, for a variety of reasons, including several to which you referred, we believe that it would not be fruitful to pursue the proposal at this stage.

Thank you again for your constructive thoughts and kind words.

Sincerely,



The Honorable  
Matthew F. McHugh  
Member of Congress  
2335 Rayburn House Office Building  
Washington, D.C. 20515

June 25, 1986

Dear Bob,

As your retirement from the World Bank approaches, I am writing to express the thanks of management for your 12-1/2 years of dedicated service to the institution.

You are highly regarded for your technical expertise and have made extremely valuable contributions to the urban and water sector activities of the Bank. As one of those staff who form the backbone of the institution you symbolize the Bank in the minds of counterpart staff in client countries. I am sure you will be missed by your colleagues and many friends both in the Bank and in the borrowing countries where you have represented the Institution.

My best wishes to you for good luck and happiness in the years ahead.

Sincerely,

A. W. Clausen, President

Mr. Robert Galt MacWilliam  
6612 Wakefield Drive  
Apt. 413  
Alexandria, VA 22307

OFFICIAL FILE COPY

June 25, 1986

Dear Senator Hawkins:

Thank you for your letter of June 20 expressing your concerns about a proposed World Bank agricultural development loan to Brazil.

I am passing your letter on to Hugh Foster, the Acting Executive Director who represents U.S. interests on the Bank's Board. He will consult with our colleagues in the Latin America and Caribbean Regional Office, who handle Brazil, and will then respond to the issues you have raised.

Thank you again for writing. I appreciate your bringing these concerns to our attention.

Sincerely,

(Signed) A. W. Clausen

A. W. Clausen

The Honorable Paula Hawkins  
United States Senator  
313 Senate Dirksen Office Building  
Washington, D. C. 20510

cc: Mr. Hugh Foster  
Acting U. S. Executive Director

bcc: Mr. Stern, Mr. Knox, Mr. Botafogo

SBP:MH

June 25, 1986

Dear Rae:

As you retire from the World Bank, you must be leaving with mixed emotions - pride and satisfaction in the contributions that you have made to the Bank, and nostalgia as you reflect on the friends that you have made and worked with daily here.

Your achievements in the Records Management Division have earned you the well-deserved respect and admiration of your co-workers. You have shown dedication and commitment to your work in all of your assignments and your talents will be missed.

My best wishes to you for good luck and happiness in your future.

Sincerely,



A. W. Clausen

Mrs. Rae Peterson  
4515 Willard Avenue  
Chevy Chase, Md. 20815

cc: Mr. Clausen's Office (2)  
Mr. Bloomfield, ADMPR

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MR. JAVIER PEREZ DE CUELLAR, SECRETARY-GENERAL, UNITED NATIONS,  
NEW YORK

THANK YOU FOR YOUR CABLE REGARDING THE RESULTS OF THE SPECIAL  
SESSION OF THE GENERAL ASSEMBLY ON THE CRITICAL ECONOMIC  
SITUATION IN AFRICA. WE SHARE YOUR VIEW THAT THE SESSION WAS A  
SUCCESS, AND THAT THE ACTIONS TAKEN OFFER OPPORTUNITY TO SET  
AFRICA ON THE PATH OF DURABLE ECONOMIC AND SOCIAL DEVELOPMENT.  
WE LOOK FORWARD TO THE DISCUSSION YOU PROPOSE FOR THE FORTHCOMING  
SESSION OF ACC. AS YOU KNOW, I WILL BE LEAVING THE WORLD BANK AT  
THE END OF THIS MONTH WHEN MY TERM AS PRESIDENT CONCLUDES. THE  
BANK WILL BE REPRESENTED AT A SENIOR LEVEL HOWEVER, AND YOU CAN  
COUNT ON OUR CONTINUED SUPPORT IN THIS ENDEAVOR.

WARMEST REGARDS, CLAUSEN, WORLD BANK.

END  
OF  
TEXT

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INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE: **TELEX**TELEX NO.: **232 422**DATE: **June 25/86**SUBJECT:  
**UNGA; SPEC. SESSION ON AFRICA**DRAFTED BY:  
**V. RILEY:sk** *VR*EXTENSION:  
**74455**

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

*A. Clausen* **A. CLAUSEN**

DEPARTMENT:

**OFFICE OF THE PRESIDENT**

SECTION BELOW FOR USE OF CABLE SECTION

CHECKED FOR DISPATCH

June 25, 1986

Dear Stanley:

On the occasion of your recent retirement from the Bank, I wish to express the thanks of management for your eleven years of dedicated service to the institution.

You are highly regarded for your technical expertise in irrigation development, which has been a valuable asset to the borrowing countries in the South Asia Region. The excellent advice and guidance you have given others, as well as your contribution to divisional management has been very much appreciated. Though I am sure you will be missed by your many colleagues and friends here and that you will miss your daily contact with them, I know you are looking forward to doing some of the things you have not had time for during your career.

My best wishes to you for good luck, good health and happiness in the years ahead.

Sincerely,

A. W. Clausen, President



Mr. Stanley J. Baker  
c/o World Bank  
Washington, D. C.

**OFFICIAL FILE COPY**

June 25, 1986

Dear Mr. Mandzy:

Thank you for your letter inviting me to contribute to the "American Banker" Year 2011 Project.

Regretfully I must decline. I am retiring from The World Bank on June 30, and my immediate post-retirement schedule leaves me too little time to do justice to any writing commitments beyond those I have already undertaken. I do hope you understand, and I extend my best wishes to you for the success of your project.

Sincerely,



A. W. Clausen

Mr. Orest Mandzy  
Features Department  
"American Banker"  
One State Street Plaza  
New York, NY 10004

cc: Messrs. Koelle, Grenfell, Roberts  
Mesdames Maguire, Sheen

J.Grenfell/avs 06/24/86  
#703

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 25, 1986

Dear John:

Many thanks for your nice invitation for July 4. Would loved to have joined you but someone else sneaked in the door before you.

It was good to be with you at dinner the other evening. I hope we have a chance to see each other soon again.

Warm regards.

Sincerely,



Mr. John C. Whitehead  
Acting Secretary  
Department of State  
Washington, D. C.

June 25, 1986

Dear Bishop Jansen:

Thank you for your thoughtful letter.

The alleviation of poverty is the most fundamental objective of the Bank. We have increased our support for economic adjustment in response to the development crisis of the 1980s. Progress against poverty is virtually impossible under conditions of repeated financial crisis and economic decline.

The World Bank began its program of structural adjustment loans to support countries in the adoption of policies that would help them to regain balance-of-payments stability and, at the same time, recover economic growth. Some of the policies which the Bank supported on efficiency grounds, higher prices for farmers for example, have also tended to benefit poor people disproportionately.

Since the Bank's support for policy reform has continued to expand, we now require an analysis of the poverty impact of all structural and sectoral adjustment loans. We have also taken steps to include attention to poverty in the Bank's policy advice more generally. The relationship between broad reforms in economic policy and poverty is complex, and the Bank is deepening its understanding of these issues.

Let me assure you that we share your conviction that a disproportional share of the costs of economic adjustment should not fall on the poor.

I understand that your advisers have already discussed this issue with my colleague, David Beckmann. If you would like to pursue the matter further, he might set up a meeting with some of the operational staff responsible.

Sincerely,



A.W. Clausen

Bishop E. Harold Jansen  
Eastern District  
The American Lutheran Church  
6506 Loisdale Road, Suite 308  
Springfield, VA 22150

June 25, 1986

Dear Mr. Secretary General:

Jim Theodores, the World Bank's Field Coordinator, has kept me apprised of your staff's continuing representations to the Government of Afghanistan in endeavoring to obtain the release of Mr. Mohammad Ali. We applaud these efforts, but regret that Mr. Ali is still being detained following the release of Dr. and Mrs. Williamson in December.

In view of my continuing official and personal concern over the safe release and earliest possible return of Mr. Ali to his family, I hope the occasion of the 41st Session of the General Assembly will provide the appropriate opportunity for your further intervention and a possible break in the current impasse on this complex and sensitive issue.

Warm regards.

Sincerely,



A. W. Clausen

His Excellency  
Javier Perez de Cuellar  
Secretary General  
United Nations  
New York, N. Y. 10017

bcc: Messrs. Conable, Stern, Paijmans  
Hopper, Madavo

JTheodores:MH

June 25, 1986

Dear Dick:

Thanks for your recent letter. You are right -- life will indeed be a lot less hectic after July 1, and I am looking forward to a period of relaxation after that date.

Concerning your request to be kept informed about the Bank's activities in the wind energy field, I am passing your letter to my colleague, Philippe Bourcier, who is Acting Director of The World Bank's Energy Department, and am asking him to follow up on this.

I appreciate your invitation to have lunch. I'll keep it in mind for the future.

Warm regards.

Sincerely,



A. W. Clausen

Mr. Rick Palmquist  
KDNO  
1305 Glenwood Street  
Delano, California 93215-2040

bcc: Mr. Bourcier (w/ copy of incoming)

MH



# Record Removal Notice

<b>File Title</b> Chronological (outgoing) Files - Chrons 61		<b>Barcode No.</b>  1777500		
<b>Document Date</b> 25 June, 1986	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Shirley Hufstedler, Attorney at Law From: A. W. Clausen				
<b>Subject / Title</b> Investigation claim				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Tarsica Morgan</td><td><b>Date</b> April 08, 2011</td></tr></table>	<b>Withdrawn by</b> Tarsica Morgan	<b>Date</b> April 08, 2011
<b>Withdrawn by</b> Tarsica Morgan	<b>Date</b> April 08, 2011			

June 25, 1986

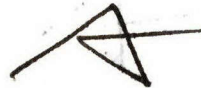
Dear Boonchob:

As your retirement from the World Bank approaches, I am writing to express the thanks of management for your more than 17 years of dedicated service to the institution. We appreciate the valuable contribution you have made to the organization and especially to the Agriculture and Rural Development Department.

You are highly regarded for your professional competence, commitment to your work and your excellent work relations with colleagues and borrowers. I am sure they will miss their contacts with you.

My best wishes to you for good luck and happiness in the years ahead.

Sincerely,

A stylized handwritten signature consisting of a large, bold, slanted letter 'A' with a horizontal line extending to the right from its top right corner.

A. W. Clausen

Mr. Boonchob Manchanalak  
1400 Gower Court  
McLean, Va. 22102

Cleared with and cc: Mrs. Stone

/lcj

**DECLASSIFIED**

**MAR 31 2011**

**WBG ARCHIVES**

June 24, 1986

Personal and Confidential

Mr. Peter Gyamfi  
c/o The World Bank  
Room B808  
1818 H Street, NW  
Washington D.C. 20433

Dear Mr. Gyamfi:

Thank you for your letter of June 12, 1986.

I have personally reviewed all of the facts of your case. Though I appreciate that you would prefer a different outcome, I believe that the arrangements decided upon are in the best interest of the Institution.

Sincerely,



A. W. Clausen  
President

A.W. CLAUSEN  
President

June 20, 1986

Dear Marty:

Thanks for sending me the copy of your remarks made at the International Monetary Conference. I have read them with great interest and am pleased to note that our own economists here in the Bank share your views of the likely future path of the dollar in exchange rate markets.

You must know also that we continue to work very hard to encourage a more open trade system for developing countries. A much talked about trade liberalization loan (\$500 million) for Mexico has been agreed upon but because of delays in that country reaching an agreement with the IMF, it is not the right time to bring it forward to our Board.

I have asked that a copy of this year's World Development Report be sent to you when it is ready early in July. It focuses on trade and pricing policies in world agriculture. I think you will find it very consistent with your views, Marty.

Warm regards.

Sincerely,



Mr. Martin Feldstein  
President  
National Bureau of Economic  
Research, Inc.  
1050 Massachusetts Avenue  
Cambridge, Massachusetts 02138

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VIENNA, AUSTRIA

HIS EXCELLENCY FERDINAND LACINA, MINISTER OF FINANCE, FEDERAL  
REPUBLIC OF AUSTRIA

AAA HAVE LEARNED WITH PLEASURE OF YOUR APPOINTMENT AS MINISTER  
OF FINANCE. MAY I OFFER YOU SINCERE CONGRATULATIONS AND BEST  
WISHES IN YOUR NEW RESPONSIBILITIES. BBB PLEASE ACCEPT,  
MR. MINISTER, THE ASSURANCE OF MY HIGHEST CONSIDERATION. BEST  
REGARDS, A.W. CLAUSEN, PRESIDENT, INTBAFRAD

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PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE: **Telex**

TELEX NO.: **847-111688**

DATE: **6/23/86**

SUBJECT:  
**Congratulations on Appointment**

DRAFTED BY:  
**MCarter/jv**

EXTENSION:  
**72467**

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):  
*A.W. Clausen* **A.W. Clausen**

DEPARTMENT:  
**Office of the President**

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VIENNA, AUSTRIA

HIS EXCELLENCY FRANZ VRANITZKY, FEDERAL CHANCELLOR

REPUBLIC OF AUSTRIA

AAA MAY I OFFER YOU MY SINCERE CONGRATULATIONS UPON

OCCASION OF YOUR APPOINTMENT AS FEDERAL CHANCELLOR.

YOU ALL MY GOOD WISHES FOR SUCCESS IN YOUR NEW DUTIES

RESPONSIBILITY. BBB PLEASE ACCEPT, EXCELLENCY, THE ASSURANCE

MY HIGHEST CONSIDERATION. BEST REGARDS, A.W. CLAUSEN, PRESIDENT

INTBAFRAD

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INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE: **Telex**

TELEX NO.: **1370-900**

DATE: **6/23/86**

SUBJECT:  
**Congratulations on Appointment**

DRAFTED BY:  
**MCarter/jv**

EXTENSION:  
**72467**

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

**A.W. Clausen**

DEPARTMENT:

**Office of the President**

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THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

A.W. CLAUSEN  
President

June 23, 1986

Dear Mr. Vial:

I understand from Madame Ploix's office that Mr. Balladur did not receive the original of this letter which was mailed the evening of June 5. I am therefore enclosing a copy and hope that you will receive it. I regret any inconvenience that this may have caused.

With best wishes.

Nigel Roberts  
Assistant to the President

Mr. Patrice Vial  
Technical Assistant to the  
Minister of State for Economy,  
Finance and Privatization  
Ministry of Economy, Finance and  
Privatization  
93 rue de Rivoli  
75056 Paris  
France

bcc: Mr. Le Bigre, ED's Office

NR:sbp

A. W. CLAUSEN  
President

June 23, 1986

Dear Mr. Faris:

Many thanks for your nice note and for the photographs which you enclosed. They are indeed nice souvenirs to have of our visit with you in Morocco.

I am especially grateful for your nice comments and good wishes expressed in your letter. You may be assured of my continued friendship with you, BNDE and the Moroccan government. As I mentioned in an earlier letter to you on my return from Morocco, we at The World Bank are pleased with our relationship with you and look forward to expanding it in the future.

Every good wish to you.

Sincerely,



Mr. Mustapha Faris  
President Directeur General  
Banque Nationale pour le  
Developpement Economique  
Place des Alaouites (B.P. 407)  
Rabat, Morocco

A.W. CLAUSEN  
President

June 23, 1986

Dear Jim:

Thanks for sending the nice article about Carol. It was an excellent story and you can be justifiably proud of her.

With the end of my term coming up on June 30, things are a bit rushed here at the Bank. So you are right--I'm looking forward to a relaxing summer--part of which I'll spend at the Grove.

Every good wish to you.

Sincerely,



Mr. James A. Gardner  
President  
Lewis & Clark  
College and Law School  
Portland, Oregon 97219

P.S. I'm enclosing a card which will give you a point of contact for me after June 30. Your mailing lists at the College will need to be updated.

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THE HONORABLE MR. SONG PING, STATE COUNCILLOR AND CHAIRMAN, STATE  
PLANNING COMMISSION, SAN LI HE, BEIJING, CHINA

I HAVE NOTED THE RECENT ENACTMENT BY THE NATIONAL PEOPLES CONGRESS  
OF NEW LAWS RELATING TO FOREIGN INVESTMENT. IN THIS CONNECTION, I  
AM PARTICULARLY PLEASED THAT IFC HAS BEEN GIVING TOP PRIORITY TO  
YOUR REQUEST FOR COUNSEL ON ATTRACTING, SCREENING AND REGULATING  
FOREIGN PRIVATE INVESTMENT. IFC'S EXPERIENCE IN THESE MATTERS, IN  
OVER 80 COUNTRIES DURING THE LAST 30 YEARS, HELPS THEM TO  
UNDERSTAND IN A VERY PRACTICAL WAY WHAT KINDS OF POLICIES WORK  
BEST IN PARTICULAR SITUATIONS. I HOPE THAT THE SEMINAR YOU PLAN  
WITH THEM STARTING JULY 10 WILL BE ONLY THE BEGINNING OF A  
VALUABLE TWO-WAY FLOW OF INFORMATION. WITH KIND REGARDS, A. W.  
CLAUSEN, PRESIDENT, WORLD BANK/INTERNATIONAL FINANCE CORPORATION.

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CLASS OF SERVICE:

TELEX

TELEX NO.:

22552 SEC CN

DATE:

6/23/86

SUBJECT:

CHINA FOREIGN PRIVATE INVESTMENT

DRAFTED BY:

DRW FOR

EXTENSION:

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CLEARANCES AND COPY DISTRIBUTION:

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AUTHORIZED BY (Name and Signature):

A. W. CLAUSEN

DEPARTMENT:

CLEARED WITH AND CC: MR. RYRIE

MR. KARAOSMANOGLU

CC: MR. XU

OFFICE OF THE PRESIDENT

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BOOK OF THREE

- 1) MR. SONG PING, STATE BOUNCILLOR AND CHAIRMAN, STATE PLANNING  
COMMISSION, SAN LI HE, BEIJING, CHINA  
TELEX 22552 SEC CN
- 2) MR. GAN ZIYU, VICE CHAIRMAN, THE STATE PLANNING COMMISSION  
SAN LI HE, BEIJING CHINA  
TELEX 22552 SEC CN
- 3) MR. WANG YI PING, DIRECTOR, BUREAU OF FOREIGN ECONOMIC RELATIONS,  
STATE PLANNING COMMISSION, BEIJING, CHINA  
TELEX 22064 CCSPC CNOOA

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DEPARTMENT:

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June 23, 1986

Mr. Clausen:

We are shortly undertaking a major advisory effort in China, sponsored by the State Planning Commission on their direct foreign investment program. As the date approaches, I am anxious to ensure that there will be high level attention to this major effort we are launching. It would help, I believe, if you would send the attached message as a clear indication of Bank support for this program. *(It is, of course, fully supported by the Bank.)*

William Ryrie *WR*

Attachment

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 20, 1986

Dear Mr. Pinkham:

Your nice letter was received on June 11 and, in the rush of my last days as President of The World Bank, I am afraid it got sidetracked and only surfaced today. My apologies. Since I have not heard from Ed Martin, I thought I should drop you this note.

My interest in the population issue began many, many years ago and it still continues. Therefore, I am pleased that the Board of Directors of the Population Crisis Committee (a great number of whom I know) are considering me as a nominee for the Board. I would be delighted to discuss the subject with you at any time and will look forward to hearing from you.

Sincerely,



Mr. Fred O. Pinkham  
President  
Population Crisis Committee  
Suite 550  
1120 19th Street, N. W.  
Washington, D. C. 20036

THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

A.W. CLAUSEN  
President

June 20, 1986

Dear Chucho:

It is with great regret that all of us here at The World Bank received the word of your resignation from the Cabinet. It is our hope and wish that the enormous effort and sacrifices made by you and your team during the past several years will bear fruit for the benefit of Mexico and the world as a whole. On behalf of my colleagues, let me also express our thanks to you for the trust you have placed in The World Bank in spite of our occasional differences. Over the years, we have greatly benefited from our intensive and candid dialogue with you on critical Mexican and global development policy issues.

More personally, Chucho, I want you to know how much I respect and admire you as a statesman and public servant of Mexico. You have done an outstanding job in a difficult political and economic climate. And there are still great things awaiting you and you have so much yet to contribute to your country.

Please be assured of the value I place on our friendship of many, many years and the support you have always given me. As you know, my term here at The World Bank finishes on June 30 but I will be staying in Washington for a bit, so if you come this way, be sure to get in touch. I'm enclosing a card with my new address and phone number.

Warm regards.

Sincerely,



Lic. Jesus Silva Herzog  
Cerro de Xico No. 44  
Colonia Oxtopulco Universidad  
Coyoacan  
04310 Mexico, D. F., Mexico

BC: D. Knox  
R. Steckhan  
P. Bottelier

A. W. CLAUSEN  
President

June 20, 1986

Dear Jacques:

Last Wednesday evening was thoroughly enjoyable--good food and wines, pleasant and stimulating conversation with good friends. Thanks so much for your warm hospitality.

I don't want this to sound like a farewell note, Jacques, because it isn't. I hope that we will continue to have frequent contacts in the years ahead. However, let me say that our close association these past five years has been very meaningful to me. You have been a good friend and I have always appreciated your support and wise counsel in our joint efforts to help the countries of the developing world.

My best wishes for your continued good health and happiness.

Sincerely,



Mr. Jacques de Larosiere  
Managing Director  
International Monetary Fund  
Washington, D. C.

June 20, 1986

Dear Mrs. Temple:

Just a note to thank you for your kind letter -- I was very touched by it. When you come to the end of a chapter in your life, you expect to hear from the people you know, but when you receive an unsolicited testimonial, it is especially gratifying!

This has indeed been a difficult and challenging time to be President of the Bank. And yet, it has been a very satisfying time as well. Many of the goals I set on joining the Bank five years ago have been achieved. And even more importantly, I have had the opportunity to get to know many of the wonderful people who make the Bank the great place that it is. And these are the memories that will remain with me in the years ahead.

Once again, thank you for writing -- letters like yours are great for the morale!

Sincerely,

A stylized handwritten signature consisting of a large, sweeping 'A' followed by a horizontal line.

A. W. Clausen

Mrs. Nelle W. Temple  
7114 Matthew Mills Road  
McLean, Virginia 22101

MH



# Record Removal Notice

<b>File Title</b> Chronological (outgoing) Files - Chrons 61		<b>Barcode No.</b>  1777500		
<b>Document Date</b> June 20, 1986	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> A.W. Clausen and Mr. Xu Naijiong, Executive Director				
<b>Subject / Title</b> Technical Assistance for Asset/Liability Management				
<b>Exception(s)</b>				
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> 4/21/2023</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> 4/21/2023
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> 4/21/2023			

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 19, 1986

Dear Margaret:

How nice of you to write and I appreciate very much the nice things you had to say. The Presidency of The World Bank is the greatest job there is and my past five years here have been five of the most rewarding and satisfying in my working career. I have been touched by the dedication of so many people--both inside and out of the Bank--who are truly committed to solving the problems of the less-developed countries. I know that even in retirement, I will continue to do whatever I can to help in this ongoing effort.

I, too, am looking forward to the Bretton Woods reception on the 24th and am pleased that you will be there.

Warm regards.

Sincerely,



Ms. Margaret S. Wilson  
Chairman of the Board  
Scarbroughs  
P. O. Box 5516  
Austin, Texas 78763

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 19, 1986

Dear Bill:

I can't tell you how much I appreciate your thoughtful letter and the very generous comments concerning my tenure with the Bank.

The past five years have been extremely interesting, sometimes frustrating but, in all candor, a most enjoyable and rewarding experience. Although the Bank has had to operate in a difficult political and economic environment, I think we have made progress on many fronts--and the progress we have made in Sub-Saharan Africa has been particularly satisfying. I've said it many times, and I repeat, the Presidency of The World Bank is the greatest job in the world and the Bank and its new president will always have my support.

I'm sorry to hear that you haven't been feeling too well lately and hope that by this time you've made some improvement.

Again, Bill, many thanks for writing and let's continue to keep in touch.

Warm regards.

Sincerely,



Mr. William McChesney Martin, Jr.  
888 Seventeenth Street, N. W.  
Suite 904  
Washington, D. C. 20006


June 19, 1986

Dear Mrs. Prebisch:

It was a great pleasure to meet with you on June 13, and to have the opportunity to hear from you about your plans for creating a foundation to preserve and extend Dr. Prebisch's great contributions to development and to development theory. I should like to take this opportunity to express, on behalf of The World Bank, our warmest support for this endeavor. I am sure that such a foundation will be both a fitting tribute to your late husband's work and also a valuable inspiration for a new generation of economists in Latin America.

Warm regards.

Sincerely,

A handwritten signature in dark ink, consisting of a stylized 'A' followed by a horizontal line extending to the right.

A. W. Clausen

Mrs. Raul Prebisch  
Galileo 2425  
1425 Capital Federal  
Buenos Aires, Argentina

cc: Her Excellency  
Lillian Alurralde  
Embajadora

Cleared w/ & bcc: Mr. Scherer

NRoberts:MH

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I AM VERY PLEASED TO INFORM YOU THAT THE REQUIREMENTS SET BY THE  
SEOUL RESOLUTION OF THE BOARD OF GOVERNORS ON THE NEXT STEP TOWARD  
ESTABLISHING THE MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)  
HAVE BEEN FULFILLED. ACCORDINGLY, I PROPOSE THAT THE MIGA  
PREPARATORY COMMITTEE MEET AT THE BANK'S HEADQUARTERS IN  
WASHINGTON ON SEPTEMBER 15-19 AND I INVITE YOUR GOVERNMENT TO  
PARTICIPATE, WITH OTHER SIGNATORIES, IN THE COMMITTEE'S  
DELIBERATIONS. THE COMMITTEE WILL BE CHARGED WITH RECOMMENDING  
THE POLICIES AND REGULATIONS REQUIRED TO INITIATE THE AGENCY'S  
OPERATIONS, SO AS TO FACILITATE THE INITIAL WORK OF MIGA'S COUNCIL  
OF GOVERNORS AND BOARD OF DIRECTORS.

DRAFT OPERATIONAL AND FINANCIAL REGULATIONS, RULES OF PROCEDURE,  
BY-LAWS AND OTHER PAPERS HAVE BEEN PREPARED FOR THE COMMITTEE  
UNDER THE DIRECTION OF THE BANK'S VICE PRESIDENT AND GENERAL  
COUNSEL WHO WILL SEND THEM TO THE GOVERNMENTS WHICH HAVE SIGNED  
THE CONVENTION. FURTHER INFORMATION AND PROPOSALS ON THE  
ORGANIZATION OF THE PREPARATORY COMMITTEE'S WORK WILL ALSO BE  
COMMUNICATED IN DUE COURSE. WARM REGARDS, A.W. CLAUSEN,  
PRESIDENT, WORLD BANK.

END  
OF  
TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE:

TELEX NO.: See Attached

DATE: 06/19/86

SUBJECT:

Convening of MIGA's PrepCom

DRAFTED BY:

Poats/Shihata:mk

EXTENSION:

73911

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

A.W. Clausen

DEPARTMENT:

President

SECTION BELOW FOR USE OF CABLE SECTION

CHECKED FOR DISPATCH

The Honorable  
James A. Baker, III  
Secretary of the Treasury  
Department of the Treasury  
15th Street & Pennsylvania  
Avenue, N. W.  
Washington, D.C. 20220  
United States

Dear Jim

TOM C. CRANE

Su Excelencia  
Senor Cr. Ricardo Zerbino Cavajani  
Ministro de Economia y Finanzas  
Colonia 1089, Piso 3  
Montevideo, Uruguay

398-6269

Dear ~~Governor~~ <sup>RICARDO</sup>

TOM C. CRANE

The Honourable  
Kalpokor Kalsakau  
Minister of Finance, Commerce,  
Industry and Tourism  
Ministry of Finance, Commerce,  
Industry and Tourism  
P. O. Box 31  
Port Vila, Vanuatu

718-1049

Dear Governor

AWC

Son Excellence  
Monsieur Djambouleka Loma Okitongono  
Commissaire d'Etat aux Finances,  
Budget et Portefeuille  
B. P. 12997  
Boulevard du 30 juin  
Kinshasa/Gombe, Zaire

Dear Governor

Telex #

968-21161 AWC

Excelentísimo Senor  
Don Marcos Mba Ondo  
Ministro de Planificación  
y Desarrollo Económico  
Bioko Norte  
Malabo, Equatorial Guinea

Dear Governor

FR/RCA

AWC

His Excellency  
Sheikh Mohammed Abalkhail  
Minister of Finance  
and National Economy  
Ministry of Finance  
and National Economy  
Minister's Office  
Riyadh 11177, Saudi Arabia

*Dear Governor*

928-201669  
928-201021

*AWC*

Son Excellence  
Monsieur Cheikh Hamidou Kane  
Ministre du Plan et  
de la Cooperation  
B. P. 4010  
61, Avenue Courbet  
Dakar, Senegal

*Dear Governor*

3133  
962-~~3053~~

*AWC*

The Honourable  
Dr. Joe Amara-Bangali  
Minister of Finance  
Ministry of Finance  
Secretariat Building, George Street  
Freetown, Sierra Leone

*Dear Governor*

989-3363

*AWC*

The Honourable  
John G. M. Compton  
Prime Minister and  
Minister of Finance  
Office of the Prime Minister  
Laborie Street  
Castries, St. Lucia

*Dear Prime Minister*

341-6394  
FORAFF

*AWC*

Son Excellence  
Monsieur Yaovi Adodo  
Ministre du Plan et de l'Industrie  
B. P. 1667  
Avenue de la Marina  
Lome, Togo

*Dear Governor*

*AWC*

986-5380

His Excellency  
Ekrem Pakdemirli  
Undersecretary of the Treasury  
and Foreign Trade  
Basbakanlik  
Hazine ve dis Ticaret Mustesarligi  
Bakanliklar  
Ankara, Turkey

*Dear Governor*

821-42689

*AWC*

Mr. Robert Leigh-Pemberton  
Governor  
Bank of England  
Threadneedle Street  
London EC2R 8AH, England

*Dear Robin*

Telex #  
851-885001

*Tom C. Amos*

His Excellency  
Dr. Kamal Ahmed El-Ganzoury  
Deputy Prime Minister, Minister of  
Planning and International  
Cooperation  
Ministry of Planning and  
International Cooperation  
8 Adly Street  
Cairo, Arab Republic of Egypt

Telex #

Dear Governor:

927-23348

*Tom C. ...*

The Right Honourable  
Herbert Augustus Blaize  
Prime Minister and Minister  
of Finance  
Office of the Prime Minister  
St. George's, Grenada

Dear Prime  
Minister

Telex #  
320-3418

*Ans*

Dr. Carlo Azeglio Ciampi  
Governatore  
Banca d'Italia  
Via Nazionale 91  
I-00184 Rome, Italy

Dear Governor

843-610021  
843-610024

*Ans*

His Excellency  
Dr. Taher H. Kanaan  
Minister of Planning  
Ministry of Planning  
P. O. Box 555  
Amman, Jordan

Dear Governor

925-21319

*Ans*

His Excellency  
In Yong Chung  
Minister of Finance  
Ministry of Finance  
108-4 Susong-dong, Chongro-ku  
Seoul 110, Republic of Korea

Dear Governor

787-23243

*Ans*

Son Excellence  
Monsieur Mohamed Berrada  
Ministre des Finances  
Avenue Mohammed V  
Quartier Administratif  
Rabat, Morocco

Dear Governor

*Ans*

933-31936.

His Excellency  
Dr. H. O. Ruding  
Minister of Finance  
Ministry of Finance  
Postbus 20201  
Korte Voorhout 7  
2511 CW The Hague, The Netherlands

Dear Onno

844-33141

*Tom C. ...*

Dr. The Honourable  
Kennedy A. Simmonds  
Prime Minister and Minister  
of Finance  
Office of the Prime Minister  
P. O. Box 186  
Government Headquarters  
Basseterre  
St. Christopher and Nevis

Dear Governor

*Ans*

The Honourable  
H. B. St. John  
Prime Minister and Minister  
of Finance and Planning  
Office of the Prime Minister  
Government Headquarters  
Bay Street, St. Michael's  
Bridgetown, Barbados

Dear Prime Minister

Telex #  
386-2222  
EXTERNAL

AWC

Son Excellence  
Monsieur Zul-Kifl Salami  
Ministre delegue aupres du President de la  
Republique charge du Plan et de la  
Statistique  
B. P. 342  
Cotonou, Benin

~~Dear Governor~~  
Dear Governor

Telex #  
979-5118

AWC

Su Excelencia  
Senor Lic. Juan Cariaga Osorio  
Ministro de Finanzas  
Calle Bolivar  
La Paz, Bolivia

Dear Governor

Telex #  
(355-2617)

AWC

The Honourable  
Michael H. Wilson  
Minister of Finance  
Department of Finance  
Place Bell Canada  
160 Elgin Street  
Ottawa, Ontario K1A 0G5  
Canada

Dear Mike

Telex #  
0533336

TOM CLANAHAN

Su Excelencia  
Senor Hernan Buchi  
Ministro de Hacienda  
Teatinos 120  
Santiago, Chile

Dear Governor

Telex #  
(392-241334)

AWC

Su Excelencia  
Senor Dr. Hugo Palacios-Mejia  
Ministro de Hacienda  
y Credito Publico  
Carrera 7a., Numero 6-45  
Bogota DE, Colombia

H-160  
Dear Governor

Telex #

396-43289 / 44473

TOM CLANAHAN

Son Excellence  
Monsieur Abdoulaye Kone  
Ministre de l'Economie  
et des Finances  
B. P. V.163  
Ave. Marchand-Immeuble SCIAM  
Abidjan, Cote d'Ivoire

Dear Governor

969-23747

AWC

Su Excelencia  
~~Senor Francisco X. Swett~~  
Ministro de Finanzas y  
Credito Publico  
Avenida 10 de Agosto 1661  
Quito, Ecuador

ALberto  
Alberto

Dear Governor  
Dahik Garzoxi  
Dahik Garzoxi

Telex #  
393-22358/22449

AWC

# OFFICE MEMORANDUM

DATE June 19, 1986

TO Cable Services  
THROUGH Mr. Nigel Roberts, EXC  
FROM Rutherford M. Poats, MIGA Preparatory Group, LEG

RP

6-19-86  
OK

EXTENSION 73911

SUBJECT Transmission of Telex to 28 Governors of the Bank

~~Q~~

The attached identical messages (Attachment A) from the President to 28 Governors of the Bank, inviting representatives of signatory countries to attend the MIGA Preparatory Committee meeting, have been approved by Mr. Clausen. Please send these telexes, using the individual addresses listed on Attachment B.

Attachments

cc: Ibrahim F.I. Shihata, LEGVP

RMPoats:tj

(Modified -- 1/85)

TEXTNAME: Tel-ClausenPAGE 1 OF 2START  
HERE

WDIAL

.LCIMX

OINFO

-----  
-SUBJECT: MEXICO - APPOINTMENT SHCP

-DRAFTED BY: PBOTTELLIER/SLC

EXT: 72562

-AUTHORIZED BY: A. W. CLAUSEN, PRESIDENT

-CC: KNOX, LCNVP; STECKHAN, LCIDR; BOTTELLIER, LCIMX  
-----

383 1762130 =

-LIC. GUSTAVO PETRICCIOLI

-SECRETARIO DE HACIENDA Y CREDITO PUBLICO

-SECRETARIA DE HACIENDA Y CREDITO PUBLICO

-MEXICO, D.F., MEXICO

BT

WASHINGTON DC - 19-JUNE-86

I WOULD LIKE TO CONGRATULATE YOU ON YOUR APPOINTMENT AS MEXICO'S  
SECRETARY OF FINANCE AND PUBLIC CREDIT. YOUR LONG AND  
DISTINGUISHED CAREER IN MEXICO, AND THE BROAD INTERNATIONAL  
EXPERIENCE THAT YOU ARE BRINGING TO THIS CRITICAL POST AT THIS

END  
OF  
TEXT

SIGNATURES:

DRAFTED BY: PBAUTHORIZED BY: A. W. Clausen

*Cleared by Steckhan*  
6/19

READY FOR  
TRANSMISSION:

(Inputter's Initials)

TRANSMITTED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

DELIVERY NOTICES RECEIVED? \_\_\_\_\_

WORLD BANK OUTGOING MESSAGE FORM Cable, Telex  
IMPORTANT - PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM

(Modified -- 1/85)

TEXTNAME: Tel-ClausenPAGE 2 OF 2START  
HERE

CRITICAL JUNCTURE, UNDERLIE OUR HOPE AND CONFIDENCE THAT  
SOLUTIONS WILL BE FOUND FOR MEXICO'S EXTREMELY PRESSING  
FINANCIAL PROBLEMS. I WOULD LIKE TO ASSURE YOU OF OUR CONTINUED  
DESIRE AND COMMITMENT TO WORK CONSTRUCTIVELY WITH YOUR  
GOVERNMENT TOWARDS THE REALIZATION OF YOUR COUNTRY'S ENORMOUS  
DEVELOPMENT POTENTIAL. MY STAFF IS LOOKING FORWARD TO AN EARLY  
OPPORTUNITY TO DISCUSS WITH YOU HOW WE CAN BE OF GREATEST  
ASSISTANCE TO YOU. MEANWHILE, I AM SENDING YOU MY BEST WISHES  
FOR SUCCESS IN YOUR NEW ASSIGNMENT. WITH WARM PERSONAL REGARDS,  
A.W. CLAUSEN, PRESIDENT, INTBAFRAD.

END  
OF  
TEXT

SIGNATURES:

DRAFTED BY: \_\_\_\_\_

AUTHORIZED BY: A. ClausenREADY FOR  
TRANSMISSION:

(Inputter's Initials)

TRANSMITTED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

DELIVERY NOTICES RECEIVED? \_\_\_\_\_

## OFFICE MEMORANDUM

4  
DATE June 18, 1986  
TO Mr. A. W. Clausen  
FROM Shahid Javed Burki, Director, IRD  
EXTENSION through Jose Botafogo, G., VPE  
7-2408  
SUBJECT Observer Status at GATT

6.20.86

The attached cable is intended to gain authorization for the Bank to attend the GATT Ministerial meeting in September and the subsequent meetings of the Trade Negotiations Committee as an observer. Although the Bank now has observer status at sessions of the Contracting Parties and at GATT Council meetings, this does not extend to other proceedings. The IMF, which is mentioned specifically in the GATT Articles of Agreement has had observer status in previous GATT Trade Negotiation rounds; the Bank has not. But for the Bank to track the progress of negotiations in the New Round, such status will be important. Your request will make it possible for Mr. Dunkel to initiate the process of obtaining observer status for the Bank. ||

VJRiley:yrb

WDIAL

.IRDIO

OINFO

-----  
-SUBJECT:GATT

-DRAFTED BY:VJRILEY/YRB

EXT:7-4455

-AUTHORIZED BY: A. W. Clausen

-CC:Messrs. Michalopoulos, Siebeck

-  
-----

845 28787 =

-GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

-GENEVA, SWITZERLAND

-ATTN: MR. DUNKEL

BT

WASHINGTON DC - 19-JUNE-1986

ON 2 OCTOBER 1984, THE GATT COUNCIL GRANTED THE WORLD BANK  
OBSERVER STATUS AT SESSIONS OF THE CONTRACTING PARTIES AND AT  
COUNCIL MEETINGS. IN ORDER TO BE ABLE TO FOLLOW PROGRESS IN THE  
NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS, IT WILL BE  
IMPORTANT FOR THE BANK TO ATTEND, AS OBSERVER, THE MINISTERIAL  
MEETING SCHEDULED FOR SEPTEMBER 1986 IN PUNTA DEL ESTE AS WELL  
AS THE SUBSEQUENT MEETINGS OF THE TRADE NEGOTIATIONS COMMITTEE.  
I REQUEST THAT YOU INITIATE THE PROCESSES NECESSARY TO ENABLE  
THE BANK TO BE AUTHORIZED TO ATTEND THESE MEETINGS IN AN  
OBSERVER STATUS. BEST REGARDS, A. W. CLAUSEN, PRESIDENT, WORLD  
BANK.

A handwritten signature in black ink, appearing to read "A. W. Clausen". The signature is stylized with a large, sweeping initial "A" and a long, horizontal flourish extending to the right.

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 18, 1986

Dear Father Ted:

I'm discovering that there are more  
pluses to retiring than I originally thought!  
One is that I am hearing from old and good  
friends.

Many thanks for your nice note and  
your kind comments. Working for The World Bank  
these past years has been very rewarding to me  
and I am proud of what my colleagues and I have  
accomplished in this period. The problems and  
issues of the developing world hold a high pri-  
ority for me and will continue to do so.

You were thoughtful to write and I  
hope that our paths will cross in the future.

Warm regards.

Sincerely,



Reverend Theodore Hesburgh, CHC  
President  
University of Notre Dame  
Notre Dame, Indiana 46556

THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

A.W. CLAUSEN  
President

June 18, 1986

Dear Howard:

It was considerate of you to write me about your inability to join us at the Bretton Woods get-together on June 24. I certainly understand your constraints, and you will be missed.

Thanks, too, for your thoughtful comments. I have enjoyed my service at The World Bank these past five years. A large measure of the satisfaction I have received is working with dedicated and concerned peoples from all walks who share our mutual objective of improving the lot of our third world countries.

I shall look forward to our paths crossing before too long.

Sincerely,



Mr. Howard P. Allen  
Chairman of the Board  
Southern California Edison  
Company  
P. O. Box 800  
Rosemead, California 91770

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 18, 1986

Dear Frank:

We just heard the bad news of your unfortunate accident last Friday.

I know your injuries presently are causing you considerable discomfort and pain but hopefully that part will be over soon and the recuperative period will be a little easier on you. Please be assured that your friends and colleagues here at the Bank are keeping you in their thoughts and prayers.

Since I won't see you prior to my leaving on June 30, let me take the occasion of this note to say thank you for your help to me during my tenure at the Bank and to express the hope that, in spite of this latest setback, your future will be happy and successful.

Sincerely,



Mr. Francis Robinson  
c/o Walter Reed Hospital  
Ward 68  
6900 Georgia Avenue N. W.  
Washington, D. C. 20307

June 17, 1986

Dear Ms. Blackburn:

Thank you for sending me a copy of Pieces of the Global Puzzle. I am pleased and honored to have my Fairfield Osborn Lecture included in such distinguished company. You, in turn, must be very proud indeed of having brought this book to fruition. Congratulations!

Sincerely,



A. W. Clausen

Ms. Anne M. Blackburn  
5 Brackett Road  
Wayland, Massachusetts 01778

MH

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 17, 1986

Dear Alan:

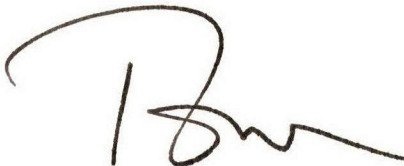
It has been a while since we've been in touch but through this letter I would like to bring to your attention a gentleman in whom I think you may find considerable interest.

Hugh Foster has been United States Alternate Executive Director of The World Bank since 1983 and most recently (since July 1985) has been Acting U. S. Executive Director. The time has come for him to return to the private sector, and he is interested in using his international exposure obtained at Wells Fargo in his twelve years there plus the past years here on our Board. Hugh would like to pursue opportunities that would involve him in privatization efforts around the world. He understands that BCG has done some important work in this field and therefore he would like to discuss it with you. I have known Hugh for a good many years and we have worked very closely together during his tenure here at The World Bank. It is my observation that he would make a real contribution in this area.

When Hugh and I talked about his future recently, I offered to write you and introduce him to you. Also I suggested that he prepare a brief resume which I am enclosing. I would greatly appreciate it, Alan, if you could fit Hugh into your schedule at a convenient moment to discuss possible chances of an association with BCG.

I am delighted that BCG still continues its preeminent position in the consulting field which is a tribute to your leadership. Congratulations and every good wish to you.

Sincerely,



Mr. Alan J. Zakon  
Chairman of the Board  
The Boston Consulting Group, Inc.  
Exchange Place  
Boston, Massachusetts 02109

Enclosure

BC: Hugh Foster

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 17, 1986

Dear Ibrahim:

The reception you hosted Saturday night for Peggy and me was perfect. We were touched to see so many of our friends from the Bank there as well as some from the diplomatic and political communities. And it was good to visit with them in the relaxed setting of your nice garden. You and Samia were thoughtful to do this for us, and we are very grateful.

Serving the Bank has been a great source of satisfaction for me and I look back with pride on the many things we were able to accomplish. I am glad that you have been a part of my five years here, Ibrahim, and indeed it is the daily association with my colleagues at the Bank that I will miss the most. I appreciate the support you have given me over the years and look forward to continuing our friendship in the years ahead.

Warm regards.

Sincerely,



Mr. Ibrahim Shihata  
Vice President  
The World Bank  
Room E-723

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 17, 1986

Dear Mr. Ambassador:

It was really a pleasure to spend such a delightful evening with you, Mrs. Soedarman and your other guests at dinner last Friday night.

Your home and gardens are beautiful and provided a lovely ambiance for relaxing and socializing with good friends. You and Mrs. Soedarman are gracious hosts and made all of us feel at home. And you made an outstanding contribution to The Washington Opera for which we are all grateful!

Thank you both for your generous and warm hospitality.

Sincerely,



His Excellency  
Soesilo Soedarman  
Ambassador of Indonesia  
Embassy of Indonesia  
2020 Massachusetts Avenue, N. W.  
Washington, D. C. 20036

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 17, 1986

His Royal Highness  
Crown Prince Hassan  
Hashemite Kingdom of Jordan

Your Royal Highness,

Thank you for your letter of May 31, 1986 conveyed to me by the kind hand of His Excellency Dr. Taher Kana'an, Minister of Planning of Jordan, with whom I enjoyed a very interesting and useful discussion.

It is indeed a pleasure to hear from you again, and I would like to take this opportunity to assure Your Highness of the World Bank's continued support as Jordan faces new and difficult challenges in its efforts to improve the economic and social well-being of its people during the 1986-90 Five-Year Development Plan. Jordan's economic accomplishments during the past Plan period have been impressive, but as you indicated, Jordan now stands at a crossroads. During the new Plan period it must grapple with the key problems of how to adapt the economy to an era which will be characterized by slower growth in the Region and how to maximize employment creation within new financial and balance of payments constraints.

Through our lending and economic and sector work, we shall continue to work closely with the Government in areas which will be crucial to the success of this endeavor: stepping up productive and labor-intensive investments, especially in the private sector, both for exports and efficient import substitution, so as to accelerate new employment creation and reduce the dependence on workers' remittances and grants; consolidating past investment efforts and increasing the cost-effectiveness of recurrent expenditures, while expanding domestic revenues, in order to constrain public expenditures and reduce dependence on external assistance; and slowing down growth of private consumption, so as to increase domestic savings and reduce the growth of current imports.

With regard to the private sector, the IFC is committed to building up its investment program in Jordan. IFC has recently stepped up its promotion activities to identify new projects and is currently considering a number of restructuring and expansion proposals. IFC is also cooperating closely with the Jordan Pension Fund to arrange an agribusiness symposium in Amman later this year to identify and encourage private sector agribusiness ventures. These efforts are geared to help the private sector meet the challenges of its emergent role in the future of the Jordanian economy.

His Royal Highness  
Crown Prince Hassan

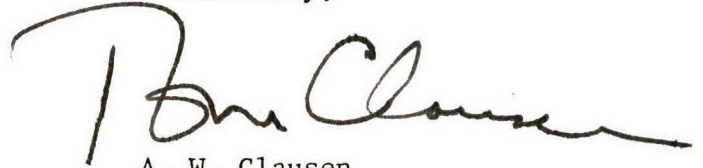
- 2 -

June 17, 1986

On a personal note, Your Royal Highness, as I leave The World Bank, I would like to say once again how much I have enjoyed meeting with you from time to time and having the opportunity to discuss a wide range of important issues. Hopefully, our paths will continue to cross in the future.

Warm regards.

Sincerely,

A handwritten signature in dark ink, appearing to read 'A. W. Clausen'. The signature is fluid and cursive, with a large initial 'A' and 'W'.

A. W. Clausen  
President

Cleared with Messrs. Stoutjesdijk and Nassim (IFC)  
RZaborski/DBates:pl:AWC:MH

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 16, 1986

Dear Bill:

Thank you for your recent letter requesting our continued support of The United Way Loaned Executive Program. We are presently working on identifying suitable candidates and Mr. Hadar, in charge of our Community Relations Program, will be back in touch with you prior to your deadline of July 18.

Let me say that we have had a number of "glowing" reports on the fine job done by Thelma Jones last year and we will certainly look into the possibility of her serving again this year.

Sincerely,



Mr. William G. Tull  
Chairman, 1986  
United Way Campaign  
Loaned Executive Program  
American Security Bank, N.A.  
1501 Pennsylvania Avenue, N.W.  
Washington, D. C. 20013

BC: M. Paijmans  
Wm. Cosgrove  
Y. Hadar

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 16, 1986

Dear Bob:

There wasn't much room on the enclosed photo to write what I wanted to so, instead, I am taking this means.

It has been a pleasure working with you these past five years, and I am grateful to you, Bob, for the outstanding support and assistance you have always given me--and Peggy too--during our annual meetings of the Bank. We both appreciate all you have done for us.

We wish you all the best in the years to come.

Sincerely,



Mr. R. S. Callis  
Bank/Fund Conference Office  
Room Q-312

June 16, 1986

Dear Rod:

Thanks for your letter concerning Mohamed Yimam. Obviously, I was also mixed up as to who was who!

In any event, I will be pleased to pass his resume and your letter -- which is a great recommendation in itself -- on to my colleagues in our Personnel Department who will follow up with Mr. Yimam. I feel I should add that our hiring is very limited and the competition is tough. And because we are looking for rather specialized types, we do turn down many highly-qualified people. But, as I say, we will certainly look at any possibilities and will get in touch with Mr. Yimam.

Thanks again for writing, Rod.

Sincerely,

A. W. Clausen

Mr. Roderick M. Hills  
Suite 1217  
1730 Rhode Island Avenue, N. W.  
Washington, D. C. 20036

✓ bcc: Mr. Chandran (w/ incoming)

MH

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 16, 1986

Dear Jim:

Many thanks for your recent letter concerning the completion of my three-year term as a member of the Board of Trustees and of the Development Committee.

My association with The Brookings Institution over the years has always held top priority for me and has been a personally rewarding experience. I am very pleased that you are recommending my reelection to the Board and to the Development Committee and would be delighted to continue on both.

Sincerely,



Mr. James D. Robinson III  
Chairman  
Nominations Committee  
The Brookings Institution  
1775 Massachusetts Avenue, N. W.  
Washington, D. C. 20036

P.S.: As I've already informed Bruce, I'll miss the Annapolis retreat this year. Things are just too hectic here at the Bank in these closing days of my term!

June 16, 1986

Dear Mr. Shamsedin:

Thank you very much indeed for your kind letter -- your nice comments are certainly appreciated. Many of the goals which I set for the Bank on my arrival five years ago have been achieved, and that is gratifying. But on another level, it is equally gratifying to know that the staff have felt that I cared about them -- because, of course, it is the staff who make this institution the great place that it is.

Mrs. Clausen and I appreciate your good wishes for the future and send you and Mrs. Shamsedin our own in return.

Warm regards.

Sincerely,



A. W. Clausen

Mr. Ezzedin M. Shamsedin  
Advisor to Executive Director  
The World Bank  
Room E-1127

MH

June 16, 1986

Dear Senator McClure:

Thank you for your letter concerning Mr. A. A. Araj and his interest in working for The World Bank. His background in agricultural economics is certainly pertinent to our work, and I'll be happy to pass his resume on to my colleagues in our Personnel Department for their further consideration. He will be contacted directly by that department to follow up on his interest in employment here.

Thanks again for bringing him to our attention.

Sincerely,



A. W. Clausen

The Honorable  
James A. McClure  
United States Senator  
United States Senate  
Washington, D. C. 20510

/ bcc: Mr. Chandran (w/ incoming)

MH

June 16, 1986

Dear Matt:

Thank you for your letter concerning a Bank proposal to fund a scientific research foundation. I appreciate your concerns and the constructive way in which you have expressed them, and am glad that you have shared them with me.

First of all, let me assure you that this is indeed only a proposal which is in the consideration phase, as our final net income position for FY86 is, of course, not yet certain. However, as soon as the income picture becomes clearer and we have discussed the matter further, we will get back to you with more information on where the proposal stands.

Let me also take this opportunity to thank you for your kind personal remarks. It's always a pleasure to hear these things from friends.

Warm regards.

Sincerely,

  
A. W. Clausen

The Honorable Matthew F. McHugh  
Member of Congress  
2335 Rayburn House Office Building  
Washington, D. C. 20515

bcc: Mr. Stern  
Mr. Qureshi

NR:MH

June 13, 1986

Dear David:

Many thanks for sending me the draft Executive Summary of the Americas Society report on Latin America. I'm glad the Bank could be of some assistance in preparing it. I'm looking forward to reading it and will get back to you with any suggestions and/or comments we might have.

In addition, we will also look into the possibility of sharing in the costs of producing this report, and I'll let you know about that shortly.

Warm regards.

Sincerely,



A. W. Clausen

Mr. David Rockefeller  
Chairman  
Americas Society  
680 Park Avenue  
New York, N. Y. 10021

/ bcc: Mr. Stern (w/ incoming)

MH

June 13, 1986

Dear Congressman de la Garza:

Thank you for your letter bringing the water disinfecting device to our attention.

I am passing your letter on to Hugh Foster, the Acting Executive Director who represents U. S. interests on the Board of the Bank, and am asking him to consult with the appropriate staff here as to the potential applicability of such a device. He will be in touch with you in due course.

Thank you once again for writing.

Sincerely,

A. W. Clausen

The Honorable  
E. (Kika) de la Garza  
Member of Congress  
U. S. House of Representatives  
Washington, D. C. 20515

cc: Hugh Foster

bcc: Mr. Stern  
Mr. Churchill

A. W. CLAUSEN  
President

June 12, 1986

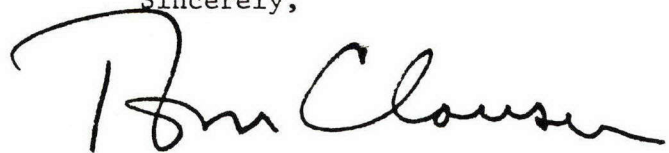
Dear Mr. Ambassador:

Last evening's reception hosted by you and your colleagues was very, very special. Mrs. Clausen and I were touched by your kindness and the warm greetings we received from our good friends in the African diplomatic community. You were especially generous, Mr. Ambassador, in your comments about my tenure with The World Bank. One of the many rewarding aspects of my role with the Bank has been the opportunity afforded me to work with the African governments in attempting to address their economic and development needs. As I mentioned last night, our job isn't finished and I am certain that the efforts of The World Bank in this direction will continue and strengthen in the years ahead.

Mrs. Clausen and I are very pleased with the beautiful Senegalese tapestry which you presented to us. It is truly a work of art and one which will remind us always not only of the fine friendships we have made in the Washington African community but also of the many wonderful people we have met in our travels within your continent.

Every good wish to you for the future.

Sincerely,

A handwritten signature in black ink, appearing to read "A. W. Clausen". The signature is fluid and cursive, with a large initial "A" and "W" that are connected to the rest of the name.

His Excellency  
Kasongo Mutuale  
Ambassador of the Republic of Zaire  
Embassy of Zaire  
1800 New Hampshire Avenue, N.W.  
Washington, D. C. 20009

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 12, 1986

Dear Mr. Ambassador:

Mrs. Clausen and I are deeply grateful to you for the delightful evening you and your colleagues hosted for us last night. You assembled a very distinguished group of guests from the African and the U. S. communities and we were touched by that and by the kindness and warmth with which we were received.

These past five years with The World Bank have been extremely satisfying and rewarding for me. One of the most significant rewards, however, has been the opportunity I have had to work closely with the African Ambassadors and their governments in our joint efforts to address the economic and development needs of their countries. I am certain that these efforts will continue and strengthen in the years ahead.

Mrs. Clausen and I are delighted with the beautiful tapestry. It is an outstanding piece of art and so representative of the fine workmanship of the Senegalese craftsmen. It will serve to remind us of the fine friendships we have made in the African communities both here in Washington and within the continent as well.

Warm regards.

Sincerely,



His Excellency  
Falilou Kane  
Ambassador of Senegal  
Embassy of Senegal  
2112 Wyoming Avenue  
Washington, D. C. 20008

June 12, 1986

Dear Congressman Gilman:

Thank you for your letter addressed to Mr. Clausen concerning your constituent's problems with the "International Development Bank". On looking into this matter, I believe the institution Mr. Isseks wishes to contact is the Inter-American Development Bank (IDB) here in Washington -- not The World Bank. Carlos Bedoya, whom Mr. Isseks mentions, is on the staff there, and his telephone number is, as noted in the letter, 624-8346.

I would suggest that your office get in touch with him in order to resolve this situation.

Sincerely,



Nigel Roberts  
Assistant to the President

The Honorable  
Benjamin A. Gilman  
Member of Congress  
2160 Rayburn Building  
Washington, D. C. 20515

June 12, 1986

Dear Aldo:

We were saddened to learn of your wife's death earlier this week. It is difficult to lose a loved one, but I hope the memories of your happy life together will help sustain you in the days ahead.

On behalf of all your friends at the Bank, I extend to you and your family our deepest sympathy in this time of loss.

Sincerely,

A handwritten signature in dark ink, consisting of a stylized, cursive 'A' followed by a horizontal line that loops back under the 'A'.

A.W. Clausen

Mr. Aldo Spinelli  
4437 Butterworth Place  
Washington, D.C. 20016

cc: Mr. A.W. Clausen (2)  
Mr. W.J. Cosgrove (1)

JZiegler:sab

June 11, 1986

Mr. Robin Hanbury-Tenison  
President, Survival International  
29 Craven Street  
London WC2 5NT, United Kingdom

Dear Mr. Hanbury-Tenison:

I appreciate the concerns you have expressed about the World Bank's support for Indonesia's transmigration program in your open letter published in The Ecologist, Vol. 16, No. 2/3.

As a development institution, in business for more than 40 years, we believe that development assistance can only be effective if it takes account of the economic, social, and environmental context in which growth takes place or is planned. The World Bank's assistance for transmigration in Indonesia has been guided by this experience.

As you know, one of the Government of Indonesia's major objectives in transmigration is to reduce population pressures which contribute to ecological damage in Java, while at the same time creating employment opportunities through regional development in the less populated areas of the country. Some 100 million of Indonesia's population of over 165 million live in Java, an island with only 7 percent of the country's land area. About 40 million Javanese belong to households with incomes below the poverty level (about \$100 per capita/year). Some 11.5 million farm families live on 6 million hectares (ha) of agricultural land, an average of 0.5 ha per household, which is less than a subsistence size plot. Inequitable land distribution is not a major problem; rather it is the very high ratio of people to land that forces poor families to farm steep slopes in upland watersheds and causes soil erosion and damage to irrigation infrastructure -- reservoirs and canals -- on which a major portion of agricultural production depends. Many rural families, unable to find land or work, are forced to move to cities, exacerbating urban poverty and unemployment.

The Government is addressing these problems on a broad front. It has one of the most successful voluntary family planning programs among the developing countries, which has helped slow the population growth rate on Java to 1.8 percent a year. With employment generation and poverty alleviation as its key development objectives, the Government has used its resources to improve human welfare through the promotion of large and

small-scale enterprise, labor-intensive development programs and the expansion of educational and health facilities in Java and elsewhere. Its voluntary transmigration program is an important means to achieving the employment and poverty alleviation objectives. No large resettlement effort in modern times has been carried out with so little communal tension. This is not to say that there are no problems. There have been difficulties. But this is to be expected in a program of this scale.

Resettlement programs, which started in 1905, had moved about 1 million largely landless people by 1979. Between 1979 and 1984, about 1.5 million people were moved on the sponsored transmigration program and many others have moved with little or no government assistance. During the third Five-Year Plan period (1979-1984), sponsored transmigration created 500,000-600,000 full-time jobs and an equal number of temporary jobs in site development. About 1.5 percent of Java's population was moved, and 15 percent of the incremental labor force was absorbed under the program. The fact that so many people moved voluntarily to participate as pioneers, and the low return rate among them, attest to the economic pressures the rural poor feel and also to the opportunities they perceive in the outer islands.

Virtually all transmigrants belonged to the lowest income groups before they moved. In the resettled areas at least half of them now have incomes above the poverty line. In a recent study of a representative sample of recently established transmigration areas, two-thirds of the transmigrants said their incomes have improved, 17 percent said they were the same, and 16 percent said they were worse. During the five-year development period, the numbers of families who hand over their plots to others is small, and at least 90 percent of the resettled families remain on the sites to which they moved. Thus, transmigration has been successful in raising incomes and increasing the assets of many settlers whose prospects would have been worse had they remained in the overcrowded islands.

Continued efforts will be required to increase incomes and improve implementation in the transmigration settlements. To that effect, diversified farming systems need to be introduced, appropriate agricultural support services need to be strengthened, and the implementation of monitoring and evaluation systems needs to be further improved. Where the movement of spontaneous migrants has created environmental problems or where there are possible adverse effects on indigenous peoples in the outer islands, these problems require the Government's continuing attention. In recognition of these problems and due to land and financial constraints, the Government has recently reduced targets for sponsored settlement to about one-half of former levels. The Government is placing major emphasis on increasing settlement on tree crop schemes, which generate an income of about \$1,500 per household a year, and on improving existing sites.

The World Bank's assistance for transmigration, through five transmigration and two swamp reclamation projects, is intended to assure sustainable, and environmentally and socially sound resettlement. In 1981

June 11, 1986

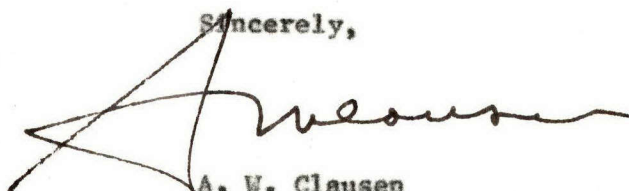
resources were allocated under an ongoing loan to support improvements in site selection and planning methodology. Two projects, approved in 1983 and 1985, have specifically dealt with appropriate site selection and evaluation. Actual settlement based upon improved planning has only recently been initiated; thus, few of the existing settlements have been based upon plans prepared after planning improvements were instituted.

Your letter raised specific concerns with respect to the program's impact on forestry resources and on the people of Irian Jaya. Sponsored settlement in the third Five-Year Plan used less than 1 percent of the forested land in Sumatra, Kalimantan, and Sulawesi, and a small fraction of 1 percent in Irian Jaya. Settlement in forests used for production or conservation purposes, which cover about 50 percent of the area in the outer islands, is prohibited. The increased emphasis being given to tree crops in the transmigration program will assure that in the future much of the forest area used for settlement will retain tree cover. Further action is required to gazette, demarcate, and protect environmentally important areas, and plans are underway to do this. In the early years of the third Five-Year Plan, rapid land clearing in receiving provinces without adequate planning led to some conflicts between the interests of the transmigrants and the local people, but the improvements in planning have helped overcome difficulties in this respect.

The World Bank is also concerned about the impact of the program on less-assimilated people. Under the Bank's Fifth Transmigration Project, anthropologists are working with site selection and evaluation teams. Measures have been introduced to identify the local people and their land needs in order that those who wish to do so can continue to pursue their traditional way of life. Their views on benefits and/or compensation are being ascertained. If they do not wish to be included in the resettlement area, the planning requirement calls for benefits through parallel development. About 20,000 families, or 5 percent of the total moved since 1979, were moved to Irian Jaya under the sponsored transmigration program. Under the present Five-Year Plan (1985-89), the Bank estimates that another 25,000 families will be moved. There are no plans to settle migrants in the densely settled highlands, where the majority of the Irianese live.

Economic and social development entails trade-offs and choices have to be made among various options, some of them very difficult. With World Bank assistance, the Government is attempting to choose the options which maximize economic benefits with minimum adverse effects. On balance, the transmigration program is benefitting a large number of poor people in Indonesia. It is promoting sound and sustainable development in the outer islands. It has problems and they are being addressed. It deserves the World Bank's continued support.

Sincerely,



A. W. Clausen  
President

Mr. Robin Hanbury-Tenison

- 4 -

June 11, 1986

PNSchwartz/fdr

bcc and cleared with~ Ms. Hamilton, Messrs. Rao (RSI), Goodland, Mead,  
Baudelaire, Blinkhorn

cc~ Messrs. Kaji, Cole, Rao, Vogl, Koelle, Roberts, Bart (Paris)

The attached letter was sent to all of the following persons who signed the Open Letter in The Ecologist magazine on the subject of transmigration in Indonesia: (Sent June 12 and 13, 1986)

Mr. Edward Goldsmith  
Editor, The Ecologist  
Worthyvale Manor Farm  
Camelford, Cornwall PL32 9TT  
England

Lord Avebury  
Honorary President, Topal  
The British Campaign for the Defence of  
Human Political Prisoners in Indonesia  
8a Treport Street  
London SW 18, England

Des Wilson  
Campaign Director  
Friends of the Earth (International)  
377 City Road  
London EC 1, England

Jonathan Porritt  
Director  
Friends of the Earth (U.K.)  
377 City Road  
London EC1, England

Ola Persson  
Chairman, Fourth World Association  
of Sweden  
Sommarvagen 2 nb  
S-171 40 Solna, Sweden

Anil Agarwal  
Director, Center for Science  
and Environment  
807 Vishal Bhawan  
95 Nehru Place  
New Delhi 110019, India

Jacques de Kort  
President, Workgroup for Indigenous Peoples  
Postbus 4098  
1009 AB Amsterdam, Netherlands

J. Karubui  
Secretary, West Papuan Observer  
P.O. Box 51251  
1007 EG Amsterdam, Netherlands

Barbara J. Bramble  
Director, International Program  
National Wildlife Federation USA  
1412 16th Street, N.W.  
Washington, D.C. 20036

Janet Barber  
Director of Conservation  
World Wildlife Fund (U.K.)  
Panda House  
11-13 Ockford Road  
GB - Godalming  
Surrey, GU7 1QU, England

Bruce Rich  
Senior Attorney  
Environmental Defense Fund  
1616 P Street, N.W., Suite 150  
Washington, D.C. 20036

Patricia Adams  
Director, Third World Research  
Energy Probe  
100 College Street  
Toronto MSG 1LS, Canada

David Wirth  
Senior Project Attorney  
Natural Resources Defense Council  
1350 New York Avenue, N.W.  
Washington, D.C. 20005

Brent Blackwelder  
President, Environmental Policy Institute  
218 D Street, S.E.  
Washington, D.C. 20003

John Phua  
Bakun Dam Committee  
Environmental Protection Society  
of Malaysia  
P.O. Box 8, 96007 Sibuluan  
Sarawak, Malaysia

Mr. Andrew Gray  
Co-Director, International Work Group  
for Indigenous Affairs  
Fiolstraede 10  
DK 1171 Copenhagen K, Denmark

Jan Lucas Van Hoorn  
International Secretary  
PolitiekePartij Democraten 66  
Bezuidenhoutseweg 195  
2594 AJ Den Haag  
The Netherlands

Peter Davis  
Director  
Anti-Slavery Society  
180 Brixton Road  
London SW9 6AT, England

Jason Clay  
Director of Research  
Cultural Survival  
11 Divinity Avenue  
Cambridge, MA 02138

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 13, 1986

Mr. J. Karubui  
Secretary  
West Papuan Observer  
P.O. Box 51251  
1007 EG Amsterdam, Netherlands

Dear Mr. Karubui:

I appreciate the concerns you have expressed about the World Bank's support for Indonesia's transmigration program in your open letter published in The Ecologist, Vol. 16, No. 2/3.

As a development institution, in business for more than 40 years, we believe that development assistance can only be effective if it takes account of the economic, social, and environmental context in which growth takes place or is planned. The World Bank's assistance for transmigration in Indonesia has been guided by this experience.

As you know, one of the Government of Indonesia's major objectives in transmigration is to reduce population pressures which contribute to ecological damage in Java, while at the same time creating employment opportunities through regional development in the less populated areas of the country. Some 100 million of Indonesia's population of over 165 million live in Java, an island with only 7 percent of the country's land area. About 40 million Javanese belong to households with incomes below the poverty level (about \$100 per capita/year). Some 11.5 million farm families live on 6 million hectares (ha) of agricultural land, an average of 0.5 ha per household, which is less than a subsistence size plot. Inequitable land distribution is not a major problem; rather it is the very high ratio of people to land that forces poor families to farm steep slopes in upland watersheds and causes soil erosion and damage to irrigation infrastructure -- reservoirs and canals -- on which a major portion of agricultural production depends. Many rural families, unable to find land or work, are forced to move to cities, exacerbating urban poverty and unemployment.

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resources were allocated under an ongoing loan to support improvements in site selection and planning methodology. Two projects, approved in 1983 and 1985, have specifically dealt with appropriate site selection and evaluation. Actual settlement based upon improved planning has only recently been initiated; thus, few of the existing settlements have been based upon plans prepared after planning improvements were instituted.

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Sincerely,

(Signed) A. W. Clausen

A. W. Clausen  
President

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 10, 1986

Dear Mr. Templeton:

Many thanks for sending the photograph of my portrait. Darkening the background has made a great improvement. We did take it to the Board Room and it certainly blends much better with the others.

There is one small thing which was noticeable to me at close range and, admittedly, might not be a concern from a distance and that is the "five o'clock shadow" effect caused by the highlighting above and below my lips and on my left cheek. If it is a problem to adjust this or, from your view as the artist and expert, it is not appropriate to change it, then I'll accept your decision. In any event, the sum total is that I like the results very much indeed.

It has been enjoyable working with you again and thank you for what you've done.

Sincerely,

Mr. Robert Templeton  
197 Carmel Hill Road  
Woodbury, Connecticut 06798

P.S. Do you want the photograph returned or may I keep it?

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 10, 1986

Dear Bob:

I really enjoyed last evening's events with you and the other members of The Business Roundtable. It was great to see and visit with so many good friends and sorry I couldn't join you for your reception afterward.

You are to be commended and congratulated, Bob, on your term as Chairman. With the demands on your time already at maximum, you sacrificed a lot to assume the Chairmanship and serve so diligently. Your expert leadership has enabled The Business Roundtable to continue its influential and catalytic role in helping the business community to focus on public issues affecting the economic and social well-being of our nation.

Thanks for all you've done and best wishes for the future.

Sincerely,



Mr. Robert A. Beck  
Chairman  
Prudential Insurance Company  
of America  
Prudential Plaza  
Newark, New Jersey 07101

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 10, 1986

Dear Roger:

It was great to see you last evening at the annual dinner of The Business Roundtable and, once again, congratulations on assuming the Chairmanship of the group. You have a proven track record of successes so your leadership of the Roundtable will simply add to that record.

The Roundtable continues to do an outstanding job of working closely with the business community in its on-going efforts to make our business leaders more aware of public issues and their ultimate impact on the economic and social well-being of our nation. The present economic climate is such that your job will not always be easy but I hope it will be a satisfying and rewarding one for you.

I look forward to seeing you soon again.

Sincerely,



Mr. Roger B. Smith  
Chairman  
General Motors Corporation  
General Motors Building  
3044 West Grand Boulevard  
Detroit, Michigan 48202

June 9, 1986

Dear Yossi:

Just a note to let you know how much I appreciate your letter. The Bank has indeed made great progress in the area of community relations; we are no longer viewed as an isolated institution which incidentally happens to be located in Washington. We have developed the image of a caring, involved organization and for that we owe much to you and your colleagues.

For me, it has been a source of pride to see this change come about; I have been especially pleased to see the increased interest in -- and contributions to -- the United Way effort. I fully expect this to continue in the future, and the Bank will depend on people like you to make sure that it does.

Once again, thanks for writing.

Sincerely,



A. W. Clausen

Mr. Yosef Hadar  
Community Relations  
Information and Public Affairs  
The World Bank  
Room D 821

MH

June 9, 1986

Dear Jaime:


It was a pleasure to receive your note, and I appreciate your nice comments about my term as President of the Bank. Since the announcement of my retirement, I have received a number of letters from friends, and these have been very heartwarming and encouraging.

Serving the Bank has been a source of satisfaction for me, and I look back with pride on the many things we were able to accomplish. I am glad you were a part of my five years here in Washington, and, indeed, it is the daily association with the people of the Bank that I will miss the most.

For Peggy and me, these years have been rewarding ones, and we are grateful for your and Lillian's good wishes for the future. In return, we send you our own, and look forward to meeting again.

Warm regards.

Sincerely,



A. W. Clausen

Mr. Jaime Garcia Parra  
Apartado Aereo 12025  
Bogota, Colombia

MH

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 9, 1986

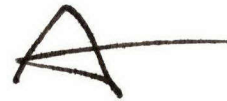
Dear Jim:

I read the "news" in a recent issue of The Wall Street Journal and was quite surprised. This is really planning ahead!

With the present climate of the banking industry, you're smart to take another look at your life. In whatever you decide to do after July of '87, I wish you the very best.

Warm regards.

Sincerely,

A handwritten signature consisting of a stylized capital letter 'A' with a horizontal line extending to the right.

Mr. James B. Wiesler  
15 Redwood Drive  
Hillsborough, California 94010

June 9, 1986


Dear Mr. Mayor:

Thank you for your letter advising the Bank of the District of Columbia's Special Achievement Award in the Sister Cities competition. This is indeed good news, and The World Bank is especially pleased to have had some part in supporting the link between Dakar and the District.

You can be very proud of being the mayor of a city which shows so much caring and interest in a less fortunate counterpart. This program can only serve to enhance the reputation of Washington, D. C. in the United States and in the international community.

Congratulations and best wishes for continued success.

Sincerely,



A. W. Clausen

The Honorable  
Marion Barry, Jr.  
Mayor  
The District of Columbia  
Washington, D. C. 20004

bcc: Mr. Thalwitz (w/ copy of incoming)

MH

BC: J. Botafogo

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

June 9, 1986

Dear Mr. Peggendorf:

I have received the advance proof of gift contributors to Carthage College for the period of July 1, 1985 to April 1, 1986.

If you don't mind, I would like to make a change in the way Peggy and I are shown under the listing of "Honorary Degree Recipients." We would prefer to be listed as Dr. and Mrs. A. W. Clausen. Hopefully, this will not cause you any great problems.

Thanks for your help.

Sincerely,



Mr. Richard J. Peggendorf  
Vice President for Development  
Carthage College  
Kenosha, Wisconsin 53141

TEXTNAME: Telex (Seaga)

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-SUBJECT: JAMAICA: TRIPARTITE MISSION

-DRAFTED BY: PETER HARROLD/FP

EXT: 73402

-AUTHORIZED BY: A.W. CLAUSEN, PRESIDENT

-C/W &amp; CC: MR. STERN

-CC: MESSRS. KNOX, LCNVP; GUE, LC2DR; VOYADZIS, LC2VC  
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-THE HONORABLE EDWARD P.G. SEAGA

-PRIME MINISTER AND MINISTER OF FINANCE

-KINGSTON, JAMAICA

END  
OF  
TEXT

## SIGNATURES:

DRAFTED BY: PHarrold AUTHORIZED BY: A.W. Clausen, President

READY FOR

TRANSMISSION:

(Inputter's Initials)

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DATE: \_\_\_\_\_

DELIVERY NOTICES RECEIVED? \_\_\_\_\_



# Record Removal Notice

<b>File Title</b> Chronological (outgoing) Files - Chrons 61		<b>Barcode No.</b>  1777500		
<b>Document Date</b> June 6, 1986	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> Mr. Ronald H. Dean, Executive Director and A.W. Clausen				
<b>Subject / Title</b> [Thank you letter]				
<b>Exception(s)</b>				
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Kim Brenner-Delp</td><td><b>Date</b> April 21, 2023</td></tr></table>	<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> April 21, 2023
<b>Withdrawn by</b> Kim Brenner-Delp	<b>Date</b> April 21, 2023			

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BT

WASHINGTON D.C. 06-JUN-86

THANK YOU FOR YOUR LETTER OF JUNE 4, 1986 AND YOUR GOVERNMENT'S  
DETAILED RESPONSE TO THE FINAL REPORT OF THE TRIPARTITE MISSION.  
WE ARE STUDYING YOUR PROPOSALS VERY CAREFULLY, AND WE WILL  
DISCUSS THEM WITH YOUR TECHNICAL TEAM WHICH WILL BE IN WASHINGTON  
NEXT WEEK. I AM PLEASED THAT YOU FOUND THE TRIPARTITE MISSION'S  
REPORT USEFUL IN FORMULATING YOUR OWN ECONOMIC PROGRAM, AND I TOO  
HOPE THAT WE WILL NOW BE ABLE TO REACH AN UNDERSTANDING ON THE  
MACROECONOMIC FRAMEWORK. SINCERELY YOURS, A.W. CLAUSEN,  
PRESIDENT, INTBAFRAD.

END  
OF  
TEXT

THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

A.W. CLAUSEN  
President

June 6, 1986

Dear Ron:

Thanks very much for including me in the delightful luncheon which followed the signing of the co-financing framework agreement with Ambassador Dalrymple on behalf of the Australian government. It was a very nice occasion.

We in The World Bank are very pleased to be working closely with your government in co-financing bank projects in member countries and look forward to a mutually satisfying and rewarding association in the years ahead.

Warm regards.

Sincerely,

Mr. Ronald H. Dean  
Executive Director  
The World Bank  
Room E-1123

June 6, 1986

Dear Brad:

Thank you for your letter concerning the statement adopted by the InterAction Council at its recent meeting in Japan. We are indeed most grateful for the Council's strong support for an IDA8 level of \$12 billion and for the Special Facility for Sub-Saharan Africa. These programs are especially vital to the Bank's ongoing and future operations, and we have circulated the statement to the Bank's Executive Directors for their use and dissemination.

Thanks again, Brad, for bringing this to our attention.

Warm regards.

Sincerely,



A. W. Clausen

Mr. Bradford Morse  
Secretary-General  
InterAction Council  
One UN Plaza  
Room 2162  
New York, N. Y. 10017

MH

THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

A. W. CLAUSEN  
President

June 5, 1986

Mr. Ghulam Ishaq Khan  
Chairman, Development Committee  
Chairman of the Senate  
Senate National Assembly and  
Senate Secretariat  
Government of Pakistan  
Islamabad, Pakistan

Dear Mr. Chairman:

Thank you very much for your thoughtful and constructive letter of May 19 concerning plans for the September Development Committee meeting. I am grateful to you for having taken this initiative.

In your letter you have made several valuable suggestions concerning both the agenda and the format for the meeting. On the latter, shortening the plenary and strengthening the informal session as you suggest would undoubtedly be advantageous to the Committee's work. I am sure you can appreciate, however, that on format and especially on substantive matters it will be extremely important to have the considered views of Mr. Conable. He has just begun a round of discussions here on important topics prior to his taking over July 1, and high on the list of priorities for his consideration are the issues you have posed. As a meeting of Bank Executive Directors has been scheduled for July 17 to discuss the Development Committee agenda, a Troika recommendation will be needed soon to present a draft agenda to be circulated to the Board in early July. After further consultations here we will be back in touch with you on specific suggestions for the agenda.

We recognize that the agenda items you have suggested emerge directly from discussions by the Ministers at the April meeting and are reflected in the communique. Thus, while we consider the precise wording and character of these items, staff work is underway. A paper on GCI "modalities" will be considered by the Executive Directors in July and research has begun on the prospects for ODA flows. The Bank will thus be in a good position to move swiftly on preparation of background materials for committee members once the agenda has been decided.

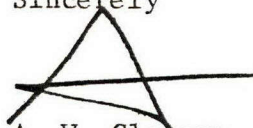
Mr. Ghulam Ishaq Khan

- 2 -

June 5, 1986

Once again let me express my great appreciation to you for your assistance and leadership during these past several years. That the Development Committee has become such a useful and important forum for consideration of significant issues is largely due to your personal efforts. I am also most grateful to you for the kind words you have expressed about my tenure at the Bank. I look forward to seeing you again soon.

Sincerely

A handwritten signature in dark ink, appearing to be 'A. W. Clausen', written over a horizontal line.

A. W. Clausen  
President

June 5, 1986

Dear Mr. Minister:

Thank you for your letter of May 21, 1986, regarding the proposed Lagos Water Supply Project in Nigeria.

I was very glad to learn that you share our view about the priority of this project. We also understand your wish to put its financing in the wider context of economic reform in Nigeria which will permit a debt rescheduling to take place and an environment for stable economic growth to be created. We, along with our colleagues in the IMF, have been working with the Government on the elements of a medium-term adjustment program. We have been encouraged by the progress which has been made and very much hope that the program which the Government of Nigeria intends to present to its creditors later this month will provide a basis, not only for the rescheduling of Nigeria's external debt, but also further inflows of capital to finance high priority projects of this kind.

A Bank mission has just returned from Nigeria after completing the field appraisal of the proposed project. The appraisal is based on the assumption that French commercial banks supported by COFACE guarantees would be providing financing for the project. Bank staff are now preparing the appraisal report which is scheduled for completion by August 1986. It would be very helpful if the financing plan could be firmed up by then. According to the current processing schedule, we expect to complete the analysis and documentation in time to invite the Government of Nigeria for loan negotiations in September 1986.

Assuming that the Nigerian Government puts forward a satisfactory adjustment program, and given France's important role in the development of Sub-Saharan Africa, we look forward to your support to help ensure the financial flows needed for Nigeria's adjustment program.

Warm regards.

Sincerely,

(Signed) A. W. Clausen

A. W. Clausen

His Excellency Edouard Balladur  
Minister of State for Economy,  
Finance and Privatization  
Ministry of Economy, Finance and  
Privatization  
Paris, France  
bcc: Mme. Ploix

bcc & cl. w/: Messrs. Thalwitz, Humphrey, Al-Khafaji, Beguery, Andersen  
bcc: Messrs./Mss. Alisbah, Fuchs, Eccles, O'Connor, Silvera

June 5, 1986

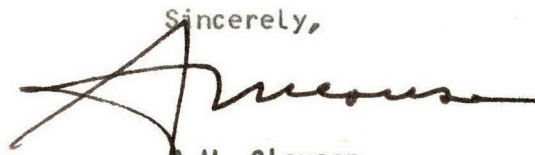
Dear Mr. Arendt:

I am very pleased to learn from your letter of May 22 that the Board of the Banking Federation of the European Communities has discussed and agreed with the basic principles embodied by the "Baker Initiative". As you know, the World Bank, together with the IMF, has endorsed the basic plan put forward by Secretary Baker at the last Bank/Fund Annual Meetings in Seoul, Korea. We believe that the concerted effort described by Secretary Baker is indeed essential to restore growth and creditworthiness among the heavily-indebted developing countries.

I was also interested to read about the several concerns that your Federation members have expressed with respect to the Baker Initiative. My colleagues and I at the World Bank are in basic agreement with the points you have raised. In particular, we also feel that active involvement is required on the part of the industrialized countries' governments not only to implement policies conducive to economic growth and trade liberalization but also to restore flows of official credit and encourage commercial credits consistent with prudent regulatory controls. We also accept the point that the fall in oil prices will require a special effort to assist those countries whose external financing needs have increased as a result. Finally, we wholeheartedly agree that developing countries must take appropriate measures to prevent capital flight which threatens to drain away new resources which may be provided.

Once again, thank you for your letter and for your interest in international cooperation to assist the heavily-indebted developing countries.

Sincerely,

A handwritten signature in dark ink, appearing to read 'A. Clausen', with a large, sweeping initial 'A'.

A.W. Clausen  
President

Mr. Georges Arendt  
Secretary General  
Federation Bancaire de La Ce  
168, Avenue de Tervueren  
B-1150 Bruxelles

cc: Messrs. Stern  
Botafogo

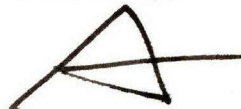
June 5, 1986

Dear Mr. Minister:

On behalf of the International Development Association, I would like to thank you for your letter dated April 29, 1986 informing us of the likely postponement until 1987 of your Government's notification and payment of contributions to the Special Facility for Sub-Saharan Africa. Please note that Article 3 (b)(ii) of the Special Facility Resolution provides that two-thirds of each contribution shall be paid by June 30, 1987 or within 30 days of any such notification made thereafter, and the full amount shall be paid by June 30, 1988, or such later dates as the Executive Directors may agree.

Again, let me take this opportunity to express our sincere appreciation to you and your Government for your support to IDA and the Facility. I hope that we can count on your continued support on issues related to IDA and the Facility.

Sincerely,

A handwritten signature in dark ink, consisting of a stylized 'A' followed by a horizontal line extending to the right.

A.W. Clausen

His Excellency  
Mr. Carlos Solchaga  
Minister of Economy & Finance  
Ministry of Economy & Finance  
Alcala, 7 Y 11  
28014 Madrid, Spain

bcc: Ms. Leonor Filardo de Gonzalez, EDS

cc: Messrs. Qureshi, Bock, Mistry, Bhan  
Mesdames. Smith, Sanidad, Lichtenstein, Martinez

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 5, 1986

Mr. J. Ronald Nater  
Vice President and Executive Director  
World Business Division  
SRI International  
333 Ravenswood Avenue  
Menlo Park, California 94025

Dear Ron:

Thank you for inviting me to participate in the SRI Executive Session on India to be held in New Delhi January 28-30, 1987. I'm sure it will be a very stimulating meeting and regret that I cannot join you.

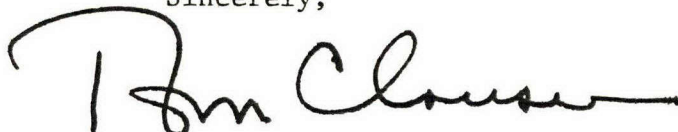
However, I think you might be interested in knowing that The World Bank's largest annual lending program is to India, and our largest resident mission is there as well. Bevan Waide is the Chief of that mission and by way of this letter, I would like to introduce him to you. It might be useful to you, Ron, to meet Bevan when you are next in New Delhi. For ready reference let me give you his address and phone number:

Mr. E. Bevan Waide  
Chief, Resident Mission  
The World Bank  
P. O. Box 416  
(55 Lodi Estate)  
New Delhi, India

Office phone: 617241-4  
619496-8  
616738

It was nice to hear from you and I wish you the very best for a fruitful and successful meeting.

Sincerely,



✓ CC: E. Bevan Waide

Bevan: I am not suggesting you attend, particularly looking at the charges. Besides you know more about India than these fellows ever will. But I am suggesting that you might be a resource and can contribute something to the discussions.

AWC

THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

A. W. CLAUSEN  
President

Washington, le 4 juin 1986

Monsieur le Président,

Je vous remercie de la lettre que vous m'avez adressée le 16 mai 1986 et qui concerne les conclusions de la réunion de la 7ème conférence des Chefs d'Etat du CILSS et l'Appel de Dakar qui y a fait suite.

Je me réjouis de ce que la récente restructuration du CILSS et le recentrage de ses objectifs commencent déjà à porter leurs fruits, et souhaite que le CILSS fasse avancer de manière importante la réflexion sur les quatre thèmes qui lui ont été assignés pour ses travaux. Les conversations que j'ai eues à ce sujet avec les membres de la délégation qui vous a représenté à Washington, ont été du plus haut intérêt. Comme vous le savez, les relations entre la Banque et le CILSS ont été à la fois étroites et fructueuses en particulier depuis la nomination de son nouveau Secrétaire Exécutif. Je tiens à vous dire à nouveau que les services de la Banque s'efforceront de renforcer encore cette coopération.

Avec tous mes vœux pour la réussite de la mission que vous vous êtes assignée, je vous prie de recevoir, Monsieur le Président de la République, l'assurance de ma très haute considération.



Monsieur le Président de la  
République du Sénégal  
Dakar, Sénégal

Washington, June 4, 1986

Dear Mr. President,

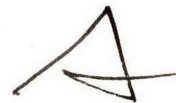
I thank you for your letter dated May 16, 1986 relating to the findings of the meeting of the Seventh Conference of Heads of States of the CILSS and the Dakar Appeal that followed.

I am happy to note that the recent restructuring of CILSS and the refocussing of its objectives are already starting to bear fruit. I wish that CILSS can achieve significant progress in developing the thinking expressed in the examination of the four topics assigned to it for discussion.

The talks I had on this matter with the members of the delegation that represented you in Washington were of the utmost interest. As you know, the relations between the Bank and CILSS have been both very close and fruitful, especially since the appointment of its new Executive Secretary. I would like to reaffirm that the Bank staff will endeavour to further strengthen this cooperation.

I wish you every success in the task you have undertaken.

Accept, Mr. President, the assurances of my highest consideration.

A handwritten signature, possibly 'A', in black ink.

The President of  
the Republic of Senegal  
Dakar, Senegal

cw. and cc. Messrs. Thalwitz (WANVP)  
Gorjestani (WA2DB), Falloux (WAPAC)

June 4, 1986

Dear Rod:

Thank you for your letter concerning Kenneth Schechter and his interest in working for The World Bank. I do indeed remember him.

I think his best bet here is through the Young Professionals Program. This program is designed as an entry-level channel into the Bank for young (under 30!), bright (with at least a Master's degree) people who show outstanding potential. Acceptance into the program, however, is not automatic -- the competition is very stiff. But I think it would certainly be worth a try. I will be happy to pass his resume on to my colleagues in the YP Office and will ask them to send Mr. Schechter the necessary information.

Warm regards.

Sincerely,



A. W. Clausen

Mr. Roderick M. Hills  
Suite 1217  
1730 Rhode Island Avenue, N. W.  
Washington, D. C. 20036

bcc: Mr. Macgregor (w/ incoming)

MH

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A.W. CLAUSEN  
President

June 3, 1986

Dear Jack:

It was good news to read about your new association with Atlantic Richfield. Congratulations! This is truly a great corporation and I wish you all the best in your new endeavors.

You have done a fine job in representing the United States in Mexico as "our" Ambassador. (Even we international civil servants can recognize our indigenous country interests!)

These have been particularly difficult years for Mexico and therefore they have been particularly difficult times to serve diplomatically. Also they have been difficult times with respect to The World Bank's relationships with Mexico. Our lending program should have been much stronger but we have been unwilling to reduce the quality of our program for expediencies. I am sure that you will enjoy the change of pace that your new activities will provide.

As you know, I will be leaving The World Bank on June 30 as my five-year term expires. I will be spending two weeks in California including three week ends at the Grove and look forward to seeing you there. Drop by Hill Billies for a visit.

Warm regards.

Sincerely,



Mr. John Gavin  
Vice President  
Atlantic Richfield Co.  
515 South Flower Street  
Los Angeles, California 90071

June 3, 1986

Dear David:

Thank you for sending me the copy of your BAFT speech. I too believe that the Summit Agreement on strengthened economic policy cooperation is an important step forward. As you know, we have sought to point out repeatedly the indispensable role of the economic policies of industrial countries in providing a stable and growing macroeconomic environment for the LDCs. To the extent that this new initiative can foster more rapid growth and open markets in the industrial countries, it is much to be welcomed.

Your comments on restricting the use of government or World Bank guarantees for new commercial bank lending were of particular interest. We also have strong reservations about the extensive use of our guarantee powers. While we believe that our involvement can be highly catalytic, we give priority to preserving the Bank's independent fund raising and lending capacity which is made possible by our preferred creditor status.

I was also interested in your comments on debt/equity swaps. I know from my experience in Bank of America, as well as from the past five years here, that many obstacles and difficulties stand in the way of increased equity flows to developing countries. Nonetheless, we must press for better policies and techniques in this area. I hope that you will continue to support the idea of debt/equity swaps, and will encourage the U. S. regulatory agencies to safeguard against policies that are themselves a hindrance.

Thanks again for sending me the address.

Warm regards.

Sincerely,



A. W. Clausen

The Honorable David C. Mulford  
Assistant Secretary  
International Affairs  
Department of the Treasury  
Washington, D. C. 20220

✓ bcc: Mr. Qureshi  
Mr. Stern

✓ DBock:MH



# Record Removal Notice



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June 3, 1986

The Honorable Ben Packard  
316 Cannon House Office Building  
House of Representatives  
Washington, D.C. 20515

Dear Congressman Packard:

Thank you for your letter emphasizing your strong concern about the Bank's poverty-oriented lending programs. We share your views on the importance of expanding opportunities for the poorest people in developing countries. I want to assure you that the alleviation of poverty is the most fundamental objective of the World Bank. We have no intention of diminishing our traditional project lending in such poverty-related areas as rural development, agriculture, health, education or water supply. However, in present circumstances, when incomes in many developing countries have been stagnant or declining, a crucial part of poverty alleviation must be to support policy and institutional changes that are conducive to growth in output. Without such growth, improvements in living conditions of the poor are likely to remain limited at best.

In the future, particular attention will continue to be paid to rural development lending; as you know, in Bank terminology, rural development lending is lending for the agricultural sector where 50 percent or more of the direct benefits are expected to accrue to those below the poverty threshold. We expect that in FY86, rural development lending will constitute about one-half of all agricultural lending. Overall, we expect direct lending for agriculture, which amounted to close to \$4 billion per year in FY84-86, to stabilize at around one quarter of the Bank's total lending over the next few years. However, it is also fair to say much of this lending, although not categorized as for rural development, will provide substantial benefits for the poor. For example, recent studies have shown that the benefits of agricultural research and extension projects accrue substantially to the poor - both producers and consumers. Support for structural adjustment and sustainable growth, through policy and institutional reform, will remain a major thrust of our assistance. However, it is important not to lose sight of the fact that these adjustment programs should provide an improved environment for agricultural growth.

The Bank is currently reviewing its overall strategy for agricultural development, including its poverty alleviation dimensions. We continually struggle with the question of how most

June 3, 1986

effectively to assist poor people in acquiring the skills and productive assets necessary to escape from poverty. As you are aware, a recent Bank study, "Poverty and Hunger", has major implications for poverty alleviation. An important point of this paper is that food insecurity and hunger are largely caused by the inadequacy and decline of incomes of poor people. Hence, there is a real need to broaden income earning opportunities for the poor in agricultural and non-agricultural activity. The Bank will continue to encourage this approach through its lending and through policy dialogue with its members.

With regard to your concern about the Bank's primary health care programs, I want to assure you that an expansion of our lending is underway. Lending for health programs is expected to increase from around \$200 million in FY85, to more than \$600 million in FY90. The main thrust of the lending is to improve delivery of health and family planning services to poor people. To the extent possible, this is done directly through the increase in coverage, efficiency and effectiveness of basic services, mainly in rural and urban areas. As improvements in service delivery require improvements in the overall systems, part of our effort is to strengthen health and population planning capacity, administrative systems, management and training programs in developing countries.

I would particularly like to stress the importance of expansion and improvements in family planning services as key elements in improving health and alleviating poverty. These are essential not only to improving maternal and child health, but are also the most direct ways of dealing with one of the basic underlying causes of poverty -- rapid population growth. A rapidly growing population seriously compromises improvement in living standards in developing countries. It implies severe constraints on extending education and basic health beyond current rudimentary levels. It is likely to cause further degradation of the natural environment. Social and political stress is likely to increase as a result of stagnant wages, high unemployment and overcrowding in cities. As a result, the Bank is giving particular emphasis to expanding lending for population and family planning services, which is expected to grow steadily over the coming years. A major part of the effort is focused on Sub-Saharan Africa.

We are also concerned about the impact of economic adjustment measures on the poor. The relationship between poverty alleviation and adjustment is complex. Some lower income groups may be adversely affected over the short term by certain adjustment measures and reforms. But we should not conclude that poverty alleviation and adjustment are therefore inconsistent objectives... on the contrary. Planned adjustments are essential, because in many countries existing policies and claims on resources are untenable. The issue in such cases is not whether adjustment should take place, but whether it will be planned or haphazard.

June 3, 1986

The complex relationship between poverty alleviation and policy adjustment can be illustrated by the difficult case of reduced subsidies for food and other staples, a necessary reform measure in a large number of adjustment programs. Reduced subsidies will entail higher costs to consumers, but the bulk of these subsidies often do not benefit the poor; on the other hand, rural producers of these commodities, who often are poor, will usually benefit from higher crop prices. All too often the benefits of food subsidies flow disproportionately to urban workers and civil servants, who are politically influential, but who are not the poorest members of society. A targeted program for affected groups can be a more effective instrument of poverty alleviation. On the other hand, the reduced subsidies also help narrow fiscal deficits, thus freeing up government resources for programs important to the poor -- such as health, education, and rural water supply.

Another frequent component of adjustment programs is the removal of protectionist barriers such as import tariffs, quotas, or onerous licensing procedures. The removal of these barriers will stimulate efficiency and exports, but inefficient, high cost domestic producers will suffer. As a result, employment in the affected industries may decline over the short haul. To that extent, the adjustment process can impact adversely on the poor. Nevertheless, it is usually not the unskilled, relatively mobile work forces which resist such measures, but rather the industrial managers who must shift their investments to new enterprises. When such inefficient, low-growth industries are preserved, they only perpetuate the low growth of industrial employment -- and that has a direct negative impact on the poor.

Over the medium term, it is not active adjustment efforts, but the failure to adjust which harms the poor -- through spiraling inflation, low agricultural producer prices, industrial stagnation and high unemployment, and inadequate social services. Without efficient adjustment, conditions will worsen and the poor will be forced to endure even more hardship. The real choice is not between poverty alleviation and adjustment programs; more accurately, the choice is between inappropriate programs and policies which aggravate poverty, and effective adjustment programs which will sustain economic growth over the medium term and thereby reduce poverty.

Finally, I would like to add that the extent to which the Bank can help the poor depends in large part on the financial resources at our disposal. We are now negotiating an eighth replenishment of IDA, the Bank's major channel of concessionary assistance to low income developing countries. IDA provides almost \$3 billion in funding each year for the world's poorest countries; in FY84-85, some 94 percent of these funds were directed at countries

June 3, 1986

with per capita incomes of under \$400. IDA's poverty focus is evidenced, moreover, by the fact that almost 42 percent of its commitments in FY84-85 were for agriculture and rural development.

As I said earlier, poverty alleviation is our most fundamental objective. We have no intention of diminishing our traditional project lending in such poverty-related areas as agriculture and health; more importantly, we expect the volume of this lending to expand in the years ahead. We will also continue to improve the design of our adjustment programs so as to minimize the transitional costs to low income groups. Our commitment in this area is absolute. We welcome your interest in these issues, and we look forward to working with you in support of our mutual objectives.

With best regards,

Sincerely,

A. W. Clausen  
President

bcc: Messrs. Husain, Bock, Roberts  
Ms. Maguire

Log. No. 653

June 3, 1986

The Honorable Charles E. Schumer  
126 Cannon House Office Building  
House of Representatives  
Washington, D.C. 20515

Dear Congressman Schumer:

Thank you for your letter emphasizing your strong concern about the Bank's poverty-oriented lending programs. We share your views on the importance of expanding opportunities for the poorest people in developing countries. I want to assure you that the alleviation of poverty is the most fundamental objective of the World Bank. We have no intention of diminishing our traditional project lending in such poverty-related areas as rural development, agriculture, health, education or water supply. However, in present circumstances, when incomes in many developing countries have been stagnant or declining, a crucial part of poverty alleviation must be to support policy and institutional changes that are conducive to growth in output. Without such growth, improvements in living conditions of the poor are likely to remain limited at best.

In the future, particular attention will continue to be paid to rural development lending; as you know, in Bank terminology, rural development lending is lending for the agricultural sector where 50 percent or more of the direct benefits are expected to accrue to those below the poverty threshold. We expect that in FY86, rural development lending will constitute about one-half of all agricultural lending. Overall, we expect direct lending for agriculture, which amounted to close to \$4 billion per year in FY84-86, to stabilize at around one quarter of the Bank's total lending over the next few years. However, it is also fair to say much of this lending, although not categorized as for rural development, will provide substantial benefits for the poor. For example, recent studies have shown that the benefits of agricultural research and extension projects accrue substantially to the poor - both producers and consumers. Support for structural adjustment and sustainable growth, through policy and institutional reform, will remain a major thrust of our assistance. However, it is important not to lose sight of the fact that these adjustment programs should provide an improved environment for agricultural growth.

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June 3, 1986

effectively to assist poor people in acquiring the skills and productive assets necessary to escape from poverty. As you are aware, a recent Bank study, "Poverty and Hunger", has major implications for poverty alleviation. An important point of this paper is that food insecurity and hunger are largely caused by the inadequacy and decline of incomes of poor people. Hence, there is a real need to broaden income earning opportunities for the poor in agricultural and non-agricultural activity. The Bank will continue to encourage this approach through its lending and through policy dialogue with its members.

With regard to your concern about the Bank's primary health care programs, I want to assure you that an expansion of our lending is underway. Lending for health programs is expected to increase from around \$200 million in FY85, to more than \$600 million in FY90. The main thrust of the lending is to improve delivery of health and family planning services to poor people. To the extent possible, this is done directly through the increase in coverage, efficiency and effectiveness of basic services, mainly in rural and urban areas. As improvements in service delivery require improvements in the overall systems, part of our effort is to strengthen health and population planning capacity, administrative systems, management and training programs in developing countries.

I would particularly like to stress the importance of expansion and improvements in family planning services as key elements in improving health and alleviating poverty. These are essential not only to improving maternal and child health, but are also the most direct ways of dealing with one of the basic underlying causes of poverty -- rapid population growth. A rapidly growing population seriously compromises improvement in living standards in developing countries. It implies severe constraints on extending education and basic health beyond current rudimentary levels. It is likely to cause further degradation of the natural environment. Social and political stress is likely to increase as a result of stagnant wages, high unemployment and overcrowding in cities. As a result, the Bank is giving particular emphasis to expanding lending for population and family planning services, which is expected to grow steadily over the coming years. A major part of the effort is focused on Sub-Saharan Africa.

We are also concerned about the impact of economic adjustment measures on the poor. The relationship between poverty alleviation and adjustment is complex. Some lower income groups may be adversely affected over the short term by certain adjustment measures and reforms. But we should not conclude that poverty alleviation and adjustment are therefore inconsistent objectives... on the contrary. Planned adjustments are essential, because in many countries existing policies and claims on resources are untenable. The issue in such cases is not whether adjustment should take place, but whether it will be planned or haphazard.

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The complex relationship between poverty alleviation and policy adjustment can be illustrated by the difficult case of reduced subsidies for food and other staples, a necessary reform measure in a large number of adjustment programs. Reduced subsidies will entail higher costs to consumers, but the bulk of these subsidies often do not benefit the poor; on the other hand, rural producers of these commodities, who often are poor, will usually benefit from higher crop prices. All too often the benefits of food subsidies flow disproportionately to urban workers and civil servants, who are politically influential, but who are not the poorest members of society. A targeted program for affected groups can be a more effective instrument of poverty alleviation. On the other hand, the reduced subsidies also help narrow fiscal deficits, thus freeing up government resources for programs important to the poor -- such as health, education, and rural water supply.

Another frequent component of adjustment programs is the removal of protectionist barriers such as import tariffs, quotas, or onerous licensing procedures. The removal of these barriers will stimulate efficiency and exports, but inefficient, high cost domestic producers will suffer. As a result, employment in the affected industries may decline over the short haul. To that extent, the adjustment process can impact adversely on the poor. Nevertheless, it is usually not the unskilled, relatively mobile work forces which resist such measures, but rather the industrial managers who must shift their investments to new enterprises. When such inefficient, low-growth industries are preserved, they only perpetuate the low growth of industrial employment -- and that has a direct negative impact on the poor.

Over the medium term, it is not active adjustment efforts, but the failure to adjust which harms the poor -- through spiraling inflation, low agricultural producer prices, industrial stagnation and high unemployment, and inadequate social services. Without efficient adjustment, conditions will worsen and the poor will be forced to endure even more hardship. The real choice is not between poverty alleviation and adjustment programs; more accurately, the choice is between inappropriate programs and policies which aggravate poverty, and effective adjustment programs which will sustain economic growth over the medium term and thereby reduce poverty.

Finally, I would like to add that the extent to which the Bank can help the poor depends in large part on the financial resources at our disposal. We are now negotiating an eighth replenishment of IDA, the Bank's major channel of concessionary assistance to low income developing countries. IDA provides almost \$3 billion in funding each year for the world's poorest countries; in FY84-85, some 94 percent of these funds were directed at countries

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with per capita incomes of under \$400. IDA's poverty focus is evidenced, moreover, by the fact that almost 42 percent of its commitments in FY84-85 were for agriculture and rural development.

As I said earlier, poverty alleviation is our most fundamental objective. We have no intention of diminishing our traditional project lending in such poverty-related areas as agriculture and health; more importantly, we expect the volume of this lending to expand in the years ahead. We will also continue to improve the design of our adjustment programs so as to minimize the transitional costs to low income groups. Our commitment in this area is absolute. We welcome your interest in these issues, and we look forward to working with you in support of our mutual objectives.

With best regards,

Sincerely,

A. W. Clausen  
President

bcc: Messrs. Husain, Bock, Roberts  
Ms. Maguire

Log. No. 626

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

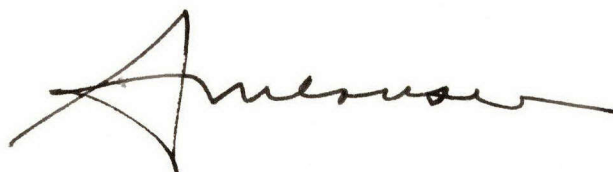
June 3, 1986

Dear Mr. Minister:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of up to ¥30,000,000,000 in the markets of Japan through an issue of bonds denominated in Japanese yen. The interest rate and the issue price of the bonds have not yet been determined. The final maturity is expected to be fifteen years.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the proposed borrowing by the Bank in the markets of Japan of such amounts as may be raised by the issuance of an aggregate principal amount of bonds not exceeding ¥30,000,000,000. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

A handwritten signature in dark ink, appearing to read 'A. W. Clausen', with a large, stylized initial 'A'.

His Excellency  
Noboru Takeshita  
Minister of Finance  
Ministry of Finance  
Tokyo, Japan

bcc: Mr. Kenji Yamaguchi, Executive Director

THE WORLD BANK  
Washington, D. C. 20433  
U. S. A.

A. W. CLAUSEN  
President

June 3, 1986

Mr. Craig S. Hakkio  
Senior Economist  
Federal Reserve Bank of Kansas City  
925 Grand Avenue  
Kansas City, Missouri 64198

Dear Mr. Hakkio:

Thank you for writing with more specifics vis-a-vis the symposium your Bank is hosting in Jackson Hole, Wyoming, August 28-29.

I've taken your advice and have made airline reservations for arrival on August 27, Wednesday, so that we may attend your reception and dinner that evening and departure on Friday, August 29, following luncheon. Our flights are as follows:

August 27--ar 1:54 p.m. Frontier #453  
(Jackson Hole Airport)

August 29--lv 3:55 p.m. Continental #1814  
(Jackson Hole Airport)

It is my understanding that you will have transportation available to and from the airport.

In response to your other requests, I am enclosing my biographical sketch for your use and my social security number is 338-16-6457.

I look forward to receiving the papers which are to be presented and I will have copies of my speech available for you on my arrival. After July 1, you may send correspondence to me at Bank of America N.T.&S.A., Washington Representative Office, 1800 K Street, Suite 900, Washington, D. C. 20006. My phone number there will be 202-463-8515.

I appreciate your help.

Sincerely,



P.S. I think Mrs. Clausen and I will skip the white water raft trip. Thanks anyway.

BC: F. Vogl  
J. Grenfell

June 2, 1986

Dear Roy:

Thank you for your letter of May 19 on behalf of the Chairman of the European Parliament's Standing Delegation to the United States.

I would be delighted to meet with Mr. Dankert and with the other members of the delegation who will accompany him. The time you have suggested, Wednesday, June 18, at 11:15 a.m. also is fine with me.

On the subject of the agenda, I would like to suggest that the discussion be broadened to cover a range of development issues. The subjects you suggested have a place within that overall context, but for this group of distinguished officials, I would welcome the opportunity to address other development problems as well.

I am looking forward to seeing you and the delegation on the 18th.

Warm regards.

Sincerely,



A. W. Clausen

Sir Roy Denman  
Delegation of the Commission  
of the European Communities  
2100 M Street, N. W.  
Suite 707  
Washington, D. C. 20037

VJR:MH


June 2, 1986

Dear Ms. Schott:

Thank you for your cordial invitation to attend the United Nations Association, Capital Area Division, Annual Dinner Meeting on the evening of June 5.

The presence of Brian E. Urquhart, as principal speaker, should make this a most stimulating evening. Regrettably, however, other commitments on that date will make it impossible for me to attend.

Sincerely,

  
(Signed) A. W. Clausen

Ms. Florence P. Schott,  
President,  
United Nations Association of the  
United States of America,  
Capital Area Division,  
3141 N Street N.W.,  
Washington D.C. 20007

VJR:sk