

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Clausen Papers - General Correspondence - Correspondence 08

Folder ID: 1629772

Series: Alphabetical [subject] files

Dates: 01/01/1986 - 12/31/1986

Subfonds: Records of President A. W. Clausen

Fonds: Records of the Office of the President

ISAD Reference Code: WB IBRD/IDA EXC-09-3957S

Digitized: 03/02/2023

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

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

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

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



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

Clausen's: - General Correspondence - vol. VIII (1986)

**DECLASSIFIED
WITH RESTRICTIONS**
WBG Archives



1629772

A1995-265 Other #: 5

209463B

Clausen Papers - General Correspondence - Correspondence 08

8

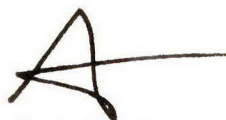
February 6, 1986

Dear Mr. Pahr:

Thank you for your letter of 14 January and congratulations on assuming your new role as Secretary-General of the World Tourism Organization. I am confident that under your leadership, WTO will make great strides toward the goals you have identified: promoting tourism; contributing to economic development; and bringing about better understanding among the people of the world.

I welcome your reassurance that WTO stands ready to work with us on matters of common interest, and I am bringing your letter to the attention of those colleagues most concerned.

Sincerely,

A handwritten signature in black ink, appearing to be 'A. W. Clausen', with a long horizontal line extending to the right.

(Signed) A. W. Clausen

Mr. Willibald P. Pahr
Secretary-General
World Tourism Organization
Capitan Haya, 42
28020 Madrid, Spain

VJRiley:yrb

THE WORLD BANK

ROUTING SLIP		Date Jan. 30, 1986	
OFFICE OF THE PRESIDENT			
Name		Room No.	
Mr. Botafogo		E-823	
<i>B. Botafogo</i>			
<i>RD</i>			
To Handle		Note and File	
Appropriate Disposition	XX	Prepare Reply	
Approval		Per Our Conversation	
Information		Recommendation	
Remarks			
<p>Would you please prepare a reply for Mr. Clausen's signature by February 7?</p> <hr style="border: 1px solid red;"/>			
<p>Roy Southworth</p>			
From			



96
ORGANISATION MONDIALE DU TOURISME
WORLD TOURISM ORGANIZATION
ORGANIZACION MUNDIAL DEL TURISMO
ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ

The Secretary General

RCD 14

Madrid, 14 January 1986

Mr. A.W. Clausen
President
International Bank for
Reconstruction and Development
1818 H Street, N.W.
WASHINGTON, D.C. 20433
U.S.A.

Dear Mr. Clausen,


As I embark on my new role as Secretary-General of the World Tourism Organization, a position to which I was elected by the WTO General Assembly last September, I want you to know that WTO stands ready to work closely with you on any matters of common interest and mutual benefit to our two Organizations and their Members.

WTO is small when compared with most organizations in the multilateral system, yet it has a valid, unique role to play in enhancing social, cultural and economic development. Its programmes and prestige have grown steadily over the ten years of its existence as an international body and I believe it stands ready to make an even greater contribution to the promotion of tourism and thereby to economic development and a better understanding among all peoples of the world in the coming decade. I certainly shall do all I can to this end.

I hope there will be an opportunity to discuss possibilities for cooperation between our two Organizations before too much time has elapsed in this New Year and would be pleased to receive you at WTO Headquarters whenever your schedule permits.

With best wishes for your continued health and success.

Yours sincerely,



Willibald P. Pahr

OFFICE OF THE PRESIDENT

1986 JAN 29 AM 9:34

RECEIVED

March 19, 1986

Dear Gus:

Many thanks to you and Brian for sending me a photocopy of World Resources 1986. This volume and its successors will clearly be a major contribution to our efforts to address the critical environmental problems facing us. I look forward to reading the book in detail, and to hearing from you further regarding your plans for a briefing.

Sincerely,



A. W. Clausen

Mr. Gus Speth
President
World Resources Institute
1735 New York Avenue, N. W.
Washington, D. C. 20006

cc: Mr. Brian Walker
President
International Institute for
Environment and Development

THE WORLD BANK

ROUTING SLIP

Date
March 11, 1986

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Husain (w/report) ✓

E-1023

cc: Mr. Botafogo

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

XX

Recommendation

Remarks

MR. RAJ:

Would be grateful if you prepare a reply for Mr. Clausen's signature by March 18, if you feel it is necessary.


Nigel Roberts

From

3/13

3010

THE WORLD RESOURCES REPORT

March 4, 1986

Mr. A. W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433

Dear Tom:

We are delighted to enclose a photocopy of World Resources 1986, which was sent to our publisher, Basic Books, in New York last month. The book will be in print by mid-April and will be formally released to the public on May 1. It is embargoed until this release date.

We are enormously pleased with the first edition of World Resources and believe that you will be too. The report meets a critical need for accessible, accurate information on some of the most pressing issues of our times. Its great value is that it identifies priority issues and presents scientifically rigorous analyses in a form useful to decision-makers in government and the private sector.

Your early support for and faith in this project helped make it a reality, and we deeply appreciate your help and commitment.

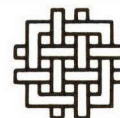
Part I of World Resources 1986 summarizes the major issues addressed in this first volume and highlights key findings. Part II and Part IV contain analyses and 48 sets of environmental statistics -- many from 146 countries -- on population, health, human settlements, land use and cover, food and agriculture, forests and rangelands, wildlife and habitat, energy and minerals, fresh water, oceans and coasts, atmosphere and climate, and policies and institutions. Part III covers one of the major global environmental problems in depth -- the effect of multiple pollutants on forests.

A Joint Project of the International Institute for Environment and Development & the World Resources Institute

International Institute for
Environment and Development
1717 Massachusetts Avenue, N.W.
Suite 302
Washington, D.C. 20036
202-462-0900
Telex: 64414 IIEDWASH
 Reply to IIED (Washington)



International Institute for
Environment and Development
3 Endsleigh Street
London WC1H 0DD
England
(01) 388-2117
Telex: 261681 EASCAN G
 Reply to IIED (London)



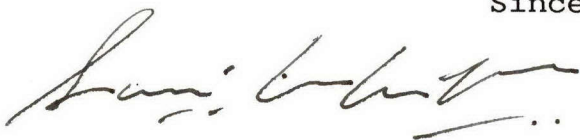
World Resources Institute
1735 New York Avenue, N.W.
Washington, D.C. 20006
202-638-6300
Suite 400
RCA/Telex: 292 016 ACTW UR
 Reply to WRI

As you review the enclosed copy, please keep in mind that the two color overlays throughout the book do not show up and many of the figures are incomplete, as it is impossible to photocopy overlays on maps, diagrams, charts, etc. We will send you the published version as soon as it is available.

We have already started work on World Resources 1987. This second edition will focus on the most recent developments in each of the major topics covered in 1986. It will also cover many new subjects such as health and nutrition and will include updated and expanded data tables.

We look forward to briefing you and your colleagues on World Resources 1986 and on our plans for its distribution and for producing subsequent volumes. We'll be calling you soon to discuss this briefing.

Sincerely yours,



Brian Walker
President
International Institute for
Environment and Development

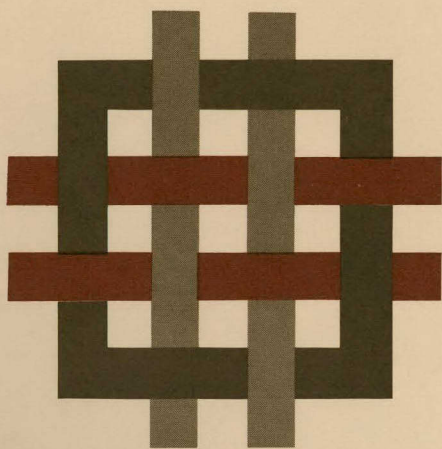


Gus Speth
President
World Resources Institute

RECEIVED

1986 MAR 10 PM 5:10

OFFICE OF THE PRESIDENT



WORLD
RESOURCES
INSTITUTE
A CENTER FOR POLICY RESEARCH

STAFF DIRECTORY

WORLD RESOURCES INSTITUTE STAFF DIRECTORY

The World Resources Institute was created in 1982 to help governments, international organizations, the private sector and others address vital issues of economic growth, environmental integrity, international security and natural resources management.

As a policy research center, WRI grounds its research in the best scientific understanding. It seeks to involve many communities and disciplines in its research, and approaches its work with a creative and inventive search for solutions.

Pursuing this challenging agenda would not be possible without the talent of our staff members, who are a responsible and accurate resource for information, expertise and knowledgeable opinion.

This directory's purpose is to guide you to WRI's experts. The staff members' names are listed both alphabetically and by issue, and short descriptions of their backgrounds are included.

The World Resources Institute strives to be a responsive and reliable source of data, analysis and policy recommendations, whether the topic is acid rain in the American West or the world's tropical forests. If there are additional ways WRI can be helpful to you, please let me know.

Gus Speth
President
World Resources Institute
1735 New York Avenue, NW
Washington, D.C. 20006
(202) 638-6300

WORLD RESOURCES INSTITUTE STAFF

James Gustave Speth, President

Jessica T. Mathews, Vice President and Director of Research

Andrew Maguire, Vice President for Policy Affairs

Wallace D. Bowman, Secretary-Treasurer

Patti Adams, Administrative Secretary to Gus Speth

Beverlyann Austin, Administrative Secretary to Jessica Mathews

Marjorie Beane, Associate Development Director

Rita Beck, Secretary

Hyacinth Billings, Publications Production Supervisor

Joe Blanchard, Office Assistant

Janet Brown, Senior Associate, U.S. Stake Project

William Burley, Senior Associate, Biological Diversity

Georgia Cassis, Project Secretary

Kathleen Courrier, Publications Director

Cathy Curry, Accounting Assistant

Jeanne Damlamian, Managing Editor, World Resources Report

Lillian Dauksys, Secretary/Assistant

Mohamed El-Ashry, Senior Associate, Projects on Acid Rain and
Arid Lands

Aida Garner, Business Manager

Dorothy Gillum, Project Secretary

Peter Hazlewood, Research Associate, Biological Diversity

Don Hinrichsen, Editor-In-Chief, World Resources Report

Nancy Kiefer, Administrative Secretary to Wallace Bowman

Robert Kwartin, Project Staff, World Resources Report

David Macgregor, Marketing Director
Joann McSorley, Staff Accountant
Frances Meehan, Secretary, Fellows
Alan Miller, Associate, Climate and Energy
Irving Mintzer, Senior Associate, Climate and Energy
Gizzelle Morgan, Secretary/Marketing Assistant
Novella Murray, Project Secretary
William Nagle, Senior Associate, Policy Affairs
Alvin Natkin, Distinguished Fellow
Charles Pearson, Adjunct Senior Associate, Private Sector
Initiatives
Robert Repetto, Senior Economist
Shirley Simpson, Receptionist/Secretary
Lani Sinclair, Communications Director
Oretta Tarkhani, Conference Coordinator
Susan Terry, Research Librarian
Peter Thacher, Distinguished Fellow
Craig Thomas, Secretary/Assistant
Dan Tunstall, Research Director, World Resources Report
Cynthia Veney, Project Secretary
Ruth Williams, Project Secretary
Wenda Wright, Administrative Secretary to Andrew Maguire
Montague Yudelman, Distinguished Fellow

WORLD RESOURCES INSTITUTE ISSUES

<u>Issue</u>	<u>Staff Contact</u> (202) 638-6300
Acid Rain	Mohamed El-Ashry Don Hinrichsen
Africa	Mohamed El-Ashry
Agriculture	Montague Yudelman
Arid Lands	Mohamed El-Ashry
Asia	Janet Welsh Brown Robert Repetto
Biological diversity	William Burley Peter Hazlewood
Biomass	Alan Miller Irving Mintzer
Climate change	Alan Miller Irving Mintzer
Conservation biology	William Burley
Corporate Environmental Policy	Al Natkin Charles Pearson
Development (economics)	Robert Repetto
Development policy	Janet Welsh Brown
Economics (environmental)	Robert Repetto
Ecosystem conservation	William Burley
Energy:	
Conservation	Alan Miller
Policy	Alan Miller
Renewable sources	Don Hinrichsen Irving Mintzer

<u>Issue</u>	<u>Staff Contact</u> (202) 638-6300
Solar	Don Hinrichsen Irving Mintzer
Wind	Don Hinrichsen Irving Mintzer
Environmental and energy regulation	Mohamed El-Ashry Alan Miller
Environmental and resource economics	Robert Repetto
Environmental data and statistics	Robert Kwartin Dan Tunstall
Environmental development	Charles Pearson
Environmental health	Peter Thacher
Environmental policy	Janet Welsh Brown
Environmental law	Alan Miller
Environmental trends and conditions	Dan Tunstall
Forests	Peter Hazlewood
Greenhouse effect	Alan Miller Irving Mintzer
India	Robert Repetto
Indonesia	Robert Repetto
Intergovernmental scientific cooperation	Jeanne Damlamian
International corporate environmental policy	Al Natkin Charles Pearson
International economics	Charles Pearson Robert Repetto
International institutions	Peter Thacher
International relations	Janet Welsh Brown

<u>Issue</u>	<u>Staff Contact</u> (202) 638-6300
Legislative issues	William Nagle
Marine environment	William Burley
Multilateral Development Banks	Robert Repetto
Multinational corporations	Charles Pearson
Overseas Private Investment Corp.	Charles Pearson
Ozone depletion	Alan Miller
Pakistan	Robert Repetto
Pesticides	William Nagle
Pesticides (economics)	Robert Repetto
Pollutants	Peter Thacher
Population	Robert Repetto
Private sector initiatives	Charles Pearson
Private Voluntary Organizations (environment & development)	Janet Welsh Brown
Regional seas	Peter Thacher
Rural development	William Nagle Montague Yudelman
Science & technology policy	Janet Welsh Brown
Soil conservation	Mohamed El-Ashry
South & Southeast Asia	Janet Welsh Brown
Statistics	Robert Kwartin
Third World development	Janet Welsh Brown
Trade policy	Charles Pearson
Tropical forests	William Burley Peter Hazlewood
UNESCO	Jeanne Damlamian
United Nations Environment Programme	Peter Thacher

Issue

Staff Contact
(202)638-6300

United States AID

William Burley
Robert Repetto

Utility regulation

Alan Miller

Water management

Mohamed El-Ashry

Water pollution

Alan Miller

Wildlife issues

William Burley

World Bank

Montague Yudelman

World Resources Report

Jeanne Damlamian
Don Hinrichsen
Dan Tunstall

WORLD RESOURCES INSTITUTE STAFF BACKGROUND

James Gustave Speth, President

Professor of Law, Georgetown University Law Center; Member and Chairman of the Council on Environmental Quality, Executive Office of the President; Co-Founder and Senior Attorney of Natural Resources Defense Council; clerk to U.S. Supreme Court Justice Hugo L. Black; Rhodes Scholar, Oxford.

Dr. Jessica T. Mathews, Vice President and Director of Research

Editorial board, The Washington Post; Director of the Office of Global Issues, National Security Council; Issues Director, Rep. Morris Udall's presidential campaign; Professional Staff Member, Energy and Environment Subcommittee of the House Committee on Interior and Insular Affairs; Congressional Science Fellow of the American Association for the Advancement of Science.

Dr. Andrew Maguire, Vice President for Policy Affairs

Member, U.S. Congress, (New Jersey); Political and Security Affairs Advisor, U.S. Mission to the United Nations, U.S. Department of State; Planning and Development Project Director, New York City; Consultant, Ford Foundation; author: Toward "Uhuru" in Tanzania (Cambridge University Press); Woodrow Wilson, Danforth and Foreign Area Training Fellow.

Wallace Bowman, Secretary-Treasurer

Senior Specialist and Chief of the Environment and Natural Resources Policy Division, Congressional Research Service; Senior Reports Officer, the United Nations Special Fund; Executive Officer, the Conservation Foundation; Executive Director of the Commission on Natural Resources of the National Academy of Sciences.

Marjorie Beane, Associate Development Director

Consultant, Presidential Debates Project, League of Women Voters; Director, Nuclear Energy Education Project, League of Women Voters; Environmental Information Specialist, Smithsonian Institution.

Dr. Janet Brown, Senior Associate

Executive Director, Environmental Defense Fund; Director, Office of Opportunities in Science, American Association for the Advancement of Science; Professor of Political Science and International Relations, University of District of Columbia, Howard University, and Sarah Lawrence College.

William Burley, Senior Associate

Director of Science, The Nature Conservancy International Program; Resource Planner, Domestic Programs, The Nature Conservancy; Forester, U.S. Forest Service.

Kathleen Courier, Publications Director

Executive Director, Center for Renewable Resources; Outreach Director, the Solar Lobby; Editor, Development Communication Report; Manuscript Editor, Worldwatch Institute.

Jeanne Damlamian, Managing Editor, World Resources Report

Program Specialist, Man and the Biosphere Programme, United Nations Educational, Scientific and Cultural Organization (UNESCO), Paris.

Dr. Mohamed El-Ashry, Senior Associate

Director of Environmental Quality, Tennessee Valley Authority; Staff Scientist and Cochairman of Water and Land Resources Program, Environmental Defense Fund, Denver; Chairman, Department of Environmental Sciences, Wilkes College.

Peter Hazlewood, Research Associate

Research Associate, Yale School of Forestry and Environmental Studies; Consultant, Agency for International Development, Department of State; Staff Assistant, Planning Office for Institute for Scientific and Technological Cooperation, Agency for International Development.

Don Hinrichsen, Editor-In-Chief, World Resources Report

Editor, Ambio, journal of the Royal Swedish Academy of Sciences; foreign correspondent, radio journalist in Europe.

Robert Kwartin, Project Staff, World Resources Report

Researcher and Assistant Editor, Bio-Energy Council, for International Bio-Energy Directory and Handbook.

David Macgregor, Marketing Director

Director of Publications and Outreach, Worldwatch Institute; Editor, Self-Reliance newsletter; Reporter, Peabody Times; Managing Editor, East Boston News; free-lance writer.

Alan Miller, Associate

Senior Staff Attorney, Natural Resources Defense Council; Assistant Director, National Energy Project of the Special Committee on Energy, American Bar Association; Fulbright Scholar, Macquarie University, Australia; Research Attorney, Environmental Law Institute.

Dr. Irving Mintzer, Senior Associate

Associate Research Specialist, University of California, Berkeley; Consultant, Lawrence Berkeley Laboratory, California; Assistant Research Specialist, Institute of Governmental Studies, University of California, Berkeley.

Dr. William Nagle, Senior Associate

Administrator, Rural Development Service, U.S. Department of Agriculture; Director, Economic Development, State of Maryland; President, Volunteers in International Technical Assistance; Director, Office of External Research, U.S. Department of State.

Alvin Natkin, Distinguished Fellow

Manager, Environmental Affairs, Exxon Corporation, New York City; Chairman, International Petroleum Industry Environmental Conservation Association.

Dr. Charles Pearson, Adjunct Senior Associate

Professor of International Economics, The Johns Hopkins University School of Advanced International Studies; Consultant to U.S. Commerce Department, U.S. Agency for International Development.

Dr. Robert Repetto, Senior Economist

Professor, Harvard University, School of Public Health, Center for Population Studies and Economics Department; Advisor, World Bank Economic Planning Board of East Pakistan; Staff Member, Ford Foundation, India.

Lani Sinclair, Communications Director

Print Media Director, National Wildlife Federation; Deputy Press Secretary, U.S. Senator John H. Chafee; Managing Editor, Pawtuxet Valley Daily Times (R.I.).

Peter Thacher, Distinguished Fellow

Director, United Nations Environment Programme's European Office; Deputy Executive Director, United Nations Environment Programme; Assistant Secretary-General of the United Nations.

Daniel Tunstall, Research Director, World Resources Report

Senior Associate, The Conservation Foundation; Consultant, Council on Environmental Quality, Executive Office of the President; Adjunct Research Associate, Bureau of Social Science Research, Inc.

Dr. Montague Yudelman, Distinguished Fellow

Director of Agriculture and Development, the World Bank; Assistant Director, Social Science, the Rockefeller Foundation; Acting President and Vice President, Organization for Economic Cooperation and Development Center.

WRI PROJECTS

I. Conserving Biological Diversity

- Conservation and Use of Tropical Forests -- A Plan for International Action
- Biological Diversity in Developing Countries -- The U.S. Contribution

II. Promoting Sustainable Agriculture

- Land and Water Management in Arid Regions -- Policy Alternatives for the United States, Mexico, and Canada
- Natural Resource Management for Sustainable Development in Sub-Saharan Africa

III. Managing Energy and Climate Resources

- Global Energy Futures -- Technologies and Policies for Sustainable Energy Supply and Use
- Greenhouse Gases and Climate Change -- Examining the Greenhouse Effect, Its Implications, and Policy Options
- Biomass Energy Systems -- Building Blocks for Sustainable Development

IV. Controlling Pollution and Protecting Health

- Acid Rain in the Western U.S. and the Arctic -- Strategies for Neglected Problems
- Pests and Pesticides -- Reducing Risks to People, Natural Resources, and Ecosystems
- Multiple Air Pollutants and Natural Resource Damage -- An Emerging Problem

V. Building Strong Resource Management: Institutions and Governance

- Multinational Corporations and the Environment in Developing Countries -- Improving the Performance of Companies and Host Governments
- "The Global Possible" -- A Policy Agenda for Population, Resources, and Development
- The U.S. Stake in Global Resource Issues -- Defining U.S. Economic and Security Interests in Environment, Resource, and Population Programs

- Helping Developing Countries Help Themselves -- A Congressional Agenda for Improved Environmental Management in the Third World
- Promoting Sustainable Growth -- An Economic and Environmental Analysis of Resource Subsidies and Price Controls
- Assessing and Valuating Natural Resource Services -- Toward a New Accounting

VI. Providing Information on Resource Conditions and Trends

- World Resources -- An Annual Report on International Conditions and Trends in Population, Resources, and Environment

WORLD RESOURCES INSTITUTE
1735 New York Avenue, N.W.
Washington, D.C. 20006
USA

April 10, 1986

Dear Jim,

Thank you for your letter of March 17. I agree that we should have standard procedures for the attendance of WFP in consortia and Consultative Groups.

Consultative Groups and aid consortia are a mechanism for mobilizing and coordinating financial assistance for countries in the context of their programs and policies. Consequently, we try to limit attendance to governments and organizations which have an active program of assistance in these countries.

In countries where WFP has a program of assistance, we would welcome its attendance in its own name. As to other countries where WFP may have an interest but is not engaged in assistance, I would suggest that it is represented through the UNDP chair.

With warm personal regards.

Sincerely,


(Signed) A. W. Clausen

Mr. James Ingram
Executive Director
World Food Programme
Rome, Italy

cc: Messrs. Stern (with incoming)
Botafogo (" ")
Regional Vice Presidents (" ")
Schuh
Shakow

✓SSHusain:bce

ROUTING SLIP		Date
		March 31
OFFICE OF THE PRESIDENT		
Name		Room No.
Mr. Husain <i>M. Schuh</i>		E 1023
cc: Mr. Stern <i>Mr. Argyle</i>		E 1227
Mr. Botafogo		E 823
To Handle		Note and File
Appropriate Disposition	XX	Prepare Reply
Approval		Per Our Conversation
Information		Recommendation
Remarks		
<p>I would be grateful if you would have a reply prepared for Mr. Clausen's signature by April 7.</p> <p><i>Rec'd. from Farrar</i> <i>4/2 a.m.</i></p> <p>Nigel Roberts <i>W</i></p>		
From		

WORLD FOOD PROGRAMME

Via delle Terme di Caracalla, 00100-Rome Cables: WORLDFOOD ROME Telex: 680096 WFP I Tel.: 57973030/6335

427
The Executive Director

UN 12/1

17 March 1986

Dear Tom,

WFP has for many years attended a number of Consultative Groups, and I believe our participation has been useful in helping to assure that food aid is programmed in support of national development programmes. Given the increasing significance of food aid in total resource flows to many countries in Sub-Saharan Africa in particular, and the desirability of improved planning, coordination and management of this resource, I believe it would now be helpful to regularize WFP attendance at such meetings.

We fully support the Bank's practice of limiting attendance at CG meetings to participants having significant resources to offer, and believe that the effectiveness of the CG mechanism depends importantly on keeping the group compact and serious, I accordingly propose that WFP attendance, justified either on the basis of WFP's own contribution or by its role as the international agency responsible for coordination of food aid, should be seriously considered when food aid constitutes in the order of 10% of net ODA to the country concerned, or where there is scope for substantial additional food aid.

Practice has varied from country to country concerning the capacity in which WFP has attended in the past, and I believe it would be useful to follow a uniform pattern in this regard. For major countries as described above, WFP should attend in its own name, rather than as a member of the UNDP delegation. Although the UNDP Resident Representative is also ex officio WFP Representative at the country level, the headquarters organizations are of course quite separate, and WFP representation is in most instances at the headquarters' level.

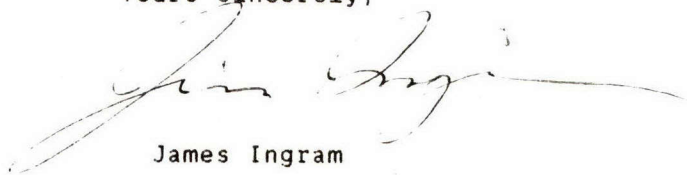
Mr. A.W. Clausen
President
The World Bank
1818 H Street, N.W
Washington, D.C. 20433

DIR-WB-CGs

I will be grateful for your agreement with these general guidelines as a basis for working out arrangements for WFP attendance at particular country meetings.

Best regards,

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Jim Ingram", written in dark ink. The signature is fluid and extends across the width of the page.

James Ingram

May 5, 1986

Dear Gus:

Many thanks for sending me World Resources 1986, which arrived while I was out of the country for a few weeks. I haven't had a chance to do more than leaf through it, but I'm pleased that the Bank was able to make some useful contributions, and I'm looking forward to reading it more thoroughly.

This volume is undoubtedly a valuable addition to the rather limited body of knowledge about the world's resources, and you and the International Institute for Environment and Development can be justifiably proud of having produced it.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. W. Clausen', with a large, sweeping flourish above the name.

A. W. Clausen

Mr. Gus Speth
President
World Resources Institute
1735 New York Avenue, N.W.
Suite 400
Washington, D. C. 20006

MH

513

World Resources Report

World Resources Institute
International Institute for
Environment and Development

April 18, 1986

A.W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, DC 20433

Dear Tom:

With enormous pleasure we are sending you World Resources 1986. We are delighted to send also a copy of the press release announcing its publication.

The World Resources Institute and the International Institute for Environment and Development deeply appreciate the support you have given this project, and we look forward to briefing you on its future volumes.

Sincerely,



Gus Speth
President
World Resources Institute

Brian Walker
President
International Institute for
Environment and Development

cc: Mr. D.R. Clarke
Mr. James A. Lee

World Resources Institute
1735 New York Avenue, N.W., Suite 400
Washington, D.C. 20006
(202) 638-6300

**International Institute for
Environment and Development**
North America
1717 Massachusetts Avenue, N.W., Suite 302
Washington, D.C. 20036
(202) 462-0900

Europe
3 Endsleigh Street
London WC1H 0DD England
(01) 388-2117

Editorial Advisory Board: Dr. M.S. Swaminathan (India), Chairman; Mr. Anil Agarwal (India); His Excellency Abdlatif Y. Al-Hamad (Kuwait); Prof. Bert Bolin (Sweden); Ms. Yolanda Kakabadse (Ecuador); Dr. Thomas A. Lambo (Nigeria); Dr. Istvan Lang (Hungary); Dr. Liu Jingyi (People's Republic of China); Mr. Robert S. McNamara (United States); Mr. James Gustave Speth (United States); Mr. Brian Walker (United Kingdom)

RECEIVED
APR 23 1986

RECEIVED
1986 APR 23 PM 4: 52
OFFICE OF THE ATTORNEY GENERAL

World Resources Report

World Resources Institute

International Institute for
Environment and Development

PRESS RELEASE

HOLD FOR RELEASE:

10 a.m. THURSDAY, MAY 1, 1986

Contact: Lani Sinclair, (202) 638-6300
Cathryn Scoville, (202) 462-0900

FOREST DECLINE DUE TO MORE THAN ACID RAIN, SAYS NEW REPORT ON RESOURCE TRENDS

New evidence points to a deadly combination of natural stresses and airborne pollutants -- far more than just sulfur dioxide and nitrogen oxide emissions -- undermining the health of millions of acres of North American and European forests, according to World Resources 1986, the first report of its kind on worldwide environmental and resource trends.

"West German scientists investigating the death of Europe's forests have identified as many as 160 different possible causative factors," according to World Resources 1986, released today in Washington by the World Resources Institute and the International Institute for Environment and Development.

"Nearly 17 million acres of European forest have been affected, and the future health and vigor of virtually all major tree species in Europe are threatened, as well as some commercially important conifers in North America."

World Resources 1986 offers a new approach, based on the most reliable and current data, to identifying priority issues and presenting scientifically rigorous analyses in a form useful to decision-makers in government and the private sector. The

World Resources Institute
1735 New York Avenue, N.W., Suite 400
Washington, D.C. 20006
(202) 638-6300

**International Institute for
Environment and Development**
North America
1717 Massachusetts Avenue, N.W., Suite 302
Washington, D.C. 20036
(202) 462-0900

Europe
3 Endsleigh Street
London WC1H 0DD England
(01) 388-2117

Editorial Advisory Board: Dr. M.S. Swaminathan (India), Chairman; Mr. Anil Agarwal (India); His Excellency Abdlatif Y. Al-Hamad (Kuwait); Prof. Bert Bolin (Sweden); Ms. Yolanda Kakabadse (Ecuador); Dr. Thomas A. Lambo (Nigeria); Dr. Istvan Lang (Hungary); Dr. Liu Jingyi (People's Republic of China); Mr. Robert S. McNamara (United States); Mr. James Gustave Speth (United States); Mr. Brian Walker (United Kingdom)

report will be updated annually.

Robert S. McNamara, former President of The World Bank and a member of the World Resources 1986 Editorial Advisory Board, said today in Washington, "Environmental management and its effect on available natural resources figure far more heavily in the success or failure of economic activities than most policy-makers recognize. One reason is a lack of understanding of the many links between the two, and another is the lack of good data. The new, annual World Resources report goes a long way to correcting both. Its global coverage, clearly presented analyses, and comprehensive data series are badly needed by decision-makers in both public and private sectors."

The role of multiple pollutants in widespread forest decline is one of six resource issues that "demand urgent remedial action," according to World Resources 1986. Those issues, reflecting the material detailed in the report's 350 pages, are: the many links between environment and human health, tropical deforestation, soil degradation, the lack of a method for relating population levels to the resource base, the new reality of the atmosphere as a shared resource (including the role of multiple pollutants in forest decline), and Africa's population and resource conditions.

Part I, "An Emerging Agenda," examines these six issues; Part III is an in-depth examination of emerging or controversial new issues (this year on "Multiple Pollutants and Forest Decline"). Parts II and IV contain analyses of conditions,

trends and recent developments, and 48 data tables of environmental statistics -- half covering 146 countries -- on population, health, human settlements, land use and cover, food and agriculture, forests and rangelands, wildlife and habitat, energy and minerals, freshwater, oceans and coasts, atmosphere and climate, and policies and institutions.

"Better data on the state of the world's natural resources will lead to better decisions in managing those resources. In this regard, World Resources 1986 performs a valuable service for government leaders, policymakers, corporations, and citizens' organizations around the world," said William D. Ruckelshaus, former U.S. Environmental Protection Agency Administrator.

Among the findings and new developments described in the report are:

- Species losses by the end of this century, based on recent land-use trends, are predicted to rise to a million or more of the Earth's estimated 5-10 million species.

- A number of gases, especially ozone, chlorofluorocarbons, methane and nitrous oxide, add to the previously recognized role of carbon dioxide in the "greenhouse effect." A global warming of 1.5-4.5 degrees Celsius (2.7-8.1 degrees Fahrenheit) could therefore come as soon as the early 2030s.

- Energy intensity (the measure that relates energy consumption to economic activity) has declined sharply in most developed countries since 1974, contributing to the declining price of oil.

- African farmers are burdened with about 1 million more

mouths to feed every three weeks; 80 percent of the continent's soils have fertility limitations, and the climate over 47 percent of the continent is too dry for rainfed agriculture.

● Recent developments described in the report include, among others, population policy shifts in the U.S. and elsewhere, trends in infant mortality, the impact of Third World debt on human settlements, changing priorities in forestry research, multinational use of shared water resources, ocean disposal of radioactive wastes, and international efforts to combat acid deposition.

According to David Runnalls, Vice President of the International Institute for Environment and Development, "Every year millions are spent by the governments of the world collecting data on our global environment and natural resources. World Resources 1986 represents the first time two leading non-governmental organizations have come together to give a comprehensive, accessible and meaningful perspective on the issues behind that data."

"A brighter future for our world is possible, but policies must be changed, initiatives must be taken, and emerging technologies must be exploited," said Dr. Jessica Mathews, Vice President of the World Resources Institute. "The information collected in this volume can make a substantial contribution to making that possible."

World Resources 1986, published by Basic Books, is available in U.S. bookstores and will be released in Europe on May 29. Outside the U.S., it is being distributed by Harper & Row International.

EDITORIAL ADVISORY BOARD

Dr. M.S. Swaminathan (India), Chairman
 Mr. Anil Agarwal (India)
 His Excellency Abdlatif Y. Al-Hamad (Kuwait)
 Prof. Bert Bolin (Sweden)
 Ms. Yolanda Kakabadse (Ecuador)
 Dr. Thomas A. Lambo (Nigeria)
 Dr. Istvan Lang (Hungary)
 Dr. Liu Jingyi (People's Republic of China)
 Mr. Robert S. McNamara (United States)
 Mr. James Gustave Speth (United States)
 Mr. Brian Walker (United Kingdom)

PROJECT STAFF

Jessica Tuchman Mathews, Project Director
 Donald Hinrichsen, Editor in Chief
 Daniel B. Tunstall, Research Director
 Jeanne Damlamian, Associate Editor
 Czech Conroy, Associate Editor
 Robert M. Kwartin, Research Associate
 Mary E. Paden, Production Manager

David Runnalls, Senior Advisor
 Peter S. Thacher, Senior Advisor

FINANCIAL SUPPORTERS

The Ford Foundation
 The German Marshall Fund of the United States
 The William and Flora Hewlett Foundation
 The John D. and Catherine T. MacArthur Foundation
 The J.N. Pew Jr. Charitable Trust
 The United Nations Development Programme
 The United Nations Environment Programme
 The U.S. Agency for International Development
 The U.S. National Aeronautics and Space Administration
 The World Bank

THE WORLD RESOURCES INSTITUTE, based in Washington, D.C., is a policy research center created in 1982; it approaches the analysis of resource policy options objectively, with a strong grounding in the sciences.

THE INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT conducts a program of policy research, information dissemination and field activities with sustainable development as its guiding principle.



BEYOND WAR™

- Purpose and Goals
 - Building A Movement
 - Building Awareness
 - The Beyond War Award
 - Financial Support
 - Working Together
-

"The unleashed power of the atom has changed everything save our modes of thinking and we thus drift toward unparalleled catastrophe."

ALBERT EINSTEIN, 1946

Throughout recorded history, war has been used to acquire, to defend, to expand, to impose, to preserve. War has been the ultimate arbiter of differences between nations. Now we must accept the reality that war has become obsolete.

The development, deployment and use of nuclear weapons have forever altered our environment. For the first time, a species has the capability of destroying itself and its life support system. Our thinking, however, has not caught up with this reality. In order to survive, we must change our mode of thinking. This change requires knowledge, decision and action.

BEYOND WAR STATEMENT, 1983*



The Beyond War movement is a direct response to the crisis now facing our world, a crisis brought about by the major nations confronting each other — and life itself — with unimaginable levels of destruction. Today, we face the clear possibility of extinction. The world's nuclear arsenals contain the equivalent of one million Hiroshima bombs!

Beyond War is not simply an “anti-nuclear movement.” It is focused on dealing with the root cause behind this arms insanity: the use of violence to intimidate or subdue a perceived enemy.

The basic tenets of the movement are that war, *all war*, is obsolete and, therefore, we must now seek other means to resolve conflict between nations and people. Further, that the root cause of war is not economics, nor social systems, but the way we as humans *think* about conflict.

This knowledge gives us hope because we know that it is possible to change the way we think. We have, over time, changed our thinking about human sacrifice, human slavery and human rights.

The purpose and goal of Beyond War is to inform people of the crisis we face and to provide them with the opportunity to discuss, develop and demonstrate a new way of thinking that will bring about a world beyond war.

Building A Movement

The Beyond War movement has undergone many changes since its beginning in 1982. Early efforts were directed primarily to informing people about the devastating effects of a nuclear war. *The Last Epidemic*, a film on the medical consequences of a nuclear explosion, was shown in thousands of homes, schools and offices.



The Beyond War Women's Convocation in November, 1983. 2700 women from 34 states and eight foreign countries came together to call for an end to war.

During this same time, work began on the development of a "position paper" that would set forth both the reality of the global threat and the process by which people could respond. Interviews were held with educators, arms control experts, military and government personnel, scientists and other professional people. As the Beyond War Statement took shape, it was read and discussed by men and women in all walks of life, changed, revised and rewritten.

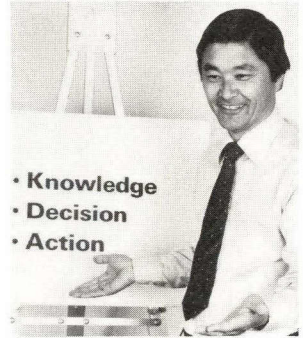
Finally, with the basic philosophy of the movement clearly defined, a course of meetings entitled "An Orientation To A World Beyond War" was developed. Films and videotapes were produced. One of these, entitled *No Frames, No Boundaries*, received a Freedoms Foundation Award.

To help gain additional knowledge of the key issues, nationally known authorities were invited to come and speak to Beyond War workers and their guests. These included Paul Warnke, arms control expert and SALT II negotiator; Admiral Gene R.

LaRocque (USN-Ret.), chairman of the Center for Defense Information; Dr. Roger Fisher, author of the best-selling book, *Getting To Yes*; Harold Willens, businessman and author of *The Trimtab Factor*; and Dr. Robert Bowman, former Director of Advanced Space Programs for the Air Force, speaking on the Strategic Defense Initiative ("Star Wars").

With more and more people in California expressing interest in the Beyond War movement, it was decided that small teams would visit several other areas during 1983 to see how the Beyond War concepts would be accepted. The states of Iowa, Maine, New Hampshire, Vermont, Oregon and Colorado were chosen. Other teams visited Los Angeles and San Diego in Southern California. Everywhere the response was the same: people were deeply concerned about the threat of nuclear war and interested in learning how to build a world beyond war.

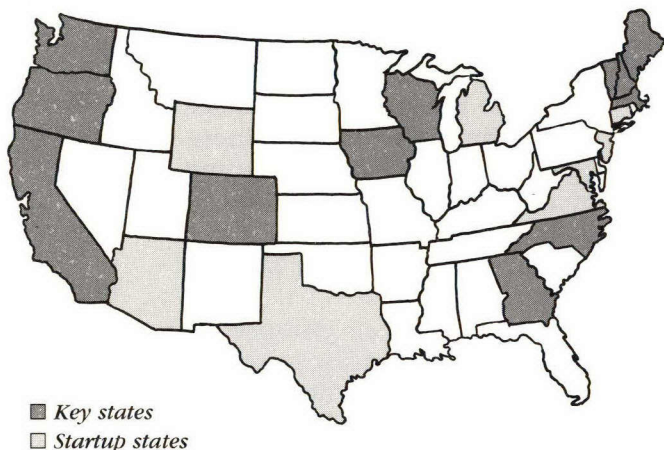
In the fall of 1983, Beyond War representatives were invited to attend a meeting in Washington, D.C., for a teleconference with the Soviet Union during which scientists from both countries exchanged their research findings on the subject of a "nuclear winter." This new information further confirmed the fact that *all* nations and *all* people were at risk in even a "limited" nuclear war.



Visual aids are used to communicate basic concepts in "An Orientation To A World Beyond War."



New films and video-tapes are always in production to assist Beyond War people across the country. Some Beyond War films have been translated into five languages.



Early in 1984, eleven states were identified as being “key” to the expansion of Beyond War throughout the nation. As a result, in the fall of that same year, seventeen families who were part of the national staff of volunteers moved into these key areas for one to two years in order to begin the work of building a movement. Since then, one other state has been designated a key state and nine other states have been designated as “startup” states where Beyond War is just beginning to take hold.

At present there are more than 8,000 people across the United States and in six foreign countries actively involved in building a world beyond war. This includes more than 400 men and women who work as full time volunteers. Many of these are former business and professional people who are now able to devote their time, talents and resources to this critical effort. Others have been able to take a leave of absence or sabbatical to work full time with the movement.

Other Activities

The Olympic Scientific Congress draws scientists and health professionals from all over the world to a conference in the host country preceding the summer Olympics. At the 1984 meeting in Eugene, Oregon, Beyond War was invited to make the final evening presentation to the conference delegates. The two-hour program, entitled "The Olympics as a Paradigm for A World Beyond War," was called by many of the delegates "the highlight of the conference."

Veteran's Day, 1984. On the day traditionally set aside to honor our veterans, 2200 men gathered in San Francisco to commemorate the courage and bravery of those in past wars and to dedicate themselves to becoming the "new warrior" who would work for a permanent end to war.

An International Task Force is working to develop relationships with people in other countries who are interested in building a world beyond war. In November, 1984, a group of eleven high-level executives from the Silicon Valley area of California traveled to the Soviet Union and Hungary to meet with their global counterparts. Further cooperative ventures in innovation and communication are in the planning stage. Fact-finding trips by other Beyond War people have been made to Europe, Japan, Central and South America.

Ambassadors to the United Nations were invited to a special presentation in January, 1985, which was co-sponsored by Beyond War. Dr. Carl Sagan of the United States and Dr. Sergei Kapitsa of the Soviet Union made a joint presentation on the effects of a "nuclear winter" for the representatives of 72 member nations. Beyond War representatives later had personal follow-up meetings with more than 40 of the U.N. Ambassadors.



Dr. Carl Sagan of the United States (right) and Dr. Sergei Kapitsa of the Soviet Union (left) during their special presentation to members of the United Nations.

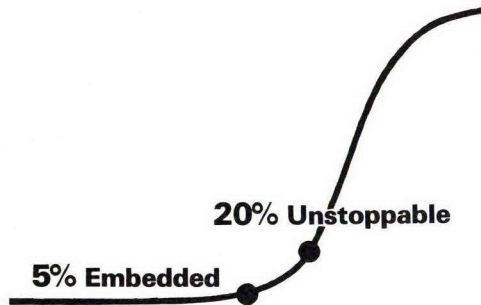
"(Beyond War) differs from other anti-nuclear groups with its commitment to not only stopping the arms race, but also nipping it at its intellectual and emotional core."

PORTLAND OREGONIAN

Building Awareness

Research studies have shown how a new idea such as Beyond War spreads and how a movement grows. When approximately 5% of a population adopts a new idea it becomes "embedded." When the new idea is accepted by 20% of the people it is said to be "unstoppable."

However, almost half of the population (40-50%) must become *aware* of the new idea in order to reach the initial goal of one person in twenty (5%) adopting it. Achieving this level of awareness for Beyond War will require not only the efforts of thousands of volunteer workers, but also the use of mass media.



"It hardly makes a sound as it moves through the water... and yet it's huge. At 560 feet it's almost the length of two football fields... and it weighs more than 18,000 tons. Its official name is ballistic missile submarine, but in the navy they call it a "boomer." On board are 192 thermonuclear weapons, every one of them eight times more powerful than the bomb dropped on Hiroshima. Just one nuclear submarine and its missiles can destroy every major city in Europe or Asia or the United States. That's the way it is in our world today, the world we share with all other people and all other life. It has to change... and it has to change soon. Working together we can build a world beyond war."

—Beyond War public service
radio announcement.

"A generation ago, President Eisenhower (said), 'People in the long run are going to do more to promote peace than governments. One of these days government had better get out of their way and let them have it.' Now, many megatons and missile silos later, the Beyond War movement is fulfilling the Eisenhower prophecy."

THE CHARLOTTE OBSERVER



We have built a great nation "of the people, by the people, and for the people."
 We have abolished slavery, instituted women's suffrage, and guaranteed civil rights.
 Generation after generation, we have moved forward. Now, in this generation, we must respond to the greatest challenge in history. We must build a world beyond war.



Working together we can

WE CANNOT STAND BY AND WATCH THE EXTINCTION OF THE HUMAN RACE

The arms race and the subsequent carrier cruise missile destruction have been built by all nations in self-destroyed habits.
 Both American and Soviet weapons built on land if only a small percentage of the nuclear weapons are used, all cities could be destroyed.
 Our national defense agencies, by changing the way we think about war, have not changed our minds or our course. We must make our thinking or continue the arms race.

- | REASON | FACT |
|--|---|
| 1. The human species can continue to exist and survive. | 1. Nuclear weapons have made all war obsolete. |
| 2. There will not be a nuclear war "between" or "between" all groups of nations. | 2. Nuclear war is inevitable unless we adopt a "zero death" of thinking. |
| 3. Our persons cannot make a difference. | 3. All the great governments in history have bargained with each other, working together in a "great minds effort." |

THE CONTRIBUTIONS OF MORE THAN 25,000 PEOPLE HAVE ALREADY HELPED IN MAKING THIS MESSAGE POSSIBLE.



Theodor Dwight II
 Eisenhower 1954

The use of armaments has made and the human race must continue its actions in the hands of the



Albert Einstein 1946

The unbridled power of the atom has changed everything ever and makes of thinking and we thus are toward an altered category.



General Dwight D. Eisenhower 1954

Global war has become a phenomenon in history with only. No longer is it a weapon of destruction. The threat of destruction is now a fact. We are established. It was not just a word. It was a fact. We must continue now only the process of double war.

build a world beyond war.

Beyond War is a progressive magazine serving thousands of contributors who believe that the possibility of building a world beyond war is not only possible but also the way we must proceed.
 The magazine has established a fund to help support its mission. Through the power of our contributors, we have been able to fund the magazine for all of our contributors.
 The magazine has established a fund to help support its mission. Through the power of our contributors, we have been able to fund the magazine for all of our contributors.

Chicago, North Carolina, Texas, etc. Magazines, New Hampshire, Vermont, Maine, New York, Ohio and Wyoming. If you would like more information, please to Beyond War, the center of other cities in the U.S.
 Beyond War, 1000 North 1st Street, Suite 100, Minneapolis, MN 55401
 Phone: (612) 338-1000

Madison, California City, San Francisco, Colorado, CA 92039, (619) 731-8400
 San Diego, CA 92101, (619) 591-1000
 San Jose, CA 95128, (415) 285-1000
 Seattle, WA 98101, (206) 461-1000
 Denver, CO 80202, (303) 733-1000

YOUR TAX-DEDUCTIBLE CONTRIBUTION WILL HELP BUILD A WORLD BEYOND WAR.

SEND NO MONEY NOW. SEE HOW WE CAN HELP YOU.

NAME

ADDRESS

CITY

STATE

ZIP

SEND NO MONEY NOW. SEE HOW WE CAN HELP YOU.

This double-page Beyond War advertisement was the result of an action taken by more than 5,000 women who attended one of a series of symposia held throughout the western United States in the fall of 1984. In two months the women raised \$200,000 for ads like this in TIME magazine's California edition and seven major newspapers. One result was that awareness of Beyond War in these areas more than doubled.

"Closed doors pose no limit to Beyond War volunteers. Members have given presentations in the executive offices of some of the most prestigious ... firms in the country."

THE CHRISTIAN SCIENCE MONITOR

"Theirs is a 'quiet revolution,' being conducted in the hearts and minds of the U.S. population."

MASON CITY (Iowa) GLOBE-GAZETTE

"Theirs (Beyond War) is not a wild, idealistic dream, but a plan carefully worked out to change basic American thinking about war and peace."

THE WASHINGTON SPECTATOR

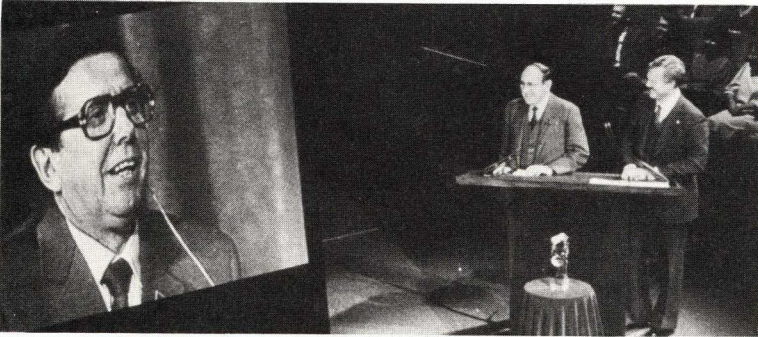
"To honor the great efforts of humankind as it moves to build a world beyond war."

The Beyond War Award

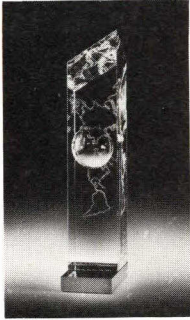
The Beyond War Award is presented annually in December to the individual, group or nation who makes a significant contribution toward building a world beyond war.

In 1983, the Award was given to the National Conference of Catholic Bishops for their historic pastoral letter on war, *"The Challenge of Peace: God's Promise and Our Response."*

The recipient of the 1984 Award was the International Physicians for the Prevention of Nuclear War (IPPNW), a unique group of 105,000 physicians from 54 countries. The two co-Presidents of IPPNW are Dr. Yevgeni Chazov, Director-General of the National Cardiological Research Center, USSR, and Dr. Bernard Lown, Professor of Cardiology at the Harvard University School of Public Health, USA.



Linked by television satellite (see picture above), the Award ceremony was a dramatic experience for the 3,000 people in San Francisco, 800 in Moscow, and an estimated 90,000 others who watched on television. The program was subsequently aired for millions on both U.S. and Soviet TV networks.



Designed by Steuben Glass, the Beyond War Award is a square column of crystal fourteen inches tall. The continents of the world are delicately engraved on three surfaces of the column. On the front surface, a deeply recessed half-sphere serves as a lens to transform the images of the continents into one unified whole. On all four sides at the base of the Award, representing the North, South, East, and West, are engraved the words "A WORLD BEYOND WAR."

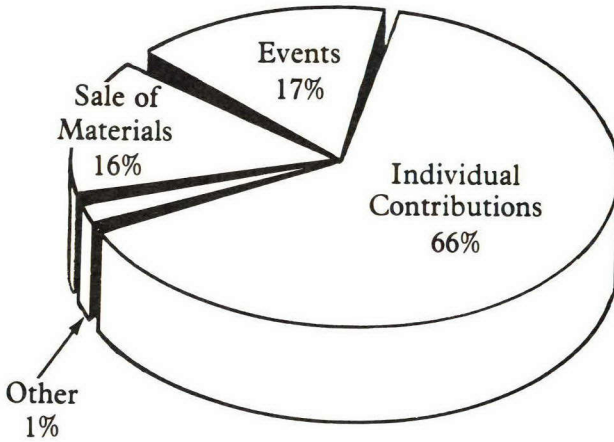
The 1985 Beyond War Award Selection Committee

GRO HARLEM BRUNDTLAND, Former Prime Minister of Norway · **BETTY BUMPERS**, Founder and President of Peace Links · **HELEN CALDICOTT**, President Emeritus, Physicians for Social Responsibility · **RODRIGO CARAZO**, President, United Nations University for Peace, and former President of Costa Rica · **YEVGENI I. CHAZOV**, Director-General, National Cardiological Research Center, USSR, and co-founder, International Physicians for the Prevention of Nuclear War · **MARVIN GOLDBERGER**, President, California Institute of Technology · **THEODORE HESBURGH**, President, University of Notre Dame · **MATINA S. HORNER**, President, Radcliffe College · **JAMES A. JOSEPH**, President, Council on Foundations · **RICHARD LEAKEY**, Director, National Museums of Kenya · **BERNARD LOWN**, Professor of Cardiology, Harvard University, and co-founder, International Physicians for the Prevention of Nuclear War · **HIROJI MUKASA**, Former chairman, International Congress of Social Psychiatry, and founder, Mukasa Hospital, Japan · **ESTHER PETERSON**, former White House advisor to three U.S. Presidents · **JOHN R. QUINN**, Archbishop of San Francisco · **RICHARD L. RATHBUN**, President, Beyond War Foundation · **CARL SAGAN**, Director, Laboratory for Planetary Studies, Cornell University · **JONAS SALK**, Founder, Salk Institute for Biological Studies · **JACQUELINE G. WEXLER**, President, National Conference of Christians and Jews · **ANDREW YOUNG**, Mayor of Atlanta, Georgia, and former U.S. Ambassador to the United Nations.

Financial Support

The annual budget for the Beyond War movement is approximately \$2 million. Two thirds of this amount (see chart below) comes from individual contributions. The balance of funds is provided by events such as symposia, presentations, lectures, and the sale of materials.

SOURCE OF FUNDS



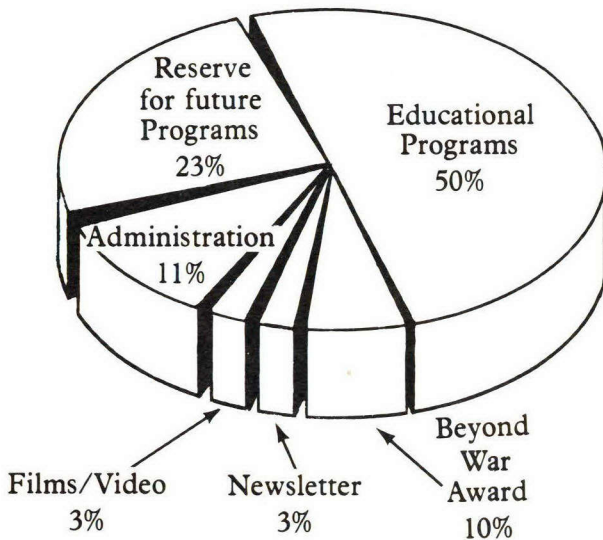
The largest part of the Beyond War budget (see chart right) is used to make informational presentations and to provide the educational resources for a growing movement.

Of particular interest is the fact that only 11% of the budget is used for staff support and administrative expenses and one-fourth of this amount is for telephone service to enable the National Office to communicate with Beyond War individuals in the field.

Less than 2½% of the total budget is allocated for salaries and less than 1% is spent to obtain financial support.

Clearly, the large base of dedicated volunteers makes it possible to leverage every dollar contributed for maximum effectiveness.

USE OF FUNDS



We hope you will join us in this important effort. To send your tax-deductible contribution or to learn more about investing in a world beyond war, please write Beyond War, 222 High Street, Palo Alto, CA 94301.

Director of Financial Support:
Dorothie Hellman, C.P.A.
former supervisor, Touche Ross & Co.

Treasurer:
Donald R. Wurtz, C.P.A.
former partner, Arthur Andersen & Co.

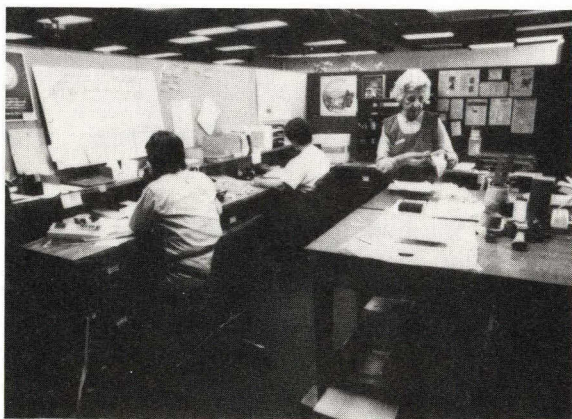
Auditors:
Deloitte, Haskins & Sells
San Francisco

Working together we can

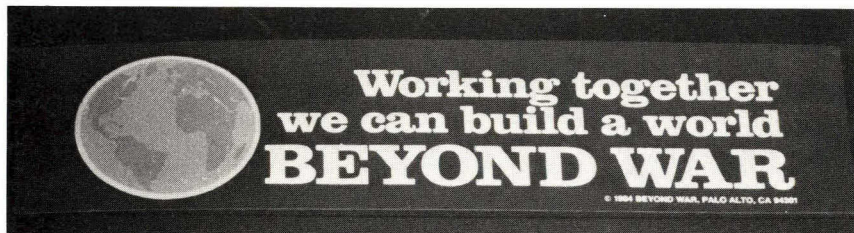


Beyond War workers from throughout the United States meet together at one of the National Seminars to discuss future plans.

The Distribution Department at the National Office in Palo Alto. Beyond War workers send out more than 10,000 pieces of material every month.

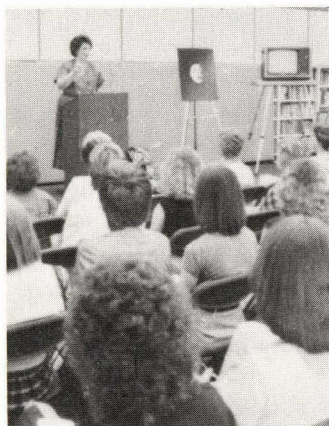


Putting a Beyond War bumper strip on your car helps to spread the word and build awareness of a growing movement.



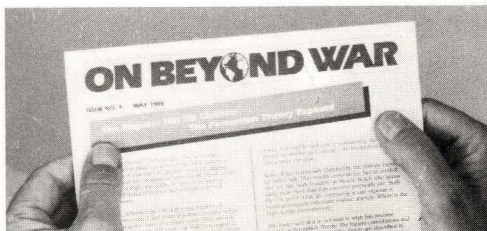
build a world beyond war

A television crew traveled all the way from Hiroshima, Japan, to photograph Beyond War activities as part of a Japanese TV special on Hiroshima's 40th anniversary.



Presentations to groups, large and small, are an important element of the Beyond War movement.

On Beyond War is the newsletter of the movement. Published by a team of professionals 12 times each year, the current circulation is 10,200 and climbing.



"There are, as the Beyond War people put it, only two choices: life or death. It is disturbingly easy to see the scenarios in which nuclear weapons could come to be used — Undeniably, it is time to change."

THE WENATCHEE (Wash.) WORLD

"Can we really change our way of thinking and get the world 'beyond war'? We don't yet know. But as more and more forces converge which lead us to 'unparalleled catastrophe,' it is imperative that we try."

THE DENVER POST

THE BEYOND WAR FOUNDATION

Beyond War is a non-profit, tax-exempt foundation whose activities are guided and coordinated by the full-time volunteer staff as well as a great many part-time volunteers. The foundation's Board of Directors has responsibility for policy and planning. Members of the Executive Committee meet weekly.

BOARD OF DIRECTORS

ROBERT L. ALLEN
Attorney
Portland, Oregon

JOHN L. ANDERSON
Director, Product Marketing, IBM
San Jose, California

DOROTHIE L. HELLMAN*
Vice President, Financial Support
Beyond War Foundation

RUTH HODOS*
Director, Media & Public Relations
Beyond War Foundation

LAURA LEFKOWITS
Colorado Regional Coordinator
Denver, Colorado

WILLIAM E. McGLASHAN*
Vice President, International
Beyond War Foundation

WAYNE J. MEHL*
Executive Vice President
Beyond War Foundation

JACK OVERALL
Los Angeles Regional Coordinator
Los Angeles, California

RICHARD L. RATHBUN*
President
Beyond War Foundation

EUGENE W. RICHESON
Northeast Regional Coordinator
Portsmouth, New Hampshire

CRAIG S. RITCHEY*
Attorney
Palo Alto, California

LOUISE SMITH
Southeast Regional Coordinator
Atlanta, Georgia

BARBARA THOMAS
Midwest Regional Coordinator
Des Moines, Iowa

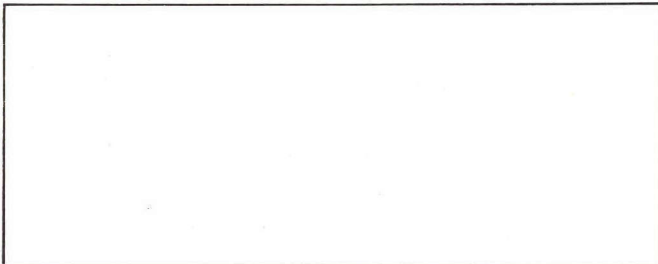
PATRICIA WILLIAMS*
former Mayor
Portola Valley, California

DONALD R. WURTZ*
Treasurer
Beyond War Foundation

**Members of the
Executive Committee*

OFFICERS: Secretary, Yale I. Jones; Assistant Secretary, Gayle T. Crossley; Assistant Treasurer, T. L. Staley.

National Office
222 High Street, Palo Alto, California 94301
(415) 328-7756



THE WORLD BANK

Office of the President

May 14, 1986

Brenda:

Re the attached. I talked with Andy Maguire of the World Resources Institute today about this and mentioned that because of AWC's tight schedule, we were suggesting that Mr. Speth and his group meet, at least initially, with Mr. Husain.

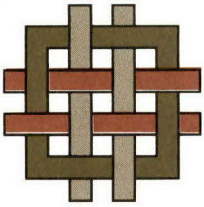
He said that he and Mr. Speth would be pleased to meet with Mr. Husain, but that they would like to do it as soon as possible. If Mr. Husain then agreed that Mr. Clausen should be involved, Mr. Maguire envisaged assembling a group including Russell Train and/or Bill Reilly, Senator Pell, Congressman John Seiberling and former Robert Blake to meet with him. Mr. Maguire asked if you could give him a call to set something up with Mr. Husain, possibly this week (his number is 638-6300).

Also, I am attaching a copy of Mr. Stern's note concerning this appointment.

Thanks.


Myra

578



WORLD RESOURCES INSTITUTE
A CENTER FOR POLICY RESEARCH

1735 New York Avenue, N.W., Washington, D.C. 20006, Telephone: 202-638-6300

James Gustave Speth, *President*

May 8, 1986

A.W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, DC 20433

Dear Tom:

The worldwide praise that has been heaped on both our organizations for sponsoring Tropical Forests: A Call For Action has certainly exceeded expectations. The time was certainly ripe for an action plan; the strong public response we received is saying, as I read it, "you have produced a vitally important plan, now implement it".

From your original Osborn Lecture to your sponsorship and promotion of our joint tropical forests action plan, you have given strong leadership in this area, and I think you should be very proud of that.

Despite real progress, an extremely important step remains to be taken. A group of us here in Washington representing different organizations would like to meet with you very soon to discuss this with you.

I'll be calling your office shortly to find a convenient time for a brief discussion.

Warm regards,

A handwritten signature in dark ink, appearing to read 'Gus', written in a cursive style.

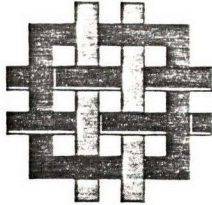
Gus Speth
President

RECEIVED

1986 MAY - 9 PM 5: 16

RECEIVED

578



WORLD RESOURCES INSTITUTE
A CENTER FOR POLICY RESEARCH

1735 New York Avenue, N.W., Washington, D.C. 20006, Telephone: 202-638-6300

James Gustave Speth, *President*

May 8, 1986

A.W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, DC 20433

Dear Tom:

The worldwide praise that has been heaped on both our organizations for sponsoring Tropical Forests: A Call For Action has certainly exceeded expectations. The time was certainly ripe for an action plan; the strong public response we received is saying, as I read it, "you have produced a vitally important plan, now implement it".

From your original Osborn Lecture to your sponsorship and promotion of our joint tropical forests action plan, you have given strong leadership in this area, and I think you should be very proud of that.

Despite real progress, an extremely important step remains to be taken. A group of us here in Washington representing different organizations would like to meet with you very soon to discuss this with you.

I'll be calling your office shortly to find a convenient time for a brief discussion.

Warm regards,

Gus
Gus Speth
President

Nick

I think they should be asked to meet me and I would assemble a group

*ht
5/12*

THE WORLD BANK

ROUTING SLIP

Date

May 12

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Husain

E 1023

cc: Mr. Stern ✓

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

XX

Recommendation

Remarks

Nigel -
We should not set up the
appointment until we know
what "next step" they have in
mind.
I would be grateful if you could
give us a recommendation as to whether
Mr. Clausen should meet with this group.

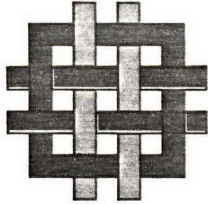
5/12

Nigel Roberts

N.B. We've just had a call from Speth's office asking to set up this appointment.

From

578



WORLD RESOURCES INSTITUTE
A CENTER FOR POLICY RESEARCH

1735 New York Avenue, N.W., Washington, D.C. 20006, Telephone: 202-638-6300

James Gustave Speth, *President*

May 8, 1986

A.W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, DC 20433

Dear Tom:

The worldwide praise that has been heaped on both our organizations for sponsoring Tropical Forests: A Call For Action has certainly exceeded expectations. The time was certainly ripe for an action plan; the strong public response we received is saying, as I read it, "you have produced a vitally important plan, now implement it".

From your original Osborn Lecture to your sponsorship and promotion of our joint tropical forests action plan, you have given strong leadership in this area, and I think you should be very proud of that.

Despite real progress, an extremely important step remains to be taken. A group of us here in Washington representing different organizations would like to meet with you very soon to discuss this with you.

I'll be calling your office shortly to find a convenient time for a brief discussion.

Warm regards,

Gus Speth
President

January 23, 1986

Dear Mr. Secretary:

It is indeed good to know that you have been appointed Alternate Governor for Uganda on the Board of Governors of The World Bank. Congratulations!

The Executive Directors, Officers and Staff join me in welcoming your return to our Board. We look forward with pleasure to a renewal of our contacts with you in the affairs of the Bank.

On a personal note, I hope to have the opportunity of greeting you here in Washington in the near future.

Sincerely,

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

A. W. Clausen

Mr. J. Geria
Permanent Secretary
Ministry of Finance
P. O. Box 7031
Kampala, Uganda

cc: Mr. Girukwigomba
Mr. Kraske
Mr. Alizai

ETSanidad: jlk

56

ZC/C DIST3443 R0A7563
SECRET EXC
REF ID: ACP FCA

RECEIVED

1986 JAN 21 AM 10:31

OFFICE OF THE VICE PRESIDENT
AND SECRETARY

R0A7563
248423 WORLD BANK
61170 FINANCE

THE PRESIDENT
WORLD BANK
NEW YORK

PLEASE TAKE NOTE OF THE CHANGES OF GOVERNOR AND ALTERNATIVE
GOVERNOR OF UGANDA TO THE WORLD BANK'S BOARD OF GOVERNORS

ABRAHAM P.N. WALIGO IS CURRENT GOVERNOR AND J. GERIA ALTERNATIVE
GOVERNOR WITH EFFECT FROM 3RD NOVEMBER, 1985.

REGARDS

J.P. OCHENG - OPID
MINISTRY OF FINANCE
KAMPALA - UGANDA.

The Embassy of Uganda confirms
Mr. Geria's title as Permanent Secretary,
Ministry of Finance.

16/1/86

248423 WORLD BANK
61170 FINANCE

DISTRIBUTION

TO- Executive Director
Programs Dir., Bank
Investments Dir., IFC
File
Credential

=01161329

FROM - E. T. Sanidad
SECRETARY'S DEPARTMENT

=01160836

ALL RID FROM EXCM

NNNN

Mr. Southworth

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

January 6, 1986

Mr. A. C. Botto De Barros
Director General
Universal Postal Union
Case Postale
3000 Berne 15
Switzerland

Re: Financing of Postal Projects in Development Countries

Dear Mr. Botto De Barros:

Your letter of December 3, 1985 to Mr. Clausen, on technical cooperation between the UPU and the World Bank on Postal Projects in developing countries has been referred to me for reply.

As we discussed during your meeting with Mr. Clausen last October, the Bank has so far not been specifically involved in the development of the postal sector in developing countries, except as part of telecommunications projects. A case in point is Uganda where the Bank agreed to finance some minor items relating to the postal services at the specific request of the Uganda Posts and Telecommunications Corporation. Similarly, we have, in Senegal, financed the consultancy cost of a major review of the sector in connection with a proposed telecommunications operation.

While we will continue with these efforts, we do not for the reasons discussed during your meeting with Mr. Clausen plan a major and discrete effort within the postal sector separate from our telecommunications work. The World Bank has no internal expertise in postal services. Given the limited nature of our planned involvement, Bank management does not believe it prudent or necessary to develop such expertise as part of its permanent staff as the volume of work likely to be generated will typically be too small to justify permanent employment of such staff. As we indicated to you, a more appropriate mechanism might be to request help from appropriate multilateral and bilateral sources, including UPU, as and when required.

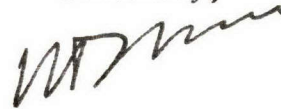
*#1508
logged out
OK UPU*

January 6, 1986

We note, the three postal disciplines for which postal agencies might seek Bank assistance. Within the rather restricted nature of our expected involvement in postal services, i.e., through telecommunications projects we would agree with you that the areas you mention are of high priority and could be included in future Bank supported telecommunications operations where justified. We attach particular importance to the development of postal financial services given their potential importance in mobilizing rural and urban savings. In this connection we expect that the World Bank's considerable country financial sector work will pay continuing attention to these issues.

Thank you for your cooperation.

Sincerely,



Jean-Loup Dherse
Vice President
Energy and Industry

cc: Messrs. R. Southworth - EXC; J. Botafogo Goncalves - VPE

DJoshi/DLomax/RSt ^{est} :my

February 2, 1986

Mr. President,

I received your letter of January 6 along with the two documents: your address in Seoul and your 1985 report on the world economic and financial situation.



I am in the process of reading them with pencil in hand.

In thanking you once again, I hope you will accept, Mr. President, the assurance of my very highest consideration.

Leopold Sedar Senghor

LÉOPOLD SÉDAR SENGHOR

1, SQUARE TOCQUEVILLE
75017 PARIS

R1
N°138/MLA/86

VERSON, le 2 février 1986

151

A

Monsieur le Président,

J'ai bien reçu votre lettre du 6 janvier 1986 ainsi que les deux documents qui l'accompagnaient : votre discours de Séoul et votre rapport de 1985 sur la situation économique et financière du monde.

Je suis en train de les lire le crayon à la main.

En vous remerciant, une fois de plus, de votre geste, je vous prie de croire, Monsieur le Président, à l'assurance de ma très haute considération.

Léopold Sédar SENGHOR

Monsieur A.W.CLAUSEN

Président de la Banque mondiale

1818 H street

WASHINGTON D.C. 20433

ETATS UNIS D'AMERIQUE

... ..

... ..

... ..

OFFICE OF THE PRESIDENT

1986 FEB -6 PM 5:45

RECEIVED

January 6, 1986

Dear Mr. President:

As you requested, I am pleased to enclose herewith a copy of my address to the Boards of Governors of The World Bank and the International Monetary Fund at our Annual Meetings in Seoul, Korea. I am also sending along a copy of our 1985 Annual Report in case you have not received it. I hope you find them both of interest.

Thank you for your good wishes. Let me, in turn, send you my best wishes for good health and happiness in 1986.

Sincerely,



A. W. Clausen

His Excellency
Léopold Sédar Senghor
1, Square Tocqueville
75017 Paris, France

Enclosures *- in french*

MH

Dec. 23, 1985

Mr. President,

I would be very pleased if you would, as you do each year, send me a copy of your report at the last meeting of The World Bank and the International Monetary Fund.

For me, your reports are very valuable documents on the economic situation of Africa in the world.

In thanking you in advance, I ask you to accept, Mr. President, the kind thoughts and wishes which I send to you and your family.

Leopold Sedar Senghor

LÉOPOLD SÉDAR SENGHOR

1, SQUARE TOCQUEVILLE

75017 PARIS

N°1537/MLA/85

VERSON, le 23 décembre 1985

Monsieur le Président,

Je vous serais reconnaissant si vous vouliez bien, comme chaque année, m'envoyer le texte de votre rapport à la dernière conférence de la Banque mondiale et du Fonds monétaire international.

Vos rapports sont, pour moi, en effet, de précieux documents sur la situation économique de l'Afrique dans le monde.

En vous en remerciant par avance, je vous prie d'accepter, Monsieur le Président, avec mes pensées fidèles, les vœux que je forme pour vous et votre famille.



Léopold Sédar SENGHOR

Monsieur Alden W. CLAUSEN

Président de la I.B.R.D.

Banque internationale pour la Reconstruction

et le Développement

1818 H. Street

WASHINGTON D.C. 20433

ETATS UNIS D'AMERIQUE

1986 JAN -2 PM 2:57

DEPARTMENT OF THE RESERVE

RECEIVED

1986 JAN -2 PM 2:57

DEPARTMENT OF THE RESERVE

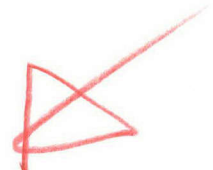
RECEIVED

DEPARTMENT OF THE RESERVE

1986 JAN -2 PM 2:57

RECEIVED

Briefing Note
Mr. Clausen's Meeting with Sir Jeremy Morse,
Chairman, Lloyds Bank
January 30, 1986, 3:00 p.m.



Per Jacobsen Lecture

Sir Jeremy Morse gave the Per Jacobsen Lecture at the Annual Meetings in Seoul.

Lloyds Bank

Lloyds Bank, with \$51 billion in assets at the end of 1984, is the fourth largest bank in the United Kingdom and the 35th largest bank in the world. Sixty-two percent of its assets are deployed internationally with the largest amount of foreign borrowers residing in Japan (4.2%), Brazil (3.1%), U.S. (2.9%), and Mexico (2.7%). Lloyds also has significant exposure in Argentina (1.3%) and Venezuela (1.3%). Lloyds has recently raised its capital-to-asset ratio from 4.7% in 1984 to 6.6%, largely as a result of issuing a \$750 million perpetual floating rate bond.

IBRD Banking Relationship with Lloyds Bank

1. Deposits

The IBRD makes overnight time deposits (related to the Bank's cash management needs) with Lloyds Bank and holds Lloyds Bank CDs. At this time, the Bank does not deal with Lloyds Bank in any other capacity. However, Lloyds Bank International, the merchant banking subsidiaries of Lloyds Bank, plans to act as a government bond ("Gilt") market maker by developing in house expertise (as opposed to buying a broking or jobbing firm), and the Bank could at some point undertake some of its investment activity through Lloyds.

2. Borrowings

Lloyds Bank International, the merchant banking subsidiary of the parent bank, has acted as a co-manager in all six of the Bank's eurosterling issues. It also has a significant presence in the Swiss franc capital markets, where it is one of the largest foreign banks, and has acted as an ad hoc member of the Bank's Swiss syndicates. On the occasion of the Bank's last domestic Sterling issue ("bulldog") of July 1985, the management group was enlarged to include two of the four large clearing banks, but Lloyds Bank International was not one of them.

3. Cofinancing

Lloyds Bank has participated in three B-loans: the Brazil Carajas Iron Ore project (\$13.2 million); Hungary Industry and Petroleum project

(\$8.0 million); and most recently, the Chile Roads III project (\$8.0 million).

Lloyds Bank International Ltd. B-Loan Cofinancing, FY84-86

<u>FY</u>	<u>Country</u>	<u>Loan Amount</u> <u>(\$ million)</u>	<u>B-Loan</u>	<u>Currency</u>	<u>Amount</u> <u>(US\$M)</u>
84	Brazil	60	Carajas Iron Ore	DM	13.2
85	Hungary	487	Industry and Petroleum	US\$	8.0
86	Chile	300	Roads III	US\$	<u>8.0</u>
TOTAL					<u>29.2</u>

The U.K. Economy

The upswing in the British economy which started in 1981 constitutes the longest sustained recovery in the last 40 years, with GDP growing at an average annual rate of 2.5%. However, the 3.5% growth rate in 1985 suggests a slowing in the underlying growth trend and with the exception of Treasury projections of 3% growth, most forecasts for 1986 show growth of only 2%. The public sector borrowing requirement (PSBR) in fiscal year 84/85 was much higher than originally anticipated. Although the PSBR should be reduced in 1985/86 under a tighter budget, if asset sales and council houses sales are excluded, the PSBR as a percent of GDP is expected to be close to 4% in 1986/87. While government projections show inflation falling from 5.9% in September 1985 to 3.75% by the end of 1986, independent forecasts show it falling only slightly to 4.5-5% over the same period. In recent months substantial changes have been announced designed to reform both the social security and welfare systems.

U.K. Securities Industry

The British security industry is set to undergo a significant revision due to a restructuring of the Stock Exchange (see attached article). On March 1, 1986 any non-member will be allowed to acquire a 100% ownership in a member firm and a moratorium on new firms will be lifted. On October 27, 1986, fixed minimum commissions will be abolished and a "single-capacity" system installed.

Under the "single-capacity" system, firms will be allowed to be both market makers (buying and selling on their own books), underwriters (agents for others), as well as to deal in both stock and debt ("gilt-edged") instruments. It remains to be seen, however, what new financial structures will emerge. Some discussion has taken place on the need for a more formal exchange for the Eurobond market to complement the new stock exchange structure. Consequently, the Bank is awaiting developments before reviewing the potential need for a change in relationships with financial institutions in the City of London.

U.K. Capital Market

Throughout 1985, sterling money market rates remained high, because the Bank of England wished to protect sterling, which reached an all-time low in trade-weighted terms early in the year, thanks to weak oil

prices. Short-term rates declined from 14% in January to around 11-1/2% at mid-year, but scarcely changed thereafter and actually rose slightly in December because of the disarray in OPEC. The yield curve remained persistently inverse, and medium-dated government bonds now yield about 11%, while long-dated issues yield about 10.60%.

Attachments

- (1) Biography
- (2) Article on "Change in the Stock Exchange and regulation of the City"

Biographical Information

Sir Christopher Jeremy MORSE
Chairman, Lloyds Bank

Experience

- Since 1977 - Chairman, Lloyds Bank (Deputy Chairman from 1975-77)
- 1976-80 - Lloyds Bank International: Chairman from 1979-80 and Deputy Chairman from 1975-79.
- 1972-74 - Chairman of Deputies of the Committee of Twenty, IMF
- 1966-72 - Alternate Governor for the United Kingdom of the IMF
- Before 1964 - Trained in banking at Glyn, Mills & Co. He became a director in 1964.
- 1948-49 - Second Lieutenant, King's Royal Rifle Corps

Other Current and Previous Affiliations

Legal & General Assurance Society Ltd.
Alexanders Discount Co. Ltd.
Imperial Chemical Industries
New College, Oxford (since 1979)
London Forex Association (since 1978)
Henley Management College (since 1966)

Committee of London Clearing Bankers: Chairman from 1980-82 and Deputy Chairman from 1978-80.
Freeman, City of London
Member, National Economic Development Council
Chairman, City Arts Trust
Chairman of Deputies of the Committee of Twenty, IMF
Fellow, Winchester College
Executive Director, Bank of England
Fellow, All Souls College, Oxford

Other

Since 1975, international judge for chess competitions.
President, British Chess Problem Society (1977-79).
Knighted in 1975.

Education

Winchester and Oxford.

Personal

Born on December 10, 1928.
Married, with three sons and one daughter.
Recreation: poetry, problems and puzzles, coarse gardening and golf.

January 1986

Change in The Stock Exchange and regulation of the City

This article⁽¹⁾ surveys the changes that are in train in The Stock Exchange and in the regulation of the financial services industry, which together will transform the structure of the City.

By the end of 1986, The Stock Exchange will have abolished its minimum commissions scales and permitted 100% ownership of a member firm by a single non-member, and dual capacity trading systems will have been introduced in the gilt-edged and equity markets.

The Government is aiming to have a Financial Services Act on the statute book by end-1986, which would provide statutory backing for a comprehensive practitioner-based system of regulation for the financial services industry.

Introduction

The City transformation which will take place next year is a response to a wide range of pressures. Change in The Stock Exchange is necessary to enable it to meet the pressures from an increasingly competitive and international securities market. In comparison with much of the post-war period, investors, issuers and market participants, worldwide, are becoming more outward looking and more willing to look for opportunities in foreign markets. The change in The Stock Exchange will enable member firms to compete more effectively in this environment. The change in the ownership rules will enable firms to become better capitalised and also to become part of groupings spanning a very wide range of financial services. This, combined with the end of minimum commissions and the introduction of dual capacity trading, which is scheduled to take place on a single date (the Big Bang) in October of next year, will enable firms to offer a more flexible and low cost service. These developments and also the entry of a number of new players, including large foreign securities houses, to the listed securities markets should help to make the markets themselves more attractive both to domestic issuers and investors and to foreign customers.

Of course these changes are not without dangers. Firms will be able to expose themselves to a wider range of risks and will need to manage these risks adequately. The creation of large financial services conglomerates will also result in an increase in the conflicts of interest which practitioners might face. A group could encompass a wide range of functions, including market making, fund management, corporate finance and banking, which could lead to conflicts between the interests of the firm and the interests of some of its customers. This has given added impetus to the moves that are afoot to create a comprehensive regulatory regime for the financial services industry to ensure that the system remains sound and

that investors can be confident of fair treatment from market practitioners.

The proposed regulatory system would be practitioner-based but in a statutory framework. The involvement of practitioners should help to ensure that the system is flexible enough to be effective in rapidly changing, competitive markets. The proposed financial services legislation, which would provide the statutory backing for this system, would require all investment businesses to be authorised. To obtain authorisation, a firm would have to show itself to be fit and proper, reflecting probity, competence and adequacy of financial resources and, once authorised, would have to keep to detailed rules regarding its conduct of business. The practitioner-based boards and the self-regulatory organisations recognised by them would set these rules and have powers to enforce them. The various regulatory regimes, including the embryo practitioner boards, are at present examining possible co-operative arrangements that would reduce the burden on firms from the degree of overlap that would exist both inside the proposed regulatory regime and between this regime and others in the financial area.

Restructuring of The Stock Exchange

Background

The UK Stock Exchange provides a central market in the shares and domestic corporate bonds of UK companies and in gilt-edged and other public sector securities. It also lists and provides a market in the equities and bonds of a number of foreign companies and governments and eurobonds (see Table A). The market capitalisation of the shares of non-UK companies listed on the Exchange is almost three times that of the shares of UK companies, but active trading in the securities of non-UK entities is concentrated in particular types of stocks (eg Australian shares) that account for a relatively modest proportion of the total.

(1) Written by Mrs P D Jackson of the Bank's Financial Supervision—General Division

Table A
Securities listed on The Stock Exchange or
included in the Unlisted Securities Market:
30 September 1985

	Number of securities	Market value (£ billions)	Percentage of market value
UK public sector	385	127.1	11.8
Non-UK public sector	260	9.9	0.9
Eurobonds	1,184	75.6	7.0
Company securities UK-registered	4,402	233.8	21.7
Company securities non-UK registered	696	626.7	58.2
Sub-total: main market	6,927	1,073.1	99.6
USM company securities	324	3.6	0.4
Total	7,251	1,076.7	

The Stock Exchange provides a central market in the domestic securities of UK entities in the sense that by far the greater part of trades in those securities take place on the Exchange. The picture for equities is complicated, however, by the active market in around twenty to thirty UK equities traded in American Depositary Receipt (ADR) form in the United States (the underlying securities are held by a bank acting as a depositary, and the receipt is traded as a bearer security). The main market in the shares of a handful of these UK companies has shifted to the ADR market. Trading in ADR form appears to account for around 7% of the turnover in the FTSE 100 stocks. But this appears to reflect demand from US investors rather than off-market trading on behalf of UK investors. There has also been some competition to the central market in equities from one merchant bank and a few foreign investment banks that hold themselves out in London as off-market traders in some major UK equities; but an informal survey by the Bank in the first half of this year indicated that the overall volume of such business was modest.

The current structure of the Exchange

The Stock Exchange consists of 4,852 individual members in 209 member firms (mostly partnerships). It is organised in terms of a strict separation of capacity between broking firms and dealers (jobbers). Most of the member firms (192) are brokers, who act as agents for investors (arranging deals on their behalf with the jobbers for a minimum commission).⁽¹⁾ Brokers are able to put together matched trades (put throughs) but the price must be checked by a jobber before the trade is agreed and the transaction must take place through the jobber's book. Such deals account for around 10% of the volume of transactions in equities. Brokers also manage investment portfolios and provide investment advice. A fund management survey⁽²⁾ carried out by the Bank earlier this year indicated that at end-1984 Stock Exchange brokers managed funds totalling £11 billion for UK residents and

a further £3 billion for non-residents and advised on the structure of portfolios totalling £32 billion. Although the twenty largest firms account for around 70% of the market in terms of commission income, the broking market is not particularly concentrated, with no one firm having more than around 10% of the whole market.

The market structure is one of competing market makers on the floor of the Exchange, with anywhere between two⁽³⁾ and twelve jobbers registered as market makers in a particular stock. The jobbing system is highly concentrated, however. Only five of the seventeen firms are in general in a position to handle deals of institutional size, and two of those firms dominate the gilts market and also have a large share of the equity market. Jobbers have no direct contact with non-members.

One notable feature of the current market structure is the limited information on actual jobbers' quotes (as opposed to indicative prices) and on the prices at which deals are struck. The bid and offer quotations of individual jobbers are not disseminated to the market at large. Each jobber will quote a price privately to a broker when approached—a broker will approach several jobbers on the floor of the Exchange to ascertain the best market price. Because the jobbers alter their prices to achieve the desired order flow, their prices are usually broadly in line. Only if a jobber's price is so out of line with those of his competitors that the offer price of one firm is lower than the bid price of another will a broker disclose the fact to the jobber and enable him to change his quote. The Exchange staff collect indicative prices from jobbers continuously during the day and an indicative mid-price for bargains of average market size is displayed on TOPIC⁽⁴⁾ screens. The brokers also disseminate indications of jobbers' bid and offer prices to groups of their clients. The details of individual deals (price and size) are not disseminated—although the daily official list, published the following day, carries a list of prices in ascending order.⁽⁵⁾ There is no indication of the time a deal was struck or the size of a deal or the number of deals struck at any price. The limited disclosure of information on prices has always been regarded as an important protection for the jobbers and hence for the liquidity of the market. Investors are protected in this environment by the strict separation of capacity—the role of the brokers is to ensure that deals are struck at the best available price in the market.

No figures are available for the capitalisation of the Exchange but member firms are known to have modest capital in comparison with firms in some foreign markets, particularly the United States. This is in part because of the single capacity system. The brokers do not need substantial capital because their agency, advisory and

(1) Transactions in short-dated securities, with less than five years to run, have always been at negotiated commission whereas other domestic securities have been covered by minimum commission schedules since 1912.

(2) 'Investment management in the United Kingdom', June 1985 *Bulletin*, page 212.

(3) There are a few illiquid stocks with a single jobber.

(4) Teletext Output of Price Information by Computer—the Stock Exchange's viewdata system which disseminates prices, company news and other information to its subscribers.

(5) Firms are not compelled to report prices of deals for inclusion in the daily official list unless the deal was a 'put through'—but the list carries 90% of prices.

investment management functions do not involve major risk taking. The jobbers have been able to handle a substantial volume of business with a modest amount of capital because of the concentration of the order flow—the brokers feed the orders to the relatively small number of jobbers. Any member firms that wished to seek additional capital have been constrained, moreover, by the rules restricting the outside ownership of member firms. Traditionally, member firms had to be partnerships; changes to this rule in 1969 allowed member firms to become limited companies⁽¹⁾ and take outside shareholders, but a limit of 10% was placed on shareholdings in a member firm by any single non-member. In 1982, this limit was increased to 29.9%, but the fact that member firms could not be wholly owned by a single non-member meant that firms could not become part of wider groupings.

The pressures for change

Pressures for change in the structure of The Stock Exchange have come from a number of directions. Financial markets are becoming more closely integrated and competitive. Investors, particularly institutions, are tending to look for an international spread of investments and are attracted towards liquid and efficient markets. Liquidity is important because it enables investors to trade large blocks of stock, with ease, at prices close to the mid-market price. The internationalisation of savings flows reflects in part specific policy measures, such as the 1974 Employee Retirement Income Security Act in the United States and the removal of exchange controls in the United Kingdom in 1979. Technological developments have encouraged the integration of markets by enabling market information to be disseminated worldwide, virtually instantaneously, and facilitating trading in distant markets. At the same time corporate treasurers have become more inclined to look outside their home market for attractive sources of bond and equity finance.

Stock Exchange members have been constrained in their ability to compete in these increasingly international markets by three central elements of The Stock Exchange rule book. First, the minimum commission arrangements restrain member firms' competition with one another, and with dealers in securities outside The Stock Exchange. Securities firms in some other markets operate in a more freely competitive environment. For example, the New York Stock Exchange has had negotiated commissions since May 1975. Second, the single capacity system prevented the development of flexible methods of doing business. Finally, the ownership rules, by preventing Stock Exchange firms from becoming part of wider groupings and limiting their access to outside capital, have prevented firms from developing new types of capital intensive activities.

(1) Although the firms could be limited companies, the individual members of the Exchange retained unlimited liability for the debts of the Exchange

(2) The Stock Exchange was brought within the scope of the restrictive practices legislation by the Restrictive Trade Practices (Services) Order 1976. The Office of Fair Trading referred the Exchange to the Restrictive Practices Court in 1979.

Many Stock Exchange members have long recognised the need to adapt to meet the various challenges. From the late 1970s, however, the Exchange was facing a challenge to its business methods in the Restrictive Practices Court.⁽²⁾ In the light of this, the Exchange was not willing to consider changes in its rule book which might have weakened its defence. In July 1983, the flood gates were opened by the Government's decision to exempt The Stock Exchange from the Restrictive Trade Practices Act, subject to their agreement to abolish fixed minimum commissions by the end of 1986 and to make certain changes to their constitution, notably the inclusion of lay members in the Council. Following this agreement, The Stock Exchange came to the conclusion that, with the abolition of fixed commissions, a dual capacity dealing system would have to be introduced. It followed that such a dual capacity trading system would increase the need for member firms to have free access to outside capital and the Exchange therefore decided to change the ownership rules.

The new Stock Exchange structure

The first major development next year will be a change in the ownership rules on 1 March, to enable a single non-member to own 100% of a member firm. From that date, a large number of Stock Exchange firms will be part of financial services conglomerates, a number of which will include a UK or foreign bank. The foundations for such conglomerates have already been laid in anticipation of this change. Participations of up to 29.9% have been purchased in all the five large jobbers, in nineteen out of the twenty largest brokers and in a number of smaller member firms (see Table B). A number of the groupings will involve the merger of an existing jobber and an existing broker. For example, one of the conglomerates will include a UK merchant bank, one of the largest jobbers and two large brokers. All Stock Exchange member firms will, however, have to be separately capitalised entities within any wider grouping.

Table B
Participations in UK Stock Exchange member firms

Outside entities	Number of outside entities	Top 5 jobbers	Other jobbers	Top 20 brokers	Other brokers	Total participations
UK clearing banks	3 ^(a)	2	—	3	1	6
UK merchant banks	11	3	3	4 ^(b)	6 ^(b)	16
Other UK financial institutions	10	—	1	1	9	11
Other UK entities	3	—	—	1	1	2
US Commercial banks	4	—	1	4	4	9
US investment banks	3	—	1	1	1	3
Other foreign financial institutions	12	—	2	5	9	16
Total	46	5	8	19	31	63

(a) Including participations taken by merchant banking arms

(b) Including a prospective merger which has been announced

Also from 1 March 1986, The Stock Exchange is to lift a moratorium, imposed in July 1984, on the creation of new member firms with outside financing. This will enable non-Exchange entities to set up new firms from scratch, without having to buy into an existing firm. But it is proposed that the current single capacity trading arrangements in the domestic market should be retained until the abolition of minimum commissions, which is scheduled for October next year.

Dual capacity dealing by Stock Exchange members in non-UK stocks has been allowed since April 1984 when member firms were for the first time permitted under Stock Exchange rules to set up International Dealing (ID) subsidiaries to deal in such stocks. IDs may act as agents or principals and may be owned by brokers or jobbers or jointly by both. The foreign subsidiaries of IDs are able to deal in UK equities in ADR form with foreign investors in the domestic market of those foreign investors. They are not able to transact deals in ADRs of UK equities with UK residents. This is to ensure that the single capacity system is not undermined in the run-up to the introduction of the new dual capacity equity market. Also in April 1984 the Exchange removed the minimum commission schedules for deals in overseas securities.

The new equity market structure, which will be introduced at the time of the Big Bang, will be a quote-driven, competing-market-maker system⁽¹⁾ (it will be the same for both the listed and unlisted securities markets in the Exchange). All firms (whether market makers or broker-dealers) will be able to act in dual capacity—they will be able to deal direct with investors (buying and selling securities from their own book), or to act as agent, putting a deal together for negotiated commission on a client's behalf. Firms will also have the option of registering as a market maker in any equities, while at the same time acting as a broker-dealer in other stocks. Market makers will be obliged to maintain firm two-way quotes for deals of normal market size at all times on an electronic quotation dissemination system (SEAQ)⁽²⁾—although in some inactive stocks they may be able to limit their two-way quotes to indicative prices. This, combined with central monitoring of spreads by the Exchange, should ensure a continuous market whatever the state of sentiment. Firms will be able to withdraw from market making in a particular stock at short notice but they would not be able to re-register as market makers in that stock for a set period (perhaps three months). The Exchange has suggested that normal market size should be 1,000 shares but firms will have the option of posting firm quotes for deals of larger size.

This obligation will be balanced by a number of privileges. Only registered market makers will be able to display prices on the SEAQ system, which will help them to attract business. Business in normal market size will tend to be

channelled to the market makers because of a 'best execution' rule which will prevent broker-dealers from dealing direct with an investor unless they can better the price which could be obtained by effecting an agency transaction with a market maker. For this purpose normal market size will be taken as the size of deal for which firm quotes are available on SEAQ, which will encourage market makers to post quotes for deals of larger size than the minimum. The SEAQ screens will be limited to information dissemination; they will not be used to conduct dealing. Deals between market participants will be arranged by telephone or on the floor of the Exchange. The floor may remain important for the transaction of small deals but it will probably decline in importance for the handling of large blocks of stock. In time, the Exchange will develop an automated small-order-execution service which would handle small deals at low cost and would lead to a further reduction in floor business. SEAQ screens, carrying the quotes of individual market makers, will be available to both member firms and major investors. A further innovation will be the introduction of a tape displaying the size and price of deals in active shares in which there are a number of market makers.

In consultation with market participants, The Stock Exchange and the Bank of England have jointly developed a new structure for the gilt-edged market. Broker-dealers in gilts will come under similar rules to those for equities dealers—indeed such firms will be able to deal in both gilts and equities. At the core of the gilts market will be market-making firms, which in return for a dealing relationship with the Bank and access to various technical facilities (see below) will undertake an obligation to make, on demand and in any trading conditions, continuous and effective two-way prices. They will be expected to deal only in sterling fixed-interest, floating-rate or indexed securities and related instruments (eg gilt-edged futures and traded options), and approved sterling money-market instruments.

Market makers will be able to deal direct with one another or through a system of inter-dealer brokers (IDBs). Market makers subscribing to an IDB system would be able to feed bid and offer quotations to the IDB, who would display the best bid and the best offer on his network of electronic screens. A market maker wishing to deal at a price shown on the screen would contact the IDB by telephone. The IDBs will match the two sides of a deal but will act as principals in each transaction, thereby concealing the identity of each of the ultimate counterparties. Investors and other Stock Exchange firms will not have access to IDB screens. Market makers will also have the option of quoting prices on the SEAQ system. Market makers, unlike broker-dealers, will be able to borrow stock. The Bank is not prepared at this stage, essentially for prudential reasons, to envisage the development of a broadly based market in repurchase agreements in government securities such as exists in the

(1) Similar to the arrangements in the US NASDAQ (National Association of Securities Dealers Automated Quotations) market.

(2) Stock Exchange Automated Quotations.

United States. The arrangements for regulated stock borrowing and lending to facilitate market liquidity will therefore continue broadly as at present, with stock lent by approved lenders through the intermediation of approved Stock Exchange money brokers to approved borrowers. Gilt-edged market makers will be both approved lenders and approved borrowers.

In order to ensure that the gilt-edged market as a whole is subject to Stock Exchange regulation as far as trading practices and professional standards are concerned, the market makers, Stock Exchange money brokers and IDBs will be required to be members of The Stock Exchange. The Bank will require them to have dedicated sterling capital in this country and will maintain close supervision of the adequacy of their capital in relation to their exposure to risks of various kinds, as well as monitoring the performance of their functional obligations. The Stock Exchange will be responsible for all other aspects of market supervision, including the supervision of capital adequacy of all other Stock Exchange members.

In June this year the Bank announced the names of 29 prospective gilt-edged market makers (with a total intended capitalisation of £600–£700 million). In August, the names of nine potential Stock Exchange money brokers and six potential IDBs were announced. The Bank will consider further applications from prospective participants on an open-ended basis, at any time after around twelve months has elapsed following the start of the new market.

The Stock Exchange will introduce new rules to protect clients in these dual capacity equity and gilt-edged markets, to ensure that investors are not disadvantaged by the end of the strict single capacity system. Firms will be required to report, promptly, the details of all trades, price and size, to regulatory officials monitoring the market. This will ensure that firms dealing with investors as principals do so at fair prices and that prices on agency trades are the best available. An enhanced daily official list will be published showing the prices of deals grouped into hourly periods—the sizes of deals in active equities will also be shown. An ‘audit trail’ detailing the terms and time of deals will be maintained by the Exchange to enable action to be taken on investors’ complaints.

One consequence of the new dual capacity environment will be the increase in conflicts of interest for member firms. For example, a firm offering advice, or managing funds, might also be a trader or a market maker in some stocks and therefore likely to be holding positions in various securities. The Exchange is at present devising new rules to ensure that the conflicts of interests which will arise from the combination of these activities will not lead to abuses.

Regulation of the financial services industry

The changes in the structure of The Stock Exchange are taking place at the same time as a major alteration in the

regulatory structure of the financial services industry as a whole.

The current regulatory structure

The foundations of the current regulatory structure for the securities industry date back to the pre-war period. Share pushing by fraudulent dealers in securities in the 1930s led to the creation of a new statute, the Prevention of Fraud (Investments) Act (the PFI Act), to ensure that all securities dealers that were not members of a reputable self-regulatory organisation such as The Stock Exchange obtained a licence from the then Board of Trade. There are at present some 600 securities dealers licensed by the Department of Trade and Industry under the PFI Act and required to adhere to licensed dealer rules laid down by the DTI. These firms account for a very small part of the securities business carried out in the United Kingdom. The majority of firms involved in the securities industry are exempt from the need to obtain a licence because of their membership of The Stock Exchange or of one of eight associations of dealers in securities recognised by the DTI, including groups of foreign houses such as the United Kingdom Association of New York Stock Exchange Members; in addition, some 350 firms, including merchant banks, licensed deposit takers and insurance companies are exempt under a provision in the PFI Act which enables a firm to have an exemption if its main business is something other than securities dealing, or if such dealing is limited to particular types of activity such as issuing prospectuses, underwriting securities or dealing only with professionals. Such firms must conduct the majority of their business through a member of a stock exchange (the UK Stock Exchange or a recognised foreign exchange) or through a licensed dealer, and are expected to comply with the licensed dealer rules—although their compliance is not monitored.

The pressures for a review of the system

This regulatory structure leads to inconsistencies of treatment between the various firms involved in the securities industry. The system has also not proved flexible enough to keep pace with the changing structure of the securities and investments industry. The development of new products such as the futures markets in commodities has led to gaps in coverage—commodity futures are not securities and are, therefore, not covered by the PFI Act. The failure of several firms involved in investment management, in particular the failure of Norton Warburg in February 1981 with losses of large sums by individual investors, drew attention to the deficiencies of the system. In July 1981, Professor Gower was commissioned by the then Secretary of State for Trade and Industry to undertake a review of the regulatory system. In early 1982, Professor Gower published a comprehensive discussion document on the shortcomings of the existing system and followed this with the publication, in January 1984, of recommendations for the creation of a comprehensive regulatory system for the securities and investments industry. He suggested that, to

ensure adequate flexibility, considerable reliance should be placed on the use of practitioners to carry out the regulation. In January 1985, following consideration of the Gower Report and consultations with practitioners, the Government published a White Paper on the financial services industry which set out proposals for practitioner-based regulation within a statutory framework.⁽¹⁾

The proposed legislation

The statutory framework would be provided by a Financial Services Act which the Government is aiming to have on the statute book by the end of next year. The proposed legislation has a very wide scope. It would make it a criminal offence for any firm to carry on an investment business unless authorised and would set out a framework for conduct for investment business. The definition of an investment would include financial and commodity futures and options contracts, securities, unit trust units, long-term insurance contracts and some other products. Transactions in physical commodities and property, or other such products that pass, when purchased, under the direct physical control of the investor would be excluded from the definition of an investment. The definition of an investment business would include any firm which holds itself out in the UK as willing to transact business in investments with others or as an agent for others, or which manages investments or gives advice about them, or arranges for investment deals to be made. Insurance companies would continue to be authorised and supervised prudentially by the Department of Trade and Industry but the marketing of life assurance contracts would be regulated under the Financial Services Act, ensuring that they are treated on the same footing as comparable investments.

The proposed legislation would give the Secretary of State for Trade and Industry the power to authorise investment businesses that are fit and proper. This would involve judging whether applicant firms met the required standards of probity, competence and adequacy of financial resources. He would have power to regulate their activities, including laying down detailed business conduct rules. It is proposed, however, that he could transfer these powers to one or more practitioner-based boards, if he were satisfied that their rules and practices were adequate to ensure that authorised businesses were fit and proper and that their business conduct rules were adequate to protect investors. The boards would be able to authorise and regulate investment businesses directly or to recognise self-regulatory organisations (SROs), whose rules and enforcement procedures provided a standard of investor protection at least equivalent to that of the boards. An investment business would be able to obtain authorisation through membership of an SRO as an alternative to direct authorisation by a board. But the board would retain the statutory obligation to ensure that the regulatory regime imposed by the SROs was adequate.

There would be similar provisions for members of professional bodies eg accountants, solicitors and actuaries, who carried on investment business incidentally to the conduct of their main profession.

Under this system, the powers, if transferred to the boards, would enable them to make rules with the force of law and ensure that businesses complied with them. The delegation of such wide powers to private sector bodies is unprecedented but a number of safeguards would be built into the system:

- the chairmen of the boards and board members would be appointed by the Secretary of State and the Governor of the Bank of England according to a formula laid down in the legislation;
- the Secretary of State would be able to resume regulatory responsibility from a board if it ceased to conform to the requirements set out in the legislation;
- the boards would be obliged to report annually to the Secretary of State who would lay their reports before Parliament;
- the decisions of the boards on authorisation of investment businesses and on disciplinary matters would be referable to an independent tribunal appointed by the Lord Chancellor and the Secretary of State;
- the Secretary of State would be able to require the revocation or amendment of the rules of the boards if they were contrary to the United Kingdom's international obligations;
- after obtaining advice from the Director General of Fair Trading, the Secretary of State would be able to require a board to change or remove a rule if it were judged detrimental to competition to an extent unjustified by the requirements of investor protection.

The conduct of business rules of the boards and the SROs would be based on various general principles laid down in the legislation. These would include a principle of fair dealing, a duty of skill, care and diligence and a duty to disclose (for example any material interest in a proposed transaction). The boards and the SROs would also have to ensure that clients' assets were adequately protected, through segregation of clients' funds and through compensation schemes. Failure of an authorised business to comply with the detailed rules based on any of the principles would be grounds for disciplinary sanction, and, where relevant, civil action. SROs would have a range of sanctions at their disposal including, in extreme cases, withdrawal of membership. The boards would be able to censure firms which they had directly authorised or to

(1) *Financial Services in the United Kingdom* (Cmd 9432) January 1985.

remove or suspend their authorisation. The boards and the SROs would also have powers to intervene in the affairs of an authorised business.

The proposed practitioner-based system

The legislation would provide the statutory backing for the new practitioner-based system, but the detailed structure in terms of the number of boards and the number of SROs will depend upon the outcome of preparatory work which is currently taking place in the City. Earlier this year general opinion among market practitioners appeared to favour two separate practitioner-based Boards—a Securities and Investments Board (SIB), and a Marketing of Investments Board (MIB) to regulate the marketing of collective investments including unit trusts and long-term insurance contracts. In the light of this, an embryonic SIB and an organising committee for the MIB (MIBOC) were established. Since then opinion among practitioners has shifted in favour of a single board and it is possible that the two will be combined.

The SIB and MIBOC have devoted a considerable amount of energy to the design of an SRO structure. The Financial Services White Paper mentioned four potential SROs—The Stock Exchange, the National Association of Securities Dealers and Investment Managers (NASDIM), the Association of Futures Brokers and Dealers (AFBD) and the Insurance Brokers Registration Council (IBRC). In recent months, the SIB has received proposals from a group of major investment managers for an Investment Management SRO (IMRO) and from a group of major overseas and British banks for the establishment of a eurobond and other international securities SRO (ISRO).⁽¹⁾ There are likely to be two SROs covering the marketing of collective investments, which would subsume the IBRC.

In all there could be around six or seven SROs covering various aspects of the securities and investments area. The SIB would also be able to recognise investment exchanges that make adequate provision for prices to be determined in a fair and open way and have adequate settlement systems. Authorised businesses would be encouraged to transact business through a recognised exchange because this would give a guarantee that certain SIB/SRO rules would be met—for example, the rules concerning fair prices would entail less arduous checking procedures by an authorised business for deals transacted on a recognised exchange, because the exchange would have systems to ensure an adequate price discovery process. The Stock Exchange is likely to be an SRO as well as a recognised exchange for domestic securities. Talks are taking place on a proposal that The Stock Exchange and ISRO should jointly operate a recognised investment exchange for international equities. The SIB is also discussing the possibility that the Swiss-based Association

of International Bond Dealers (AIBD) should form a recognised investment exchange for the eurobond market (the eurobond market is at present a largely unregulated over-the-counter market).

Overlapping regulatory structures

The proposed financial services legislation would create a single coherent structure for the regulation of investment business as defined in the Act. But there would be regulatory overlaps both within this supervisory system (because of the existence of one or more boards and several SROs and investment exchanges) and between this system and other regulators in the financial area.

Within the financial services regulatory system, a single firm might be regulated by a number of SROs. Alternatively, a single firm might be both a member of an SRO and directly authorised by the SIB. This is because an SRO's regulatory scope would be limited to its area of expertise. Thus a firm wishing to carry out business in futures and eurobonds might be a member of both the AFBD and ISRO. Each SRO and the SIB would need to have requirements as to whether a firm was fit and proper (which might encompass all of the activities of the firm and capital adequacy of the firm as a whole) as well as business conduct rules covering the specific area of expertise of the SRO. Discussions are currently taking place on ways of ensuring that firms are not overburdened because of these overlaps.

Discussions are also taking place to minimise the problems that could result from overlaps between the financial services regulatory regime and other regulators in the financial area. One of the most important areas of overlap would be between the regulatory regime for investment businesses and that for banks. Any banks that wished to carry on an investment business as defined under the Financial Services Act would need to have direct authorisation from the SIB or to be a member of one or more SROs. Insurance companies authorised by the Department of Trade and Industry under the Insurance Companies Act would be regulated under the Financial Services Act for the marketing of long-term investments and for any management of pension funds. It is also possible that, in the future, Building Societies, already regulated under the Building Societies Act, could start to engage in investment business such as the marketing of life assurance, which would bring them within the scope of the financial services legislation. As the Banking Act and the Building Societies Act are concerned with the protection of depositors' funds through prudential supervision of the entities concerned and with compensation schemes, rather than with detailed conduct of business rules, the degree of overlap between the regulatory regimes would mainly cover whether those concerned were fit and proper to carry on investment business, including questions of probity, competence and adequacy of financial resources.

(1) International Securities Self Regulatory Organisation

February 24, 1986

Dear Ambassador Ullsten:

I greatly enjoyed our conversation during your visit here last November 15, including our consideration of what actions were needed to increase flows of concessional resources to the poorest developing countries. As I recently learned that you would be here on February 24-26 for a meeting of the InterAction Council Policy Board, I wanted to be sure you had two recent items of interest in this connection.

The first is the Press Communique issued following the first meeting of deputies to consider the IDA-8 replenishment. We are pleased that these discussions have started off well, but difficult sessions remain. We would welcome the support of the Council at its April meeting for an expanded IDA-8 of at least \$12 billion, especially now that deputies (including the U.S. Deputy) have narrowed the range of discussion to \$10.5 - \$12.5 billion. We shall, of course, be happy to provide you with any further information you may need.

The other item is the printed version of the report of the Development Committee Task Force on Concessional Flows. This report, which we discussed in November, is being given very wide circulation in an effort to boost public support for aid, increase aid's effectiveness and expand ODA volume. If you believe it useful we could make additional copies of this report available for your colleagues.

Again, my appreciation for your visit last fall and for any help you can give in support of our common interest.

Sincerely,

A handwritten signature in cursive script, appearing to read 'A. W. Clausen', written in dark ink.

(Signed) A. W. Clausen

Ambassador Ola Ullsten
c/o Mr. Hans Lundstrom
International Monetary Fund
Room 11-204
Washington, D.C.

Cleared in Draft: D. Bock

OFFICE MEMORANDUM

DATE November 14, 1985

TO Mr. A. W. Clausen
(through: Jose Botafogo G., VPE)

FROM *AK*
Alexander Shakow, Acting Director, IRD

EXTENSION 78812

SUBJECT Visit of Ambassador Ola Ullsten, Former Prime Minister
of Sweden - Friday, November 15 - 11:00 a.m.

1. Ambassador Ullsten, Prime Minister of Sweden in 1978-79, is currently Sweden's Ambassador to Canada and a member of the Inter Action Council of Former Heads of Governments. He has asked to see you to discuss a Council report (prepared by an Experts Group under his leadership) on the least developed countries (LLDCs), to exchange views on the needs of the low-income countries and to offer the assistance of the Inter Action Council to Bank priority concerns. Mr. Muhith, former Finance and Planning Minister of Bangladesh who assisted Mr. Ullsten in drafting this report will accompany him, as will Mr. Lund, Minister for Financial Affairs at the Swedish Embassy. Mr. Husain, Mr. de la Renaudiere and I will also attend.

2. The Inter Action Council was established about three years ago by Kurt Waldheim and Takeo Fukuda with the heavy involvement of Brad Morse (see attached list of members). Morse is the Secretary-General of the group. Helmut Schmidt recently replaced Waldheim as Chairman. The group meets annually to consider world issues of a political and economic character, and then seeks to influence world opinion and decisions through the personal contacts and influence of the members. Development issues, and the importance of adequate resources for development -- including for the World Bank, have been part of the Inter-Action Council agenda. Ambassador Ullsten's Expert Group report on the problems of the least developed countries was approved by the Council in April; it is gradually being made available to key individuals and organizations throughout the world - hence his visit to see you, Mr. de Larosiere and several people in the U.S. Administration.

3. Ambassador Ullsten, 54 years old, is a member (and former Chairman) of Sweden's Liberal Party, a moderate party to the right of Prime Minister Olaf Palme's Social Democratic Party. (The Liberals did very well in Sweden's recent election, increasing their share of the vote from 6 percent to 14 percent; they are firm and enthusiastic supporters of development aid.) Ullsten was Minister for Development Cooperation in 1976-78, Prime Minister in 1978-79, and Foreign Minister from 1979-82. He has been Ambassador to Canada since 1984. He is very interested in and quite knowledgeable about development.


4. We could heartily endorse almost all the recommendations of the Expert Group. Many are already part of our program -- especially in the Joint Program of Action for Sub-Saharan Africa -- and others may well be included in the forthcoming report on African resource needs for the Development Committee. There are also many similarities to the Report of the Development Committee Task Force on Concessional Flows.

5. The report's proposals, "a three-pronged attack", are in summary form as follows:

- (1) The least developed countries need to improve their planning, establish development priorities, refine their investment programs, encourage the private sector, emphasize domestic resource mobilization, etc.-- all key features of the Joint Program of Action.
- (2) Donor governments and agencies should (a) provide additional resource flows on a predictable basis to the LLDCs; (b) consider concentrating IDA flows entirely on the LLDCs, providing the blend countries a slightly harder mix (you will recall that Mahbub ul Haq, also a member of the Expert Group, proposed this in his address to the Annual Meetings); (c) additional actions should be taken for debt relief by bilateral donors, and multi-lateral debt might be "renegotiated to conform to IDA terms".
- (3) Enhanced coordination of donors and recipients, including stronger roles for the Bank and UNDP, Consultative Groups and Round Tables, and a more effective secretariat on the donors' side.

6. In the discussion you might note that:

- (a) The Bank warmly supports the constructive and balanced approach they have taken to the problems of these particularly poor countries; although we would have problems with renegotiation of MDB debt terms and total concentration of IDA on LLDCs, almost all the other recommendations are quite consistent with our views. ||
- (b) We are quite proud of our record in support of LLDCs - e.g., IDA lending to them increased by 70% percent in the last five years (to \$6 billion) compared with the preceding 5-year period, although overall IDA resources increased by only 33% percent. Bilateral aid in the same period has stagnated.

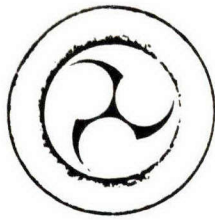
- (c) We intend to continue our concentration on the poorest countries through IDA - now 94 percent of IDA goes to countries with per capita incomes below \$400. The critical determinant of our ability to increase flows to the poorest countries in the future will be the size of IDA 8. The support of Council members for an expanded IDA-8 would be most helpful. 
- (d) As the report correctly emphasizes, finance is only part of the need, and the Bank is trying to help LLDCs in all the areas outlined in the report; we have markedly increased technical assistance to LLDCs. We are encouraged by recent evidence of increased commitment to necessary changes in many LLDCs, but as he well knows, the tasks are immense and patience will be required.
- (e) Aid coordination is a major priority for us, especially in Sub-Saharan Africa; our collaborative relationships with UNDP are excellent, and have been strengthened as part of the Joint Program of Action; while donors have made some improvements in this area, there is still much more to be done and so we expect to make further suggestions (perhaps along the lines of Ambassador Ullsten's report) in the forthcoming report on Africa for the April Development Committee. (Mr. de la Renaudiere could provide details on this, as well as on the progress of the Special Facility for Sub-Saharan Africa.)
- (f) You might offer the Ambassador a copy of Mr. Husain's speech to the recent UNCTAD Conference reviewing the LLDC situation; his speech spells out IBRD/IDA activities in LLDCs. (I will have a copy with me.)

7. Ambassador Ullsten would, no doubt, be interested in hearing your assessment of the post-Seoul opportunities for new initiatives by the Bank, particularly in the low-income countries. He will also be interested in any suggestions you have for how the Inter Action Council can help the Bank. IDA-8 would appear to be the most important and timely of issues, especially as the Council meets again next April when IDA-8 discussions will be well underway.

Attachment

cc: Mr. Husain, Mr. de la Renaudiere

AShakov/eb



INTERACTION
COUNCIL
OF
FORMER HEADS
OF
GOVERNMENT

304 EAST 45TH STREET • NEW YORK, NY 10017 USA • TELEPHONE: (212) 906-5742 • TELEX: 4994118GCPPD

SCHMIDT

- *Kurt Waldheim, *Chairman*
Austria
- *Takeo Fukuda, *Convenor*
Japan
- Ahmadou Ahidjo
United Republic of Cameroon
- Giulio Andreotti
Italy
- Kirti Nidhi Bista
Nepal
- James Callaghan
United Kingdom
- Jacques Chaban-Delmas
France
- Kriangsak Chomanan
Thailand
- Mathias Mainza Chona
Zambia
- Jenő Fock
Hungary
- Malcolm Fraser
Australia
- Arturo Frondizi
Argentina
- Kurt Furgler
Switzerland
- Selim Hoss
Lebanon
- *Manea Mănescu
Romania
- Michael Manley
Jamaica
- Youssef Madi Nour
Tunisia
- Olusegun Obasanjo
Nigeria
- Ahmed Osman
Morocco
- *Misaël Pastrana Borrero
Colombia
- Carlos Andrés Pérez
Venezuela
- Maria de Lourdes Pintasilgo
Portugal
- Mitja Ribičič
Yugoslavia
- *Helmut Schmidt
Federal Republic of Germany
- *Léopold Sédar Senghor
Senegal
- Ola Ullsten
Sweden
- Bradford Morse
Secretary General

Pierre Trudeau

*Founding Members

6/6/86

For information, Mr. Thahane circulated the statement to the EDs on May 30 (see attached). As for the Development Committee, Mr. Burki didn't think it was interesting enough to make it worth circulating to them!

MH

b - b
D

June 6, 1986

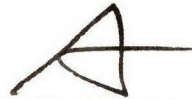
Dear Brad:

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 handwritten signature in black ink, consisting of a stylized capital letter 'A' with a horizontal line extending to the right from the top right of the 'A'.

A. W. Clausen

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

MH

THE WORLD BANK

ROUTING SLIP

Date

May 29

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Thahane

D 1130

Mr. Botafogo

E 823

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

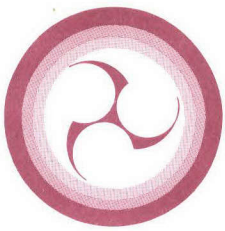
Remarks

I would be grateful for your recommendation as to whether we should circulate this to the EDs, Governors and the members of the Development Committee and, if so, how we should go about doing it. If you can get back to me fairly quickly, we will prepare a reply to Mr. Morse here.

Thanks.

Nigel Roberts

From



**INTERACTION
COUNCIL**

ONE UN PLAZA • RM. 2162 • NEW YORK, NY 10017 USA • TELEPHONE: (212) 906-5742 • TELEX: 422862DPNY

*Helmut Schmidt, *Chairman*
Federal Republic of Germany

*Takeo Fukuda, *Honorary Chairman*
Japan

Ahmadou Ahidjo
United Republic of Cameroon

Giulio Andreotti
Italy

Kirti Nidhi Bista
Nepal

James Callaghan
United Kingdom

Jacques Chaban-Delmas
France

Kriangsak Chomanan
Thailand

Mathias Mainza Chona
Zambia

Jenő Fock
Hungary

Malcolm Fraser
Australia

Arturo Frondizi
Argentina

Kurt Furgler
Switzerland

Selim Hoss
Lebanon

*Manea Mănescu
Romania

Michael Manley
Jamaica

*Hedi Nouria
Tunisia

Olusegun Obasanjo
Nigeria

Ahmed Osman
Morocco

*Misael Pastrana Borrero
Colombia

Carlos Andrés Pérez
Venezuela

Maria de Lourdes Pintasilgo
Portugal

Mitja Ribicic
Yugoslavia

*Léopold Sédar Senghor
Senegal

Adolfo Suárez
Spain

Pierre Elliott Trudeau
Canada

Ola Ullsten
Sweden

Andries van Agt
Netherlands

*Kurt Waldheim
Austria

Bradford Morse
Secretary General

*Founding Members

13 May 1986

Dear Tom,

Recently the InterAction Council, of which I am serving as Secretary-General, has concluded its fourth session, held in Tokyo and Hakone, Japan.

I am pleased to enclose today a copy of the Final Statement adopted on that occasion. Allow me to draw your attention in particular to paragraphs 1 - 9 in which you find strong support expressed for an IDA replenishment at the level of US \$12 Million and the Bank's Special Programme for Sub-Saharan Africa.

I would be grateful if you were to deem it appropriate to bring the relevant portions of the Statement, in an appropriate manner, to the attention of Executive Directors, the Board of Governors and the Development Committee.

Should you want any further information on the activities of the InterAction Council, please do not hesitate to contact me.

With highest esteem and warmest personal regards, I remain

Yours sincerely,

Bradford Morse

Mr. A.W. Clausen
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

RECEIVED

1986 MAY 27 AM 11: 24

RECEIVED



FINAL STATEMENT
Adopted at the Fourth Session
TOKYO/HAKONE, JAPAN
7-10 April 1986

I. POPULATION, ENVIRONMENT AND DEVELOPMENT

1. The first duty of leaders is to lead. The time has passed when they can argue about the reality of the challenge ahead of us. We have lost the balance between population, environment and development. Where population growth is highest, income is generally lowest. Environmental catastrophies respect no boundaries. Air, water and soil pollution are desecrating the North and are moving South. In such a world people cannot be fed -- even now more than 50% of all children are undernourished. Three quarters of the world's population suffers from underdevelopment. An exhausted, overcrowded world lies ahead of us.

The twenty-first century may not arrive if the problems of population, environment and development are not solved -- and none can be solved in isolation from the others.

2. The world population is 4.9 billion today, and is expected to stabilize at 10.2 billion by 2100. However, the population could stabilize at 8 billion by 2080 with rational and positive action programmes, including population policies adopted by each country.

Progressing environmental deterioration, such as air pollution and destruction of forests, have become grave, presenting a critical situation transcending national borders.

3. Governments should reduce military and non-productive spending and place top priority on the interrelated issues of population, environment and development, issues that affect the survival of mankind. We urge the governments of industrialized countries, in particular, to dramatically and rapidly increase their financial assistance.

4. The population question is complex and delicate. Because major religions represent powerful authority over many nationalities and nation states, dialogue, mutual understanding and cooperation with religious leaders will be indispensable to cope with the global population crisis.

The InterAction Council intends to enter into effective and realistic dialogues with these religious groups.

5. Global destruction of the environment is looming; vigorous action is immediately required. The InterAction Council urges specific environment protection programmes by each country, international cooperation in educating people, a free transfer of ecological know-how, and the strengthening of international institutions. New technologies already available to reduce urban air pollution should be urgently introduced, alternative sources of energy which limit the amount of hydrocarbides expelled into the atmosphere should be emphasized, trade in hazardous wastes and dangerous chemicals should be checked.

6. Governments should make suitable national and international arrangements to ensure that developing countries are informed about chemicals which, although prohibited in the producing countries on health or environmental grounds, are nevertheless sold to the developing countries. Chemical manufacturers should not sell in developing countries chemicals which are prohibited in producing countries.

7. In all technological undertakings and planning, governments should include provisions to safeguard the environment; they should assess present and future resources in such a way as to lead to population policies through which all human beings may be reasonably assured of the satisfaction of their basic needs.

8. To tackle the problems of population and environmental desecration, economic and social backwardness must be fought. While lack of economic growth is one of the underlying facts of poverty and population growth in the South, it is economic growth which fuels the pollution of the industrialized North. Growth is no longer an abstract target, it has to be closely related to social justice and ecology.

Within this context, sustained development is the basic condition for preservation of the environment and for adequate resolution of the population problem. The developing countries must make clear the goals and strategies of their social and economic policies. The industrialized countries, directly and through the multilateral development institutions, must extend financial and professional support for development projects which take proper account of their impact on the environment and on natural resources.

9. The Council specifically recommends:

-that governments and other concerned parties provide increased assistance to the least developed countries (LDCs), as proposed by the Council at its third session (Paris, 1985) and also to developing countries ravaged by war, civil war or natural catastrophies;

-that all governments decide upon and contribute to an expanded capital replenishment of the International Development Association (IDA) of the World Bank Group (IDA VIII) of at least US \$12 billion;

-that those governments who have not yet done so, support and contribute to the Special Programme of the World Bank for Sub-Saharan Africa;

-that governments endorse and support the Programme adopted by the Heads of State and Government of the Organization for African Unity (OAU) on the economic situation in Africa which will be considered by the United Nations General Assembly in May 1986.

II. PEACE AND SECURITY

10. Peace and security are the universal responsibilities of all mankind, all countries and international organizations, particularly the United Nations and those organizations created to maintain and preserve them. The superpowers carry a heavy responsibility in this regard.

East-West military confrontation and arms control

11. The Council and its Executive Committee have constantly emphasized the importance of personal contacts between the leaders of the USA and the USSR, as a means of creating and maintaining a political atmosphere conducive to the peaceful solution of world and regional problems. We, therefore, welcome the resumption of personal meetings between the leaders of the two superpowers.

In the light of recent developments, however, we strongly urge both leaders to live up to the commitments taken in their Joint Statement at Geneva. Their dialogue should be continued and institutionalized.

12. Both superpowers should commit themselves to establishing an equilibrium between their military forces at ever lower levels. Both should make use of the existing negotiating fora, as they agreed in Geneva. Reduction of intercontinental ballistic missiles should be established by a Strategic Arms Reduction Talks (START) (Strategic Arms Limitation Talks/SALT III). The intermediate-range nuclear forces (INF) problem should be treated and solved separately, preferably by a zero solution on a global basis which both superpowers proposed at different times. The Vienna Talks on Mutual Reduction of Forces and Armaments and Associated Measures in Central Europe (MBFR) should create a stable equilibrium between conventional forces in Europe, thereby diminishing the risk of nuclear early first use. The process following the Conference on Security and Co-operation in Europe (CSCE) should be implemented by confidence-building measures, which will prepare the ground for and enhance the implementation of concrete disarmament steps.

13. We urge the superpowers to fulfill the obligation which they undertook under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and jointly restated at their Geneva meeting, namely, "to negotiate effective measures relating to cessation of the nuclear arms race and to nuclear disarmament".

14. The main responsibility to abandon further testing of nuclear bombs lies with the superpowers. We urge them to act accordingly. We note that the Soviet Union has proposed a moratorium and we seriously urge the superpowers to negotiate a Comprehensive Test Ban Treaty (CTBT), paying due consideration to appropriate verification, in order to reduce the danger inherent in even more sophisticated nuclear warheads and eliminate the environmental risks of further testing. Other nuclear powers and non-nuclear powers should join in the process, sign and ratify such a treaty.

15. As regards defense systems against nuclear missiles we draw attention to the fact that for more than 20 years both superpowers have been doing research, development and production of antiballistic-missile systems. We also draw attention to the fact that the superpowers concluded an Anti-Ballistic Missile (ABM) Treaty as early as 1972, precisely because both already understood that an arms race in that field might lead to a dangerous destabilization of the military-strategic equilibrium.

16. We recognize that the ABM-Treaty is now being endangered. We, therefore, repeat and underline the request which we submitted to the American and Soviet governments on the eve of the Geneva Summit: "The ABM-Treaty does not rule out research, but it does strictly limit the numbers of systems deployed: both powers should urgently settle on an agreed interpretation and application of the ABM-Treaty in order to cut off the additional arms race on the surface of the earth and in space, in which both superpowers are already involved."

17. Throughout the enduring period of absence of military conflict between the superpowers, the world has seen more than a hundred local and regional wars in many cases of which the superpowers were directly or indirectly involved and which they have exploited. The withdrawal of foreign troops is a prerequisite for the resolution of these conflicts. In any case, the right of self-determination should unequivocally be recognized for all nations.

We strongly call for a reduction of military expenditures in developing countries. Where appropriate, this should be brought about by regional cooperation (such as the South Asian Regional Co-operation Conference), by organizations and non-aggression pacts.

18. The Council expressed its serious preoccupation and concern at the continuing conflicts between Iran and Iraq, in the Middle East, inside Lebanon, inside Afghanistan, inside Kampuchea, Angola and elsewhere.

19. At this specific point in time, the Council reviewed in particular the situation in Central America where the efforts of the Contadora Group to mediate for a peaceful solution have been jeopardized. The Council agrees to address the Governments of Nicaragua and the United States requesting:

- that in accordance with the Contadora Act all foreign military forces be withdrawn;
- that the Government of the United States suspend the implementation of its plans for economic and military assistance to the "Contras" and any other hostile actions towards Nicaragua;
- that the Government of Nicaragua actively contribute to the re-establishment of peace in the region, agreeing to sign the Contadora Act and open a comprehensive dialogue of national reconciliation, thus paving the way to pluralism and non-alignment.

Apartheid

20. At their Nassau summit (1985), the Commonwealth leaders created a group to encourage a negotiated solution to the problems of South Africa. The InterAction Council supports the work of that group. All parties concerned should work towards a constructive vision of the future of South Africa, which could remove the deep-seated fears of the different groups within that country.

21. The conditions for negotiations must be created by the South African government. These should include time-tables for dismantling apartheid, the withdrawal of troops from the black townships, the release of Nelson Mandela and the other imprisoned and detained leaders, the unbanning of political parties, the suspension of laws that restrict freedom of movement, speech, and political association, and negotiations undertaken with an open agenda. Black leaders should reciprocate appropriately.

22. We urge all countries to exercise whatever influence they can with the South African government to persuade it of the absolute necessity to negotiate a just settlement now as the next generation of black leaders will be more radical and revolutionary. The United States, Great Britain and the Federal Republic of Germany have a particular influence with the South African government. These administrations are regarded by the South African authorities as being friendly and unwilling to pressurize South Africa towards substantial political change. A heavy responsibility rests on these governments to avoid what might well be the greatest bloodbath since World War II. Firm action on their part could play a critical role in achieving change. Without real change, southern Africa may very soon become an area of increased conflict between East and West.

Internationally organized terrorism

23. The world is experiencing an increase in international terrorism. We call for international cooperation and commitment that no government should ever give in to blackmail, be it by hostage-taking or by hijacking. All governments engaged in fighting terrorism should be willing to support any state which falls victim to terrorist action. We urge governments to intensify their vigilance through preventive measures, including the exchange of information in order to deal effectively with terrorist activities.

Governments should apply the same legal rights in protection to air carriers as they would for foreign embassies and other foreign government institutions located in the host country.

Governments should ensure that all airports are consistently equipped with the best available equipment for screening of passengers, checked baggage and cargo. Governments should co-ordinate security information and intelligence to ensure the highest level of consistency of standards at international airports.

III. REVITALIZATION OF THE WORLD ECONOMY

24. Since 1983, the world economy has seen subdued inflation rates. Structural imbalances of the world economy however have intensified during the period: the serious debt problems of the LDCs, the protracted unemployment rates in many countries, growing protectionism, the massive disequilibrium in the international balance of payments between the United States and Japan in particular, and the dramatically fluctuating international monetary system.

There is an urgent need to overcome these structural imbalances. In the increasingly interdependent world all countries must make sacrifices, without being bound by narrow national interests and seek broader policy coordination.

25. The huge budget deficit of the United States together with its current account deficit represents a great danger to the world economy. The world's richest country has become a net debtor nation. To fund its deficit the United States has absorbed an undue proportion of world capital which it uses to finance current consumption. The United States budget deficit has serious consequences for world interest rates and for trade with significant implications for protection. The situation is not sustainable. The Council urges the United States to take serious steps to overcome its twin deficit problems.

26. The Federal Republic of Germany, Japan and other countries on the other hand have very significant and growing surpluses on their current accounts. These countries should introduce a range of policies to move closer to equilibrium on their current accounts. The particular policies adopted by these countries would depend on the country's own situation and judgment, as is presently intended by the Japanese Government.

27. The recent dramatic fall in oil prices will provide significant benefits to major net importers of oil and coal. Oil prices of US\$18-20 a barrel for Arabian light crude provides a benefit to Europe of around US\$40 billion a year. Falling oil prices will give the major industrial states an opportunity to introduce policies that will guide all countries of the world to sustainable growth.

These actions should take the form of promotion of domestic demand and a reduction of protection to permit increased access for the developing world to the markets of the developed nations.

28. We should nevertheless be aware that the dramatic fall in oil prices creates its own instability leading to significantly increased problems for some oil exporting developing countries. In addition we need to understand that the turn-around of oil prices could be reversed at any time. We therefore urge governments to continue oil conservation and development of nuclear and other alternative energy resources.

29. The problem of debt remains critical. Many major debtor countries are now more indebted than during the height of the debt crisis and living standards have fallen significantly in real terms. Latin American debtor countries cannot be expected to tighten their belts further. The continuing debt crisis demands a comprehensive solution. We therefore welcome the Baker initiative to increase available finances through the World Bank, IDA and the International Monetary Fund (IMF) and from the commercial banking system. The U.S. Secretary's of Treasury change of direction is a welcome breath of fresh air. However, Mr. Baker's approach of dealing with debtor countries case by case can only be successful in the context of a global approach to the debt problem, and providing that this initiative becomes effective very soon.

30. More substantive steps need to be taken. Efforts should be made to obtain, from governments and the international financial system, increased concessional loans, a review of the foreign debt structure, reducing interest rates and trying to obtain longer, more favorable terms.

31. The major industrial states, namely the European Economic Communities, the United States and Japan, should take immediate steps to minimize the violent fluctuations in currency values. The dramatic changes in currency value of the last 18 months have been disruptive for trade and conducive to financial instability. The meeting of the Finance Ministers and Central Bank Governors of the United States, Japan, the Federal Republic of Germany, France and the United Kingdom (G-5) in September 1985 represented a worthwhile breakthrough. As a further immediate step the United Kingdom should join the European Monetary System (EMS). That grouping should hold immediate discussions with the United States and Japan with the objective of establishing a stable exchange rate regime between these three major industrial regions. Other countries would, within that framework, find their own level of currency stability.

32. We approve of the changed attitude of the United States to an international monetary conference and believe that this could be a vehicle to achieve a more stable exchange rate regime. But we consider, as we said in the Vienna statement (November 1983), that such a conference can only be successful if it correlates the issues of trade and access to markets, the debt of developing countries, the internal deficits of the industrialized nations and stabilization of exchange rates among major economic groupings. Such a conference would take much careful preparation.

33. There is a further area in which far-reaching international action is urgently required. A serious effort must be undertaken to establish a fair international trading regime.

The General Agreement on Tariffs and Trade (GATT) has virtually ignored agriculture and services. It does not provide a mechanism for handling the challenge posed by newly industrialized countries. It cannot respond to the threats to the international trading system posed by the United States and Japan trade imbalances. It has, through the intervening decades, penalized the developing world by providing inadequate access to major world markets for their products. We recognize and welcome the preparations for a new GATT round.

34. World trade is influenced significantly by domestic policies of Europe and North America in particular. The European Communities and the United States subsidize their agricultural products to the estimated extent of US\$70 billion a year. This has encouraged massive domestic surpluses which are then disposed of on world markets under highly subsidized conditions. This has the consequences of denying agricultural products of the developing world in particular, reasonable access either to the European or American markets. It further destroys developing world markets in third countries. The system has established a state of dependence on the part of developing countries. If fair and open trade existed in this area, innumerable developing countries would be able to stand on their feet economically and official development aid could then be directed to the most needy LDCs.

35. This Council urges the Economic Summit of the seven industrialized countries to take a new approach to the problems of world trade, to broaden their approach to the new GATT round, and to exercise a sense of statesmanship and internationalism which the world so sorely needs. Fair rules for all trade must be established and the interrelationship between trade and domestic budget and financial policies fully recognized.

PARTICIPANTS

The following members of the InterAction Council participated in the session:

Helmut Schmidt (Chairman)
Takeo Fukuda (Honorary Chairman)
Ahmadou Ahidjo
Kirti Nidhi Bista
Kriangsak Chomanan
Mathias Mainza Chona
Jenö Fock
Malcolm Fraser
Arturo Frondizi
Selim Hoss
Olusegun Obasanjo
Ahmed Osman
Misael Pastrana Borrero
Carlos Andrés Pérez
Maria de Lourdes Pintasilgo
Mitja Ribicic
Adolfo Suarez
Pierre Elliott Trudeau
Ola Ullsten
Andries van Agt
Bradford Morse (Secretary General)

Federal Republic of Germany
Japan
Cameroon
Nepal
Thailand
Zambia
Hungary
Australia
Argentina
Lebanon
Nigeria
Morocco
Colombia
Venezuela
Portugal
Yugoslavia
Spain
Canada
Sweden
Netherlands

In addition, the following members of the InterAction Policy Board participated:

Sardar Swaran Singh (Co-chairman)
Huang Hua
Isamu Miyazaki
Ghazali Shafie
Shin Hyon-Hwak
Manuel Ulloa

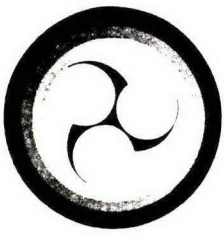
India
China
Japan
Malaysia
Republic of Korea
Peru



Record Removal Notice



File Title Clausen Papers - General Correspondence - Correspondence 08		Barcode No. 1629772	
Document Date 30 May, 1986	Document Type Memorandum		
Correspondents / Participants To: Executive Directors and Alternates From: T. T. Thahane			
Subject / Title InterAction Council			
Exception(s)			
Additional Comments Declassification review of this record may be initiated upon request.		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.	
		Withdrawn by Ann May	Date April 21, 2023



**INTERACTION
COUNCIL**

ONE UN PLAZA • RM. 2162 • NEW YORK, NY 10017 USA • TELEPHONE: (212) 906-5742 • TELEX 422862DPNY

*Helmut Schmidt, *Chairman*
Federal Republic of Germany
*Takeo Fukuda, *Honorary Chairman*
Japan

Ahmadou Ahidjo
United Republic of Cameroon

Giulio Andreotti
Italy

Kirti Nidhi Bista
Nepal

James Callaghan
United Kingdom

Jacques Chaban-Delmas
France

Kriangsak Chomanan
Thailand

Mathias Mainza Chona
Zambia

Jenö Fock
Hungary

Malcolm Fraser
Australia

Arturo Frondizi
Argentina

Kurt Furgler
Switzerland

Selim Hoss
Lebanon

*Manea Mănescu
Romania

Michael Manley
Jamaica

*Hedi Nouira
Tunisia

Olusegun Obasanjo
Nigeria

Ahmed Osman
Morocco

*Misael Pastrana Borrero
Colombia

Carlos Andrés Pérez
Venezuela

Maria de Lourdes Pintasilgo
Portugal

Mitja Ribicic
Yugoslavia

*Léopold Sédar Senghor
Senegal

Adolfo Suárez
Spain

Pierre Elliott Trudeau
Canada

Ola Ullsten
Sweden

Andries van Agt
Netherlands

*Kurt Waldheim
Austria

Bradford Morse
Secretary General

**Founding Members*

13 May 1986

Dear Tom,

Recently the InterAction Council, of which I am serving as Secretary-General, has concluded its fourth session, held in Tokyo and Hakone, Japan.

I am pleased to enclose today a copy of the Final Statement adopted on that occasion. Allow me to draw your attention in particular to paragraphs 1 - 9 in which you find strong support expressed for an IDA replenishment at the level of US \$12 Billion and the Bank's Special Programme for Sub-Saharan Africa.

I would be grateful if you were to deem it appropriate to bring the relevant portions of the Statement, in an appropriate manner, to the attention of Executive Directors, the Board of Governors and the Development Committee.

Should you want any further information on the activities of the InterAction Council, please do not hesitate to contact me.

With highest esteem and warmest personal regards, I remain

Yours sincerely,

Bradford Morse

Mr. A.W. Clausen
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433



FINAL STATEMENT
Adopted at the Fourth Session
TOKYO/HAKONE, JAPAN
7-10 April 1986

I. POPULATION, ENVIRONMENT AND DEVELOPMENT

1. The first duty of leaders is to lead. The time has passed when they can argue about the reality of the challenge ahead of us. We have lost the balance between population, environment and development. Where population growth is highest, income is generally lowest. Environmental catastrophies respect no boundaries. Air, water and soil pollution are desecrating the North and are moving South. In such a world people cannot be fed -- even now more than 50% of all children are undernourished. Three quarters of the world's population suffers from underdevelopment. An exhausted, overcrowded world lies ahead of us.

The twenty-first century may not arrive if the problems of population, environment and development are not solved -- and none can be solved in isolation from the others.

2. The world population is 4.9 billion today, and is expected to stabilize at 10.2 billion by 2100. However, the population could stabilize at 8 billion by 2080 with rational and positive action programmes, including population policies adopted by each country.

Progressing environmental deterioration, such as air pollution and destruction of forests, have become grave, presenting a critical situation transcending national borders.

3. Governments should reduce military and non-productive spending and place top priority on the interrelated issues of population, environment and development, issues that affect the survival of mankind. We urge the governments of industrialized countries, in particular, to dramatically and rapidly increase their financial assistance.

4. The population question is complex and delicate. Because major religions represent powerful authority over many nationalities and nation states, dialogue, mutual understanding and cooperation with religious leaders will be indispensable to cope with the global population crisis.

The InterAction Council intends to enter into effective and realistic dialogues with these religious groups.

5. Global destruction of the environment is looming; vigorous action is immediately required. The InterAction Council urges specific environment protection programmes by each country, international cooperation in educating people, a free transfer of ecological know-how, and the strengthening of international institutions. New technologies already available to reduce urban air pollution should be urgently introduced, alternative sources of energy which limit the amount of hydrocarbides expelled into the atmosphere should be emphasized, trade in hazardous wastes and dangerous chemicals should be checked.

6. Governments should make suitable national and international arrangements to ensure that developing countries are informed about chemicals which, although prohibited in the producing countries on health or environmental grounds, are nevertheless sold to the developing countries. Chemical manufacturers should not sell in developing countries chemicals which are prohibited in producing countries.

7. In all technological undertakings and planning, governments should include provisions to safeguard the environment; they should assess present and future resources in such a way as to lead to population policies through which all human beings may be reasonably assured of the satisfaction of their basic needs.

8. To tackle the problems of population and environmental desecration, economic and social backwardness must be fought. While lack of economic growth is one of the underlying facts of poverty and population growth in the South, it is economic growth which fuels the pollution of the industrialized North. Growth is no longer an abstract target, it has to be closely related to social justice and ecology.

Within this context, sustained development is the basic condition for preservation of the environment and for adequate resolution of the population problem. The developing countries must make clear the goals and strategies of their social and economic policies. The industrialized countries, directly and through the multilateral development institutions, must extend financial and professional support for development projects which take proper account of their impact on the environment and on natural resources.

9. The Council specifically recommends:

-that governments and other concerned parties provide increased assistance to the least developed countries (LDCs), as proposed by the Council at its third session (Paris, 1985) and also to developing countries ravaged by war, civil war or natural catastrophies;

-that all governments decide upon and contribute to an expanded capital replenishment of the International Development Association (IDA) of the World Bank Group (IDA VIII) of at least US \$12 billion;

-that those governments who have not yet done so, support and contribute to the Special Programme of the World Bank for Sub-Saharan Africa;

-that governments endorse and support the Programme adopted by the Heads of State and Government of the Organization for African Unity (OAU) on the economic situation in Africa which will be considered by the United Nations General Assembly in May 1986.

II. PEACE AND SECURITY

10. Peace and security are the universal responsibilities of all mankind, all countries and international organizations, particularly the United Nations and those organizations created to maintain and preserve them. The superpowers carry a heavy responsibility in this regard.

East-West military confrontation and arms control

11. The Council and its Executive Committee have constantly emphasized the importance of personal contacts between the leaders of the USA and the USSR, as a means of creating and maintaining a political atmosphere conducive to the peaceful solution of world and regional problems. We, therefore, welcome the resumption of personal meetings between the leaders of the two superpowers.

In the light of recent developments, however, we strongly urge both leaders to live up to the commitments taken in their Joint Statement at Geneva. Their dialogue should be continued and institutionalized.

12. Both superpowers should commit themselves to establishing an equilibrium between their military forces at ever lower levels. Both should make use of the existing negotiating fora, as they agreed in Geneva. Reduction of intercontinental ballistic missiles should be established by a Strategic Arms Reduction Talks (START) (Strategic Arms Limitation Talks/SALT III). The intermediate-range nuclear forces (INF) problem should be treated and solved separately, preferably by a zero solution on a global basis which both superpowers proposed at different times. The Vienna Talks on Mutual Reduction of Forces and Armaments and Associated Measures in Central Europe (MBFR) should create a stable equilibrium between conventional forces in Europe, thereby diminishing the risk of nuclear early first use. The process following the Conference on Security and Co-operation in Europe (CSCE) should be implemented by confidence-building measures, which will prepare the ground for and enhance the implementation of concrete disarmament steps.

13. We urge the superpowers to fulfill the obligation which they undertook under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and jointly restated at their Geneva meeting, namely, "to negotiate effective measures relating to cessation of the nuclear arms race and to nuclear disarmament".

14. The main responsibility to abandon further testing of nuclear bombs lies with the superpowers. We urge them to act accordingly. We note that the Soviet Union has proposed a moratorium and we seriously urge the superpowers to negotiate a Comprehensive Test Ban Treaty (CTBT), paying due consideration to appropriate verification, in order to reduce the danger inherent in even more sophisticated nuclear warheads and eliminate the environmental risks of further testing. Other nuclear powers and non-nuclear powers should join in the process, sign and ratify such a treaty.

15. As regards defense systems against nuclear missiles we draw attention to the fact that for more than 20 years both superpowers have been doing research, development and production of antiballistic-missile systems. We also draw attention to the fact that the superpowers concluded an Anti-Ballistic Missile (ABM) Treaty as early as 1972, precisely because both already understood that an arms race in that field might lead to a dangerous destabilization of the military-strategic equilibrium.

16. We recognize that the ABM-Treaty is now being endangered. We, therefore, repeat and underline the request which we submitted to the American and Soviet governments on the eve of the Geneva Summit: "The ABM-Treaty does not rule out research, but it does strictly limit the numbers of systems deployed: both powers should urgently settle on an agreed interpretation and application of the ABM-Treaty in order to cut off the additional arms race on the surface of the earth and in space, in which both superpowers are already involved."

17. Throughout the enduring period of absence of military conflict between the superpowers, the world has seen more than a hundred local and regional wars in many cases of which the superpowers were directly or indirectly involved and which they have exploited. The withdrawal of foreign troops is a prerequisite for the resolution of these conflicts. In any case, the right of self-determination should unequivocally be recognized for all nations.

We strongly call for a reduction of military expenditures in developing countries. Where appropriate, this should be brought about by regional cooperation (such as the South Asian Regional Co-operation Conference), by organizations and non-aggression pacts.

18. The Council expressed its serious preoccupation and concern at the continuing conflicts between Iran and Iraq, in the Middle East, inside Lebanon, inside Afghanistan, inside Kampuchea, Angola and elsewhere.

19. At this specific point in time, the Council reviewed in particular the situation in Central America where the efforts of the Contadora Group to mediate for a peaceful solution have been jeopardized. The Council agrees to address the Governments of Nicaragua and the United States requesting:

-that in accordance with the Contadora Act all foreign military forces be withdrawn;

-that the Government of the United States suspend the implementation of its plans for economic and military assistance to the "Contras" and any other hostile actions towards Nicaragua;

-that the Government of Nicaragua actively contribute to the re-establishment of peace in the region, agreeing to sign the Contadora Act and open a comprehensive dialogue of national reconciliation, thus paving the way to pluralism and non-alignment.

Apartheid

20. At their Nassau summit (1985), the Commonwealth leaders created a group to encourage a negotiated solution to the problems of South Africa. The InterAction Council supports the work of that group. All parties concerned should work towards a constructive vision of the future of South Africa, which could remove the deep-seated fears of the different groups within that country.

21. The conditions for negotiations must be created by the South African government. These should include time-tables for dismantling apartheid, the withdrawal of troops from the black townships, the release of Nelson Mandela and the other imprisoned and detained leaders, the unbanning of political parties, the suspension of laws that restrict freedom of movement, speech, and political association, and negotiations undertaken with an open agenda. Black leaders should reciprocate appropriately.

22. We urge all countries to exercise whatever influence they can with the South African government to persuade it of the absolute necessity to negotiate a just settlement now as the next generation of black leaders will be more radical and revolutionary. The United States, Great Britain and the Federal Republic of Germany have a particular influence with the South African government. These administrations are regarded by the South African authorities as being friendly and unwilling to pressurize South Africa towards substantial political change. A heavy responsibility rests on these governments to avoid what might well be the greatest bloodbath since World War II. Firm action on their part could play a critical role in achieving change. Without real change, southern Africa may very soon become an area of increased conflict between East and West.

Internationally organized terrorism

23. The world is experiencing an increase in international terrorism. We call for international cooperation and commitment that no government should ever give in to blackmail, be it by hostage-taking or by hijacking. All governments engaged in fighting terrorism should be willing to support any state which falls victim to terrorist action. We urge governments to intensify their vigilance through preventive measures, including the exchange of information in order to deal effectively with terrorist activities.

Governments should apply the same legal rights in protection to air carriers as they would for foreign embassies and other foreign government institutions located in the host country.

Governments should ensure that all airports are consistently equipped with the best available equipment for screening of passengers, checked baggage and cargo. Governments should co-ordinate security information and intelligence to ensure the highest level of consistency of standards at international airports.

III. REVITALIZATION OF THE WORLD ECONOMY

24. Since 1983, the world economy has seen subdued inflation rates. Structural imbalances of the world economy however have intensified during the period: the serious debt problems of the LDCs, the protracted unemployment rates in many countries, growing protectionism, the massive disequilibrium in the international balance of payments between the United States and Japan in particular, and the dramatically fluctuating international monetary system.

There is an urgent need to overcome these structural imbalances. In the increasingly interdependent world all countries must make sacrifices, without being bound by narrow national interests and seek broader policy coordination.

25. The huge budget deficit of the United States together with its current account deficit represents a great danger to the world economy. The world's richest country has become a net debtor nation. To fund its deficit the United States has absorbed an undue proportion of world capital which it uses to finance current consumption. The United States budget deficit has serious consequences for world interest rates and for trade with significant implications for protection. The situation is not sustainable. The Council urges the United States to take serious steps to overcome its twin deficit problems.

26. The Federal Republic of Germany, Japan and other countries on the other hand have very significant and growing surpluses on their current accounts. These countries should introduce a range of policies to move closer to equilibrium on their current accounts. The particular policies adopted by these countries would depend on the country's own situation and judgment, as is presently intended by the Japanese Government.

27. The recent dramatic fall in oil prices will provide significant benefits to major net importers of oil and coal. Oil prices of US\$18-20 a barrel for Arabian light crude provides a benefit to Europe of around US\$40 billion a year. Falling oil prices will give the major industrial states an opportunity to introduce policies that will guide all countries of the world to sustainable growth.

These actions should take the form of promotion of domestic demand and a reduction of protection to permit increased access for the developing world to the markets of the developed nations.

28. We should nevertheless be aware that the dramatic fall in oil prices creates its own instability leading to significantly increased problems for some oil exporting developing countries. In addition we need to understand that the turn-around of oil prices could be reversed at any time. We therefore urge governments to continue oil conservation and development of nuclear and other alternative energy resources.

29. The problem of debt remains critical. Many major debtor countries are now more indebted than during the height of the debt crisis and living standards have fallen significantly in real terms. Latin American debtor countries cannot be expected to tighten their belts further. The continuing debt crisis demands a comprehensive solution. We therefore welcome the Baker initiative to increase available finances through the World Bank, IDA and the International Monetary Fund (IMF) and from the commercial banking system. The U.S. Secretary's of Treasury change of direction is a welcome breath of fresh air. However, Mr. Baker's approach of dealing with debtor countries case by case can only be successful in the context of a global approach to the debt problem, and providing that this initiative becomes effective very soon.

30. More substantive steps need to be taken. Efforts should be made to obtain, from governments and the international financial system, increased concessional loans, a review of the foreign debt structure, reducing interest rates and trying to obtain longer, more favorable terms.

31. The major industrial states, namely the European Economic Communities, the United States and Japan, should take immediate steps to minimize the violent fluctuations in currency values. The dramatic changes in currency value of the last 18 months have been disruptive for trade and conducive to financial instability. The meeting of the Finance Ministers and Central Bank Governors of the United States, Japan, the Federal Republic of Germany, France and the United Kingdom (G-5) in September 1985 represented a worthwhile breakthrough. As a further immediate step the United Kingdom should join the European Monetary System (EMS). That grouping should hold immediate discussions with the United States and Japan with the objective of establishing a stable exchange rate regime between these three major industrial regions. Other countries would, within that framework, find their own level of currency stability.

32. We approve of the changed attitude of the United States to an international monetary conference and believe that this could be a vehicle to achieve a more stable exchange rate regime. But we consider, as we said in the Vienna statement (November 1983), that such a conference can only be successful if it correlates the issues of trade and access to markets, the debt of developing countries, the internal deficits of the industrialized nations and stabilization of exchange rates among major economic groupings. Such a conference would take much careful preparation.

33. There is a further area in which far-reaching international action is urgently required. A serious effort must be undertaken to establish a fair international trading regime.

The General Agreement on Tariffs and Trade (GATT) has virtually ignored agriculture and services. It does not provide a mechanism for handling the challenge posed by newly industrialized countries. It cannot respond to the threats to the international trading system posed by the United States and Japan trade imbalances. It has, through the intervening decades, penalized the developing world by providing inadequate access to major world markets for their products. We recognize and welcome the preparations for a new GATT round.

34. World trade is influenced significantly by domestic policies of Europe and North America in particular. The European Communities and the United States subsidize their agricultural products to the estimated extent of US\$70 billion a year. This has encouraged massive domestic surpluses which are then disposed of on world markets under highly subsidized conditions. This has the consequences of denying agricultural products of the developing world in particular, reasonable access either to the European or American markets. It further destroys developing world markets in third countries. The system has established a state of dependence on the part of developing countries. If fair and open trade existed in this area, innumerable developing countries would be able to stand on their feet economically and official development aid could then be directed to the most needy LDCs.

35. This Council urges the Economic Summit of the seven industrialized countries to take a new approach to the problems of world trade, to broaden their approach to the new GATT round, and to exercise a sense of statesmanship and internationalism which the world so sorely needs. Fair rules for all trade must be established and the interrelationship between trade and domestic budget and financial policies fully recognized.

PARTICIPANTS

The following members of the InterAction Council participated in the session:

Helmut Schmidt (Chairman)
Takeo Fukuda (Honorary Chairman)
Ahmadou Ahidjo
Kirti Nidhi Bista
Kriangsak Chomanan
Mathias Mainza Chona
Jenö Fock
Malcolm Fraser
Arturo Frondizi
Selim Hoss
Olusegun Obasanjo
Ahmed Osman
Misael Pastrana Borrero
Carlos Andrés Pérez
Maria de Lourdes Pintasilgo
Mitja Ribicic
Adolfo Suarez
Pierre Elliott Trudeau
Ola Ullsten
Andries van Agt
Bradford Morse (Secretary General)

Federal Republic of Germany
Japan
Cameroon
Nepal
Thailand
Zambia
Hungary
Australia
Argentina
Lebanon
Nigeria
Morocco
Colombia
Venezuela
Portugal
Yugoslavia
Spain
Canada
Sweden
Netherlands

In addition, the following members of the InterAction Policy Board participated:

Sardar Swaran Singh (Co-chairman)
Huang Hua
Isamu Miyazaki
Ghazali Shafie
Shin Hyon-Hwak
Manuel Ulloa

India
China
Japan
Malaysia
Republic of Korea
Peru

12:30 P.M.
TO 2:15 P.M.
2-26-86
A

BRIEFING NOTE
GOLDMAN SACHS & CO.

BIOGRAPHIES

1. John L. Weinberg, Senior Partner and Chairman of the Management Committee
2. Jon S. Corzine^{zine}, Partner, Head of Governments, Mortgage-Backed Securities & Money Market Instruments
3. Daniel W. Hofgren, Partner, Head of Federal Government Agency and Corporations Group, Investment Banking Division
- 4) Pete Videt - Head of Corporate Finance
See curricula vitae, attached.

RELATIONSHIP WITH THE BANK

1. Conventional issues. Goldman joined the five-firm management group for the Bank's fixed-rate conventional bond issues in the U.S. domestic market in FY82, and since that time has underwritten approximately \$750 million of the \$3,750 million issued by the Bank in conventional domestic bond issues. It has served as lead manager twice in transactions totalling \$700 million, most recently in a two-tranche deal in the spring of 1983.

2. Domestic FRNs. Goldman has underwritten \$40 million out of the \$450 million the Bank has issued in domestic, bill-based floaters. Most recently, in April 1985 it was the only firm among our group of five managers in the U.S. market to join First Boston in the last \$150 million domestic floater transaction.

3. Eurodollar issues. Goldman has been a co-manager of World Bank eurodollar issues since FY82, serving in this capacity on eighteen occasions. It has been a co-lead manager with the Deutsche Bank, CSFB and other U.S. and Swiss houses on one occasion. In an interesting development two years ago, Goldman purchased a substantial quantity of the Bank's 15-year eurodollar issue due 1998 and stripped the coupons for sale in the market under a separate prospectus. This effort was only marginally successful, largely due to the comparative illiquidity in the individual maturities created from the issue's coupons.

4. Medium-term notes. Assuming the Board approves the proposed MTN program on February 27, Goldman will serve as one of the Bank's four agents for this major new initiative in the U.S. domestic market. Goldman currently is one of the largest players in the MTN market, largely as a result of its position as agent for the Ford Motor Credit program which has approximately \$9 billion outstanding.

5. Liability management. For the past several months, Goldman has been working closely with staff responsible for the Bank's dollar borrowings in a review of techniques available to the Bank to manage its outstanding liabilities to improve the cost and maturity characteristics of the dollar

POAT

liability portfolio. These efforts will contribute to a broader study of these issues now underway in the Treasurer's office.

RECENT DEVELOPMENTS IN THE FIRM

Although precise figures on earnings in this privately-held partnership are not public, a comparison of Goldman's '84 and '85 equity position shows strong performance over the past year. At the end of its November 30 fiscal year 1984, total capital was \$859 million. At November 30, 1985, this figure totalled \$1.2 billion, making Goldman the largest privately held securities house by a factor of two.

Perhaps the largest contributors to Goldman's '85 results were fixed income trading and investment banking advisory services (largely M & A-related). Over the longer term, the firm is engaged in two major strategic thrusts. First, it is making a major push in fixed income, a new emphasis for a house previously known primarily as an equity firm. Goldman personnel take pride in their improved standing in the fixed income league tables, where they ranked third behind Salomon Brothers and First Boston in 1985 after holding the number 5 or 6 position in 1984. They have also moved up the league tables in the eurodollar market. The second major strategic effort is international. Goldman's London staff now numbers 300 and it expects an increase to 600 or more in the next year or so. In Tokyo, it was one of three U.S. firms initially selected for membership in the Tokyo Stock Exchange and is building its salesforce there rapidly.

Finally, it should be noted that Goldman owns J. Aron, a major futures commission merchant. It has been utilizing the J. Aron staff heavily to build up its foreign currency trading operations and its activity in the financial futures market.

As an aside, John Whitehead, who led the firm for a number of years, departed for the State Department in 1984 and John Weinberg is now solely in charge.

cc: Mr. Clausen
Mr. Qureshi
Mr. Rotberg
Mr. Uhrig

Financial Operations Department
February 25, 1986



Record Removal Notice



File Title Clausen Papers - General Correspondence - Correspondence 08		Barcode No. 1629772		
Document Date	Document Type CV / Resumé			
Correspondents / Participants				
Subject / Title CV of John L. Weinberg				
Exception(s) Personal Information				
Additional Comments		<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>Withdrawn by Ann May</td> <td>Date April 21, 2023</td> </tr> </table>	Withdrawn by Ann May	Date April 21, 2023
Withdrawn by Ann May	Date April 21, 2023			

Jon S. Corzine

**Partner in charge of Governments,
Mortgage-Backed Securities &
Money Market Instruments**

**University of Chicago, MBA, 1973,
University of Illinois, BA, 1969,
Continental Bank and BancOhio Corp.
Joined Goldman, Sachs & Co. in May,
1975; Vice President-Fixed Income
Department, 1977; Partner, 1980. Vice
Chairman of Public Securities Association,
1985; Chairman of Primary Dealers
Committee, Public Securities Association,
1984; President, Beacon Hill Club, 1985;
Board Member, Family Service Association.**

DANIEL W. HOFGRN

Columbia University Law School, Colgate University, B.A., 1958. Pan American World Airways. Chase Manhattan Bank. Financial Advisor to Edwin Jay Gould Estate. Special Assistant to the President of The United States, 1969-70. Special Representative of the U.S. for Inter-Oceanic Canal Negotiations, with the personal rank of Ambassador. Joined Goldman, Sachs & Co. in October, 1970 as Vice President - Investment Banking Division; Head of Federal Government Agency and Corporations Group, November 1982.

Mr. Pote Videt -- Vice President, Corporate Finance

BA in Economics from Yale University -- 1974

Received an MBA from Harvard Business School -- 1976

Assistant Vice President, Morgan Guaranty -- 1976-1980

Goldman Sachs -- 1980 to present. Has been covering the
World Bank for 4 years.

Private

MR Clausen
7

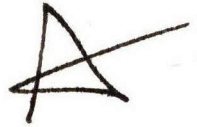
100

APPETIZERS

<u>Chicken Consomme with Vermicelli</u>	-	Cream of Zucchini	\$1.05
Fruit Juices \$0.95	-	Fresh Fruit Cup	\$1.05
Artichokes Vinaigrette \$2.15	-	Eggs a la Russe	\$1.75
Marinated Scallops \$3.75	-	Prosciutto and Melon	\$2.00

ENTREES

CRAB BENEDICT \$8.50
 (English Muffin, Ham, Crabmeat, Hollandaise)
 RIS DE VEAU DON CARLOS \$7.65
 (Calf's Sweetbreads)
 ROTI DE BOEUF PORTUGAISE \$8.25
 (Roast Sirloin of Beef)
 PERCHE DE MER MARECHALE \$7.50
 (Filet of Perch)



FROM THE GRILL - COOKED OT ORDER R() M() W()

RIBEYE STEAK \$8.45
~~TWO BROILED LAMB CHOPS \$8.35~~
 CHOPPED SIRLOIN STEAK w/MUSHROOM SAUCE \$5.90
 ●● FILET MIGNON, SAUCE BEARNAISE \$9.75 ●●

Please Indicate if Desired: SALAD

arocado w/ tomato?

VEGETABLES - CHOICE OF TWO
Boiled Potatoes Green Beans Almondine

Ratatouille

COLD PLATES AND SANDWICHES

FRESH TORTELLINI SALAD \$5.45	FRUIT PLATE w/COTTAGE CHEESE \$5.45
CHICKEN SALAD SANDWICH \$4.95	

DESSERTS

Sherbert - <u>Ice Cream</u>	<i>Vanilla ice cream w/ strawberries</i>	\$1.15
Chocolate Mousse \$2.75	- Pear Belle Helene	\$1.45
Cakes - Tartlets	- Assorted Pastries	\$1.75
Cheese and Crackers	- Fresh Fruit	\$1.75

APERITIFS - BEVERAGES

Sherry Sweet or Dry \$1.00	Dubonnet \$1.00
Coke \$0.75	Ginger Ale \$0.75
Perrier \$1.25	Tea \$0.55
Coffee \$0.55	Decaffeinated Coffee \$0.55
	Milk \$0.55
	Espresso \$0.75

Wednesday
4

February 26, 1986

THE WORLD BANK

Office of the President

H.B.
4-25
Talk to
MATHIAS.
A

April 25, 1986

Mr. Clausen:

On your calendar for Wednesday, May 14, we have scheduled you to attend, at Mr. Paijmans' request, a cocktail nominally being hosted by Lloyd Cutler, but which is being underwritten by the Bank's G-4 coalition. Mr. Cutler is hosting because he is the counsel being retained by the coalition. Senator Charles Mathias is to be the principal guest.

The reason for the party is basically to lobby Senator Mathias. It seems that when a senior senator leaves the Senate he is granted a "wish list" of legislation that he would like to have passed, and the G-4 group's objective is to get on that list.

The cocktail is being held in the Anderson Room of the Metropolitan Club at either 6:00 or 6:30 p.m. (time yet to be determined). In addition to you and Mr. Paijmans, Roberto Chadwick (Management Policy Adviser to Mr. Paijmans) and Doreen Calvo, who heads the G-4 Coalition, will attend from the Bank.

MH

cc: Nigel

May 14, 1986

Mr. Clausen:

re: Background Information
G-iv Coalition Cocktail Party in Honor of Senator Matthias

1. As you know, the Coalition includes staff from the World Bank, the International Monetary Fund, the Inter-American Development Bank, the Organization of American States, Intelsat and the United Nations.
2. The event has been arranged to thank Senator Matthias for his understanding of and support for the G-ivs. (The Coalition hopes that the Senator will include the G-iv legislation in his traditional retirement "wishlist.")
3. The event is initially being paid for by Lloyd, Cutler who, in turn, will bill the G-iv Coalition for "services."
4. I understand that Senator Simpson and Congressmen Fish and Mazzoli are expected to attend. Also, with the exception of Mr. de Larosiere who is away, Chief Executive Officers from the other international organizations headquartered in Washington as well as Messrs. McNamara and Conable are also expected to attend.

J
Martijn Paijmans

Not attending, as
far as I can
ascertain.

Migel
5/14

ROUTING SLIP		DATE:
OFFICE OF THE VICE PRESIDENT PERSONNEL AND ADMINISTRATION		
MYRA		
APPROPRIATE DISPOSITION		NOTE AND RETURN
APPROVAL		NOTE AND SEND ON
COMMENT		PER OUR CONVERSATION
FOR ACTION		PER YOUR REQUEST
INFORMATION		PREPARE REPLY
INITIAL		RECOMMENDATION
NOTE AND FILE		SIGNATURE

REMARKS:

Its has been
deliberately designed
to look "unofficial".

FROM: 	ROOM NO.: A1236	EXTENSION: 76667
--	--------------------	---------------------

To Remind

G-IV COALITION PARTY

IN HONOR OF

SENATOR MATHIAS

Lloyd Cutler is having a reception in honor of Senator
Mathias because of his help to the G-IV Coalition

at

The Metropolitan Club (Anderson Room)

(H and 17th Street NW)

on

May 14 from 6-8 p.m.

and requests the pleasure of the company of

Mr. A. W. Clausen

THE WORLD BANK

Office of the President

April 25, 1986

Mr. Clausen:

On your calendar for Wednesday, May 14, we have scheduled you to attend, at Mr. Paijmans' request, a cocktail nominally being hosted by Lloyd Cutler, but which is being underwritten by the Bank's G-4 coalition. Mr. Cutler is hosting because he is the counsel being retained by the coalition. Senator Charles Mathias is to be the principal guest.

The reason for the party is basically to lobby Senator Mathias. It seems that when a senior senator leaves the Senate he is granted a "wish list" of legislation that he would like to have passed, and the G-4 group's objective is to get on that list.

The cocktail is being held in the Anderson Room of the Metropolitan Club at either 6:00 or 6:30 p.m. (time yet to be determined). In addition to you and Mr. Paijmans, Roberto Chadwick (Management Policy Adviser to Mr. Paijmans) and Doreen Calvo, who heads the G-4 Coalition, will attend from the Bank.

MH

cc: Nigel

INTERNATIONAL MONETARY FUND

THE WORLD BANK

Washington, D.C. 20431

May 12, 1986

The Honorable
James A. Baker, III
Secretary of the Treasury
Washington, D.C. 20220

Dear Mr. Secretary:

We are writing with regard to a matter of deep concern to our respective Institutions--the increasingly urgent need for immigration relief for the children and surviving spouses of long-time international civil servants in the employ of The World Bank and the International Monetary Fund and for certain retirees from our Institutions. Legislation that would go a long way towards resolving these problems is included in the omnibus immigration bill that has passed the Senate and is now pending in the House. We earnestly request that the Administration reiterate its support for such relief and encourage its prompt enactment by the Congress.

As you are aware, our Institutions draw their respective staffs from member nations around the world. Under the present law, staff members of international organizations and family members residing in their households, come to the United States on non-immigrant, "G-IV" visas. Such visas are available only while the staff member remains an employee of an international organization or while the family member continues to reside in the staff member's household. When the staff member retires (or if he or she dies in office), the family must leave the United States promptly, unless it is able to obtain another visa status. Grown children who leave the staff member's household also lose their G-IV visa eligibility.

These provisions have created serious personal hardships for many employees and family members. Our respective Institutions have sought to attract employees who are willing to commit substantial portions of their careers to international civil service. Children who grow up in the United States, receive their education here and are "Americanized" in every way may under current law, be required to leave the United States when their parent is no longer employed by the international organization or when they leave the parent's household. Widows or widowers and retired staff members who have lived in the United States throughout their most productive years may be forced to move elsewhere, regardless of their economic self-sufficiency and the dislocations involved. The resulting personal hardships and uncertainties have in turn seriously affected staff morale and the abilities of the international organizations to attract and keep high caliber mid-career employees.

May 12, 1986

The legislation now pending in Congress would help alleviate these problems. The World Bank and the International Monetary Fund have supported such legislative relief since 1977, as we said in our letter of January 25, 1982, to Secretary Regan. Similar provisions were included in the omnibus immigration legislation that was considered in the two prior Congresses. G-IV provisions have been supported in the past by both the current and former Administrations, including the Department of the Treasury and the Department of State.

Given this background, we hope that the Department will support the inclusion of GIV provisions like those that have passed the Senate in any immigration bill that may be considered.

Sincerely,



J. de Larosiere
Managing Director
International Monetary Fund



A.W. Clausen
President
The World Bank

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

THE WORLD BANK

ROUTING SLIP

Date
June 30, 1986

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Qureshi

E-1241

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

XX

Recommendation

Remarks

From

747

THE EXPORT-IMPORT BANK OF JAPAN

CABLE ADDRESS:
"EXPORTBANK TOKYO"

OHTEMACHI, CHIYODA-KU,
TOKYO.

June 2, 1986

Mr. A. W. Clausen
President
International Bank for Reconstruction
and Development
Washington D.C. 20433
U. S. A.

Dear Sir,

I would like to inform you of my resignation from the position of the President of the Export-Import Bank of Japan on May 23, 1986.

On this occasion, I would like to express my sincere gratitude for the kindness and thoughtfulness which you and your colleagues extended to me and to the Bank during my tenure of office. I always appreciated our close cooperation and frank exchange of views. I earnestly hope that the friendly and excellent relationship that exists between your institution and the Export-Import Bank of Japan will be further strengthened, and I look forward to continuing our personal friendship in the future.

I am pleased to introduce to you my successor, Mr. Takashi Tanaka, who is a longtime friend of mine and formerly held the positions of the Vice Minister of Finance and Governor of the National Finance Corporation. I trust that you will kindly extend to him the same cooperation and support that you have shown to me in the past.

With the utmost sincerity and goodwill, may I extend to you my best wishes for your good health and continued success in the future.

Sincerely yours,



Masataka Okura

RECEIVED

1986 JUN 3 10 53 AM

RECEIVED

THE EXPORT-IMPORT BANK OF JAPAN

〒100 東京都千代田区丸の内一丁目1番1号

TEL: 3-32-1111 FAX: 3-32-1112

June 2, 1986

Mr. A. W. Clausen
President
International Bank for Reconstruction
and Development
Washington D.C. 20433
U. S. A.

Dear Sir,

I would like to inform you of my resignation from the position of the President of the Export-Import Bank of Japan on May 23, 1986.

On this occasion, I would like to express my sincere gratitude for the kindness and thoughtfulness which you and your colleagues extended to me and to the Bank during my tenure of office. I always appreciated our close cooperation and frank exchange of views. I earnestly hope that the friendly and excellent relationship that exists between your institution and the Export-Import Bank of Japan will be further strengthened, and I look forward to continuing our personal friendship in the future.

I am pleased to introduce to you my successor, Mr. Takashi Tanaka, who is a longtime friend of mine and formerly held the positions of the Vice Minister of Finance and Governor of the National Finance Corporation. I trust that you will kindly extend to him the same cooperation and support that you have shown to me in the past.

With the utmost sincerity and goodwill, may I extend to you my best wishes for your good health and continued success in the future.

Sincerely yours,



Masataka Okura

OFFICE OF THE PRESIDENT

1986 JUN 23 PM 7: 09

RECEIVED

April 2, 1986

Dear Barend:

Just a note to thank you for sending me your study on the future of The World Bank. I know this is the product of many months of research, interviews and of your own unique position as a former Bank staff member. So, needless to say, I am looking forward to reading it.

I also appreciate your kind words about my tenure here at the Bank. It has been a tremendous experience for me, and it is especially gratifying that the Bank's potential is now receiving the recognition it deserves.

Thanks again, and best wishes with the book.

Warm regards.

Sincerely,

A. W. Clausen

Mr. Barend de Vries
10018 Woodhill Road
Bethesda, Maryland 20817

MH

382

Mr. A.W. Clausen
President
The World Bank

March 25, 1986

Dear Mr. Clausen:

I am writing to send you my study "The Future of the World Bank". The paper is now being distributed by Brookings where I have been a Guest Scholar. I plan to revise and expand the paper for publication as a book, but first hope to discuss it with interested officials. For this purpose I have prepared a summary note which is also enclosed.

I am sorry that you will not continue at the Bank when your present term expires. The world owes you a deep gratitude for guiding the Bank through the most difficult period of its history. You started a process of adaptation to a new external environment, while stressing the Bank's principal mission, often against severe odds. I wish you the very best in your further endeavor.

With kind regards,

Sincerely yours,



Barend A. de Vries
10018 Woodhill Road
Bethesda MD, 20817

RECEIVED
1000 NOV 52 61 0: 53

Mr. A.W. Clausen
President
The World Bank

March 25, 1986

Dear Mr. Clausen:

I am writing to send you my study "The Future of the World Bank". The paper is now being distributed by Brookings where I have been a guest scholar. I plan to revise and expand the paper for publication as a book, but first hope to discuss it with interested officials. For this purpose I have prepared a summary note which is also enclosed.

I am sorry that you will not continue at the Bank when your present term expires. The world owes you a deep gratitude for guiding the Bank through the most difficult period of its history. You started a process of adaptation to a new external environment, while stressing the Bank's principal mission, often against severe odds. I wish you the very best in your further endeavor.

With kind regards,

Sincerely yours,

Barend A. de Vries
10018 Woodhill Road
Bethesda MD, 20817

OFFICE OF THE PRESIDENT

1986 MAR 25 PM 6: 23

RECEIVED

Mr. Clausen's Meeting with
Mr. Yves ROLAND-BILLECART
Director General
Caisse Centrale de Cooperation Economique
2:30 P.M., Monday, March 3, 1986

KEY POINTS

Mr. Roland-Billecart has visited the Bank annually for the past several years. This year, his visit will extend through the end of the week during which time he will meet with the new French ED as well as with individuals at all levels of the African regions. He is anxious to discuss the impact of the sharp drop in cotton prices on the many African states for which cotton represents a major source of export earnings and will focus on this matter in his discussions with the Regions. He will want to talk to you about the relationship between Caisse Centrale and the Bank in more general terms, and will probably touch on the following topics:

Cooperation between the two institutions. CCCE increased its importance as a source of official bilateral cofinancing from the seventh largest source in FY84 to the fifth largest in FY85.

- You might note that the Bank considers CCCE an important source of cofinancing and is particularly pleased with the degree of cooperation which exists at the working level.

The aims and conditionality of structural adjustment lending. Mr. Roland-Billecart is concerned that consistency be maintained between the general economic and specific sectoral policies promoted in the Bank's adjustment lending.

- You should assure him that the Bank employs both SALs and sector loans to support the macroeconomic objectives identified during the development of its country assistance strategies. You might encourage CCCE to continue to support the Bank's structural and sectoral adjustment lending.

Lending Priorities.

- You might note that, despite the small size of IDA7, the inclusion of the Special Facility for Sub-Saharan Africa has allowed the Bank to increase its lending to the region.
- CCCE places a high priority on rehabilitation projects with 26% of its cofinancing with the Bank in FY85 having gone to such projects. The Bank has aimed to expand this type of lending in Africa and is very grateful for the support of Caisse Centrale.
- CCCE is a pioneer in the realm of public enterprise rehabilitation. You should note that the Bank appreciates its many efforts in this sector both on its own and in close collaboration with the Bank.

MOUKRE
MR. MOUKRE

The Caisse Centrale de Cooperation Economique (CCCE)

The Institution

1. The Caisse Centrale is a French development bank, which lends principally to a group of 34 mostly French-speaking African countries. In 1985 CCCE lent a total of about \$450 million equivalent, 20-30% lower than in 1983 and 1984 and similar to its 1980-81 lending level.

Lending Priorities

2. Its main lending priorities are the productive sectors (principally rural development, electricity and transport), which accounted for 60.3% of commitments in 1985. It also is putting increasing stress on the rehabilitation and maintenance of production capacity. CCCE undertakes some structural adjustment lending to countries in financial difficulties, with such loans having made up about 1/8 of its lending in 1980-84. In 1985, however, adjustment lending accounted for slightly more than one-tenth of CCCE lending.

Lending Instruments

3. Most lending is from the concessional "first window", usually at an interest rate of 3.5%, though smaller amounts are lent on a special terms rate of about 1%. Its "second window", however, is on commercial terms and accordingly carries high nominal interest rates (about 12.5% at the end of 1985). CCCE's structural adjustment loans are from this second window, but are under Treasury guarantee and are subsidized by the Ministry of External Relations. In 1985, the average rate of these loans was 8.9%.

Country Focus

4. Most of CCCE's "second window" loans and all of its SALs have been to the richer countries among its recipient group. Their five largest borrowers during 1980-84 were: Ivory Coast (14%), Senegal (11%), Cameroon (9%), Madagascar (7%), and Niger (6%). The largest borrowers in 1985 were, in descending order; Guinea, Cameroon, Madagascar, Ivory Coast and Senegal. Only three countries received structural adjustment loans in 1985, namely: Senegal (\$22 million), Madagascar (\$18 million), and Niger (\$11 million). The poorest countries (those with a GDP of less than \$330) received 44% of its total lending, and are not excluded from receiving SALs.

Cofinancing with the Bank

5. CCCE stresses coordination with other donors. In 1985 it undertook eleven cofinancing operations with the Bank Group. CCCE was the largest source of cofinancing in FY85 in terms of number of projects and

the fifth largest in terms of the funds involved (\$70.8 million). Of these funds, 87% went to projects in Sub-Saharan Africa with the remaining going to a power project in Haiti. Agriculture and rural development projects received the highest volume of funds (57%), followed by power (27%), water supply and sewage (11%), SALs and rehabilitation credits (4%) and urbanization (1%).

Conclusion

6. The CCCE thus shares many of the Bank's geographical and sectoral priorities, and cooperation between the two institutions is highly successful.

III. Cofinancing

Agreement for Cofinancing

1. The French initiated the Agreement for Cofinancing in January of this year. The Arrangement covers all three types of cofinancing, but the official cofinancing provisions are the most significant. For all types of cofinancing, consultations between France, the recipient country and the Bank are emphasized. In April 1985, a Framework Agreement was signed, and the first consultations took place last June in Paris.

2. On the official side, the French have targetted FF 2 billion (about US\$200 million equivalent) over a period of two years in the form of French Treasury protocols. These protocols are their principal bilateral aid instrument for countries outside of Francophone Sub-Saharan Africa. They consist of a French Treasury loan with an appropriate concessionary element and a private credit, and may also include a Treasury grant. They are thus mixed credits and as such are controversial aid instruments among DAC member countries. The Arrangement with the Bank, therefore, includes a specific reference to DAC principles in order to avoid complications due to the nature of the financing. The fact that the Arrangement extends cooperation and cofinancing with France to all parts of the developing world covered by the French aid program is of prime importance to the Bank. In addition to Francophone North Africa (e.g., Morocco and Tunisia) and Anglophone Africa, the protocols cover the major countries of South and Southeast Asia.

2. On the export credit side, the Arrangement provides specific procedures for early expressions of interest and involvement in project design by the French entities concerned.

3. A significant feature of the Arrangement's provisions for commercial bank cofinancing is that commercial loans cofinanced with the Bank are recognized as high quality assets in supervision by the French authorities.

Official

4. From FY75 to FY85, France, through its bilateral agencies, contributed a total of US\$835.2 million in cofinancing, 94% of which has been for Sub-Saharan Africa. The Caisse Centrale de Cooperation Economique (CCCE) contributed US\$652.5 million for 77 projects and the Fonds d'Aide et de Cooperation (FAC) contributed US\$163.2 million for 59 projects.

B-Loans

With a total share of 6.2% French banks are the third largest participants in the program for B-loans signed so far. Caisse Nationale de Credit Agricole (CNCA) was the lead bank of the B-loan for the Paraguay Livestock VII project. Credit Commercial de France is the lead bank for the latest B-loan (for the Ivory Coast Highways II Project) which is now being placed and will be signed shortly.

Export Credits

The French representation at the meeting of Export Credit Agencies held December 15, 1982, was not very encouraging. However, extensive follow-up discussions have been held with French authorities responsible for export credits in May 1983, and their response in the second meeting in November 1983 was quite positive. As cofinancing with export credits is in the scope of the recent framework agreement, the French authorities are likely to take a more active interest than they have in the past.

Biographical Information

Yves ROLAND-BILLECART

Director General, Caisse Centrale de Cooperation Economique

Experience

- Since 1979 - Director General, Caisse Centrale de Cooperation Economique (CCCE, Central Fund for Economic Cooperation)
- 1968 - 1979 - Assistant Director General, CCCE
- Since 1973 - Professor of the Institute for Political Studies at Paris
 - Trustee of the National Bank of Paris
- 1966 - 1967 - Technical Advisor to the Secretary of State for Foreign Affairs
- 1957 - 1958 - Technical Advisor to the Tunisian Minister of Finance
- 1956 - Inspector of Finance
- 1952 - 1955 - Assistant Inspector of Finance
- 1950 - 1952 - Student at the National School of Administration

Education

Master of Arts in Law from the Institute for Political Studies in Paris
Law School of Paris
College of Saint Joseph at Rheims

Personal

Born August 11, 1926 in Paris
Married, with 6 children

February 26, 1986

Biographical Information

Gilbert MOURRE
Assistant Director General,
Caisse Centrale de Cooperation Economique

Experience

- Since 1979 - Assistant Director General, CCCE
- 1974-1979 - Secretary General of the Committee on Stock Market Operations
- Professor at the International Institute of Public Administration
- 1973 - Technical Advisor to the Cabinet Minister for Administrative Reform
- 1969-73 - Chief of Financial Services of Commissariat generale du Plan d'equipment et de la productivite
- 1967-69 - Official representative of the mission of the Commisariat generale du Plan d'equipment et de la productivite
- 1966 - Reporter, Center for the Study of Costs and Revenues
- 1963-66 - Inspector of Finance
- 1962 - Assistant Inspector of Finance
- 1960-62 - Student at the National School of Administration

Education

Master of Arts from the Institute for Political Studies in Paris,
College of Saint Louise de Gonzague

Personal

Born February 1, 1935 in Paris, Married with 5 children, Received Cross of Military Honor, Member of the Club of Bois-de-Boulogne.

Hobbies - Tennis, Skiing, and Swimming.

Briefing Note
Mr. Clausen's Visit with Mr. Timothy Bevan
Barclays Bank
January 22, 1986, ~~10:15~~ 9:45 a.m.



Barclays Bank

Barclays Bank, with assets in 1984 of \$86 billion, is the largest bank in the United Kingdom and the 12th largest bank in the world. Forty percent of its loans are to borrowers outside of the United Kingdom, with its most significant exposure in the United States (14%) and South Africa (12%). Its largest holdings in developing countries are in Mexico (1.4% of assets) and Brazil (0.8% of assets). Recently, it has taken steps to boost its low 1984 capital to asset ratio (3.5%) with a L507 million rights issue.

IBRD Banking Relationships with Barclays Bank

1. Deposits

The Bank makes overnight time deposits with Barclays (related to its management of cash balances in Sterling), and holds Barclays Bank CDs. Recently, Barclays Bank purchased a broking firm (De-Zoote and Bevan) and the Bank now undertakes some of its purchases and sales of investments through them. Barclays has also bought a stake in a jobbing firm (Wedd-Durlacher) and will shortly become a market maker in government bonds ("Gilts"). The Bank expects to deal with Barclays in this capacity in the future.

2. Borrowings

Barclays Bank participated in a small fixed-rate five-year syndicated loan to the Bank in June 1982. Barclays Merchant Bank has participated as a co-manager in all six of the Bank's eurolsterling issues. On the occasion of the Bank's last domestic bond ("bulldog") issue in July 1985, the Bank's management group was enlarged to include the merchant banking subsidiaries of two of the four large clearing banks, but Barclays Merchant Bank was not one of them.

3. Cofinancing

Barclays Bank International has thus far cofinanced three Bank projects: the first was a participation of \$5 million, in FY80, for a traditional parallel cofinancing for the Highways XI project in Yugoslavia. More recently, Barclays Bank International has participated in two B-loans; in Ivory Coast and Chile for \$4.8 million and \$2.7 million, respectively (see below).

Barclays Bank International B-Loan Cofinancing, FY84-86

<u>FY</u>	<u>Country</u>	<u>Loan Amount</u> <u>(\$ million)</u>	<u>B-Loan</u>	<u>Currency</u>	<u>Amount</u> <u>(US\$M)</u>
86	Ivory Coast	\$40	Highway Sector II	ECU,FF,US\$	4.8
86	Chile	\$300	Roads III	US\$	<u>2.7</u>
TOTAL					<u>7.4</u>

The U.K. Economy

The upswing in the British economy which started in 1981 constitutes the longest sustained recovery in the last 40 years, with GDP growing at an average annual rate of 2.5%. However, the 3.5% growth rate in 1985 suggests a slowing in the underlying growth trend and with the exception of Treasury projections of 3% growth, most forecasts for 1986 show growth of only 2%. The public sector borrowing requirement (PSBR) in fiscal year 84/85 was much higher than originally anticipated. Although the PSBR should be reduced in 1985/86 under a tighter budget, if asset sales and council houses sales are excluded, the PSBR as a percent of GDP is expected to be close to 4% in 1986/87. While government projections show inflation falling from 5.9% in September 1985 to 3.75% by the end of 1986, independent forecasts show it falling only slightly to 4.5-5% over the same period. In recent months substantial changes have been announced designed to reform both the social security and welfare systems.

U.K. Securities Industry

The British security industry is set to undergo a significant revision due to a restructuring of the Stock Exchange (see attached article). On March 1, 1986 any non-member will be allowed to acquire a 100% ownership in a member firm and a moratorium on new firms will be lifted. On October 27, 1986, fixed minimum commissions will be abolished and a "single-capacity" system installed.

Under the "single-capacity" system, firms will be allowed to be both market makers (buying and selling on their own books), underwriters (agents for others), as well as to deal in both stock and debt ("gilt-edged") instruments. It remains to be seen, however, what new financial structures will emerge. Some discussion has taken place on the need for a more formal exchange for the Eurobond market to complement the new stock exchange structure. Consequently, the Bank is awaiting developments before reviewing the potential need for a change in relationships with financial institutions in the City of London.

U.K. Capital Market

Throughout 1985, sterling money market rates remained high, because the Bank of England wished to protect sterling, which reached an all-time low in trade-weighted terms early in the year, thanks to weak oil prices. Short-term rates declined from 14% in January to around 11-1/2% at

mid-year, but scarcely changed thereafter and actually rose slightly in December because of the disarray in OPEC. The yield curve remained persistently inverse, and medium-dated government bonds now yield about 11%, while long-dated issues yield about 10.60%.

Attachments

- (1) Biography
- (2) Article on "Change in the Stock Exchange and regulation of the City"

Biographical Information

Sir Timothy Hugh BEVAN
Chairman, Barclays Bank

Experience

Since 1966 - Barclays Bank

From 1981: Chairman
1973-81: Deputy Chairman
1968-73: Vice Chairman
1966-68: Director

Other Affiliations

Director of other Barclays Bank subsidiaries/affiliates
Societe Financiere Europeenne
Commercial Union Assurance Co. Ltd.
Union Discount Co. of London Ltd.
Chairman, Committee of London Clearing Bankers
City Communications Center

Education

Eton College

Personal

Born on May 24, 1927.
Married, with 2 sons and 2 daughters.

January 1986

Change in The Stock Exchange and regulation of the City

This article⁽¹⁾ surveys the changes that are in train in The Stock Exchange and in the regulation of the financial services industry, which together will transform the structure of the City.

By the end of 1986, The Stock Exchange will have abolished its minimum commissions scales and permitted 100% ownership of a member firm by a single non-member, and dual capacity trading systems will have been introduced in the gilt-edged and equity markets.

The Government is aiming to have a Financial Services Act on the statute book by end-1986, which would provide statutory backing for a comprehensive practitioner-based system of regulation for the financial services industry.

Introduction

The City transformation which will take place next year is a response to a wide range of pressures. Change in The Stock Exchange is necessary to enable it to meet the pressures from an increasingly competitive and international securities market. In comparison with much of the post-war period, investors, issuers and market participants, worldwide, are becoming more outward looking and more willing to look for opportunities in foreign markets. The change in The Stock Exchange will enable member firms to compete more effectively in this environment. The change in the ownership rules will enable firms to become better capitalised and also to become part of groupings spanning a very wide range of financial services. This, combined with the end of minimum commissions and the introduction of dual capacity trading, which is scheduled to take place on a single date (the Big Bang) in October of next year, will enable firms to offer a more flexible and low cost service. These developments and also the entry of a number of new players, including large foreign securities houses, to the listed securities markets should help to make the markets themselves more attractive both to domestic issuers and investors and to foreign customers.

Of course these changes are not without dangers. Firms will be able to expose themselves to a wider range of risks and will need to manage these risks adequately. The creation of large financial services conglomerates will also result in an increase in the conflicts of interest which practitioners might face. A group could encompass a wide range of functions, including market making, fund management, corporate finance and banking, which could lead to conflicts between the interests of the firm and the interests of some of its customers. This has given added impetus to the moves that are afoot to create a comprehensive regulatory regime for the financial services industry to ensure that the system remains sound and

that investors can be confident of fair treatment from market practitioners.

The proposed regulatory system would be practitioner-based but in a statutory framework. The involvement of practitioners should help to ensure that the system is flexible enough to be effective in rapidly changing, competitive markets. The proposed financial services legislation, which would provide the statutory backing for this system, would require all investment businesses to be authorised. To obtain authorisation, a firm would have to show itself to be fit and proper, reflecting probity, competence and adequacy of financial resources and, once authorised, would have to keep to detailed rules regarding its conduct of business. The practitioner-based boards and the self-regulatory organisations recognised by them would set these rules and have powers to enforce them. The various regulatory regimes, including the embryo practitioner boards, are at present examining possible co-operative arrangements that would reduce the burden on firms from the degree of overlap that would exist both inside the proposed regulatory regime and between this regime and others in the financial area.

Restructuring of The Stock Exchange

Background

The UK Stock Exchange provides a central market in the shares and domestic corporate bonds of UK companies and in gilt-edged and other public sector securities. It also lists and provides a market in the equities and bonds of a number of foreign companies and governments and eurobonds (see Table A). The market capitalisation of the shares of non-UK companies listed on the Exchange is almost three times that of the shares of UK companies, but active trading in the securities of non-UK entities is concentrated in particular types of stocks (eg Australian shares) that account for a relatively modest proportion of the total.

(1) Written by Mrs P. D. Jackson of the Bank's Financial Supervision—General Division

Table A
Securities listed on The Stock Exchange or
included in the Unlisted Securities Market:
30 September 1985

	Number of securities	Market value (£ billions)	Percentage of market value
UK public sector	385	127.1	11.8
Non-UK public sector	260	9.9	0.9
Eurobonds	1,184	75.6	7.0
Company securities			
UK-registered	4,402	233.8	21.7
Company securities non-UK registered	696	626.7	58.2
Sub-total: main market	6,927	1,073.1	99.6
USM company securities	324	3.6	0.4
Total	7,251	1,076.7	

The Stock Exchange provides a central market in the domestic securities of UK entities in the sense that by far the greater part of trades in those securities take place on the Exchange. The picture for equities is complicated, however, by the active market in around twenty to thirty UK equities traded in American Depositary Receipt (ADR) form in the United States (the underlying securities are held by a bank acting as a depositary, and the receipt is traded as a bearer security). The main market in the shares of a handful of these UK companies has shifted to the ADR market. Trading in ADR form appears to account for around 7% of the turnover in the FTSE 100 stocks. But this appears to reflect demand from US investors rather than off-market trading on behalf of UK investors. There has also been some competition to the central market in equities from one merchant bank and a few foreign investment banks that hold themselves out in London as off-market traders in some major UK equities; but an informal survey by the Bank in the first half of this year indicated that the overall volume of such business was modest.

The current structure of the Exchange

The Stock Exchange consists of 4,852 individual members in 209 member firms (mostly partnerships). It is organised in terms of a strict separation of capacity between broking firms and dealers (jobbers). Most of the member firms (192) are brokers, who act as agents for investors (arranging deals on their behalf with the jobbers for a minimum commission.⁽¹⁾ Brokers are able to put together matched trades (put throughs) but the price must be checked by a jobber before the trade is agreed and the transaction must take place through the jobber's book. Such deals account for around 10% of the volume of transactions in equities. Brokers also manage investment portfolios and provide investment advice. A fund management survey⁽²⁾ carried out by the Bank earlier this year indicated that at end-1984 Stock Exchange brokers managed funds totalling £11 billion for UK residents and

a further £3 billion for non-residents and advised on the structure of portfolios totalling £32 billion. Although the twenty largest firms account for around 70% of the market in terms of commission income, the broking market is not particularly concentrated, with no one firm having more than around 10% of the whole market.

The market structure is one of competing market makers on the floor of the Exchange, with anywhere between two⁽³⁾ and twelve jobbers registered as market makers in a particular stock. The jobbing system is highly concentrated, however. Only five of the seventeen firms are in general in a position to handle deals of institutional size, and two of those firms dominate the gilts market and also have a large share of the equity market. Jobbers have no direct contact with non-members.

One notable feature of the current market structure is the limited information on actual jobbers' quotes (as opposed to indicative prices) and on the prices at which deals are struck. The bid and offer quotations of individual jobbers are not disseminated to the market at large. Each jobber will quote a price privately to a broker when approached—a broker will approach several jobbers on the floor of the Exchange to ascertain the best market price. Because the jobbers alter their prices to achieve the desired order flow, their prices are usually broadly in line. Only if a jobber's price is so out of line with those of his competitors that the offer price of one firm is lower than the bid price of another will a broker disclose the fact to the jobber and enable him to change his quote. The Exchange staff collect indicative prices from jobbers continuously during the day and an indicative mid-price for bargains of average market size is displayed on TOPIC⁽⁴⁾ screens. The brokers also disseminate indications of jobbers' bid and offer prices to groups of their clients. The details of individual deals (price and size) are not disseminated—although the daily official list, published the following day, carries a list of prices in ascending order,⁽⁵⁾ there is no indication of the time a deal was struck or the size of a deal or the number of deals struck at any price. The limited disclosure of information on prices has always been regarded as an important protection for the jobbers and hence for the liquidity of the market. Investors are protected in this environment by the strict separation of capacity—the role of the brokers is to ensure that deals are struck at the best available price in the market.

No figures are available for the capitalisation of the Exchange but member firms are known to have modest capital in comparison with firms in some foreign markets, particularly the United States. This is in part because of the single capacity system. The brokers do not need substantial capital because their agency, advisory and

(1) Transactions in short-dated securities, with less than five years to run, have always been at negotiated commission whereas other domestic securities have been covered by minimum commission schedules since 1912.

(2) 'Investment management in the United Kingdom', June 1985 *Bulletin*, page 212.

(3) There are a few illiquid stocks with a single jobber.

(4) Teletext Output of Price Information by Computer—the Stock Exchange's viewdata system which disseminates prices, company news and other information to its subscribers.

(5) Firms are not compelled to report prices of deals for inclusion in the daily official list unless the deal was a 'put through'—but the list carries 90% of prices.

investment management functions do not involve major risk taking. The jobbers have been able to handle a substantial volume of business with a modest amount of capital because of the concentration of the order flow—the brokers feed the orders to the relatively small number of jobbers. Any member firms that wished to seek additional capital have been constrained, moreover, by the rules restricting the outside ownership of member firms. Traditionally, member firms had to be partnerships; changes to this rule in 1969 allowed member firms to become limited companies⁽¹⁾ and take outside shareholders, but a limit of 10% was placed on shareholdings in a member firm by any single non-member. In 1982, this limit was increased to 29.9%, but the fact that member firms could not be wholly owned by a single non-member meant that firms could not become part of wider groupings.

The pressures for change

Pressures for change in the structure of The Stock Exchange have come from a number of directions. Financial markets are becoming more closely integrated and competitive. Investors, particularly institutions, are tending to look for an international spread of investments and are attracted towards liquid and efficient markets. Liquidity is important because it enables investors to trade large blocks of stock, with ease, at prices close to the mid-market price. The internationalisation of savings flows reflects in part specific policy measures, such as the 1974 Employee Retirement Income Security Act in the United States and the removal of exchange controls in the United Kingdom in 1979. Technological developments have encouraged the integration of markets by enabling market information to be disseminated worldwide, virtually instantaneously, and facilitating trading in distant markets. At the same time corporate treasurers have become more inclined to look outside their home market for attractive sources of bond and equity finance.

Stock Exchange members have been constrained in their ability to compete in these increasingly international markets by three central elements of The Stock Exchange rule book. First, the minimum commission arrangements restrain member firms' competition with one another, and with dealers in securities outside The Stock Exchange. Securities firms in some other markets operate in a more freely competitive environment. For example, the New York Stock Exchange has had negotiated commissions since May 1975. Second, the single capacity system prevented the development of flexible methods of doing business. Finally, the ownership rules, by preventing Stock Exchange firms from becoming part of wider groupings and limiting their access to outside capital, have prevented firms from developing new types of capital intensive activities.

Many Stock Exchange members have long recognised the need to adapt to meet the various challenges. From the late 1970s, however, the Exchange was facing a challenge to its business methods in the Restrictive Practices Court.⁽²⁾ In the light of this, the Exchange was not willing to consider changes in its rule book which might have weakened its defence. In July 1983, the flood gates were opened by the Government's decision to exempt The Stock Exchange from the Restrictive Trade Practices Act, subject to their agreement to abolish fixed minimum commissions by the end of 1986 and to make certain changes to their constitution, notably the inclusion of lay members in the Council. Following this agreement, The Stock Exchange came to the conclusion that, with the abolition of fixed commissions, a dual capacity dealing system would have to be introduced. It followed that such a dual capacity trading system would increase the need for member firms to have free access to outside capital and the Exchange therefore decided to change the ownership rules.

The new Stock Exchange structure

The first major development next year will be a change in the ownership rules on 1 March, to enable a single non-member to own 100% of a member firm. From that date, a large number of Stock Exchange firms will be part of financial services conglomerates, a number of which will include a UK or foreign bank. The foundations for such conglomerates have already been laid in anticipation of this change. Participations of up to 29.9% have been purchased in all the five large jobbers, in nineteen out of the twenty largest brokers and in a number of smaller member firms (see Table B). A number of the groupings will involve the merger of an existing jobber and an existing broker. For example, one of the conglomerates will include a UK merchant bank, one of the largest jobbers and two large brokers. All Stock Exchange member firms will, however, have to be separately capitalised entities within any wider grouping.

Table B
Participations in UK Stock Exchange member firms

Outside entities	Number of outside entities	Top 5 jobbers	Other jobbers	Top 20 brokers	Other brokers	Total participations
UK clearing banks	3(a)	2	—	3	1	6
UK merchant banks	11	3	3	4(b)	6(b)	16
Other UK financial institutions	10	—	1	1	9	11
Other UK entities	3	—	—	1	1	2
US Commercial banks	4	—	1	4	4	9
US investment banks	3	—	1	1	1	3
Other foreign financial institutions	12	—	2	5	9	16
Total	46	5	8	19	31	63

(a) Including participations taken by merchant banking arms.
(b) Including a prospective merger which has been announced.

(1) Although the firms could be limited companies, the individual members of the Exchange retained unlimited liability for the debts of the Exchange.

(2) The Stock Exchange was brought within the scope of the restrictive practices legislation by the Restrictive Trade Practices (Services) Order 1976. The Office of Fair Trading referred the Exchange to the Restrictive Practices Court in 1979.

Also from 1 March 1986, The Stock Exchange is to lift a moratorium, imposed in July 1984, on the creation of new member firms with outside financing. This will enable non-Exchange entities to set up new firms from scratch, without having to buy into an existing firm. But it is proposed that the current single capacity trading arrangements in the domestic market should be retained until the abolition of minimum commissions, which is scheduled for October next year.

Dual capacity dealing by Stock Exchange members in non-UK stocks has been allowed since April 1984 when member firms were for the first time permitted under Stock Exchange rules to set up International Dealing (ID) subsidiaries to deal in such stocks. IDs may act as agents or principals and may be owned by brokers or jobbers or jointly by both. The foreign subsidiaries of IDs are able to deal in UK equities in ADR form with foreign investors in the domestic market of those foreign investors. They are not able to transact deals in ADRs of UK equities with UK residents. This is to ensure that the single capacity system is not undermined in the run-up to the introduction of the new dual capacity equity market. Also in April 1984 the Exchange removed the minimum commission schedules for deals in overseas securities.

The new equity market structure, which will be introduced at the time of the Big Bang, will be a quote-driven, competing-market-maker system⁽¹⁾ (it will be the same for both the listed and unlisted securities markets in the Exchange). All firms (whether market makers or broker-dealers) will be able to act in dual capacity—they will be able to deal direct with investors (buying and selling securities from their own book), or to act as agent, putting a deal together for negotiated commission on a client's behalf. Firms will also have the option of registering as a market maker in any equities, while at the same time acting as a broker-dealer in other stocks. Market makers will be obliged to maintain firm two-way quotes for deals of normal market size at all times on an electronic quotation dissemination system (SEAQ)⁽²⁾—although in some inactive stocks they may be able to limit their two-way quotes to indicative prices. This, combined with central monitoring of spreads by the Exchange, should ensure a continuous market whatever the state of sentiment. Firms will be able to withdraw from market making in a particular stock at short notice but they would not be able to re-register as market makers in that stock for a set period (perhaps three months). The Exchange has suggested that normal market size should be 1,000 shares but firms will have the option of posting firm quotes for deals of larger size.

This obligation will be balanced by a number of privileges. Only registered market makers will be able to display prices on the SEAQ system, which will help them to attract business. Business in normal market size will tend to be

channelled to the market makers because of a 'best execution' rule which will prevent broker-dealers from dealing direct with an investor unless they can better the price which could be obtained by effecting an agency transaction with a market maker. For this purpose normal market size will be taken as the size of deal for which firm quotes are available on SEAQ, which will encourage market makers to post quotes for deals of larger size than the minimum. The SEAQ screens will be limited to information dissemination; they will not be used to conduct dealing. Deals between market participants will be arranged by telephone or on the floor of the Exchange. The floor may remain important for the transaction of small deals but it will probably decline in importance for the handling of large blocks of stock. In time, the Exchange will develop an automated small-order-execution service which would handle small deals at low cost and would lead to a further reduction in floor business. SEAQ screens, carrying the quotes of individual market makers, will be available to both member firms and major investors. A further innovation will be the introduction of a tape displaying the size and price of deals in active shares in which there are a number of market makers.

In consultation with market participants, The Stock Exchange and the Bank of England have jointly developed a new structure for the gilt-edged market. Broker-dealers in gilts will come under similar rules to those for equities dealers—indeed such firms will be able to deal in both gilts and equities. At the core of the gilts market will be market-making firms, which in return for a dealing relationship with the Bank and access to various technical facilities (see below) will undertake an obligation to make, on demand and in any trading conditions, continuous and effective two-way prices. They will be expected to deal only in sterling fixed-interest, floating-rate or indexed securities and related instruments (eg gilt-edged futures and traded options), and approved sterling money-market instruments.

Market makers will be able to deal direct with one another or through a system of inter-dealer brokers (IDBs). Market makers subscribing to an IDB system would be able to feed bid and offer quotations to the IDB, who would display the best bid and the best offer on his network of electronic screens. A market maker wishing to deal at a price shown on the screen would contact the IDB by telephone. The IDBs will match the two sides of a deal but will act as principals in each transaction, thereby concealing the identity of each of the ultimate counterparties. Investors and other Stock Exchange firms will not have access to IDB screens. Market makers will also have the option of quoting prices on the SEAQ system. Market makers, unlike broker-dealers, will be able to borrow stock. The Bank is not prepared at this stage, essentially for prudential reasons, to envisage the development of a broadly based market in repurchase agreements in government securities such as exists in the

(1) Similar to the arrangements in the US NASDAQ (National Association of Securities Dealers Automated Quotations) market.

(2) Stock Exchange Automated Quotations.

United States. The arrangements for regulated stock borrowing and lending to facilitate market liquidity will therefore continue broadly as at present, with stock lent by approved lenders through the intermediation of approved Stock Exchange money brokers to approved borrowers. Gilt-edged market makers will be both approved lenders and approved borrowers.

In order to ensure that the gilt-edged market as a whole is subject to Stock Exchange regulation as far as trading practices and professional standards are concerned, the market makers, Stock Exchange money brokers and IDBs will be required to be members of The Stock Exchange. The Bank will require them to have dedicated sterling capital in this country and will maintain close supervision of the adequacy of their capital in relation to their exposure to risks of various kinds, as well as monitoring the performance of their functional obligations. The Stock Exchange will be responsible for all other aspects of market supervision, including the supervision of capital adequacy of all other Stock Exchange members.

In June this year the Bank announced the names of 29 prospective gilt-edged market makers (with a total intended capitalisation of £600–£700 million). In August, the names of nine potential Stock Exchange money brokers and six potential IDBs were announced. The Bank will consider further applications from prospective participants on an open-ended basis, at any time after around twelve months has elapsed following the start of the new market.

The Stock Exchange will introduce new rules to protect clients in these dual capacity equity and gilt-edged markets, to ensure that investors are not disadvantaged by the end of the strict single capacity system. Firms will be required to report, promptly, the details of all trades, price and size, to regulatory officials monitoring the market. This will ensure that firms dealing with investors as principals do so at fair prices and that prices on agency trades are the best available. An enhanced daily official list will be published showing the prices of deals grouped into hourly periods—the sizes of deals in active equities will also be shown. An 'audit trail' detailing the terms and time of deals will be maintained by the Exchange to enable action to be taken on investors' complaints.

One consequence of the new dual capacity environment will be the increase in conflicts of interest for member firms. For example, a firm offering advice, or managing funds, might also be a trader or a market maker in some stocks and therefore likely to be holding positions in various securities. The Exchange is at present devising new rules to ensure that the conflicts of interests which will arise from the combination of these activities will not lead to abuses.

Regulation of the financial services industry

The changes in the structure of The Stock Exchange are taking place at the same time as a major alteration in the

regulatory structure of the financial services industry as a whole.

The current regulatory structure

The foundations of the current regulatory structure for the securities industry date back to the pre-war period. Share pushing by fraudulent dealers in securities in the 1930s led to the creation of a new statute, the Prevention of Fraud (Investments) Act (the PFI Act), to ensure that all securities dealers that were not members of a reputable self-regulatory organisation such as The Stock Exchange obtained a licence from the then Board of Trade. There are at present some 600 securities dealers licensed by the Department of Trade and Industry under the PFI Act and required to adhere to licensed dealer rules laid down by the DTI. These firms account for a very small part of the securities business carried out in the United Kingdom. The majority of firms involved in the securities industry are exempt from the need to obtain a licence because of their membership of The Stock Exchange or of one of eight associations of dealers in securities recognised by the DTI, including groups of foreign houses such as the United Kingdom Association of New York Stock Exchange Members; in addition, some 350 firms, including merchant banks, licensed deposit takers and insurance companies are exempt under a provision in the PFI Act which enables a firm to have an exemption if its main business is something other than securities dealing, or if such dealing is limited to particular types of activity such as issuing prospectuses, underwriting securities or dealing only with professionals. Such firms must conduct the majority of their business through a member of a stock exchange (the UK Stock Exchange or a recognised foreign exchange) or through a licensed dealer, and are expected to comply with the licensed dealer rules—although their compliance is not monitored.

The pressures for a review of the system

This regulatory structure leads to inconsistencies of treatment between the various firms involved in the securities industry. The system has also not proved flexible enough to keep pace with the changing structure of the securities and investments industry. The development of new products such as the futures markets in commodities has led to gaps in coverage—commodity futures are not securities and are, therefore, not covered by the PFI Act. The failure of several firms involved in investment management, in particular the failure of Norton Warburg in February 1981 with losses of large sums by individual investors, drew attention to the deficiencies of the system. In July 1981, Professor Gower was commissioned by the then Secretary of State for Trade and Industry to undertake a review of the regulatory system. In early 1982, Professor Gower published a comprehensive discussion document on the shortcomings of the existing system and followed this with the publication, in January 1984, of recommendations for the creation of a comprehensive regulatory system for the securities and investments industry. He suggested that, to

ensure adequate flexibility, considerable reliance should be placed on the use of practitioners to carry out the regulation. In January 1985, following consideration of the Gower Report and consultations with practitioners, the Government published a White Paper on the financial services industry which set out proposals for practitioner-based regulation within a statutory framework.⁽¹⁾

The proposed legislation

The statutory framework would be provided by a Financial Services Act which the Government is aiming to have on the statute book by the end of next year. The proposed legislation has a very wide scope. It would make it a criminal offence for any firm to carry on an investment business unless authorised and would set out a framework for conduct for investment business. The definition of an investment would include financial and commodity futures and options contracts, securities, unit trust units, long-term insurance contracts and some other products. Transactions in physical commodities and property, or other such products that pass, when purchased, under the direct physical control of the investor would be excluded from the definition of an investment. The definition of an investment business would include any firm which holds itself out in the UK as willing to transact business in investments with others or as an agent for others, or which manages investments or gives advice about them, or arranges for investment deals to be made. Insurance companies would continue to be authorised and supervised prudentially by the Department of Trade and Industry but the marketing of life assurance contracts would be regulated under the Financial Services Act, ensuring that they are treated on the same footing as comparable investments.

The proposed legislation would give the Secretary of State for Trade and Industry the power to authorise investment businesses that are fit and proper. This would involve judging whether applicant firms met the required standards of probity, competence and adequacy of financial resources. He would have power to regulate their activities, including laying down detailed business conduct rules. It is proposed, however, that he could transfer these powers to one or more practitioner-based boards, if he were satisfied that their rules and practices were adequate to ensure that authorised businesses were fit and proper and that their business conduct rules were adequate to protect investors. The boards would be able to authorise and regulate investment businesses directly or to recognise self-regulatory organisations (SROs), whose rules and enforcement procedures provided a standard of investor protection at least equivalent to that of the boards. An investment business would be able to obtain authorisation through membership of an SRO as an alternative to direct authorisation by a board. But the board would retain the statutory obligation to ensure that the regulatory regime imposed by the SROs was adequate.

There would be similar provisions for members of professional bodies eg accountants, solicitors and actuaries, who carried on investment business incidentally to the conduct of their main profession.

Under this system, the powers, if transferred to the boards, would enable them to make rules with the force of law and ensure that businesses complied with them. The delegation of such wide powers to private sector bodies is unprecedented but a number of safeguards would be built into the system:

- the chairmen of the boards and board members would be appointed by the Secretary of State and the Governor of the Bank of England according to a formula laid down in the legislation;
- the Secretary of State would be able to resume regulatory responsibility from a board if it ceased to conform to the requirements set out in the legislation;
- the boards would be obliged to report annually to the Secretary of State who would lay their reports before Parliament;
- the decisions of the boards on authorisation of investment businesses and on disciplinary matters would be referable to an independent tribunal appointed by the Lord Chancellor and the Secretary of State;
- the Secretary of State would be able to require the revocation or amendment of the rules of the boards if they were contrary to the United Kingdom's international obligations;
- after obtaining advice from the Director General of Fair Trading, the Secretary of State would be able to require a board to change or remove a rule if it were judged detrimental to competition to an extent unjustified by the requirements of investor protection.

The conduct of business rules of the boards and the SROs would be based on various general principles laid down in the legislation. These would include a principle of fair dealing, a duty of skill, care and diligence and a duty to disclose (for example any material interest in a proposed transaction). The boards and the SROs would also have to ensure that clients' assets were adequately protected, through segregation of clients' funds and through compensation schemes. Failure of an authorised business to comply with the detailed rules based on any of the principles would be grounds for disciplinary sanction, and, where relevant, civil action. SROs would have a range of sanctions at their disposal including, in extreme cases, withdrawal of membership. The boards would be able to censure firms which they had directly authorised or to

(1) *Financial Services in the United Kingdom* (Cmd 9432) January 1985.

remove or suspend their authorisation. The boards and the SROs would also have powers to intervene in the affairs of an authorised business.

The proposed practitioner-based system

The legislation would provide the statutory backing for the new practitioner-based system, but the detailed structure in terms of the number of boards and the number of SROs will depend upon the outcome of preparatory work which is currently taking place in the City. Earlier this year general opinion among market practitioners appeared to favour two separate practitioner-based Boards—a Securities and Investments Board (SIB), and a Marketing of Investments Board (MIB) to regulate the marketing of collective investments including unit trusts and long-term insurance contracts. In the light of this, an embryonic SIB and an organising committee for the MIB (MIBOC) were established. Since then opinion among practitioners has shifted in favour of a single board and it is possible that the two will be combined.

The SIB and MIBOC have devoted a considerable amount of energy to the design of an SRO structure. The Financial Services White Paper mentioned four potential SROs—The Stock Exchange, the National Association of Securities Dealers and Investment Managers (NASDIM), the Association of Futures Brokers and Dealers (AFBD) and the Insurance Brokers Registration Council (IBRC). In recent months, the SIB has received proposals from a group of major investment managers for an Investment Management SRO (IMRO) and from a group of major overseas and British banks for the establishment of a eurobond and other international securities SRO (ISRO).⁽¹⁾ There are likely to be two SROs covering the marketing of collective investments, which would subsume the IBRC.

In all there could be around six or seven SROs covering various aspects of the securities and investments area. The SIB would also be able to recognise investment exchanges that make adequate provision for prices to be determined in a fair and open way and have adequate settlement systems. Authorised businesses would be encouraged to transact business through a recognised exchange because this would give a guarantee that certain SIB/SRO rules would be met—for example, the rules concerning fair prices would entail less arduous checking procedures by an authorised business for deals transacted on a recognised exchange, because the exchange would have systems to ensure an adequate price discovery process. The Stock Exchange is likely to be an SRO as well as a recognised exchange for domestic securities. Talks are taking place on a proposal that The Stock Exchange and ISRO should jointly operate a recognised investment exchange for international equities. The SIB is also discussing the possibility that the Swiss-based Association

of International Bond Dealers (AIBD) should form a recognised investment exchange for the eurobond market (the eurobond market is at present a largely unregulated over-the-counter market).

Overlapping regulatory structures

The proposed financial services legislation would create a single coherent structure for the regulation of investment business as defined in the Act. But there would be regulatory overlaps both within this supervisory system (because of the existence of one or more boards and several SROs and investment exchanges) and between this system and other regulators in the financial area.

Within the financial services regulatory system, a single firm might be regulated by a number of SROs. Alternatively, a single firm might be both a member of an SRO and directly authorised by the SIB. This is because an SRO's regulatory scope would be limited to its area of expertise. Thus a firm wishing to carry out business in futures and eurobonds might be a member of both the AFBD and ISRO. Each SRO and the SIB would need to have requirements as to whether a firm was fit and proper (which might encompass all of the activities of the firm and capital adequacy of the firm as a whole) as well as business conduct rules covering the specific area of expertise of the SRO. Discussions are currently taking place on ways of ensuring that firms are not overburdened because of these overlaps.

Discussions are also taking place to minimise the problems that could result from overlaps between the financial services regulatory regime and other regulators in the financial area. One of the most important areas of overlap would be between the regulatory regime for investment businesses and that for banks. Any banks that wished to carry on an investment business as defined under the Financial Services Act would need to have direct authorisation from the SIB or to be a member of one or more SROs. Insurance companies authorised by the Department of Trade and Industry under the Insurance Companies Act would be regulated under the Financial Services Act for the marketing of long-term investments and for any management of pension funds. It is also possible that, in the future, Building Societies, already regulated under the Building Societies Act, could start to engage in investment business such as the marketing of life assurance, which would bring them within the scope of the financial services legislation. As the Banking Act and the Building Societies Act are concerned with the protection of depositors' funds through prudential supervision of the entities concerned and with compensation schemes, rather than with detailed conduct of business rules, the degree of overlap between the regulatory regimes would mainly cover whether those concerned were fit and proper to carry on investment business, including questions of probity, competence and adequacy of financial resources.

(1) International Securities Self Regulatory Organisation

726



R1
cc: Mr. Stern
Mr. Hoppel
6/12

Ambassador

EMBASSY OF THE
PEOPLE'S REPUBLIC OF BANGLADESH
Washington, D.C.

No. Pol(GN)-14/85

June 6, 1985.

Excellency,

I have the honour to convey the following message received from Lieutenant General Hussain Muhammad Ershad, President of the People's Republic of Bangladesh :

Quote

His Excellency
Mr. A. W. Clausen
President of the World Bank
Washington D.C.

Excellency,

I am deeply touched by your kind message of sympathy at the loss of life and property caused by the recent cyclone in the coastal areas of Bangladesh. In this hour of adversity our people have risen as one to share the burden of relief and rehabilitation in the affected areas. My Government is actively engaged with the efforts of providing immediate relief and succour to the affected people. We have also commenced our undertaking for long term rehabilitation and reconstruction of these areas. At this time of our national calamity your kind words have greatly encouraged us in facing the situation. I take this opportunity to convey our heartfelt thanks to Your Excellency and through you to your colleagues in the Bank.

Please accept Excellency, the assurances of my highest consideration.

Lieutenant General Hussain Muhammad Ershad
President of the People's Republic of Bangladesh

Unquote

It would have been a pleasure and privilege for me to deliver the message personally to you. However, as you are out of town I am forwarding the above message to your office.

Please accept Excellency, the assurances of my highest consideration.

A. Z. M. Obaidullah Khan
(A. Z. M. Obaidullah Khan)

His Excellency
Mr. A. W. Clausen
President of the World Bank
Washington, D.C.



EMBASSY OF THE
PEOPLE'S REPUBLIC OF BANGLADESH
Washington, D.C.

Washington, D.C.

June 6, 1982

No. Pol(GP)-1482

Excellency,

I have the honour to convey the following message received

from Lieutenant General Hussain Muhammad Ershad, President of the

People's Republic of Bangladesh:

Quote

His Excellency
Mr. A. W. Clausen
President of the World Bank
Washington, D.C.

Excellency,

I am deeply touched by your kind message of sympathy at the loss of life and property caused by the recent cyclone in the coastal areas of Bangladesh. In this hour of adversity our people have risen as one to share the burden of relief and rehabilitation in the affected areas. My Government is actively engaged with the efforts of providing immediate relief and succour to the affected people. We have also commenced our undertaking for long term rehabilitation and reconstruction of these areas. At this time of our national calamity your kind words have greatly encouraged us in facing the situation. I take this opportunity to convey our heartfelt thanks to Your Excellency and through you to your colleagues in the Bank.

Please accept Excellency, the assurances of my highest consideration.

Lieutenant General Hussain Muhammad Ershad
President of the People's Republic of Bangladesh

Unquote

It would have been a pleasure and privilege for me to deliver

the message personally to you. However, as you are out of town I am

forwarding the above message to your office.

Please accept Excellency, the assurances of my highest

consideration.

(A. S. M. Obaidullah Khan)

EMBASSY OF BANGLADESH
WASHINGTON, D.C.

His Excellency
Mr. A. W. Clausen
President of the World Bank
Washington, D.C.
JUN 9 1982

Typewritten
Character
Must Fall
Completely in
Box!

PAGE
OF

OFFICIAL DEPT/DIV
ABBREVIATION
ASABA

MESSAGE NUMBER

TEST NUMBER
(FOR CASHIER'S USE ONLY)

1
START
2 HERE

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

INTBAFRAD

DHAKA, BANGLADESH

PLEASE CONVEY FOLLOWING MESSAGE TO THE PRESIDENT QUOTE COLON

HIS EXCELLENCY, LT. GEN. HUSSAIN MOHAMMAD ERSHAD

PRESIDENT

THE PEOPLE'S REPUBLIC OF BANGLADESH

DHAKA, BANGLADESH

I WAS DEEPLY SHOCKED BY THE NEWS OF THE DEVASTATION AND LOSS OF

LIFE CAUSED BY THE RECENT CYCLONE. I WOULD LIKE TO CONVEY TO

YOU AND THE PEOPLE OF BANGLADESH THE DEEPEST SYMPATHIES OF THE

BANK'S BOARD OF EXECUTIVE DIRECTORS AND OF THE STAFF, ON THE

OCCASION OF THIS TRAGIC DISASTER. WE STAND READY TO DISCUSS

WITH GOVERNMENT POSSIBLE WAYS IN WHICH THE BANK MIGHT ASSIST

BANGLADESH TO MITIGATE THE EFFECTS OF THE CALAMITY.

WITH kindest regards, A.W. CLAUSEN, PRESIDENT. UNQUOTE REGARDS

CHEETHAM, DIRECTOR, SOUTH ASIA REGION.

END
OF
TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE: TELEX		TELEX NO.:	DATE: 5/28/85
SUBJECT: BANGLADESH: CYCLONE		DRAFTED BY: HAMIN-ARSALA:ra	EXTENSION: 32387
CLEARANCES AND COPY DISTRIBUTION: cc: Messrs. Stern, Hopper (o/r)		AUTHORIZED BY (Name and Signature): RUSSELL J. CHEETHAM, DIRECTOR, ASA	
		DEPARTMENT: SOUTH ASIA PROGRAMS	
SECTION BELOW FOR USE OF CABLE SECTION			
CHECKED FOR DISPATCH			

April 29, 1986

Dear Ms. Staley:

Thank you for your letter inviting me to make a nomination for the 1986 Beyond War Award.

Regretfully I must decline. While sharing fully your Foundation's concern to help build a world beyond war, I feel that for me to single out a group or an individual, however deserving, for such an award would not be compatible with my status as an international civil servant.

With best wishes,

Sincerely,

A. W. Clausen


Ms. Margaret L. Staley
Director, Beyond War Award
Beyond War Foundation
222 High Street
Palo Alto, CA 94301


cc: Messrs. Koelle, Grenfell, Roberts
Mesdames Maguire, Sheen
Dr. Lionel Traubman


J.Grenfell/avs 04/24/86
#470

OFFICE MEMORANDUM

April 24, 1986

TO: Mr. A. W. Clausen, President 

THROUGH: Jose Botafogo G., Vice President, External Relations 

FROM: Frank Vogl, Director, IPA 

SUBJECT: 1986 Beyond War Award

The California-based Beyond War Foundation, through its Award Director, Margaret L. Staley, has invited you to submit a nomination of a group or individual who has made an outstanding contemporary contribution toward building a world beyond war to receive the 1986 Award. Members of the Selection Committee include, among others, former Norwegian Prime Minister Gro Brundtland, Theodore Hesburgh of Notre Dame, Carl Sagan, Jonas Salk and Andy Young. Dr. Y.I. Chazov, the Moscow cardiologist who shared this year's Nobel Peace Prize is also on the Committee. You may well recall that the Nobel Award to him for his work with International Physicians for the Prevention of Nuclear War aroused considerable controversy when it was reported that he had spoken out against Andrei Sakharov.

All in all, we recommend you not get involved in this, despite the urging of Dr. Len Traubman of San Francisco, the dentist who heard your University of the Pacific Dental School commencement address in 1984, and who has corresponded with you several times since.

A draft letter to this effect is attached. We recommend it be copied to Dr. Traubman.

Attachment

J.Grenfell/avs 04/24/86
#470

April 21

Nigel:

I'm not quite sure what to do with the most recent letter from Lionel Traubman. In 1984, he heard AWC's commencement address at the U. of the Pacific Dental School and has been a fairly regular correspondent ever since. AWC replied to his first letter in Oct. 1984 but since then we have been ignoring him. Mr. Traubman is very involved with the Beyond War Foundation and seems to be very persistent in trying to involve AWC as well. Actually, last year's "Beyond War Prize" was the subject of some controversy because one of the recipients, a doctor in Moscow, was linked to the Sakharov situation and thus was not considered to be a good representative of peace and human rights. In any case, my reaction would be to ignore this most recent letter as well if only Traubman

were involved, but there is also the letter from Margaret Staley, Director of the Beyond War Award, and I'm not sure it is polite to ignore her as well. Should we send this to Mr. Botafogo to prepare a reply (presumably saying that we do not wish to nominate a candidate) or forget the whole thing? Sorry for this long saga.

MH

7/15

A. Vayl

Susan:

Myra asked me please to make sure we get this whole package of material back. I'm also leaving her little note to Nigel attached because it'll probably help whoever prepares the reply.

June

Aary - N.B.

Julian
Greenfield

please

TV

4/22

THE WORLD BANK

ROUTING SLIP

Date
April 21, 1986

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Botafogo

E-823

To Handle

Note and File

Appropriate Disposition

XX

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

Remarks

I would be grateful if you would prepare a reply for Mr. Clausen's signature by April 29.

Nigel Roberts



From

470
Tom,

Because of your
strong global interests
and many relationships,
I asked that you be
included in this
nomination process.

Len

RECEIVED
1988 MAY 14 11 15 AM
1017

OFFICE OF THE ATTORNEY GENERAL

1986 APR 15 AM 10:22

RECEIVED

THE BEYOND WAR AWARD

"To honor the great efforts of humankind as we move to build a world beyond war"

1986 Selection Committee

Gro Harlem Brundtland
Former Prime Minister of Norway

Betty Bumpers
Founder and President of Peace Links

Helen Caldicott
President Emeritus, Physicians for Social Responsibility

Rodrigo Carazo
President, United Nations University for Peace • Former President of Costa Rica

Yevgeni I. Chazov
Co-Founder and Co-President, IPPNW • Director-General, National Cardiological Research Center, USSR

Alfonso Garcia Robles
Nobel Laureate, Peace, 1982 • Permanent Representative of Mexico to the Conference on Disarmament

Marvin Goldberger
President, California Institute of Technology

Ólafur R. Grímsson
President, Parliamentarians Global Action • Member of Parliament, Iceland

Theodore Hesburgh
President, University of Notre Dame

Matina S. Horner
President, Radcliffe College

James A. Joseph
President, Council on Foundations

Richard Leakey
Director, National Museums of Kenya

Bernard Lown
Co-Founder and Co-President, IPPNW • Professor of Cardiology, Harvard University

J.W. Marriott, Jr.
Chairman of the Board and President, Marriott Corporation

Hiroji Mukasa
Former Chairman, International Congress of Social Psychiatry • Founder, Mukasa Hospital, Japan

Esther Peterson
Former White House advisor to three U.S. Presidents

John R. Quinn
Archbishop of San Francisco

Richard L. Rathbun
President, Beyond War Foundation

Carl Sagan
Director, Laboratory for Planetary Studies, Cornell University

Shizuo Saito
Advisor to the Minister for Foreign Affairs of Japan • Former Ambassador of Japan to the United Nations

Jonas Salk
Founder, Salk Institute for Biological Studies • Discoverer of the polio vaccine

Jacqueline G. Wexler
President, National Conference of Christians and Jews

Andrew Young
Former U.S. Ambassador to the United Nations • Mayor of Atlanta, Georgia

470
April 4, 1986

Mr. Tom Clausen
President
World Bank
1818 H Street NW
Washington, DC 20433

Dear Mr. Clausen:

The Beyond War Foundation invites you to make a nomination for the 1986 Beyond War Award.

The Award was created to honor the group or individual who has made an outstanding contemporary contribution toward building a world beyond war. Nominations for the Award are sought from prominent individuals throughout the world.

The enclosed brochure contains information about the Award, the nominating process and the past recipients. The principles stated on the back of the brochure are the criteria for selection.

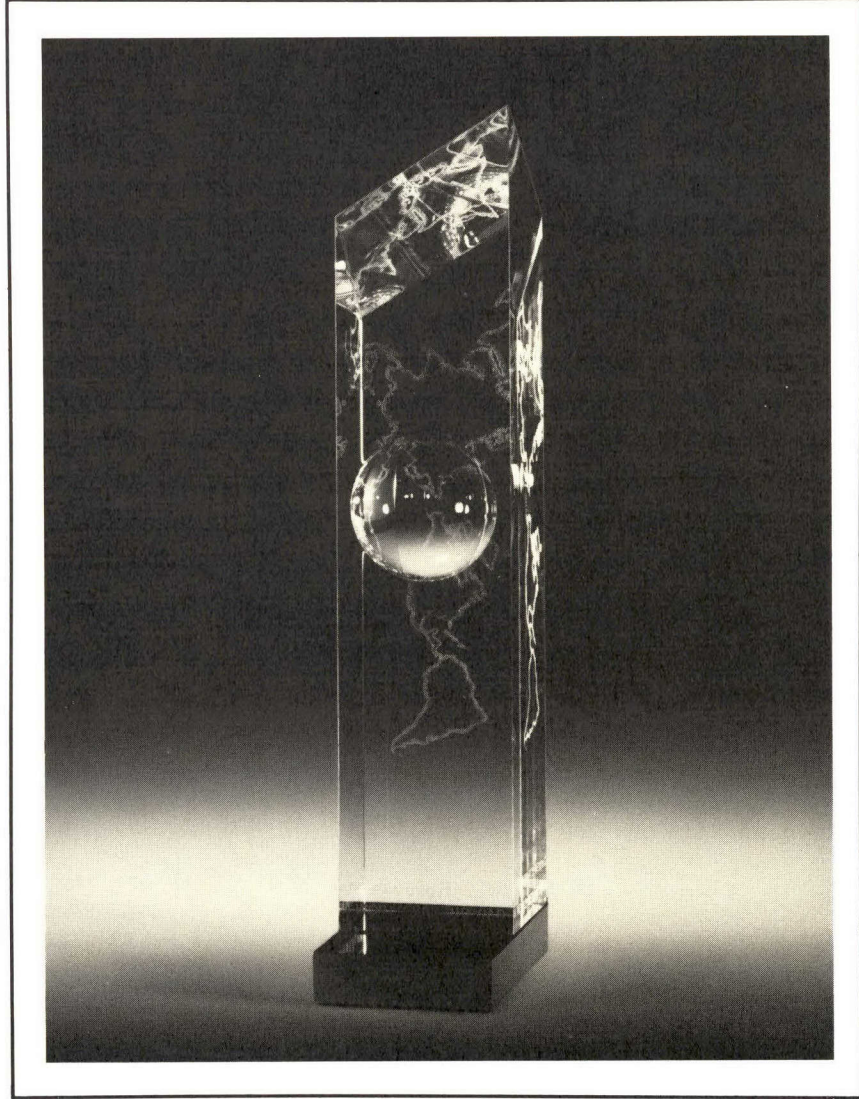
We welcome your participation in the Beyond War Award nomination process and hope to hear from you by May 15.

Sincerely,

Margaret L. Staley
Director
Beyond War Award

Enclosures:
Brochure
Nomination Form

Nov 2 11/15



THE BEYOND WAR AWARD

*To honor the great efforts of humankind
as we move to build a world beyond war*

The Beyond War Award is presented annually to honor the group or individual who has made an outstanding contemporary contribution toward building a world beyond war. The first Award was presented in 1983 to the National Conference of Catholic Bishops of the United States for their historic pastoral letter, "The Challenge of Peace: God's Promise and Our Response."

The 1984 recipient was the International Physicians for the Prevention of Nuclear War (IPPNW). Its two co-Presidents—Dr. Yevgeni Chazov, Director-General of the National Cardiological Research Center, Soviet Union, and Dr. Bernard Lown, Professor of Cardiology at the Harvard University School of Public Health, United States—received the Award on behalf of thousands of the world's physicians. In 1985, IPPNW was awarded the Nobel Peace Prize.

The 1985 Beyond War Award honored the Five Continent Peace Initiative. This Initiative is the combined effort of six world leaders: President Raúl Alfonsín of Argentina, Prime Minister Andreas Papandreu of Greece, Prime Minister Rajiv Gandhi of India, President Miguel de la Madrid of Mexico, Prime Minister Olof Palme of Sweden, and First President Julius Nyerere of Tanzania. The Award acknowledged their unprecedented personal commitment in searching for creative solutions to eliminate the nuclear threat and to assure "the common security and survival of humankind."



Richard L. Rathbun, President of Beyond War, presents the 1985 Award to the six leaders in a ceremony that connected, for the first time in history, seven nations on five continents via two-way live television.

THE BEYOND WAR AWARD 1986 Selection Committee

Gro Harlem Brundtland

Former Prime Minister of Norway

Betty Bumpers

Founder and President of Peace Links

Helen Caldicott

President Emeritus, Physicians for Social Responsibility

Rodrigo Carazo

President, United Nations University for Peace • Former President of Costa Rica

Yevgeni I. Chazov

Co-Founder and Co-President, IPPNW • Director-General, National Cardiological Research Center, USSR

Alfonso Garcia Robles

Nobel Laureate, Peace, 1982 • Permanent Representative of Mexico to the Conference on Disarmament

Marvin Goldberger

President, California Institute of Technology

Ólafur R. Grímsson

President, Parliamentarians Global Action • Member of Parliament, Iceland

Theodore Hesburgh

President, University of Notre Dame

Matina S. Horner

President, Radcliffe College

James A. Joseph

President, Council on Foundations

Richard Leakey

Director, National Museums of Kenya

Bernard Lown

Co-Founder and Co-President, IPPNW
Professor of Cardiology,
Harvard University

J. W. Marriott, Jr.

Chairman of the Board and
President, Marriott Corporation

Hiroji Mukasa

Former Chairman, International
Congress of Social Psychiatry •
Founder, Mukasa Hospital, Japan

Esther Peterson

Former White House advisor to
three U.S. Presidents

John R. Quinn

Archbishop of San Francisco

Richard L. Rathbun

President, Beyond War Foundation

Carl Sagan

Director, Laboratory for Planetary
Studies, Cornell University

Shizuo Saito

Advisor to the Minister for Foreign
Affairs of Japan • Former Ambassador
of Japan to the United Nations

Jonas Salk

Founder, Salk Institute for Biological
Studies • Discoverer of the polio vaccine

Jacqueline G. Wexler

President, National Conference of
Christians and Jews

Andrew Young

Former U.S. Ambassador to the United
Nations • Mayor of Atlanta, Georgia

Selection Process

The Selection Committee, composed of distinguished men and women from throughout the world, will make the final selection of the 1986 Beyond War Award recipient(s), choosing the nominee who best demonstrates the precepts embodied in the Beyond War statement (overleaf).

Nominations

Nominations for the Award are invited. Letters of nomination should describe the work, event, or activity of the nominee, and the relationship of the nominee's contribution to the principles of Beyond War. Nominations must be received no later than May 15, 1986.

The Crystal Sculpture

The Beyond War Award is symbolized by a crystal sculpture designed by Steuben Glass. The continents of the world are delicately engraved on three surfaces of the crystal column. On the front surface, a deeply recessed half-sphere serves as a lens to transform the images of the continents into one unified whole. On all four sides of the base of the sculpture — representing the North, South, East and West — are engraved the words "A WORLD BEYOND WAR."

Presentation of the Award

The 1986 Beyond War Award will be presented at a ceremony in San Francisco, California, USA, in December of 1986. In addition to holding the sculpture for one year, the recipient receives \$10,000.

BEYOND WAR

Each day, humanity faces the possibility of extinction. The arsenals of the superpowers contain the power of a million Hiroshima bombs, enough to destroy the world many times over. It is clear that these weapons must not be used. It is clear that war and violence can no longer serve to resolve the differences that divide humankind. Yet nations remain obsessed with the accumulation of ever more sophisticated weapons systems. We drift closer and closer to the ultimate catastrophe.

At the same time, modern science has brought us new understanding of our planet and our species. We know that everything that lives shares the same web of life — the same air, the same water, the same sun, the same earth. We are one human family. We have a common destiny. And we have the capacity for generosity, compassion, and love.

The threat to this fundamental unity lies in our minds. Only in the human mind can our differences be distorted sufficiently to justify the waging of war and the ending of life. But we can change. Through time, we have changed our thinking about human sacrifice, human slavery, and human rights. Now we must change the way we think about war.

It is time to acknowledge that we live on one planet. It is time to use our genius and the resources of our earth for the well-being of all the nations, all the races, and all the religions.



BEYOND WAR

NOMINATION FORM

BEYOND WAR AWARD

*Honoring the group or individual who has made
an outstanding contemporary contribution toward building a world beyond war*

I nominate for the 1986 Beyond War Award (please print or type):

Name _____
Title First Last

Position/Affiliation _____

Comments: Please describe the work, event or activity of the nominee, and the relationship of the nominee's contribution to the principles of Beyond War.

Nomination submitted by (please print or type):

Name _____

Address _____
Street

City State Country Zip

Signature

Please return by May 15 to: Beyond War Award, 222 High Street, Palo Alto, CA 94301

1388

LIONEL TRAUBMAN, D. D. S., INC.

DENTISTRY FOR CHILDREN

November 11, 1985

2555 OCEAN AVENUE
SAN FRANCISCO 94132
TELEPHONE 333-6811

Dear Tom,

I have not forgotten your stirring speech to the UOP dental graduates. I am writing again to let you know the most recent progress of Beyond War and ask if you and your wife will be our guests at the Masonic Auditorium for the December 14th Beyond War Award Ceremony and "Global Spacebridge," which I'll describe. As you think about this, I hope you'll agree that, together, we actually are taking the successive steps necessary to lead the world beyond war! The process is begun, and this all-volunteer effort will continue to provide the knowledge, vision, and hope that is needed. Here is an update.

-- The "Beyond War Spacebridge" film of our historic two-way TV linking of San Francisco and Moscow was broadcast in September on 260 PBS stations in the USA and to a potential viewing audience of 240 million in the USSR.

-- Beyond War is presently sponsoring the 8-part "War" series on PBS TV stations in major metropolitan areas throughout the US.

-- Last year's Award recipient, the International Physicians for the Prevention of Nuclear War, was this year's Nobel Peace Prize winner.


-- This year's recipient, the "Five Continent Peace Initiative" represents (1) the first time Heads of State from five continents have jointly asked the people to speak for an end to the threat of war and (2) the first time all the people of the world have been given an opportunity of this magnitude to respond. The Global Spacebridge will be (3) the first two-way linking in history of the five continents by television satellite, if certain international arrangements and television technicalities can be worked out fast enough. Although this cannot be promised for several more days, we are making every effort to make it happen. If successful, this unprecedented event promises to provide a great measure of direction and hope for all the nations.

Changing people's minds about war is the greatest educational task ever undertaken. I urge you to consider joining us at the San Francisco uplink or attending one of the 100-plus downlinks across America, as together we seize this moment in history to turn a critical corner and build the world which we must.

Because of the demand for tickets, I would appreciate your response by November 22. I think this event would mean a lot to you, Tom.

OFFICE OF THE SUPERVISOR

Very sincerely,



Lionel Traubman, DDS, MSD

RECEIVED

1985 NOV 14 PM 6:24

OFFICE OF THE PRESIDENT

[Faint, mostly illegible text follows, appearing to be a memorandum or letter. The text is too light to transcribe accurately.]

[Faint text at the bottom of the page, possibly a signature block or footer.]

1190
LIONEL TRAUBMAN, D. D. S., INC.

DENTISTRY FOR CHILDREN

2555 OCEAN AVENUE
SAN FRANCISCO 94132
TELEPHONE 333-6811

August 18, 1985

Mr. Tom Clausen
The World Bank
Washington, D.C. 20433

Dear Tom,

Libby and I want to remind you that public television will carry the BEYOND WAR SPACEBRIDGE film all across America the week of September 8th! Be sure to encourage everyone you know to watch it on WHMM-TV, Sunday night, September 8th, at 10 p.m., immediately following Masterpiece Theater. This is an exciting step forward for all of us.

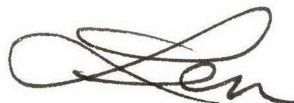
The live broadcast which you could not attend last December honored the positive efforts of our international medical community in building a safer, more cooperative world. It was inspiring, because it showed the potential of doctors and any individual to "make a difference" in shaping our future. We also drew hope from the historic satellite teleconference, in the way it was conceived and carried out with American initiative and subsequent Soviet cooperation.

We think every American would want to see this program, especially the youth, who need and deserve signs of hope for their future.

Please inform as many others as you can of this important telecast. People are duplicating the enclosed flyer and distributing it to others in a variety of ways. Remember, important ideas move best from person to person.

Please let us know, Tom, if you have ideas for involving others in your circle to help us build a world beyond war. There is nothing more important, and our time is limited.

With best wishes,



Lionel Traubman, DDS, MSD

PS: I can provide you with broadcast dates and times in other cities.

OFFICE OF THE PRESIDENT

1985 AUG 20 PM 3:25

RECEIVED

**Americans and Russians, a world apart,
yet linked in their desire for a world beyond war...**

*"It was incredible: we saw each other, spoke to
each other..."*

Moscow News

*"You had a feeling we were reaching out as
hard as we could to touch them."*

San Francisco Chronicle



THE BEYOND WAR SPACEBRIDGE

A special TV satellite "spacebridge" joins together people of the US and the USSR to honor two distinguished doctors, one from Boston, the other from Moscow. Musician Paul Winter, jazz singer Etta James, and folksinger Jeanne Bichevskaya join with children's choruses from both countries.

**SUNDAY
SEPTEMBER 8**

**10PM
CHANNEL 9**

LIONEL TRAUBMAN, D. D. S., INC.

DENTISTRY FOR CHILDREN

2555 OCEAN AVENUE
SAN FRANCISCO 94132
TELEPHONE 333-6811

December 19, 1984

1378
Mr. Tom Clausen
The World Bank
Washington, D.C. 20433

Dear Tom,

I am writing to let you know that the historic "spacebridge" between Moscow and San Francisco was a great success. I thought you would want to know.

Rather than tell you, I'm enclosing articles from the press, which would describe the event with better clarity and versatility than I.

If you have any insights or ideas for us, please let me know. A team of business executives with Beyond War will be traveling in the east. Would you like them to arrange a meeting with you?

Finally, if you would personally like to help this critical education and activity continue with a financial gift, Libby and I would be very happy and encouraged to receive it. Beyond War is strictly volunteer, no salaries are paid, and all funds go toward education about the obsolescence of war and the imperative of resolving conflicts without violence.

Warmest wishes in the new year.

Sincerely,



Len Traubman

1448 Cedarwood Drive, San Mateo, CA. 94403

Tom -

I recommend

No response -

Roy

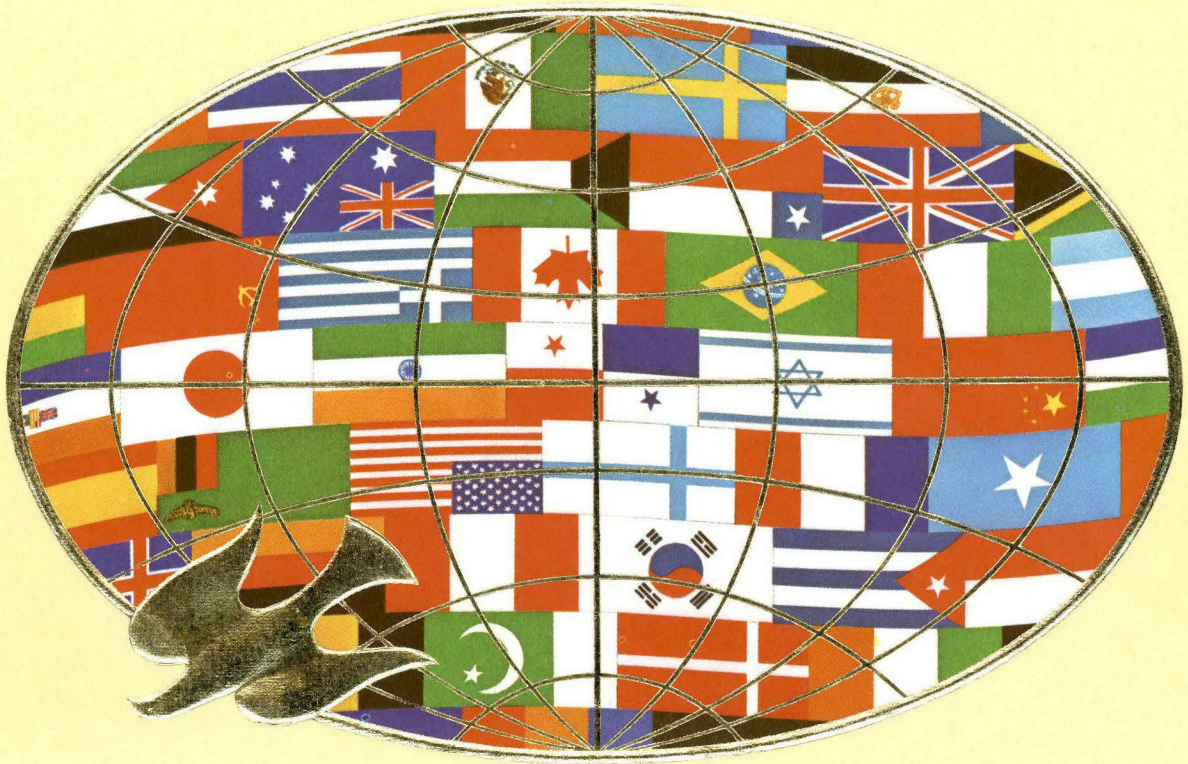
~~Angel~~
~~Butter~~
no

OFFICE OF THE PRESIDENT

1984 DEC 26 PM 1:18

RECEIVED

PEACE ON EARTH



© MASTERPIECE STUDIOS, INC.
CHICAGO, ILLINOIS

12/15
Here's some input
on Traubman
H
A

2555 Ocean Avenue
San Francisco 94132
(415) 333-6811

Warmest greetings and sincere best wishes
for the Holidays
and for all the Seasons of the Year.

Tom,
*
Sorry you can't be with us
for this momentous event. If there
are people we should reach or
ways you could personally
contribute to the success of this
crucial effort, please let me know.
Sincerely,
Bill Traubman, PhD

October 25, 1984

Dear Dr. Traubman:

Thank you for your letter and your nice comments about my commencement address to the UOP School of Dentistry.

It is thoughtful of you to invite me to attend the upcoming events in San Francisco. I share with you a desire for peace in the world and I'm sure that these occasions will make a contribution to this continuing effort.

However, as I believe my secretary mentioned to you, my travel schedule to the Bank's member countries leaves me with little time to accept anything else. As much as I like to visit San Francisco, I just cannot fit "non-business" trips into my schedule.

In any event, I wish you every success with these meetings, and, again, thank you for thinking of me.

Sincerely,



A. W. Clausen

Lionel Traubman, DDS, MSD
2555 Ocean Avenue
San Francisco, California 94132

MH

1135
LIONEL TRAUBMAN, D. D. S., INC.

DENTISTRY FOR CHILDREN

October 20, 1984

2555 OCEAN AVENUE
SAN FRANCISCO 94132
TELEPHONE 333-6811

A.W. "Tom" Clausen, President
World Bank
1818 H Street N.W.
Washington, D.C. 20433

Dear Mr. Clausen,

I am writing to invite you to two historic events in San Francisco, in the event you will be in this area. I write in response to your outstanding commencement address to the UOP School of Dentistry graduating class of June, 1984. In it, you devoted the the second half totally to urging professional people to think globally, cooperate in this nuclear age, and take leadership for worldwide social progress. I thought you would be heartened by these two upcoming activities.

On Armistice Day, Sunday, November 11, two thousand professional and businessmen will convene at the Masonic Auditorium to acknowledge those who gave all so that we might move life forward. They will also begin mapping a way in which we might use our freedom, creative genius, and power to begin building a world beyond war -- where our many conflicts will be resolved without violence, and where we will see ourselves as one interdependent global community. There will be a luncheon, and dress will be coat and tie. Keynote speakers will include:
Gary Williams, Associate Dean, Stanford Graduate School of Business
Don Wurtz, Partner, Arthur Andersen & Co.
Don Fitton, former Sr. VP, J.W. Stacey Co.
Craig Ritchey, Palo Alto attorney, former White House Fellow, feature speaker on excellence and building a world beyond war at the recent Olympic Scientific Conference

This day will lay the groundwork for another historic event.

On Thursday evening, December 13, again at the Masonic on California Street, the Second Annual Beyond War Award will be presented to the International Physicians for the Prevention of Nuclear War, representing 100,000 doctors from all the nations, east and west, north and south. The co-presidents, an American cardiologist from Harvard and the leading Soviet cardiologist, will receive the awards simultaneously,

in San Francisco and in Moscow. A "space bridge" will join the two auditoriums in a joint teleconference by satellite. It will be a momentous event.

I am extending a personal invitation to you to lend your presence and dignity to these two steps toward a future that you and all of us hope for.

After consulting your calendar, I would appreciate hearing from you. I am enclosing the Armistice Day application and a descriptive brochure of the Beyond War Award.

Although we don't know one another at all, I trust you will understand the inherent value of these two activities. Your presence would add a great deal to both gatherings, and they would be days you would not forget. Perhaps you would like to include your son.

Very sincerely,

A handwritten signature in cursive script that reads "Lionel Traubman". The signature is fluid and elegant, with a large initial 'L'.

Lionel Traubman, DDS, MSD

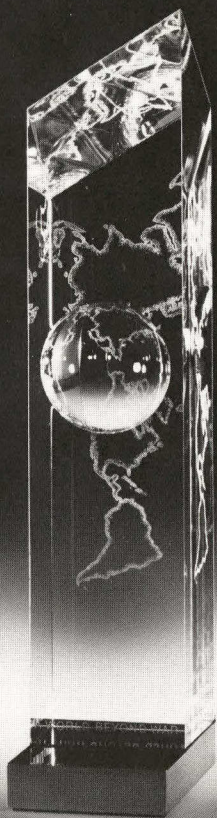
RECEIVED
OFFICE OF THE
SECRETARY OF STATE
WASHINGTON, D.C.

OFFICE OF THE PRESIDENT

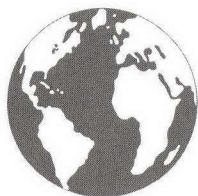
1984 OCT 23 AM 11:46

RECEIVED

THE BEYOND WAR AWARD



To honor the great efforts of humankind
as it moves to build a world beyond war.



A WORLD BEYOND WAR

Designed by Steuben Glass, the Beyond War Award is a square column of leaded crystal fourteen inches tall. The continents of the world are delicately engraved on three surfaces of the column and a deeply recessed sphere on the front surface serves as a lens to transform the images of the continents into one unified whole.

On all four sides of the base of the Award, representing the North, South, East, and West, are engraved the words "A WORLD BEYOND WAR."

“The unleashed power of the atom has changed everything save our modes of thinking and we thus drift toward unparalleled catastrophe.”

ALBERT EINSTEIN, 1945

Today we know what “unparalleled catastrophe” means for life on this planet.

Recent research studies by both American and Soviet scientists on the climatic effects of nuclear war indicate what could happen if only a small percentage of the global nuclear arsenals were exploded. There would, of course, be tremendous immediate devastation. In addition, these scientific studies concluded that massive ash and dust clouds would occur, chilling the planet and producing a “nuclear winter” which would very likely end all human life on Earth.

Throughout recorded history, war has been used to acquire, to defend, to expand, to impose, to preserve. War has been the ultimate arbiter of differences between nations. Now we must accept that nuclear weapons have made war obsolete.

The possibility of building a world beyond war lies in our ability to change our “modes of thinking.” Through

time, the precedent for major changes in the way we think has been well established. For example, by redefining what it means to be human, we moved beyond human sacrifice and beyond human slavery.

The decision to think in a new way must be made on both an individual and collective basis. Individuals are the basic elements of societies. Without individual change, societal change cannot occur.

Collectively, nations must decide to expand their identification to include the *whole earth*. We all live together on *one planet*. We are all part of *one living system* which derives its strength, its health, and its well-being from its diversity.

We may never eliminate conflict. We can, however, have an overriding vision that will allow us to resolve conflict creatively and without violence.

Together we can build a world beyond war.

Nominations

The Beyond War Award is to be presented to the individual, group, organization or nation who, in the opinion of the Selection Committee, makes a most significant contribution toward building a world beyond war.

Nominations can be made by anyone on behalf of an individual, group, organization or nation. Please include with your nominating letter details about the work, event, activity or other effort by the nominee. All nominations must be received by the Sponsor no later than July 1, 1984.

Selection Committee

A Selection Committee, composed of distinguished men and women from throughout the world, will make the final decisions on the recipient(s) of the 1984 Beyond War Award. The members of the Selection Committee are listed on the back cover of this brochure. A maximum of three awards will be made in any one year.

Presentation of Awards

Presentation of the 1984 Beyond War Award will be made at ceremonies in San Francisco, California, U.S.A., on Monday, December 10, 1984.

The Beyond War Award for 1983 was presented to the Catholic Bishops of the United States for their historic pastoral letter on nuclear war entitled "The Challenge of Peace: God's Promise and Our Response."

Sponsor

The Sponsor of the Beyond War Awards is Creative Initiative Foundation, a non-profit, educational foundation established in 1962. Nominations and all other correspondence relating to the Awards should be sent to the following address:

The Beyond War Awards
c/o Creative Initiative Foundation
222 High Street
Palo Alto, California 94301, U.S.A.

THE BEYOND WAR AWARD 1984 Selection Committee

Elise Boulding

Chairperson, Department of Sociology,
Dartmouth College

Helen Caldicott

Former President, Physicians for
Social Responsibility

Rodrigo Carazo

President, United Nations
University for Peace
Former President of Costa Rica

Evgeni I. Chazov

Co-founder, International Physicians
for the Prevention of Nuclear War
(IPPNW). Deputy Minister of Health,
USSR

John Gardner

Founder, Common Cause

Matina S. Horner

President, Radcliffe College

James A. Joseph

President, Council on Foundations

Richard Leakey

Director, National Museums of Kenya

Bernard Lown

Co-founder, International Physicians
for the Prevention of Nuclear War
(IPPNW). Professor of Cardiology,
Harvard University

Hiroji Mukasa

Former Chairman, International
Congress of Social Psychiatry.
Founder, Mukasa Hospital, Japan

Linus Pauling

Recipient, Nobel Prize—Chemistry,
1954. Nobel Peace Prize, 1962.
Founder, Linus Pauling Institute of
Science and Medicine

Esther Peterson

Consumer Affairs Chairman for three
U.S. Presidents

John R. Quinn

Archbishop of San Francisco.
Recipient of the 1983 Beyond War
Award on behalf of the Catholic
Bishops of the United States

Carl Sagan

Director, Laboratory for Planetary
Studies, Cornell University

Jonas Salk

Founder, Salk Institute for Biological
Studies
Discoverer of the polio vaccine

Lewis Thomas

Chancellor, Memorial Sloan-Kettering
Cancer Center

Jacqueline G. Wexler

President, National Conference of
Christians and Jews

Andrew Young

Former U.S. Ambassador to the
United Nations
Mayor of Atlanta, Georgia

May 12, 1986

Dear Mr. Belford:

Thank you very much for your letter of April 7, which I received recently on my return from an overseas visit.

Like yourselves, I am very interested in seeing the public achieve a wider awareness of international affairs, and believe as you do in the power of television to influence opinion in a constructive way. The purposes of the Better World Society are therefore something I can support without hesitation.

I am, however, fully committed during the next few weeks -- as we are approaching not only the end of the Bank's fiscal year, but also the end of my Presidency. Equally, my personal plans after I step down on July 1 are still uncertain, and I do not therefore feel it would be appropriate for me to become actively involved in any new ventures at this point. I do, however, appreciate your letter, and I wish the Better World Society all the best in its endeavors.

Sincerely,



A. W. Clausen

Mr. Thomas S. Belford
Executive Director
Better World Society
1140 Connecticut Avenue, N. W.
Suite 1006
Washington, D. C. 20036

bcc: Mr. Vogl

NR:MH

4/29

Mr. Clausen

The 'Better World Society' is interested in securing your personal support (non-financial!) for its endeavours — not in your role as President of K Bank, but as a particular individual known to be concerned with the kinds of problems BWS is concerned with.

Messrs. Brannigan & Middleburgh

I recommend that you meet
with Mr. Belford & Ted
Turner. They are apparently
interested in your
participation in the Leadership
Council mentioned on p. 3 of
the attached 'Progress Report'.

If this interests you, we
will fix a meeting with
Belford & Turner.


Nigel

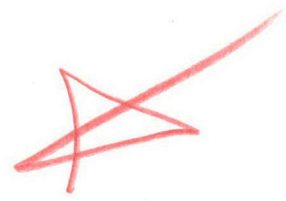
THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

Not interested

94

April 23, 1986

TO: Mr. Nigel Roberts, EXC
FROM: Bill Brannigan, IPAPI 
SUBJECT: Better World Society Request



1. Frank Vogl asked me to handle this, since I had met Thomas Belford more than a year ago when the Better World Society was being established.
2. Mr. Belford tells me that the purpose of this letter is to try and arrange a meeting with Mr. Clausen, that also may include Ted Turner, who is one of the main organizers of BWS. He is, of course, the somewhat flamboyant owner of Cable News Network, Atlanta Braves, baseball team, etc. At the same time, he apparently is interested in at least two areas of Bank activity-- Africa and population issues.
3. The meeting would be an effort to secure Mr. Clausen's personal endorsement of the efforts of the BWS, rather than an institutional endorsement. Similar meetings have been held recently, according to Belford, with David Rockefeller and Maurice Strong. Unless Mr. Clausen has reservations about holding such a meeting, we recommend going ahead, if his schedule permits.
4. Incidentally, IPA and Cable News Network have had a number of productive contacts in the past few years. Mr. Clausen was interviewed on their "Moneyline" program two years ago and we have recommended another interview that they have requested in June. Last month, CNN carried a fifteen-part series on Africa, which impressed Mr. Turner sufficiently that he is repackaging the series as a one-hour program for distribution in the U.S. and abroad. Mr. Jaycox appears in the series, some Bank-supplied videotape was used and I'm told an acknowledgment of the Bank's assistance will appear in the closing credits.

cc: Mr. Vogl

BB:hmm

Note: Mr. Belford called while PWC was away to request an appointment for himself + Ted Turner.



Better World Society

1140 CONNECTICUT AVENUE, N.W. • SUITE 1006 • WASHINGTON, D.C. 20036

(202) 331-3770

467
R.E. Turner,
Chairman

Russell W. Peterson,
Vice Chairman

April 7, 1986

Mr. A. W. Clausen
President
World Bank
1818 H Street, N.W.
Washington, D.C.

Dear Mr. Clausen:

Given your broad interest in international affairs, I would like to introduce you to the Better World Society. The Society uses television to address critical global issues like the nuclear arms race, exponential population growth, worldwide degradation of the environment, and the relationship of these issues to global development and stability.

Over the last year, BWS Board members like Jimmy Carter, Georgiy Arbatov, Gro Brundtland and Lester Brown have laid the groundwork for this new communications vehicle. More recent support has come from supporters like Sharon Rockefeller and developer Jim Rouse.

I suspect that you appreciate very well the need to build an informed constituency for constructive involvement in international issues. I would welcome a meeting to discuss the Better World Society. Thanks for looking us over.

Sincerely,

Thomas S. Belford
Executive Director

Enclosures

International Board of Directors: Yasushi Akashi, Under-Secretary-General, United Nations; Georgiy Arbatov, Director of the Soviet Union's USA & Canada Institute; Lester R. Brown, President, Worldwatch Institute; Gro Harlem Brundtland, former Premier of Norway and Chairman, World Commission on Environment & Development; Dr. Rodrigo Carazo, former President of Costa Rica; Jimmy Carter, former President of the United States; Jean-Michel Cousteau, Executive Vice President, the Cousteau Society; Julia Henderson, former Secretary-General, International Planned Parenthood; Russell Peterson, VP/Regional Councilor, International Union for the Conservation of Nature & Natural Resources; Dr. M. S. Swaminathan, Director-General, International Rice Research Institute; R.E. Turner, Chairman & President, Turner Broadcasting System. Organizations listed for identification only.

Olusegun Obasanjo, former Head of State, Nigeria
Prince Sadruddin Aga Khan, President, Groupe de Bellerive

RECEIVED

1986 APR 15 AM 10: 22

OFFICE OF THE FIRE CHIEF



Better World Society

1140 CONNECTICUT AVENUE, N.W. • SUITE 1006 • WASHINGTON, D.C. 20036

(202) 331-3770

R.E. Turner,
Chairman

Russell W. Peterson,
Vice Chairman

Progress Report -- February, 1986

Since the first meeting of its founding Directors in January, 1985, the Better World Society has developed a combination of features and capabilities unique in the public interest community:

- o an issue agenda focused strictly on global survival issues...the nuclear arms race, exponential population growth, and worldwide abuse of the ecosystem;
- o a commitment to mass communications, especially television, as the principal means to influence these issues on an international scale;
- o a guaranteed means of access to an international audience through, but not limited to, a special relationship with Turner Broadcasting;
- o a unique linkage of television and film production, distribution and promotion expertise with the issue and policy experience of a world-stature Board of Directors; and,
- o a commitment to use this vehicle for public education and issue advocacy in concert with other established groups concerned with global survival.

This report summarizes Better World's progress over 1985 and outlines our plan of action for the year ahead. Many of you receiving this report have contributed importantly to the groundwork laid for BWS in 1985. In 1986, our first year of full scale operation, we look forward to your continued support and to the involvement of many new friends of the Society.

International Board of Directors: Yasushi Akashi, Under-Secretary-General, United Nations; Georgiy Arbatov, Director of the Soviet Union's USA & Canada Institute; Lester R. Brown, President, Worldwatch Institute; Gro Harlem Brundtland, former Premier of Norway and Chairman, World Commission on Environment & Development; Dr. Rodrigo Carazo, former President of Costa Rica; Jimmy Carter, former President of the United States; Jean-Michel Cousteau, Executive Vice President, the Cousteau Society; Julia Henderson, former Secretary-General, International Planned Parenthood; Russell Peterson, VP/Regional Councilor, International Union for the Conservation of Nature & Natural Resources; Dr. M. S. Swaminathan, Director-General, International Rice Research Institute; R.E. Turner, Chairman & President, Turner Broadcasting System. Organizations listed for identification only.

Olusegun Obasanjo, former Head of State, Nigeria
Prince Sadruddin Aga Khan, President, Groupe de Bellerive

Accomplishments in 1985

- o Assembled strong international Board of Directors;
- o Networked aggressively to key support communities -- funders, media, issue experts, allied issue organizations;
- o Raised initial outside seed funding and conducted successful direct mail and TV membership recruitment tests;
- o Developed newsletter and comprehensive series of marketing and presentation materials; and
- o Formulated programming strategy and telecast first program to audience of 1.5 million viewers.

The past year was devoted largely to the customary "nuts and bolts" of building a non-profit, public interest organization. Most critical was the development of a strong, participatory international Board of Directors. Founding principals of the Society have been committed to building a genuinely international organization, and have assured that character by mandating that a majority of the Directors be from outside North America.

The Better World Society was launched publicly in June 1985 at a New York City press conference. Media attention has remained constant, with highlights including editorial endorsement by the Boston Globe, feature coverage on ABC's "Entertainment Tonight," and extensive positive trade press coverage.

Most staff time over the last year was devoted to introducing the Society to the communities whose support is critical to the success of the venture, namely, potential funders, media, issue experts and public interest groups and agencies that share BWS' issue priorities. In 1985, most of this networking focussed on establishing the U.S. base of support for the Society.

On the fundraising front, 1985 was a year of "seed planting," although approximately \$130,000 was generated from outside sources and nearly 1,000 members were recruited. Turner Broadcasting's contribution in 1985 exceeded \$300,000 in cash and \$50,000 of in-kind services. Various marketing and membership tools were developed, including public service announcements and direct response membership commercials for television, a membership newsletter (Better World Letter) and brochure, innumerable proposals, press kit, and direct mail membership packages. Extremely important in terms of the

long-term financing of BWS, a very successful direct mail test was conducted, establishing that a solid membership base of support for BWS is attainable.

Finally, the programming strategy for BWS was developed during the fall. Scores of outside programming proposals were received, ranging from TV commercials to documentary series to feature films. Prospective partners ranged from British broadcasters to an Argentinian foundation to public TV stations to numerous issue groups and independent producers. Better World's first program, CHALLENGE OF THE CAUCASUS, was telecast on November 18, reaching approximately 1.5 million viewers with an inspiring message about U.S./Soviet cooperation.

Plans for 1986

- o Expand Board, form Leadership Council and step-up international outreach;
- o Inaugurate BWS Awards Program;
- o Recruit 15,000 BWS members;
- o Continue broadcast schedule with OUR FINITE WORLD: INDIA (February), WOMEN--FOR AMERICAN, FOR THE WORLD (May), PREVENTING NUCLEAR WAR (June), and THE FIRST FIFTY YEARS: REFLECTIONS ON U.S.-SOVIET RELATIONS (June); and,
- o Initiate major TV projects -- REVERSING AFRICA'S DECLINE, NEW DIPLOMATS: THE CHALLENGE OF CITIZEN DIPLOMACY, and ONLY ONE EARTH (with BBC).

In 1986, the Better World Society will further develop its organizational components, broaden its financial base, and launch an ambitious schedule of television productions.

Several initiatives will be undertaken to increase BWS' institutional depth and international presence:

- o Expand the Board slightly to provide representation from China and South America;
- o Form a Leadership Council whose members will help individually to meet program development, networking, fundraising and other needs;
- o Develop a process for tapping systematically the assistance of the film/TV creative community;
- o Step-up contact with international issue groups, participation in international events/forums, co-ventures with non-American producers and broadcasters, and cultivation of international media; and,

- o Initiate the BWS Awards Programs to recognize outstanding contributions to peace advocacy, population stabilization, environmental protection, humanitarian service, and global communications.

To meet the needs of a \$1.5 million budget, BWS will cultivate a diversified financial base, including individual philanthropists, events, foundations, corporate underwriting and advertising, co-production and distribution arrangements, BWS membership, and Turner Broadcasting. Goals have been set in the major funding categories, as follows:

Events	\$250,000
Major donors	200,000
Foundations	400,000
Corporations	400,000
Turner Broadcasting	240,000

A conservative direct mail program will be implemented on a "breakeven" basis in 1986 (i.e., cost of member acquisition equals income generated). We expect this approach will yield approximately 15,000 BWS members, but little program income until 1987.

Television production and distribution, of course, is the purpose of the Better World Society. BWS aims to produce or acquire, and telecast, up to ten programs in 1986. One of these programs, OUR FINITE WORLD: INDIA has already been telecast in February on Turner Broadcasting's Cable News Network (34 million households) and Superstation WTBS (36 million households).

The balance of BWS programming will consist of a mix of advocacy-oriented and informational projects addressing arms control, population and environmental issues.

BWS' "advocacy" programs will be policy-oriented, present a BWS point of view on the issues covered, and seek viewer involvement in the issues. To best leverage BWS resources, often these programs will be acquired in finished (or near-finished) form from outside groups or producers, and aired in the context of extensive grassroots promotional and follow-up campaigns orchestrated by allied public interest groups.

Initial advocacy programs slated for broadcast include WOMEN FOR AMERICAN, WOMEN FOR THE WORLD (May 19, 10:30 p.m. Eastern, 7:30 p.m. Pacific), PREVENTING NUCLEAR WAR: THE FIRST ESSENTIAL STEP (June 2, 10:30 p.m. Eastern, 7:30 p.m. Pacific), and FIRST FIFTY YEARS: REFLECTIONS ON U.S.-SOVIET RELATIONS (June 18, 11:00 p.m. Eastern, 8:00 p.m. Pacific). Programs on population and environmental issues will follow.

BWS informational programs, like OUR FINITE WORLD: INDIA, will feature "success stories" regarding progress being made around the world, particularly with respect to population and the environment. Resources permitting, Better World will commission two major original television projects in 1986, as described below:

****REVERSING AFRICA'S DECLINE** -- The entire African continent is on the verge of a colossal breakdown of its food and natural resources systems -- and with that its social and political systems as well. While massive fund drives to feed vast populations of this already threatened area are critically important, they are only temporary and inadequate solutions. BETTER WORLD is developing a program that will explore the root causes of the African crisis and the possible paths to sustainable recovery.

****CITIZEN DIPLOMATS** -- A growing number of American and Soviet citizens have launched private initiatives to bridge the East-West gap. Our program will document exemplary citizen exchanges, including prominent businesspeople, physicians, scientists, athletes, performing artists and just average citizens from all walks of life. We hope these inspiring examples of productive citizen diplomacy will encourage many more American and Soviet citizens to join personally in building bridges of peace.

With all of its television projects, BWS will seek maximum distribution, on and off-air, in the United States and internationally. Whenever possible BWS will seek programming partnerships with public interest groups who share our issue concerns and with international broadcasters and production entities.

For example, looking ahead to 1987, Better World is negotiating a co-production agreement with the BBC for an eight-hour series dealing with global environment, population and development issues. The series will air in over fifty countries. The series will help build a public constituency for the reforms to be proposed in 1987 by the UN-chartered World Commission on Environment and Development.

* * *

We encourage reactions to this plan of action for 1986. We value highly the counsel of our partners and allies in the cause of a peaceful, sustainable world.

*The Aga Khan is addressed as
"Your Highness".*

Briefing Paper
Visit by H.H. The Aga Khan
to Mr. Clausen
March 10, 1986, 4:00 p.m.

*Prince Amyn, the Aga
Khan's brother, will
accompany him.*

His Highness Prince Karim Aga Khan will visit IFC on March 10/11 to discuss joint investments in developing countries. IFC's collaboration with the Aga Khan goes back to the 60s when a company belonging to the Aga Khan group participated as a shareholder in COFITOUR, a tourism investment company promoted by the Tunisian Government and IFC.

Since the late 70s however our collaboration has intensified considerably and there are now a number of companies in Africa and South Asia in which IFC and the Aga Khan group have invested jointly. The Aga Khan has repeatedly met with the Executive Vice Presidents of IFC to coordinate investment activities. In 1978 he was received by Mr. McNamara. The following are excerpts from the briefing prepared for that occasion by Mr. Qureshi:

"His Highness Prince Karim Aga Khan is the fourth "Imam" or head of the Ismaili Sect, a small but well organized sect of the Moslem community which has its adherents mainly in India, East Africa and Pakistan, although there is a scattering of Ismailis in a number of other Muslim countries (e.g. Syria, Iran and North Africa). Karim Aga Khan succeeded to the "Imamate" in 1957; he was the personal choice of his grandfather, H.H. Aga Khan III. His grandfather was a major force in the Indian political movement and a strong supporter of Jinnah, the founder of Pakistan. The title of His Highness was conferred upon him by the British Government and he was also designated a Prince by the Iranian Government. Prince Karim's father was Prince Aly Khan, and Prince Sadruddin Khan (who was the U.N. High Commissioner for Refugees for an extended period) is his uncle.

The present Aga Khan was born in 1936 and was educated in Switzerland and at Harvard University where he also attended the business school.

The present Aga Khan is a very able person. He is well trained, has good business sense and is politically quite astute. He has been able to develop the image of a statesman who keeps his religious responsibilities and functions very much apart from his political and business relationships. He maintains close ties with governments and countries with Moslem populations."

Formally, the occasion of the Aga Khan's visit is a shareholders meeting of IPDS, a promotional and financial institution in Bangladesh, in which both IFC and the Aga Khan hold shares. Joint investments have so far been in the tourism and financial sectors in Kenya, Tunisia, India and Bangladesh. The Aga Khan is interested in exploring possibilities for extending our collaboration to companies in other African countries, Pakistan and China.

1986 MAR -5 PM 4:15

FD 017.64 100



Aiglemont
60270 Gouvieux, France

24th of February 1986

Dear Sir William,

I have been very remiss in not writing to thank you earlier for your kind letter of 23rd September last year, subsequent to our lunch here at Aiglemont, but as you know much of the end of 1985 was taken up for me by my visit to Pakistan for the opening of the Aga Khan University's Faculty of Health Sciences and Teaching Hospital, and the early weeks of this year have been totally committed to the drudgery of budget discussions !

I am, however, very happy to know that we are to meet on the 10th and 11th of March for the annual review of our joint projects, and I particularly want to thank you for the personal invitation which you extended to my wife, Prince Aryn and me to dine with you on Monday the 10th of March. We are much looking forward to this occasion.

./.

I believe our respective offices are working out agendas and timetables for our meetings, and I confirm that I will, as promised, bring with me the appropriate collaborators so that we can discuss present or future activities in industry, in tourism and in financial institutions in Kenya, Tanzania, Zanzibar, Mozambique, Zaire, Ivory Coast, Mali, Niger, Nigeria and Tunisia ; and in India, Pakistan, Bangladesh and China.

In your letter you referred to a proposal which you discussed with me, of IFC promoting a Management Services Facility which would aim to supply skilled manpower, both management and technical, on commercial terms to companies in Africa. If this project has made the progress you wished, I do want to confirm that I would be very happy to discuss it with you and, if there are any papers you would like my collaborators or me to review internally before we come to Washington, please feel free to have them sent on to us.

I much look forward to our meeting again.

*With kind personal regards,
Yours sincerely,
Aga Khan.*

Sir William Ryrie
Executive Vice President
INTERNATIONAL FINANCE CORPORATION
1818 H Street, N.W.
WASHINGTON, D.C. 20433
USA

cb

Visit of H.H. The Aga Khan
to IFC - March 10/11, 1986

Monday, March 10
9:45 a.m. (I-12-100)

Sir William Ryrie

10:00 a.m. (I-12-203)

Review of common projects and of prospects for future joint investments.

- Asia I - China
- Asia II - Bangladesh (IPDC)
- India
- Pakistan

- Africa I - Ivory Coast (Tissue Paper Project)
- Mali
- Tunisia (BNDT)
- Niger

- Africa II - Kenya (TPS, IPS, Leather Industries)
- Tanzania (TPS)
- Zaire
- Nigeria
- Mozambique

- Capital Markets - Kenya (Diamond Trust, Jubilee Insurance)
- India (HDFC, Gujarat Rural Housing Finance Corp.)
- Bangladesh (IDLC)

13:00 E Exec. Din. Rm. Lunch

15:00 (I-12-203) African Initiatives: APDF, AMSC

16:00 (E-1227) Mr. A.W. Clausen, World Bank/IFC President

16:30 (I-12-203) Mr. Rutherford Poats, Senior Consultant, MIGA

Tuesday, March 11
10:00

IPDC - Shareholders Meeting followed by lunch hosted by Mr. Kaffenberger

4125K
2/21/86

Lunch - March 10, 1986

Present from IFC

Sir William Ryrie	Executive Vice President
Messrs. Hilary Reddy	Vice President, Portfolio and Financial Management
Francisco J. Alejo	Vice President, Corporate Affairs and Development (Capital Markets)
Asian Investments:	
Messrs. Wilfried Kaffenberger	Director, Dept. of Investments, Asia II
Torstein Stephansen	Director, Dept. of Investments, Asia I
African Investments:	
Messrs. Azam K. Alizai	Director, Dept. of Investments, Africa II
Andre Hovaguimian	Director, Dept. of Investments, Africa I
Capital Markets:	
Mr. David Gill	Director, Capital Markets Department
African Initiatives:	
Messrs. Makarand Dehejia	Vice President, Engineering APDF
Azam K. Alizai	Director, Dept. of Inv., Africa I AMSC
Others:	
Mr. Richard Richardson	Director and Economic Adviser
Mr. Damian von Stauffenberg	Special Assistant to the Executive Vice President
Mr. Jemal-ud-din Kassum	Divisional Manager, Asia II, Division 1

Lunch - March 11, 1986

Present from IFC

Messrs. Torstein Stephansen	Director, Dept. of Investments, Asia II
Wilfried Kaffenberger	Director, Dept. of Investments, Asia II
Mohan Wikramanayake	Divisional Manager, Asia II, Division 2

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

THE WORLD BANK

ROUTING SLIP	Date June 17, 1986
---------------------	-----------------------

OFFICE OF THE PRESIDENT

Name	Room No.
Mr. Botafogo	E-823
<i>Jared</i>	

<input checked="" type="checkbox"/>	To Handle	<input type="checkbox"/>	Note and File
<input type="checkbox"/>	Appropriate Disposition	<input checked="" type="checkbox"/>	Prepare Reply
<input type="checkbox"/>	Approval	<input type="checkbox"/>	Per Our Conversation
<input type="checkbox"/>	Information	<input type="checkbox"/>	Recommendation

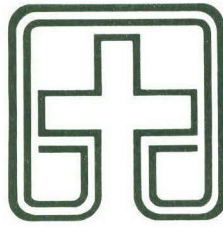
Remarks

If you feel it is necessary, would appreciate it if you prepare a reply for Mr. Clausen's signature by June 23.


Nigel Roberts

From

720



The American Lutheran Church
Eastern District

June 13, 1986

Mr. A. W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Clausen:

The Lutheran Academy has recently held a meeting on the Global Debt Crisis. The meeting involved a number of our church members who are professionally involved in global debt issues and was held here in Washington.

In the course of these meetings a question arose as to whether the World Bank conducts a formal analysis of the impacts on the poor of structural and sectoral adjustment loans. It was the impression of those present who were knowledgeable about the Bank's operating procedures that the Bank often does only a perfunctory analysis of the impacts of such loans on the poor.

It is the position of our church that a disproportional share of the impacts of economic adjustment should not fall on the poor. We also believe that, because of the charter and purpose of the Bank, you would have a similar position. To assure that a disproportionate share of the impacts of economic adjustment do not in fact fall on the poor, we believe an improved process for assessing these impacts is needed.

I am writing to request an appointment with you or another appropriate officer of the Bank to discuss this matter. I would like to bring with me two or three of my advisors on global debt issues.

I will call you in a few days to see when a mutually convenient date can be arranged.

Sincerely,

E. Harold Jansen, Bishop
Eastern District
The American Lutheran Church

EHJ/sh

DISTRICT OFFICE

6506 Loisdale Road, Suite 308, Springfield, VA 22150
703 • 971-2676

Bishop
E. Harold Jansen

REGIONAL OFFICES

Maury M. Drum, *Dean*
Box 73
Glen Head, NY 11545
516 • 676-0356

K. Roy Nilsen, D.Min., *Dean*
6506 Loisdale Road, Suite 308
Springfield, VA 22150
703 • 971-2699

Robert F. Spieler, ThD., *Dean*
114 South Jamestown Road
Coraopolis, PA 15108
412 • 264-5900

RECEIVED

1986 JUN 16 PM 4: 31

RECEIVED