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Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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McNamara Files

Contacts

Japan (1968-1970)

The World Bank Group
Archives



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Contacts with member countries: Japan - Correspondence 01

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WBG Archives

JAPAN

1. 6/17/68 Mikio Muzuta, Finance Minister
(in Tokyo)
2. " Takeo Miki, Minister of Foreign Affairs
- " Naokado Nishihara, IFC Special Representative in the Far East
- " Makoto Usami, Governor, Bank of Japan
- " Kaneo Ishihara, Governor, Japan Development Bank
- " Seijiro Yanagita, President, Overseas Economic Cooperation Fund
- " Tadashi Ishida, President, Export-Import Bank of Japan
- " Shichiro Murai, Financial Commissioner, Ministry of Finance
- " Murakami, Vice Minister of Finance
3. 8/14/68 Mr. Fukuda, representative of the Japan Development Bank, and
Mr. Adachi, outgoing representative
4. 9/18/68 Mr. C. Matsushita, Member, House of Councillors
5. 10/2/68 Yusuke Kashiwagi, Vice Minister of Finance
Shichiro Murai, Director General, International Finance Bureau,
Ministry of Finance
- Et al
- 12/12/68 Saburo Okita, President, Japan Economic Research Center and Special
Adviser to Minister of Economic Planning -- Member of the Pearson
Commission
6. 5/21/69 Sohei Nakayama, Chairman, Industrial Bank of Japan
Mr. Kaneo
Mr. Nakamura, New York Office Representative
- 4/23-25/69 Masao Sawaki, Deputy Director-General, Economic Co-Operation Bureau,
(Bellagio Ministry of Foreign Affairs, Tokyo
Conf.)
7. 6/16/69 Kogoro Uemura, President, Federation of Economic Organizations of Japan
- 7/18/69 Teruo Ishimizu, Assistant Professor of Urban Geography, Saitama
University, Urawa City
8. 9/8/69 Yasushi Hara, The Asahi Shimbun (Japanese newspaper)
- 9/26/69 Yasushi Hara, The Asahi Shimbun - at reception for press

9. 9/29/69 Takeo Fukuda, Minister of Finance
Makoto Usami, Governor, Bank of Japan
Yusuke Kashiwagi, Vice Minister of Finance for International Affairs
Shichiro Murai, Director-General, International Finance Bureau
Haruo Nakajima, Financial Minister, Embassy of Japan
Haruo Mayekawa, Executive Director, Bank of Japan
- 10/1/69 Takeo Fukuda, Minister of Finance (at Canadian Ambassador's dinner
for the Pearson Commission)
10. 11/20/69 Prime Minister Sato, at Blair House
Haruo Nakajima, Financial Minister, Embassy of Japan
11. 12/1/69 Yusuke Kashiwagi, Vice Minister of Finance for International Affairs
Haruo Nakajima, Financial Minister, Embassy of Japan
T. Yamanaka, Bank of Japan
M. Matsukawa, Ministry of Finance
- 2/22/70 Takeshi Yasukawa, Ministry of Foreign Affairs
(Montebello Conf.)
12. 3/24/70 Yusuke Kashiwagi, Vice Minister of Finance for International Affairs
Mr. Matsukawa, Counselor, Ministry of Finance
- 4/10-12/70 T. Kato, Head of Japanese Delegation to OECD
(Ditchley
Conf.)
13. 4/28/70 Dr. Kei Wakaizumi, Prof., Kyoto Industrial University
Ryosuke Ono, Chairman, Board of Directors, Kyoto Industrial University
- 5/20-22/70 Representatives and Observers at OECD Meeting:
(Paris) Kiichi Miyazawa, Minister of International Trade and Industry
Tadao Kato, Head of the Permanent Delegation
Kiyohiko Tsurumi, Director-General of the Economic Affairs Bureau,
Ministry of Foreign Affairs
Akira Harada, Director-General of the International Trade Bureau,
Ministry of International Trade and Industry
Hideo Kanbayashi, Director-General of the Customs Bureau, Ministry
of Finance
Teruyuki Okumura, Director-General of the Financial Bureau, Ministry
of Finance
Shin-ichi Nitta, Director-General of the Coordination Bureau, Economic
Planning Agency
Mitsuyoshi Kogure, Director-General of the Agricultural and Forestry
Economy Bureau, Ministry of Agriculture and Forestry
Yasue Katori, Deputy Director-General of the Economic Cooperation
Bureau, Ministry of Foreign Affairs
Hiromichi Miyazaki, Minister, Deputy Head of the Permanent Delegation
Yoshimitsu Shibasaki, Director of the Industrial Location and Public
Nuisance Department, Enterprise Bureau, Ministry of International
Trade and Industry

- 6/18-19/70
(Heidelberg) International Meeting on Development Policy:
Masao Sawaki, Director General, Economic Cooperation Bureau,
Ministry of Foreign Affairs
14. 6/24/70 Takeo Miki, Minister for Foreign Affairs
15. 6/29/70 Matsuhei Mohri, Member of Parliament
16. 7/6/70 Y Yusuke Kashiwagi, Vice Minister of Finance for International
Affairs
17. 9/20/70 Takeo Fukuda, Minister of Finance
(Copenhagen) Tadashi Sasaki, Governor, Bank of Japan
Yusuke Kashiwagi, Vice Minister of Finance for Intl. Affairs
Teryuyki Okumura, Director-General, International Finance
Bureau, Ministry of Finance
Shiro Inoue, Executive Director, Bank of Japan
Koji Yamazaki, Adviser to the Deputy Director, International
Organizations Division, Ministry of Finance
- 11/12/70 Saburo Okita, President, Japan Economic Research Center and
Special Adviser to Minister of Economic Planning (formerly
on Pearson Commission)
- 12/3-4/70 Heijiyo Yoshihara, Director, Overseas Technical Cooperation
(Bellagio Agencies
Gp., NYC)
18. 3/10/71 Kazuo Miyazaki, President, The Long-Term Credit Bank of Japan, Ltd.
19. 3/29/71 Yusuke Kashiwagi, Vice Minister of Finance for Intl. Affairs
- 4/23-26/71 Masao Sawaki, Director-General, Economical Cooperation Bureau,
(Tidewater IV, Ministry of Foreign Affairs
Lausanne)
20. 5/26/71 Yasuo Takeyama, Editor-in-Chief, The Nihon Keizai Shimbun
(Japan Economic Journal)
21. 7/16/71 Yusuke Kashiwagi, outgoing Vice Minister of Finance for
International Affairs
Takashi Hosomi, Vice Minister of Finance for Intl. Affairs
Toyoo Gyohten, Special Assistant to Minister Hosomi
(at lunch)
22. 9/16/71 Masao Sawaki, Director, Economic Cooperation Bureau, Japanese
Ministry of Foreign Affairs
Yutaka Nomura, Counselor (Economic), Embassy
Hiroyuki Yushita, First Secretary (Economic), Embassy

23. 9/27/71 Mikio Mizuta, Minister of Finance
Tadashi Sasaki, Governor, Bank of Japan
Koichi Inamura, Director-General, International Finance Bureau,
Ministry of Finance
Shiro Inoue, Executive Director, Bank of Japan
Fujio Yoshida, Deputy Director-General, International Finance Bureau,
Ministry of Finance
Shigemitsu Sugisaki, Deputy Director, Coordination Division,
Ministry of Finance
Katsuhiko Akita, Bank of Japan representative in New York City
- 10/4/71 Dr. Sohei Nakayama, Industrial Bank of Japan (IFC Adviser)
Dr. Hideo Ishihara, Industrial Bank of Japan (Interpreter)
24. 10/5/71 Sumio Hara, President, Bank of Tokyo
Mr. Yoshizawa, Representative, Bank of Tokyo in Washington
25. 10/13/71 Japanese Broadcasting Corp. TV interview:
Hatsuhisa Takashima, Producer
Yutaka Aida, Director
Kenji Yoshino, Cameraman
- 10/26/71 Dr. Saburo Okita, President, Japan Economic Research Center and
Special Adviser to the Minister of Economic Planning
Takao Akabane, First Secretary, Embassy of Japan
26. 11/1/71 Ambassador Nobuhiko Ushiba
Micho Kondo, Financial Counselor, Embassy
27. 11/5-7/71 Impressions on visit to Japan (*Filed in R. McN. office*)
28. 11/5/71 Breakfast meeting with Kansai Business Leaders:
(Osaka) Isamu Saeki, President, Kinki Nippon Railway Co., Ltd. and
President, Osaka Chamber of Commerce
Yoshisuke Ashihara, Chairman, Federation of Kansai Economic Organization
Takao Nagata, President, Hitachi Shipbuilding and Eng. Co., Ltd.
Hiromu Yamamoto, President, The Sumitomo Investment Co., Ltd.
Keizo Saji, President, Suntory, Ltd.
Takeo Terao, President, Daiwa Bank, Ltd.
Masakazu Echigo, President, C. Itoh & Co., Ltd.
Junzo Kurimoto, Special Consultant, Kurimoto Iron Works Co., Ltd.
Norishige Hasegawa, President, Sumitomo Chemical Co., Ltd.
Kyutaro Izaki, Chairman, Atake & Co., Ltd.
Kazuo Ueda, Consultant, The Sanwa Bank, Ltd.
Ambassador Hidemichi Kira, Director-General, Osaka Liaison Office,
Ministry of Foreign Affairs
Hideotoshi Ukawa, Head, International Cooperation Division,
Ministry of Foreign Affairs
Messrs. Y. Shibayama, M. Muneoka, R. Minenanga, T. Nakatani, and
Nakatusukasa
29. 11/5/71
(Kyoto) Konosuke Matsushita, Chairman of the Board, Matsushita Electric
Industrial Co., Ltd.

- 11/5/71 Luncheon:
(Kyoto) Ambassador Hidemichi Kira, Director-General, Osaka Liaison Office,
Ministry of Foreign Affairs
Professor Toru Mori, Osaka Industrial University
Hidetoshi Ukawa, Head, International Cooperation Division,
Ministry of Foreign Affairs
- " Dinner hosted by Mr. and Mrs. Ishihara (Pres., Japan Development Bank):
Masao Sawaki, Director-General, Economic Cooperation Bureau,
Ministry of Foreign Affairs
Masanobu Takanoshi, Director and Manager, Osaka Branch, Japan
Development Bank
Tomoki Adachi, Manager, Foreign Department, Japan Development Bank
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
Mr. Tsuji, Japan Development Bank
30. 11/6/71 Tadashi Sasaki, Governor, Bank of Japan
(Tokyo) Hidetoshi Ukawa, Head, International Cooperation Division,
Ministry of Foreign Affairs
- " Kazuo Miyazaki, President, The Long-Term Credit Bank of Japan, Ltd.
Hidetoshi Ukawa, Head, International Cooperation Division,
Ministry of Foreign Affairs
31. 11/6/71 Luncheon with KEIDANREN (Federation of Economic Organizations):
(Tokyo) Kogoro Uemura, Chairman, FEO
Masao Anzai, Chairman, Showa Electric Industries Co., Ltd.
Tatsuzo Mizukami, Director and Advisor, Mutsui & Co., Ltd.
Toshio Doko, President, Tokyo Shibaura Electric Co., Ltd.
Shigeo Nagano, Chairman, Shin Nippon Steel Corp.
Takuo Sasaki, Senior Director, Nippon Electric Co.
Toshio Maejima, Senior Director, Ishikawajima-Harima Heavy
Industries Co., Ltd.
Masaharu Doi, Chairman, Sumitomo Chemical Co., Ltd.
Shinichi Takasugi, President, Overseas Economic Cooperation Fund
Isao Masamune, President, Industrial Bank of Japan, Ltd.
Soichi Yokoyama, Senior Managing Director, Bank of Tokyo
Minoru Segawa, Chairman, Nomura Securities Co., Ltd.
Shogo Watanabe, President, Nikko Securities Co., Ltd.
Yukio Abe, Chairman, Daiwa Securities Co., Ltd.
Kazuo Tsukuno, Managing Director, Yamaichi Securities Co., Ltd.
Keiichiro Hirata, President, Japan Computer Development Usage Inst.
Tsunao Okumura, Vice President, Japan Computer Development Usage Inst.
Sohei Nakayama, President, Overseas Technical Cooperation Agency
Saburo Okita, President, Japan Economic Research Center
Yoshizane Iwasa, Chairman, Fuji Bank, Ltd.
Teizo Horikoshi, Vice President and General Director, Federation of
Economic Organizations; President, Nippon Usiminas Co., Ltd.
Masao Sawaki, Director-General, Economic Cooperation Bureau,
Ministry of Foreign Affairs
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
32. " Tadashi Ishida, President, Japan Export-Import Bank
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs

33. 11/6/71 Sinichi Takasugi, President, Overseas Economic Cooperation Fund
(Tokyo) Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
34. " Advisory Council on Economic Cooperation to the Prime Minister:
Saburo Okita, President, Japan Economic Research Center
Sohei Nakayama, President, The Bank of Tokyo, Ltd.
Sumio Hara, President, The Bank of Tokyo, Ltd.
Hiro Hiyama, President, Marubeni-Iida Co., Ltd.
Ryuji Takeuchi, Special Advisor to the Ministry of Foreign Affairs;
Chairman, Nippon Roche K.K.
Masao Sawaki, Director-General, Economic Cooperation Bureau, Ministry
of Foreign Affairs
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
35. 11/7/71 Dr. Masao Kanazawa, Director General, Research and Analysis Bureau,
5 (Tokyo) Ministry of Foreign Affairs
36. " Prime Minister Eisaku Sato
Masao Sawaki, Director-General, Economic Cooperation Bureau, Ministry
of Foreign Affairs
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
37. " Mr. Goodman's meeting with Dr. Masao Kanazawa, Director General,
Research and Analysis Bureau, Ministry of Foreign Affairs
38. " Keiki Owada, Secretary General, Agricultural Administration
Research Committee
39. " Mikio Mizuta, Minister of Finance (with notes of the Minister's
Press Conference following the luncheon)
40. " Takeo Fukuda, Minister of Foreign Affairs
Masao Sawaki, Director-General, Economic Cooperation Bureau, Ministry
of Foreign Affairs
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
41. " Kiku Nishida, Secretary-General, Japanese National Commission for
Unesco
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
42. " Akio Morita, President, Sony Corp.
- " Osamu Shimomura, Director-General, Capital Plant Investment Research
Institute, Japan Development Bank

- 11/7/71 Foreign Minister Fukuda's dinner:
(Tokyo) Minister and Mrs. Takeo Fukuda
Mr. and Mrs. Takeshi Yasukawa (Deputy Vice-Minister)
Mr. and Mrs. Masao Sawaki (Director-General, Economic Cooperation
Bureau, Ministry of Foreign Affairs)
Hisashi Owada, Secretary to the Foreign Minister
Hidetoshi Ukawa, Head, International Cooperation Division, Ministry
of Foreign Affairs
- 12/3/71 Meeting of the Consultative Group on International Agricultural Research:
R. Meguro, Ministry of Foreign Affairs
H. Sano, Embassy of Japan
43. 4/25/72 Takashi Hosomi, Vice-Minister for International Affairs, Ministry
of Finance
Mr. Toyoo Tyohten, Chief Assistant to Mr. Hosomi
44. 5/24/72 Mr. Ohashi, "The President" newspaper, Tokyo
9/8/72 Soji Teramura, Mainichi Newspaper
45. 9/23/72 Koshiro Ueki, Minister of Finance and Governor of the Bank of Japan
Vice Minister Inamura
Mr. Hayashi, Director General of the International Finance Bureau,
Ministry of Finance
Mr. Yukawa, Executive Director, Bank of Japan
9/28/72 Yusuke Kashiwagi, Special Adviser to the Minister of Finance
46. 3/23/73 Eitoro Itoyama, Executive Director of Osaka Michi-Nichi Press
and President of the Shin Nihon Group (Tokyo)
47. 4/20/73 Impressions (*Filed in A.M. office*).
48. 4/19/73 Satoshi Sumita, President of the Export-Import Bank
(Tokyo) Haruo Maekawa, Vice President
Mr. Kobayashi, Manager of the Business Dept.
- " " Kiichi Aichi, Minister of Finance
Koichi Inamura, Vice Minister for International Affairs
Daizo Hayashi, Director-General, International Finance Bureau
Tarao Maeda, Deputy Director-General, International Finance Bureau
Seitaro Hattori, Bank ED
Shigemitsu Kuriyama, Counsellor, Ministry of Finance
- " " Kakuei Tanaka, Prime Minister
Kiyohisa Mikanagi, Director-General, Economic Cooperation Bureau,
Ministry of Foreign Affairs
Mr. Kiuchi, Personal Assistant to the Prime Minister
- " " Masayoshi Ohira, Foreign Minister
Kiyohisa Mikanagi, Director-General, Economic Cooperation Bureau,
Ministry of Foreign Affairs
Mr. Watanabe, Ministry of Foreign Affairs

48. 4/20/73 (Contd.) (Tokyo) Dr. Saburo Okita, President, Overseas Economic Cooperation Fund
Messrs. Hirose, Takagi and Okita, Executive Directors of OECF
- " " Tadashi Sasaki, Governor, Bank of Japan
Hitoshi Yukawa, Executive Director, Bank of Japan
49. 7/17/73 Mr. Koshiha, Political-Economic Editor, Japan Times
50. 9/24/73 (Nairobi) Kiichi Aichi, Minister of Finance
Tadashi Sasaki, Governor, Bank of Japan
Koichi Inamura, Vice Minister of Finance for International Affairs
Michiya Matsukawa, Director-General, International Finance Bureau,
Ministry of Finance
Hitoshi Yukawa, Executive Director, Bank of Japan
Toru Hara, Deputy Director-General, International Finance Bureau,
Ministry of Finance
Shigemitsu Kuriyama, Counselor, Ministry of Finance
51. 10/23/73 Hosai Hyuga, President, Sumitomo Metals
Mr. Akizawa, Personal Asst. to the Chairman of the Board, Sumitomo
Mr. Fujimura, Manager, New York Office, Sumitomo
- 12/8,9/73 (Tidewater) Kiyohiko Tsurumi, Deputy Vice Minister for Foreign Affairs in
charge of Economic Affairs
- 3/18/74 Mr. Onishi, U.S./Japanese/European Council (set up by D. Rockefeller)
- 5/14/74 Mr. Watanabe, Adviser to the Bank of Tokyo
- 5/15/74 Nobuhiko Ushiba, Advisor to the Foreign Minister
Takashi Hosomi, Advisor, Industrial Bank of Japan
- 9/27/74 Dr. Saburo Okita, President, Overseas Economic Cooperation Fund
52. 9/28/74 Masayoshi Ohira, Minister of Finance
Taroichi Yoshida, Vice Minister of Finance (International Affairs)
Hiroshi Sawano, Director, Overseas Investment, Ministry of Finance
Takehiro Sagami, Deputy DirGen, International Finance Bureau,
Ministry of Finance
Mr. Hori, ED
- 12/7-8/74 (Tidewater, St. Donat, Que.) Kiyohiko Tsurumi, Deputy Vice Minister for Foreign Affairs in
charge of Economic Affairs
- 6/6/75 Ambassador Yasukawa (Lunch)
- 6/12-13/75 (Paris-Dev. Cte.) Teiichiro Morinaga, Governor, Bank of Japan
Taroichi Yoshida, Vice Minister of Finance for
International Affairs
53. 7/31/75 Ichiro Nakagawa, Parliamentarian
- 9/28-29/75 (Tidewater, Germany) Bunroko Yoshino, Deputy Minister for Foreign Affairs, Ministry
of Foreign Affairs

- 10/7/75 Ryoichi Sasakawa, Chairman, Japanese Shipbuilding Foundation
Mrs. Sasakawa
- 1/6-10/76 Masayoshi Ohira, Minister of Finance
(Dev.Cte., Taroichi Yoshida, Vice Minister of Finance for International
Kingston) Affairs
54. 9/30/76 Tarao Maeda, Bank Representative in Tokyo
(Tokyo Airport)
55. 10/7/76 Teiichiro Morinaga, Governor, Bank of Japan
(Manila) Michiya Matsukawa, Vice Minister of Finance for Intl. Affairs
Akira Kaya, Director, Overseas Investment Division, International
Finance Bureau
Genso Fujimoto, Executive Director, Bank of Japan
Mikio Wakatsuki, Chief, Coordination Division, Foreign Affairs
Bureau
56. 12/4/76 Bunroko Yoshino, Deputy Minister for Foreign Affairs
(Tokyo) Michiya Matsukawa, Vice Minister of Finance for International
Affairs
- 12/4-5/76 Bunroko Yoshino, Deputy Minister for Foreign Affairs
(Tidewater)
57. 12/17/76 Michiya Matsukawa, Vice Minister of Finance
Tomo Miyazaki, Deputy Director General, Finance Agency
Mr. Matsunaga, ED
- 3/18/76 Gengo Suzuki, Chairman of the Associated Japanese Banks in
Japan (member of the Joint Remuneration Committee)
58. 3/22/77 Prime Minister Takeo Fukuda
- 5/18/77 Ryoichi Sasakawa, Chairman Japanese Shipbuilding Foundation
- 6/6-9/77 Saburo Okita, President, The Overseas Economic Cooperation Fund
(Bellagio, Denmark)
59. 9/22/77 Satoshi Sumita, President, Japan Export-Import Bank
Shigeru Yuki, Executive Director, Overseas Economic Cooperation Fund
Mr. Agata, Assistant Manager, ExImBank
Mr. Uemura, Chief Resident Representative, ExImBank, Washington
60. 9/25/77 Hideo Boh, Finance Minister
(Annual Meeting) Teiichiro Morinaga, Governor, Bank of Japan
Mr. M. Matsukawa, Vice Minister of Finance for International Affairs
Mr. H. Dan, Director-General, IFB, Ministry of Finance
Mr. Inose, Director of Overseas Investment Division 1
Mr. K. Nakada, Personal Assistant to the Minister of Finance
Mr. Murayama, Executive Director (IBRD)

61. 1/27/78 Michiya Matsukawa, Vice Minister of Finance
Tadao Chino, Ministry of Finance
Yoshio Tamura, Ministry of Finance
62. 3/16/78 ✓ Dr. Okita - Chairman, Japan Economic Research Center
63. 6/7/78 Mr. Ishihara, President of the Overseas Economic Cooperation Fund
(Tokyo) OECF Executive Directors Yuki, Suzuki, Takemura, and Araki
- Ichiro Nakagawa, Minister of Agriculture
- Mr. Sumita, President, Export-Import Bank of Japan
- Meeting at Keidanren ✓ Mr. Doko, President of Keidanren
June 8 Yoshizane Iwasa, Vice President of Keidanren
Nihachiro Hanamura, Executive Vice President
Renzo Taguchi
Rokizo Okuhara
Saburo Okita, Japan Economic Research Center
- Meeting at Economic Research Center Saburo Okita, Chairman, JERC
June 8 Sueo Sekiguchi, Chief Researcher, JERC
Dr. Kazushi Ohkawa, Professor, Hitotsubashi University
Dr. Miyoei Shinohara, Professor, Seikei University
Dr. Tsuneo Iida, Professor, Nagoya University
Dr. Noboru Yamamoto, Professor, Soka University
- Finance Ministry Tatsuo Murayama, Finance Minister
Michiya Matsukawa, Vice Minister for International Affairs
Hirosuke Dan, Director-General, International Finance Bureau
Takehiro Sagami, Deputy Vice Minister
Koichi Kakimizu, Deputy D-G, IFB
Susumu Murayama, ED to the Bank
Sadao Inose, Director, Overseas Investment, IFB
- Emperor Hirohito
- Overseas Economic Cooperation Fund Kaneo Ishihara, President
Shigeru Yuki, ED
Tateo Suzuki, ED
Yataka Takemura, ED
Fumio Araki, ED
- External Affairs Minister of State Nobuhiko Ushiba
Toshiaki Mutoh, Dir-Gen, Econ Coop Bureau, Ministry of For Aff
Hiroshi Ohtaka, Deputy D-G, Econ Coop Bureau
Takayuki Kimura, Director, Multilateral Coop Division, ECB
- Foreign Minister Sonoda
- Kashiwagi, President, Bank of Tokyo

63. (cont) 6/7-9/78 Economy Kiichi Miyazawa, Minister of the Economic Planning A
Tokyo Planning Agency Gen Takahashi, Deputy Vice Minister
Agency Isamu Miyazaki, Dir-Gen, Coordination
Yukimoto Iwa-a, Dir-Gen, Research Bureau
Jiro Aiko, Director, First Econ Coop Divison, CB
- Prime Minister Takeo Fukuda
64. 9/6/78 Takehiro Sagami, Vice Minister of Finance for Intl Affairs
Toyoo Gyohten, Asst. Vice Min. of Finance for Intl Affairs
Yoshio Okubo, Private Sec to Vice Minister
Mr. Murayama (ED), CKW
65. 9/13/78 Mr. Kimura, Director, Multilateral Corporation
Division of Foreign Ministry, Tokyo
66. 9/20/78 Mr. M. Fujioka, Executive Director, Export-Import Bank
of Japan
Mr. Stern, Mr. Maeda
- 6/8/78 *Kashimiji - Pres Bank of Tokyo*
67. 9/23-24/78 President Ishihara, Overseas Economic Cooperation Fund
(Annual Meeting)
Tatsuo Murayama, Finance Minister
Haruo Maekawa, Vice President, Bank of Japan
Michiya Matsukawa, Adviser to FinMin
Takehiro Sagami, Vice Min for External Affairs, Ministry of Fin
Hiroshi Hayami, Exec Dir, Bank of Japan
Koichi Kakimizu, Deputy Dir-Gen, Intl Finance Bureau,
Ministry of Finance
- 11/9/78 Sohei Nakayama, Counsellor, Industrial Bank of Japan
(At IFC advisers' lunch)
68. 12/15/78 Michiya Matsukawa, Adviser to the Finance Minister
69. 2/26/79 Saberu Okita, Chairman, Japan Economic Research Center
70. 4/9/79 Michiya Matsukawa, Special Adviser to Min of Finance
Mr. Murayama
71. 5/2/79 Takashi Suda, President, Mitsubishi Trust and Banking Corp.
Yasumasa Ono, Managing Director, Mitsubishi T&B
Toshio Sunaga, General Manager, Mitsubishi T&B, New York branch
72. 6/5/79 Hideo Suzuki, Nomura Securities

73. 9/4/79 Michiya Matsukawa, Special Adviser to the Minister of Finance
- 9/10/79 Mr. Soejima, Fin.Councilor, Embassy of Japan
Mr. Matsuno, Embassy of Japan
Mr. Morioko, Executive Director
- 10/25/79 Messrs. Kashiwagi and Nagajima, Bank of Tokyo
(Lunch)
- 10/25/79 Mr. Yoshise, Japan Development Bank
- 2/26/80 Michiya Matsukawa, Special Adviser to Minister of Finance
- 9/2/80 Mr. Okita
dinner hosted by Amb. Hormats
74. 2/20/81 Mr. Koji Makino, Chairman, Sumitomo Trust
Mr. Masanao Matsunaga, Advisor to Mr. Makino
- 4/6/81 Mr. Nobuhiko Ushiba, Pres, Assn. for Promotion
of Intl Cooperation
76. 5/29/81 Mr. Atsushi Shimokobe, Pres. National Institute for
Research Advancement (NIRA)
Mr. Aki, Overseas Economic Development Corp.
- Mr. Yoshimuri Maeda - United States/Japan Foundation

JAPAN



OFFICE MEMORANDUM

TO: Mr. Robert McNamara

FROM: William Clark *mc*

SUBJECT: Conversation with the Japanese Minister of Finance

DATE: June 19, 1968

The Minister of Finance after the usual compliments said that Japan was a graduate of the World Bank, one of the very few, but one of the most grateful. Japan would therefore always cooperate in help to less developed countries.

You said how much you welcomed Japan's entry into the world as an economic power and stressed that power need not always be exerted militarily. After a very long pause during which the Minister of Finance seemed to have nothing more to say you raised the matter of Indonesia and gave him an account of our actions there, and again asked for support from the Executive Directors.

The Minister of Finance welcomed your visit to Indonesia, and expressed pleasure that we had seen an Asian country for ourselves. By and large he said he agreed with your favorable view of the Indonesian Government, but there had been very severe problems with Indonesia in the past. Therefore, the Diet has criticized our Japanese aid to Indonesia and demanded that there should be careful scrutiny to ensure that the aid was properly used. In this connection he hoped that the Bank would take the lead amongst the donors in ensuring a proper use of aid.

He went on to criticize by implication the Dutch Chairmanship of the IGGI saying that it was hardly appropriate in view of the small sum they gave, nor was chairmanship by the IMF. By implication, though he did not say it, he seemed to be suggesting that he would like to see the Bank take over the chairmanship.

Finally, he expressed the hope that IDA would now start helping Southeast Asia generally, and Indonesia especially and not concentrate so much of its attention on Indian and Pakistan as it had done in the past.

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OFFICE MEMORANDUM

TO: Mr. Robert McNamara

DATE: June 19, 1968

FROM: William Clark *mc*SUBJECT: Conversation with Foreign Minister of Japan

After an exchange of compliments the Foreign Minister got straight down to the problems of Indonesia. He was aware that there was some feeling that Japan should do more for Indonesia by way of aid, and Japan was fully aware of the importance of Indonesia and desirous of helping. But there were severe fiscal difficulties. However, he had succeeded in persuading his colleagues to raise their commitment to \$110 million, though disbursements this year would be only \$80 million and project assistance would be \$30 million which would mostly be disbursed next year, though the projects were largely already chosen.

You then gave an account of your visit to Indonesia in which you stressed the extreme nature of their problems "almost too great to solve" but you went on to suggest that Japan, the United States and the Bank might succeed in ensuring stability by our efforts and it was certainly worth a try. You then mentioned the establishment of the Bank mission in Indonesia, and its purposes. Copies of the exchange of letters between yourself and the Sultan were given to the Foreign Minister.

You concluded by stressing the dangerousness of the situation in which Indonesia had been led to believe that they might receive \$325 million in 1968 and had so far received only \$15 million.

The Minister of Foreign Affairs told us of the extreme difficulty that he was having in persuading the Japanese people of the need for aid in Asia, and in particular to Indonesia. He was fully aware of how dangerous the future would be if Indonesia were to collapse into anarchy again. He urged therefore that there should be worldwide cooperation between all donors and the international organizations. He saw the Bank and the IMF playing a central role in this organization of donors. For this reason amongst others he warmly welcomed the Bank mission to Indonesia and planned to keep in close touch with it. He also welcomed the aid which he expected to be given by IDA, and expressed the hope that it would increase and strengthen its assistance. He understood that IDA was likely to give about \$3.5 million, but hoped that very much larger sums would be forthcoming on a scale commensurate with that given in the past to India and Pakistan.

June 19, 1968

He then boldly stated that Japan had voted for replenishment of IDA, but you corrected him and pointed out that they had taken the administrative decisions but had not yet/it before the Diet. */put*

The Minister of Foreign Affairs said that Japan was going to give \$5 million worth of rice under the Kennedy Food Plan, and also had some irrigation projects. He was glad that the Bank had seen the supreme importance of food in the Indonesian scene.

You expressed the hope that he could instruct the Japanese Director to support (i) the approval of credits from IDA to Indonesia. These would be very small; (ii) the transfer of some of the Bank's profits to IDA. The Minister/on the subject of the division between the north and south being now the most important division in the world. */perorated*

3

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: August 2, 1968

FROM: Raymond J. Goodman *RJG*SUBJECT: Visit of Mr. Fukuda on August 8, 1968 at 4:30 P.M.

You agreed to see Mr. Fukuda on August 8, 1968 at 4:30 P.M. He has recently been appointed representative of the JDB in Washington and succeeds Mr. Adachi, who has been placed in charge of the New York Office of JDB. In addition to introducing himself, Mr. Fukuda may want to ask whether Mr. Ishihara, the Governor of the JDB, will be invited to Washington for the Annual Meeting. Mr. Ishihara has been attending these meetings regularly in the past, and you might want to tell Mr. Fukuda that you are looking forward to meeting him at this year's meeting.

I am attaching a note on the background of the Bank's relations with JDB.

Attachment

President has seen

Past and Present Relations with the Japan Development Bank

The Japan Development Bank (JDB) is a Government institution set up with governmental capital under the Japan Development Bank Law on April 20, 1951 to supplement and stimulate the lending activities of private financial institutions by providing long-term credit to promote economic reconstruction and development.

The Bank has made a total of 19 loans to JDB between 1953 and 1961 amounting to \$316.6 million for steel, power and industrial projects. All but one of the loans have been fully disbursed and \$70.9 million of the principal has been repaid.

There has been a continuing trend in the Bank to recognize JDB as a substantive borrower rather than as a mere channel through which to relend money to the beneficiary enterprises. In the earliest loans, the Bank entered directly into Project Agreements with the beneficiary enterprises and the security which JDB received from each company was in turn pledged to the Bank to secure JDB's obligations.

In later loans, the Bank ordinarily made no provision for the pledging of security and dispensed with the Project Agreements. The Bank did, however, take pains to ensure that the substantive provisions were embodied in Subsidiary Loan Agreements between JDB and the beneficiary enterprise and in side letters between JDB and the Bank. The administration of the Subsidiary Loan Agreements was left primarily to JDB but the terms of the Agreements could not be amended or waived without the consent of the Bank.

The third stage of this relationship developed in 1967. The six steel companies to which JDB had given loans had never been able to attain the specified current and debt-equity ratios which the Bank had required JDB to include in the Subsidiary Loan Agreements and the Bank had been granting annual extensions in the periods allowed for attaining them. Discussions in March 1967 resulted in agreement that the Bank would in the future rely on JDB for end-use supervision and would no longer prescribe what tests the companies should meet. To facilitate this change, references to the Subsidiary Loan Agreements, including references to the obtaining by JDB of security from the steel companies, were eliminated from the Loan Agreements between JDB and the Bank.

Relations between the Bank and JDB continue to be cordial but their working relationship has been less close since the Bank has not lent to JDB since 1961 and since JDB now has almost complete autonomy in administering the Bank loans.

4

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 18, 1968

FROM: I.P.M. Cargill

SUBJECT: Visit of Mr. Matsushita

I understand that Mr. Matsushita, Member of House of Councillors, is coming to meet you today at 5:45 p.m. Attached are a few biographical details on Mr. Matsushita which we compiled for your information.

Attachment

Dr. MATSUSHITA, Masatoshi

Member of House of Councillors
(elected 1968)

Chairman of Anti-Nuclear Council

Member or Director of:

Christian University Tokyo
Women's University
National Commission on Education

Born: April 14, 1901, in Aomori Prefecture, Japan
1922 Graduated Rikkyo University, Tokyo
1925 Graduated Carlton University U.S.A.
Studied U.S. Constitution at Johns Hopkins University, Graduate Course
Studied Jurisprudence, International Law and Diplomatic History
at Columbia University
Received Ph. D. from Columbia University
1929 Professor, Rikkyo University
1955 Dean, Rikkyo University

PUBLICATIONS:

'Fundamentals of International Law'
'International Law Structure of Pan-Americanism'
'Politics and Education'
'American Constitution'
etc.

Brother-in-law (wives are sisters) of Mr. Gengo Suzuki, the former E.D.
for the Bank and the Fund.

5

OFFICE MEMORANDUM

TO: Records

DATE: October 2, 1968

FROM: I. P. M. Cargill

SUBJECT: JAPAN: Meeting with Mr. McNamara

Mr. Kashiwagi, Mr. Murai and other members of the Japanese delegation called on Mr. McNamara this morning. Mr. Kashiwagi explained that his Minister had been unable to come to Washington on account of illness and said that the Minister had asked him to make three points to Mr. McNamara.

1. Japan was concerned about the distribution of IDA funds being particularly anxious that Southeast Asia should benefit from IDA operations. Mr. McNamara in his speech had referred to significant increases in the operations of the Bank/IDA in Latin America, Africa and Asia and he (Kashiwagi) wondered what the implications of this for Asia were. Mr. McNamara said that of the countries of Southeast Asia to which Kashiwagi was referring clearly the most important clamant on IDA funds would be Indonesia and he had every intention of making available to Indonesia a substantial share of any funds that might accrue to IDA. It was for this reason that he had decided to establish a special mission in Indonesia. Of the other countries China in his view was not eligible for IDA credits but the Bank expected to do a very substantial amount of business there in the next year or two. Korea was a more borderline case; for the time being in the absence of IDA funds it was his judgment that Korea could afford to take Bank loans but this might change in the future. In any event, the Bank group expected to be active in Korea. In Nepal he was expecting to start operations with a small IDA credit for telecommunications and hoped that there would be further IDA credits after replenishment. Ceylon was regarded as a blend country and he expected both Bank and IDA to operate there.

2. Japan was very interested in the Pearson Commission and would like to know whether the members of the Commission had yet been selected. Japan felt that its own experience in the process of economic development over the past 100 years could be valuable in the inquiries that the Pearson Commission would be making and thought that if a suitable person were available in Japan it might be helpful if he were included in the Commission. Mr. McNamara replied that, although the Bank was sponsoring the Commission, the Commission would, in fact, operate quite independently. He knew that Mr. Pearson was interested in the Japanese experience and suggested that Mr. Kashiwagi get directly in touch with Mr. Pearson. Mr. Pearson was fully in charge of the selection of members of the Commission. Mr. McNamara said that if Mr. Kashiwagi wished to write a letter to Mr. Pearson in care of the Bank he would see that it was forwarded to Ottawa.

President has seen

3. Japan was concerned that so few Japanese nationals had been selected for employment in the Bank. The Japanese Government felt that there were many people in Japan who were qualified in respect of experience and knowledge to work in the Bank but realized that the chief difficulty was one of language. Kashiwagi said that his Government was prepared to screen applicants if the Bank would consider employing suitable people. Mr. McNamara said that he agreed that the number of Japanese nationals on the staff of the Bank was too low. If the Japanese Government were able to make available candidates who in other respects were qualified for employment in the Bank, the Bank would be prepared to take them on its payroll and give them special language training. He would give instructions to this effect and Mr. Kashiwagi could expect to hear from the Bank.



OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 20, 1969

FROM: William Diamond ¹⁹

SUBJECT:

Regarding the visit of Mr. Sohei Nakayama to you at noon tomorrow, please see my memorandum of April 24.

Today Mr. Rosen gave a lunch for Mr. Nakayama, which was also attended by the Japanese Ambassador and Mr. Suzuki. There were no special matters raised by Mr. Nakayama, for whom the lunch was largely a get-together with people whom he had known for some time.

Subsequently, I learned that Mr. Nakayama may wish to raise with you the question of Japanese interests in the Mekong River Development. In view of this fact, I am sending a copy of this note to Ray Goodman, who may wish to brief you on that subject.

You may yourself wish to ask Mr. Nakayama about the work of the Overseas Technical Cooperation Agency of the Japanese Government, of which he is now Chairman, and which has an expanding program of training, both in Japan and in the underdeveloped countries. You might also want to ask Mr. Nakayama about his ideas concerning the "Foundation" he is promoting in Japan. He will be seeing the Ford and Rockefeller Foundations in New York later this week.

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 24, 1969

FROM: William Diamond *W*SUBJECT: Industrial Bank of Japan: Visit of Chairman, Sohei Nakayama

The New York Representative of the Industrial Bank of Japan (IBJ), called me at the beginning of the week to say that his Chairman, Mr. Sohei Nakayama, will be in Washington on May 20 and 21, and to ask for appointments with you and others. In Mr. Rosen's name, I have invited Mr. Nakayama to lunch on May 20, and your office fixed an appointment with you for noon on May 21, subject to confirmation on your return.

Mr. Nakayama is a very influential banker, who has been closely associated in the past with many Bank Group activities and staff. He is 63 years old, and has spent his entire working life (since 1929) in the IBJ, except for a three-year period in the early '50's as a Director of the Japan Development Bank. He became a Board member of the IBJ in 1947, President in 1961, and Chairman in 1968. In addition to being Chairman of IBJ, he is now also Chairman of the Overseas Technical Cooperation Agency of the Japanese Government, and an official of several important associations of Japanese businessmen. He has served on various government councils and headed several government missions to developing countries.

The purpose of his forthcoming visit to the United States is to study the Ford Foundation and other foundations, with a view to promoting a similar Foundation in Japan.

The Industrial Bank of Japan is one of the oldest of the "development banks," with a history stretching back to the beginning of the century. It is now one of the largest and most influential financial institutions in Japan, with substantial interests overseas as well. IBJ is a shareholder in several of the development banks connected with us, and has bought at least one item from IFC's portfolio.

Mr. Nakayama is well known to Mr. Rosen and to Mr. Cargill, as well as to some others of us. You will no doubt want some further briefing from Mr. Rosen after his return from the Far East.

Mr. McNamara:

Do you wish to see him?

RBS 4/30

4/30

OK

Encd

Just Mr. Diamond's

They will let us know who will attend, and if they will send paper.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: June 13, 1969

FROM: Raymond J. Goodman *RJG*SUBJECT: JAPAN: Visit of Mr. Kogoro Uemura

I understand that Mr. Kogoro Uemura, President of the Federation of Economic Organizations of Japan, will call on you on June 16. We do not know whether this is more than a courtesy call, but presume that Mr. Uemura would be interested in discussing with you the development of South East Asia and the role that Japanese industry is playing in this region. A brief biography, supplied by the Japanese Embassy, is attached.

Mr. Uemura is coming to Washington and New York following a visit to San Francisco where he attended a symposium of Japanese and U.S. businessmen. His purpose is apparently to discuss the current position of the U.S. economy and the prospects for trade between the U.S. and Japan.

President has seen

Biography of Mr. Kogoro UEMURA

Born:	1894
1918	Entered the Ministry of Agriculture and Commerce
1940	Vice Minister, Planning Board of the Cabinet
1941	President, Coal Control Commission
1952 - 68	Vice President, Federation of Economic Organizations of Japan
1968	President, Federation of Economic Organizations of Japan
1963 - 69	Chairman, Japan Air Lines



8

THE ASAHI SHIMBUN, JAPAN
WASHINGTON BUREAU

794 NATIONAL PRESS BUILDING
WASHINGTON, D. C. 20004
STERLING 3-0523 3-0524

QUESTIONNAIRE

1. Recently, Japan followed the economic policy of the rest of industrial nations by adapting the tight-money measures. The tendency of internal adjustment by major countries is feared as it may lead to contraction of the world trade. Economic as well as social and foreign policies of industrial nations have become introvert rather than extravert. There is an apprehension that "Development Decade" of the United Nations will be a failure as the sixties is approaching its end, making the breakthrough of North-South question more difficult. How do you assess recent attitudes of developed and developing nations and the future of the question?
2. You proposed new Five Year Plan for the World Bank. We would like to know the progress of the plan during the past year.
3. The World Bank recently raised the lending interest rate to record high 7 per cent. Also, the Bank's "sound banking" policy may hamper the projects of developing nations. Please clarify the Bank's policy.
4. You have indicated a special interest of the Bank in population problems, which is revolutionally in term of "classic" activities of the Bank. Please elaborate this point.
5. In the light of recent rapid economic expansion in Japan there is a contention, especially in the United States, that Japan has become "chronic" surplus country in term of international balance of payments. Do you agree with this argument? What may be a proper way to reduce surplus? To buy the bond which will be issued by the Asian development Bank for the first time?

President has seen

THE ASAHI SHIMBUN, JAPAN
WASHINGTON BUREAU

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6. It can now safely be said that the Domino theory in regard to the Asian security question has been under alternation, especially under the Nixon administration. The British will withdraw from the Asian scene by the end of 1971. Japan, meanwhile, has no intention to commit militarily in this area vital to the interest of Japan, since she has attached more importance to economic stability of the area. You have also expressed eloquently in The Essence of Security that true security is economic security. Do you see any policy change by present U.S. administration in line with your conviction?

7. Then, what will be the role of Japan in the post-Vietnam period?

End.

9

9-29

ANNUAL MEETING 1969

MEETINGS WITH GOVERNORS OF PART I COUNTRIES

JAPAN

Mr. Fukuda, Finance Minister of Japan, called on Mr. McNamara this afternoon at 4:00 p.m. He was accompanied by Mr. Usami, Governor, and Mr. Mayekawa, Executive Director, of the Bank of Japan; Mr. Kashiwagi and Mr. Murai of the Ministry of Finance; and Mr. Nakajima, Financial Minister, Japanese Embassy and Mr. Suzuki, Japanese Executive Director. Mr. McNamara had with him Mr. Aldewereld, Mr. Shoaih and myself.

Mr. Fukuda said that the Japanese economy was showing signs of overheating and he must take action to cool it down. Last year there had been a growth of output of 14.3%, this year it might, perhaps, be even more. It was his duty to be firm. As Japanese economic power expanded, however, they would take steps to increase their aid to developing countries. Last year aid had been increased by more than 23%. They wished to give special emphasis in the Japanese aid programme to the neighbouring countries of Asia. He had recently said that aid to Asia, at present \$500 million a year, would be doubled over the next five years. He felt that the World Bank and its Affiliates did not give sufficient importance to Asia and asked that special consideration might be given, particularly to the needs of Indochina and of Indonesia. There were many discussions about aid and an authoritative report from the Pearson Commission would shortly appear. The Japanese view was that just as national systems of social security, if pushed too far, could make people lazy, so in the international field it was necessary to expect "self-help". The terms and amount of aid should be discussed case-by-case and not uniformly across-the-board.

Mr. Kashiwagi explained the Japanese attitude to the Third Replenishment of IDA. While they supported this in principle, there were a number of questions to be answered:-

- (1) The amount involved;
- (2) Should not any increase in the resources of IDA take the form not of contributions but of additional subscriptions to the capital of IDA (which would carry with them an increase in voting rights);
- (3) Alternatively, might not the funds be placed at the disposal of IDA in the form of trust funds or loans which would be used in countries or for purposes designated by the contributing country;
- (4) There should be further discussion of the geographic allocation of IDA funds and the terms of IDA lending. The Japanese Government was not convinced that uniform terms should be applied to IDA credits.

On these questions they would formulate their ideas more firmly in the course of the coming months and be ready to put them forward in the negotiations.

Mr. McNamara replied as follows:-

- (1) He agreed on the need for more Bank Group lending in Southeast Asia but such an increase had already taken place. In Indonesia the increase had been dramatic - \$50 million had been lent in one year and this might be increased in 1970, say, to \$70 million. This would amount to some 12-1/2% of the total funds available to IDA. The Bank Group had not

President has seen

emphasized publicly the increase in its lending to Southeast Asia since this region included India and Pakistan and it had been found necessary to reduce the percentage of IDA funds going to those countries;

- (2) The immense increase which was taking place in Bank Group activity in Southeast Asia would only be possible with the support of the Japanese Government. This was needed in a number of ways:-
 - (a) for individual projects such as the Pusri Fertilizer Project;
 - (b) through greater support for IDA;
 - (c) through greater support for the IBRD;
- (3) The World Bank Group would be ready to undertake a programme of reconstruction in South Vietnam as soon as the war was over. The South Vietnamese Government had already asked the Bank to send a team of economic advisors but he had doubted whether this would be wise while the war was still going on. Mr. Fukuda agreed;
- (4) He agreed that there could not be uniform treatment across-the-board for borrowers from the Bank and IDA. They must insist that nations help themselves and carry out certain reforms in their institutions in the running of certain sectors of the economy. There were some differences of view in the Bank Board about the emphasis which should be placed on "self-help";
- (5) A Third Replenishment was need for IDA at a substantially increased level. Agreement should be reached between governments by 30th June 1970. If one year was allowed for legislative approval, this would allow the arrangements to enter into effect by July 1st 1971. He would be writing to the Minister shortly asking him to nominate a Deputy to participate in the negotiations;
- (6) He was making a study of the possible need for an increase in the Bank's capital. Special increases in the subscription of certain countries would, in any event, be needed to keep in step with the special increases which they would be given in their IMF quotas. He was, however, considering whether, in addition, there should be a general increase in the subscribed capital of the Bank. Twenty per cent of this might be called up in accordance with the Articles of Agreement though the call could, no doubt, be spread over several years.

In reply to a question, Mr. Fukuda said that the Japanese Government had not yet made up its mind about the amount needed for the Third Replenishment of IDA. The U.S. Government had not yet taken any decision on this point.

Commenting on the possibility of an increase in the Bank's capital, Mr. Kashiwagi said that Japan wished to have a larger subscription to the Bank in line with the special increase in its Fund quota and to be given, in consequence, a larger say in the Bank's affairs. As to a general increase both in the uncalled and called capital, this was a new problem and he would like to study it further. It would, of course, raise the question of the distribution of the available resources, all of which had to come through the budget between Bank loans on hard terms and IDA credits on soft terms.

A discussion followed on the Pusri Fertilizer Project. Mr. McNamara emphasized the importance of this project - the foreign exchange component of which was some \$75 million. Of this, \$25 million might come from the United States, \$10 million from the Asian Development Bank and \$25 million from IDA. Could the balance of \$15 million be provided by Japan? A decision was needed urgently and, in any event, not later than February next.

Mr. Fukuda said that they had already received a request on this subject and had studied it. There were, however, two opinions in the Japanese Government, one of which was favourable while the other was that the project would lead to an over-production of fertilizer in Indonesia and that the means of distribution and transport which were inadequate, should be improved first. They would, however, continue to study the project.

Mr. McNamara said that he would be glad to make information available to the Japanese Government based on the appraisal of the project which the Bank was carrying out.

Finally, Mr. McNamara asked whether the Japanese Government could consider facilitating the prepayment of some part of the Bank loans made to Japanese borrowers.

Mr. Kashiwagi said that one had to consider the position not merely of the Japanese Government but of the individual borrowers.

Mr. McNamara emphasized that the Bank would be very flexible and would adapt its procedures in any way which the Japanese Government wished. He would like to arrange for this question to be discussed urgently by the Bank's staff with Mr. Suzuki so that he might, if necessary, raise the matter again with the Minister.

D. H. F. Rickett
Vice President
September 29, 1969

10

Memorandum on the conversation between Mr. Sato and Mr. McNamara at Blair House
4:30 - 5:30 p.m. November 20, 1969

Also Present: Sir Denis Rickett, Vice-President, IBRD
Minister Nakajima, Embassy of Japan

1. 1) Mr. McNamara first thanked the action of the Japanese Government in agreeing to prepay maturities on World Bank loans to Japanese Borrowers falling due over the next few years up to an amount of \$100 - \$150 million. Then Mr. McNamara stated his intention to ask the Executive Directors of the World Bank, in the near future, to recommend to the Governors that they should authorize an increase in Bank subscriptions to correspond with the selective increases of the IMF quota which is likely to be decided soon. If this was approved, he said, Japan would become the fifth largest shareholder in the Bank and would, in consequence, have the right to appoint its own Executive Director on the Board and this change would be helpful for both the increase of Japan's influence in international economic affairs and the future enlargement of World Bank's activities in Asia.

2) Mr. Sato then asked what would be the position of the other countries now in Japan's Group and of India in case Japan would appoint its own Executive Director. Mr. McNamara answered that regrouping among Asian countries would become necessary and that since the Indian Government was unhappy about the prospect of losing the right to appoint a Director, there was likely to be some controversy on the matter in the Bank Board, although this was an effect resulting from the change of positions between the two. Mr. Sato said that he remembered there had been some controversies among the members of Japan's Group about the appointment of Executive Director and Alternate Executive Director while he had been the Minister of Finance, and expressed the hope that Japan would be given due regard when it would become the fifth largest shareholder.

President has seen

3) Mr. McNamara said that the Bank Group considers it necessary to increase aid in South-East Asia, taking into account the problem of Indonesia and the future increase of cooperation with the Mekong Committee and ADB. Therefore, he hoped that Japan would increase its subscription in the Bank.

2. 1) Mr. McNamara, explaining then about the Bank Group's recent policy, especially about its policy on aid to Indonesia, said that while the Bank Group did not give any attention to Indonesia before last year, they gave her aid on four occasions since Mr. McNamara became the President of the Bank Group. Thus, in FY 1969, IDA credits had been extended to her amounting to \$50 million; in FY 1970 this amount might be increased to \$60 - \$70 million (with a service charge of 3/4 and maturity of 50 years).

2) Mr. Sato responded that the Japanese Government considered aid to Indonesia as an important matter and that they therefore continued to approach this matter with a positive attitude. For example, they decided recently to support Mr. Abs's recommendation on the reschedulement of Indonesia debt, if other countries also supported it. Nevertheless, he considered that there would be a variety of problems concerning aid to Indonesia in the coming years. Mr. Sato was aware that a figure in the neighborhood of \$600 million was being talked about, but Mr. Sato had not yet talked with Mr. Fukuda, the Minister of Finance on the subject, and the Japanese Government has not reached any decision. Mr. Sato considered it necessary to have a thorough discussion among the interested governments before taking any action for the continuation of aid of such a large amount. Japan has ^{*}to date borne, for instance, 1/3 share of the total amount of new loans for Indonesia, but it seemed unreasonable to extend aid for a single

country without any limit. Therefore, Mr. Sato favored the idea to have some kind of limit there. He also stated that he had confidence in President Suharto and that wanted to continue to support the latter's Government. Nevertheless, he thought it necessary to give further thought to the way aid was being given to Indonesia in the long run.

3) Mr. McNamara welcomed the decision of the Japanese Government which had been taken on the so-called "Abs recommendation," and agreed with the Prime Minister's remark that further consultations should be held among the interested countries on the prospective need of economic aid to Indonesia, as well as on its terms and conditions. Mr. McNamara told the Prime Minister that he was well aware that, in spite of the rapid growth of the economy and the remarkable increase in foreign exchange reserves, the level of per capita income of Japan was still low compared with that of many countries in Europe, and that he knew that the Japanese Government was faced with a ^{heavy domestic} ~~variety of fiscal~~ demands, domestically. Nevertheless, he hoped, not as the President of the World Bank Group, but personally, that the Japanese Government would feel that it was in their interest to increase their aid program, and within that program, to increase the proportion devoted to multilateral aid - particularly through the Asian Development Bank and the World Bank Group. Mr. McNamara pointed out two reasons which he thought justified the above. Firstly, serious debt-service problems were confronting countries in South-East Asia, not only Indonesia, but also India, Pakistan and Korea. Unless assistance was given to these countries on soft terms, through multilateral organizations, it would be difficult for private investors and exporters of Japan to continue to operate in those countries. Secondly, although the U. S. economy

continue to maintain its strength, the American people were now less willing than before to accept foreign commitments, as an unfortunate consequence of the war in Viet-Nam. This would mean that they would ^{give less foreign} ~~be unable to continue giving~~ aid to Southeast Asia, unless their effort was supported by substantially higher contributions from other countries, particularly from Japan. He viewed that such contributions from other countries, if they were provided through multi-lateral organizations, would be particularly effective in triggering U. S. aid. In this connection, Mr. McNamara stressed the importance of a Third Replenishment of IDA resources.

4) Mr. Sato expressed his agreement with the broad lines of Mr. McNamara's observations. He told Mr. McNamara that he was evaluating the establishment of the ADB as a success, and that he appreciated highly the operations of IDA. The Prime Minister stated that if the present rate of growth in the Japanese economy would be maintained - and he thought this would be quite possible, as well as desirable - the level of foreign aid contributions by Japan would increase further. In this connection, he recalled the speech given by Mr. Takeo Fukuda, Minister of Finance, at the Sydney Meeting of the ADB, and also the speech delivered by Mr. Kiichi Aichi, Minister for Foreign Affairs, at the Bangkok Meeting of the ECAFE. The Prime Minister emphasized the need for drawing up a master plan for reconstruction when the war in Viet-Nam was over. Foreign aid would then be requested not only by Indonesia, but also by many other countries, and he considered it necessary to draw up a comprehensive plan in order to be able to view all these requests in their proper perspective. Mr. Sato asked Mr. McNamara to pay more attention to the problem of well-balanced geographical distribution of financial

resources from the World Bank Group, since it seemed to him that the operations of the Group had been less active in Southeast Asia than in other areas. The Prime Minister pointed out that problems which would arise when the war in Vietnam was over would encompass, not only problem of how to provide aid for the development program in the neighboring areas, but also the big problem of how to cope with disequilibria in the balance of payments in the neighboring nations, which would be likely to occur as a result of a cease-fire. He expressed his hope that Mr. McNamara give these problems full consideration, if it were only to forestall chaos and upheaval in Asia in the 1970's.

5) Mr. McNamara assured that the World Bank Group would follow the policy to the effect that ^alarger share of its financial resources than before would be given to Southeast Asia, and expressed his conviction that chaos or upheaval in Asia could certainly be avoided.

6) Mr. Sato raised the question of world-wide over-production of food, which was confronting both the United States and Japan. He explained that it would make Thailand unhappy if Japan would give food-aid to Indonesia, following what it had already done for Korea and East Pakistan, in the form of "lending" excess rice, and that it would make U. S. feedstuff exporters unhappy if Japan would convert its excess rice into feedstuff. He asked for Mr. McNamara's view on this question. Mr. McNamara replied that he thought it important to eliminate excessive ^{subsidies} protection to agriculture and to make agricultural products competitive in the international market.

In concluding their meeting, Mr. Sato expressed appreciation of the usefulness of the conversation. He said that he would discuss Mr. McNamara's points with Minister Fukuda on his return. At the same time, he requested Mr. McNamara to write to Minister Fukuda and inform him thereon. Mr. McNamara accepted his request.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 1, 1969

FROM: Raymond J. Goodman

SUBJECT: Minute of your meeting with Prime Minister Sato

When I told Minister Nakajima that you would like to have a copy of the Japanese minute of this discussion, he said that no minute had been prepared but that he himself would write a note of his understanding of what took place. He assumed you wanted to be sure that both sides had the same understanding of what had been said, and this I confirmed.

Mr. Nakajima has now sent me his notes, together with a translation made by the Embassy (both attached). Minister Nakajima has stressed to me that the latter is an unauthorized translation "for which the Embassy has no responsibility." He asked that if you had a different understanding on any point that this difference be referred to him in the first instance.

cc: Sir Denis Rickett

Attachment

佐藤総理大臣と McNamara 総裁との会談要旨

Nov 20 '69 4:30 - 5:30 P.M.

於 Blair House

同席. Sir Denis
中島公使

1. (1) マサ総裁より 日本政府が 1億ドルから1億5千万ドル
の範囲で prepayment on the Bank's loans to
Japanese borrowers falling due over the next few years
に同意されたことに感謝した。

次にマサ総裁より IMF の近く ^{Quota} selective increase と
行なうことに対応して Bank として近く selective
increase in Bank Subscription について理事会に
はかりたいと述べた。もしこの capital increase が
承認されれば日本は Bank の第5位の出資国となり
単独の任命理事国となるであろう。これは最近の
日本経済の rapid growth を反映するものであり、
国際経済における日本の影響力の増大のためにも
又、今後 PDP における活動を拡大し得るとする中銀
にとっても有益であるとして述べた。

(2) これに対し 佐藤総理より、もし日本が単独理事を
選ぶようになった場合、現在日本と Group を組んで
いる諸国の立場及び インドの地位はどのようである

あつうかと質問し、マ総裁より、アジア諸国の向で、
グループの再編成が行われることとなる。
又 India としては 任命理事国の地位を日本に
ゆずることとなるので、Bank の Board で 若干の
controversial matter が生じるかも知れないが、
position がかわったのであつと答えた。

総理からは、これに対し、自分がかつて大蔵大臣であったとき
日本を信託 group 向で、理事や理事代理の任命につき
若干の controversy があつたこと想起することのべ、
もし今後日本が第 5 位の出資国となれば、それに
ふさわしい待遇を与えてほしい旨述べた。

3) マ総裁より、Bank としては、Indonesia, Mekong Committee
ADB 等との関連において、東南アジアにおける援助
の拡大が必要と考へており、この観点から日本の
追加出資を願つたいと書ねてのべた。

2 (1) 次に、マ総裁より Bank Group の最近の方針。

特に Indonesia 援助の方針につき説明し、

1 年前までは Indonesia に対し、全く援助を
行なわなかつたが、自分が総裁に就任以来
4 日にわたり同国援助を行つており、

1969 FY の credit は 50 万ドルに extend した。

1970 FYには更に 60-70 百万ドルに上るであろう。
金利は $\frac{3}{4}\%$ 期間 12.50 年であるとして説明した。

- (2) これに答えて佐藤総理より、Indonesia 援助内題
については、日本政府は、極めてこれを重視している
例えは「債権繰延」に関する Abs 提案についても
他の諸国が同意するならば、これを支持する方針を
きめて積極的な姿勢を置いている。しかし、
来年度以降の Indonesia 援助については、種々
内題があると思う。総額 6 億ドルという数字が
あるようであるか。これについて自分は未だ福田
大蔵大臣と相談している。日本政府として
何も決定している。しかし、このような巨額の援助を
継続してゆくことについては、各国内で莫大の
討議を行なうことが必要であると思う。
例えは「new loan」につき、日本は総額の約 $\frac{1}{3}$ を
負担してまたが今後とも一國だけに際限なく援助を
拡大することは納得しがたい。そこには何らかの
limit が必要だと思っている。自分はスハルトを
信用している。その政府を支持して行きたいが
それにして Indonesia 援助の長期的なあり方
については、更に検討の余地があるのではないか。

(3) マ総裁より Abs 提案に対する日本政府の態度決定は喜ばしく、又 Indonesia 援助の長期的必要性や援助^{条件}等につき 関係国が一層の協力を示す必要があると同感であると答えた。

又 マ総裁より 在銀総裁の立場と述べられ、個人的に申し上げたいと前置したのを、自分は、日本の12%の経済成長、外貨準備の増加にも拘らず、他方、per capita income が西欧主要国に比べて small であること、国内財政需要が著しく強いこともよく承知しているが、日本政府が海外援助計画を拡大し、これに沿ってマルチ援助体系に ADB 及び Bank Group を通じる援助の比率を拡大することの日本の利益と力子^をを申し上げたい。これには二つの理由がある。
日本政府に力を入れてほしい

第一に Indonesia の外債の増加 India, Pakistan, Korea 等 South East Asia 諸国において debt service が tremendous になっており、soft term の多角的国際機関を通ずる援助を続けたい。日本の private enterprise のこうした諸国における活動の継続が困難になるおそれがあること。

第二に 米国の経済力の依然強力であるにも拘らず

Vietnam war の unhappy result として.

米国人は、対外コミットメントに対して less willing になっていることである。もし、他の諸国特に日本からのより積極的な援助が行われるならば、米国の東南アジアに対する援助の継続は困難になるであろう。他の友邦からの援助が特に ADB, Bank Group 等の multilateral organization を通じて行われるならば、それは米国の aid を trigger する上にも極めて有益であろうと述べた。

又マ総裁は、以上の関連で IDA 第3次 replenishment に重きを置いて述べて述べた。

- (4) 佐藤総理よりこれに対し、一般以外に同意を表明するとともに、ADB の設立は成功であったと称えており、又 IDA の活動も評価できると思ふ。現在の日本の経済発展のペースは今後も続けたい。又自分も続けたいと考えているが、どうもこれは、高橋大臣及び愛知大臣がそれぞれ ADB Sydney 総会及び ECAFFE Bangkok 総会議で述べたように、日本の援助活動は今後も増加するであろう。自分は、東南アジア情勢について Post Vietnam の master plan の

樹をかせびの必要であると考え。Indonesiaの4割が
他の多くの国も援助を欲してあり。これらの全てに
対処するためには総合的な計画が必要であると
述べた。また、Bank Groupの活動も卒正にいて
東南アジアに対して他の諸地域より少額だと
思う。今後各地域に対するバリエーションの
資金配分につき総裁の配意を煩わしたい。
又、Post-Vietnam内題はこの地域の開発援
助内題の4割が。周辺諸国の予想される
BP不均衡に如何に対処するかという大内題も
含んでいる。1970年代のアジアを動乱から救うため
にもこれらの内題について総裁の配意をえたい
と述べた。

(5) これに対し、総裁より、今後世界グループは、東南
アジア地域に対してより大きいshareの援助を
する方針であり、アジア地域が動乱に陥ることは
あるまいと述べた。

(6) 佐藤総理は以上につけ加えて食糧通利内題が
世界的傾向として顕在化しており、日本も米国も
この共通の内題に悩まされている。

日本の^は過剰米を South-Korea 及び 東、パキスタンに
貸与することには決めたが Indonesia には米糧援助
をしないとするのは、タイが不幸になり、日本の過剰米を
飼料に転換しないとするのは、米国の飼料輸出が
不幸になると指摘し、この内題に対する
マ総裁の見解を求めた。

これに対し、マ総裁は、農業に対する過度の保護を
排し、農産物の国際競争力を高めることが重要で
あると簡単に述べた。

最後に佐藤総理のソ、本日の会談は極めて有益
であった。総裁の話は、リ帰国後自民から福田大臣
の電旨

大臣に伝えまが、マ総裁から直接福田大臣に
その旨 letter を出していただけましたことへ
総裁はこれに同意して会談を終了した。

以上、

November 20, 1969

SUBJECT: Conversation between Mr. McNamara and the Prime Minister of Japan

Mr. McNamara called on Mr. Sato, the Prime Minister of Japan, at Blair House at 4:30 p.m. this afternoon.

2. After expressing his thanks to the Prime Minister for making an appointment at short notice, Mr. McNamara said that he would like to do three things: (i) to thank the Prime Minister for recent actions of the Japanese Government which had been particularly helpful to the World Bank; (ii) to tell him of developments in World Bank policies which would be of interest to his Government; and (iii) to suggest certain directions in which the policies of the Japanese Government could be helpful both to the progress of the developing countries and to the efforts of the World Bank Group.

3. Mr. McNamara said that under the first head he would particularly like to thank the Prime Minister for the action of the Japanese Government in agreeing to prepay maturities on World Bank loans to Japanese borrowers falling due over the next few years. In this way, the Japanese Government would be putting at the disposal of the World Bank some \$100 to \$150 million over the period October to January. This would be of the greatest possible assistance.

4. Mr. Sato said that Mr. Fukuda had told him of his discussions with Mr. McNamara which had resulted in agreement to make these advance payments.

5. Mr. McNamara said that the Prime Minister would also, no doubt, be aware that the Executive Directors of the International Monetary Fund were likely to recommend to the Governors that there should be selective increases in the Fund quotas. The policy of the World Bank in the past, which he intended to follow on this occasion, had been to recommend to the Governors that they should authorize an increase in Bank subscriptions corresponding to selective increases in Fund quotas. If the Governors approved such increases and if the Japanese Government increased its Bank subscription accordingly, Japan would become the fifth largest shareholder in the Bank and would, in consequence, have the right to appoint its own Executive Director on the Board. Mr. McNamara said that such an outcome would reflect the rapid growth of the Japanese economy and the consequent increase in Japan's influence in international economic affairs.

6. Mr. Sato asked what would be the effect of this change on the representation of those countries which at present joined with Japan in electing a Director to the Bank Board, namely, Burma, Ceylon, Nepal, Thailand and Singapore.

7. Mr. McNamara said that they would, no doubt, form a new grouping. For example, some might join with India which would lose its right to appoint its own Director. The Indian Government were very unhappy about this change and it was likely to give rise to controversy in the Bank Board.

President has seen

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8. Turning to developments in Bank Group policies which would be of interest to the Japanese Government, Mr. McNamara said that the Prime Minister would be aware of the increasing attention which the Group was giving to the development of Indonesia. In the FY 1969 IDA credits had been extended to them amounting to \$50 million. He expected this amount to be increased in FY 1970 to \$60 or \$70 million.
9. Mr. Sato welcomed this. Japan had made substantial contributions to the total of aid to Indonesia. Hitherto they had met a third of the total on condition that the United States also found a third. They would, no doubt, be able to continue to do this if aid to Indonesia were not to increase substantially. In the coming year, however, it would increase to \$600 million and might, in subsequent years, go even higher. He wondered whether this was wise. He was aware of the serious debt-servicing problems facing Indonesia and the recommendations which Dr. Abs had made for dealing with them. The Japanese Government had stated that it would accept the Abs recommendations if other contributors were willing to do the same. He had great confidence in President Suharto and hoped that his policies would gradually reduce the dependence of Indonesia on external assistance.
10. Mr. McNamara said that the World Bank Group would also play an active part in meeting the needs for economic assistance of other countries in Southeast Asia and in providing assistance for reconstruction of Southeast Asia, once the war was over, and also for the development of the Mekong Basin.
11. Mr. McNamara said that he was well aware of the many demands made upon the Japanese Government and he knew that, in spite of the phenomenal growth in the Japanese economy, their level of income per head was still low compared, for example, with that of European countries. Nevertheless, he hoped that the Japanese Government would feel that it was in their interest to increase their aid program and, within that program, to increase the proportion designated to multilateral aid - particularly to A.D.B. and World Bank. This would be justified for two reasons. Serious debt-servicing problems were confronting countries in Southeast Asia and not only in Indonesia, to which the Prime Minister had already referred, but also in India and Pakistan, in Thailand and in Korea. Unless assistance was given to these countries on soft terms, it would be difficult for private investors and exporters both in Japan and in the United States to continue to operate in those countries. Secondly, it was one of the unfortunate consequences of the war in Vietnam that the American people were now less willing than before to accept foreign commitments. This would mean that they would give less foreign aid unless what they gave was supported by substantially higher contributions from other countries. Such contributions from other countries would be particularly effective in stimulating U.S. aid if provided through multilateral organizations.
12. Mr. Sato said that his personal view was that Japan should play a large part in supporting international development organizations. This had been reflected in the statements made by Mr. Fukuda at the Sydney Meeting of the Asian Development Bank and by Mr. Oichi at the ECAFE Meeting in Bangkok. He had confirmed this to President Nixon during his present visit. The war in Vietnam could not be ended without a "master plan" for the economic development of Southeast Asia. At the

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same time the Japanese Government had a number of serious economic difficulties of its own. There was, for example, the problem of surplus rice production. In 1945 fears had been expressed that there might be a serious deficiency of rice in the Far East. The Japanese Government had supported the price to its farmers at levels above the world price. The result was that they had a substantial surplus which could not be sold abroad except at a loss. They had made loans of rice, e.g. to Korea and to Pakistan, but the problem remained. How would Mr. McNamara deal with it?

13. Mr. McNamara said that he was fortunate in not being dependent upon the votes of farmers. If political considerations could be ignored it would obviously be right that surplus agricultural production both in the United States and in Japan should be discouraged by lowering support prices. This would probably mean that there would be a transfer of resources from agriculture to industry in which Japan had such a large comparative advantage.

14. Mr. Sato said that he was also much concerned about the question of textile exports.

15. Mr. McNamara said that, as in the case of agriculture, Government policies might be a political necessity and at the same time an economic monstrosity. Japan might be facing similar difficulties with textile imports from India in, say, another twenty years.

16. In conclusion, Mr. McNamara thanked the Prime Minister for being so generous with his time and attention.

17. Mr. Sato said that it had been a pleasure to him to have this discussion. He repeated that he would discuss with Mr. Fukuda the points Mr. McNamara had made and he stated that he hoped that Mr. McNamara would write to Mr. Fukuda as well.

D. H. F. Rickett

OFFICE MEMORANDUM

TO: Mr. McNamara

DATE: November 7, 1969

FROM: Richard H. Demuth

SUBJECT: Points for Discussion with Prime Minister Sato

1. The Bank greatly appreciates the action of the Government of Japan in purchasing from the Bank portions of our loans to Japanese enterprises. This action provides a most helpful addition to the Bank's loanable resources.

2. As the Prime Minister is doubtless aware, the special quota increases which are now under negotiation in the International Monetary Fund and the consequent special capital increases which are expected in the Bank will, if they go through as anticipated, make Japan one of the five largest stockholders in the Bank. This will automatically give Japan one of the five appointive seats on our Board of Directors. This is a welcome development in view of the increasingly important role which we expect Japan to play in the Bank.

3. In recognition of that new role, we expect to open an office of the Bank in Tokyo, the main purpose of which will be to facilitate cooperation between the Japanese government and the Bank by keeping each currently informed about the development assistance activities of the other.

4. The Bank was pleased by the decisions of the Japanese government to increase its aid program significantly, to accept as its aid target the goal of one per cent of GNP, and to become a principal source of funds for the Asian Development Bank.

5. The IBRD has established cordial and close relationships with the Asian Development Bank. In the Mekong River basin development, in particular, we have arranged that the two Banks will be working together, both in helping the Mekong Committee to prepare a feasible long-term development program and in helping to organize the financing of specific projects within that program. The cooperation of Japan and other major donor countries will, of course, be essential to the success of the program.

6. There are other important areas for cooperation between the World Bank, the Asian Development Bank and the Japanese government:

- (a) In Southeast Asia, in addition to the Mekong River basin development, there are major requirements for the reconstruction and development of Indonesia, where the Bank is now playing a leading role, and for the postwar reconstruction of Vietnam. These will all need large amounts of

President has seen

external capital over a long period, and coordination of the activities of all participating development assistance agencies, multilateral and bilateral, will therefore be essential.

- (b) In Korea, Malaysia and Thailand, where the Bank has sponsored aid coordinating groups, and in the Philippines, where we are becoming increasingly active, there will also be a growing community of interests between the Japanese aid program, the Asian Development Bank and the World Bank.
- (c) We would like to see Japan play a more active role in the Indian and Pakistan Consortia, which operate under our chairmanship. Faster economic development in the Indian subcontinent is essential to the long-run stability of Asia.
- (d) The Bank Group, probably through the International Finance Corporation, intends to support the Private Investment Corporation for Asia (PICA) and other such private multinational ventures. The Bank hopes that both the Japanese government and the Asian Development Bank will also provide whatever help may be necessary to assure the success of PICA.

7. During the coming year, there will be two important matters coming before the Bank's members for decision affecting the Bank Group's own financial strength. The first involves a proposed increase in the Bank's capital. The second involves the negotiation of a Third Replenishment of IDA, which is essential to the expansion of the Bank Group's operations in many Asian countries, including the Mekong riparian countries and Indonesia. In connection with both these matters, the support of Japan may have an important bearing on the outcome.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: November 5, 1969

FROM: H. B. Ripman

SUBJECT: IBRD Office in Tokyo

1. You asked me to examine the proposal that we should set up an office in Tokyo and to consult with Messrs. Knapp, Aldewereld, Rickett, Demuth and Clark.

Purpose

2. The proposal made by Mr. Shoaib in his memorandum to you on October 6 envisages primarily a financial role, with some information work also. By reporting on events in Japan of interest to the Bank, an office would also provide some material of value in connection with the Bank's lending operations. A further role might be to maintain liaison with the Japanese external aid agencies with respect to mutual interests in aid-receiving countries.

Terms of Reference

3. Adapting the terms of reference of the European Office insofar as they are applicable, the terms of reference might be:

- (a) To maintain and develop the Bank Group's relations with governmental authorities at appropriate levels, in order to promote their interest and active cooperation in Bank policies and operations, and also to assist in discussions on IDA replenishment;
- (b) To keep the Bank Group informed of developments of interest in Japan;
- (c) To maintain and strengthen the Bank's relations with the investment communities of Japan, report on conditions in Japanese capital markets, promote interest in the Bank's securities, loans and obligations;
- (d) To assist the Information and Public Affairs Department in carrying out the Bank's information program and in developing special programs for Japan; and possibly
- (e) To maintain liaison with the Japanese external aid agencies with respect to mutual interests in aid-receiving countries, including the promotions of joint or parallel lending arrangements.

Estimated Cost

4. The cost of a 'one-man' office would be about \$60,000, including secretarial assistance. If one professional assistant were provided also,

the cost would rise to about \$100,000.

Benefits

5. There are some differences of view about the extent to which the work envisaged in Mr. Shoaib's memorandum would keep a one-man office fully occupied.

6. Mr. Aldewereld considers that it would be more efficient to continue to do the fund-raising work from Headquarters and that the amount of work which it would be possible to do in Japan would be negligible.

7. Mr. Clark considers that there would be more scope for information work, but it seems generally agreed that the main benefit from creating the type of office recommended by Mr. Shoaib would be the 'representational' or 'political' value of having a World Bank presence in Japan. Such an office is supported by Sir Denis Rickett, Mr. Demuth and Mr. Clark.

8. If we are to have an office, Mr. Knapp and Mr. Aldewereld would prefer to consider an office with a stronger operational role, i.e. including item (e) of the above terms of reference, but excluding item (c) and item (a) insofar as it applies to the financial role.

Timing of Creation of Office

9. Sir Denis Rickett favors using the establishment of an office, if this is approved, as a bargaining counter, for what it may be worth, in the Third Replenishment negotiations.

Nationality of the Head of Office

10. Mr. Demuth favors appointing a Japanese national as head of the office because he considers that only a Japanese will have the kind of access, communications (and probably language facility) needed to do the job. He suggests possibly one of the Japanese ex-Executive Directors, or Suzuki himself.

11. Messrs. Knapp and Clark are opposed to appointing a Japanese national to the post. It has been our practice not to appoint a national of the country concerned to head a resident mission in order to avoid any embarrassment either to the staff member himself or to the Government. Mr. Knapp has expressed himself most strongly in opposing a Japanese, "who is bound to be 'their' man more than 'our' man." This would be especially important if an office were created with emphasis on the operational role.

Recommendation

12. As you will see, there is no unanimity about the proposal, and indeed there are quite substantial differences of view. You will have your own view as to the 'representational' or 'political' advantage to be

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obtained. I am naturally cautious of recommending an office on these grounds alone, for we might have many contenders if we accepted too readily such arguments. Mr. Aldewereld sees no need of such an office to carry out financial functions. You know that I am already concerned about the drain on our experienced staff of the existing resident missions and overseas offices. On the whole, therefore, I recommend against setting up such an office.

13. If, however, you feel that this is such an exceptional case, because of its physical separation from the other developed countries, then I think we should explore further Mr. Knapp's proposal that a more operational-oriented office should be created. This would, I believe, mean appointing a fairly senior man familiar with the Bank and thus rule out a Japanese national as the Head of the office. But I believe there are other grounds, as mentioned above, for ruling out a Japanese national.

14. If we had such an office, it would probably be sensible to back up the head of office with a middle range professional from the Information and Public Affairs Department, who would be sent for one- to two-year stints, and perhaps on a trial basis initially. Alternatively, I think it would be possible to appoint a Japanese to the No. 2 post even if his major responsibility were to be in the field of information and public affairs.

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OFFICE MEMORANDUM

TO: Files

DATE: December 1, 1969

FROM: S. Aldewereld SUBJECT: Japan

The purpose of this memorandum is to report on a meeting with representatives of the Japanese Government which took place on Monday, December 1, from 10 to 10:30 AM in Mr. McNamara's office. Present were: (for the Japanese) Mr. Kashiwagi, Vice Minister for International Affairs; Mr. H. Nakajima, Embassy of Japan; Mr. T. Yamanaka, Bank of Japan; and Mr. M. Matsukawa, Ministry of Finance; and Mr. Suzuki, Executive Director. Representing the Bank were Mr. McNamara and Mr. Aldewereld.

Mr. McNamara opened the discussion by expressing his gratitude for the decision of the Japanese authorities to prepay part of the outstanding Japanese loans and for the support the Japanese authorities are giving to the Bank Group in general. He also referred to the question of the increase in the capital of the Bank and said that this was a sensitive issue inasmuch as it involved a change in the voting power which might mean that India would lose its permanent seat on the Board.

Mr. Kashiwagi said that the purpose of his visit was to deal with three questions:

- 1) the additional purchase of participation certificates;
- 2) purchase of medium term World Bank bonds by the Bank of Japan;
and
- 3) a representative office in Tokyo.

Mr. McNamara said that he would prefer to talk about the third point on another occasion because the question of the establishment of an office would hinge on the Bank's ability to find first-class people which was not an easy task. He added that such an office should be a help rather than a bother to Japan. Mr. McNamara said that he would envisage the office as operating in close association with Japan on economic and political questions of the area but that contrary to the Paris office he did not see a possible Tokyo office as a regional office. When Mr. Kashiwagi asked whether Mr. McNamara would visualize that consortia meetings could take place in Tokyo, Mr. McNamara's answer was affirmative.

On the matter of additional purchases of participation certificates, Mr. Kashiwagi said that the Bank of Japan had decided to buy the outstanding 3 - 4 year and 4 - 5 year maturities of all the Japanese loans which would amount to approximately \$80 million equivalent. They would like this transaction to be consummated in December. Mr. McNamara said that he was pleased to hear about this and that he also would like to conclude this transaction this month.

With respect to the possible purchase by the Bank of Japan of medium term World Bank bonds, Mr. Kashiwagi said that during January, February and March the expectation was that reserves would not increase substantially but that

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in April of 1970 the Bank of Japan plans to buy from the World Bank the yen equivalent of \$100 million in maturities of 3, 4 and 5 years. If the development of the balance of payments would be better than foreseen, this transaction could be consummated earlier than April. Mr. Kashiwagi raised the question whether the World Bank and the Bank of Japan could have a side deal under which the World Bank would purchase back the bonds from the Bank of Japan prior to maturity. Mr. McNamara said that this would be a difficult thing but that he would think about it. Mr. McNamara promised to have a draft agreement about the proposed World Bank issue submitted to the Japanese authorities by January 1, 1970; discussions about the transaction could take place subsequently either in Washington or in Tokyo. Mr. Kashiwagi added that in the event of such a borrowing, the Japanese authorities would wish the proceeds to be used quickly. Mr. McNamara said that this would be no problem.

The conversation then turned to the IDA Third Replenishment. Mr. Kashiwagi started by expressing his disappointment that in the preparation for the Third Replenishment the question of the Japanese voting power did not seem to be adequately covered.

Mr. McNamara said that Japan's contributions were such that they were indeed entitled to more votes than at present but that this should be done within the voting power of the Part I countries; in other words the voting power of the Part II countries should not be reduced. This matter would be taken up at the December 15 meeting of deputies. Mr. Kashiwagi agreed. As far as the amount of the Third Replenishment is concerned, Mr. Kashiwagi said that it should be higher than the Second Replenishment but that obviously much would depend on what the United States would do. He also said that he considered that the terms of IDA loans were too soft and that they should be geared more to the nature of the project financed.

Mr. Kashiwagi turned again to the question of the capital increase in the Bank and said that the Japanese authorities have certain views about the relationship between the selective increase in the Fund and that of the Bank. He added that the Japanese authorities would like to pay their selective increase all at once rather than by installment. With respect to the general increase in the capital of the Bank, they might prefer that all the Japanese money would go to IDA rather than part to IDA and part to the Bank.

cc: Mr. McNamara

Mr. McNamara
to see
loc 3/30

OFFICE MEMORANDUM

TO: Files

DATE: March 30, 1970

FROM: S. Aldewereld SUBJECT: Visit of Mr. Kashiwagi to Mr. McNamara at 3:30 PM on
Tuesday, March 24.

Mr. Y. Kashiwagi, Vice Minister of Finance for International Affairs, was accompanied by Mr. Suzuki, Executive Director, and Mr. M. Matsukawa, Counselor, Ministry of Finance. Mr. Aldewereld was also present. The following subjects were discussed.

1. Mr. McNamara started the conversation by expressing his appreciation for the second borrowing which the Board had approved this morning.

Mr. Kashiwagi said that because of the favorable balance of payments of Japan he was glad that this transaction could still take place in March because he expected interest rates to go up in April. As far as future Bank borrowings were concerned, Mr. Kashiwagi said that he expected a continued surplus in the Japanese balance of payments, although much would depend on economic development in the United States. Anyhow, he hoped that "maybe an occasion would occur again" for additional borrowings by the Bank.

2. Mr. Kashiwagi expressed his appreciation for the Bank's decision to establish an office in Tokyo and for Mr. McNamara's recent statement to the Board to this effect. Mr. McNamara told Mr. Kashiwagi that he believed the appointment of Mr. Soejima would be acceptable and that the establishment of the office would be the responsibility of Sir Denis Rickett, who would address the problems after his return to Washington. It was agreed that possibly the best way in which to make progress in the establishment of the office was for the Bank to send someone over to Tokyo for this purpose.

3. The conversation turned to IDA. Mr. Kashiwagi raised the question of the geographical allocation of IDA funds. He said that his authorities are in agreement with the IDA allocation to India and Pakistan but that they were very much interested in allocations to countries east of India. He mentioned specifically Indonesia, Korea and Vietnam. With respect to Vietnam, both Mr. McNamara and Mr. Kashiwagi agreed that so long as peace was not established in that country it would be unwise for IDA to get involved, but that once peace would be restored, the possibility of IDA assistance would look much brighter. Mr. Kashiwagi also hoped that IDA assistance would be forthcoming for countries such as Cambodia and Burma. In respect to Mr. Kashiwagi's question about the possibility of IDA assistance for Thailand and Malaysia, Mr. McNamara felt that in the present circumstances, he could not visualize IDA assistance to these countries.

President has seen

Mr. Kashiwagi then asked Mr. McNamara's opinion about the possible U.S. congressional reaction to the U.S. Administration's concurrence with a \$1 billion IDA replenishment. Mr. McNamara said that, in his opinion, Congress would go along with the Administration. Mr. Kashiwagi then referred to a difficulty in which Japan might itself find in the event of an IDA replenishment of \$1 billion. He said that their voting rights would increase from 5-1/2% to 6% under schedule B which would mean that at the level of \$1 billion the Japanese contribution to IDA would triple from its present level. It might prove politically difficult to get this higher amount through the Diet. In the circumstances, Mr. Kashiwagi asked Mr. McNamara's views about the possibility of the staging of IDA contributions so as to "soften the blow" for the Japanese authorities. Mr. McNamara said that maybe he could consider a replenishment schedule of \$800 million in the first year, \$900 million in the second year, and \$1000 million in the third year. Mr. Kashiwagi said that, although the matter had not been discussed with his Minister, he would prefer staging of \$600 million, \$800 million and \$1000 million. Mr. McNamara suggested to Mr. Kashiwagi that he discuss the question of the level of IDA replenishment with his Minister and that then Mr. Suzuki be informed about the outcome of these discussions. Mr. Suzuki would then talk with Mr. McNamara and/or Sir Denis. This should take place before the scheduled meetings of the Deputies in April. Mr. Kashiwagi agreed to Mr. McNamara's suggestion.

Original: Mr. McNamara
cc: Mr. Knapp
Sir Denis Rickett
Mr. Ripman
Chron. file

OFFICE MEMORANDUM

TO: Records

DATE: May 8, 1970

FROM: Douglas J. Fontein *DF*SUBJECT: Visit of Dr. Ryosuke Ono and Professor Kei Wakaizumi

On Wednesday April 29, Dr. Ryosuke Ono and Dr. Kei Wakaizumi, respectively the Chairman of the Board of Trustees and Professor of International Relations of Kyoto Sangyo University called on Mr. McNamara. I was also present. Dr. Ono first asked Mr. McNamara for his views about the potential of countries in South East Asia and about Japanese and U.S. interests in the area. Mr. McNamara said that the countries in South East Asia had considerable possibilities of economic growth. On the other hand they often lacked political stability. Mr. McNamara said that Japan obviously had a vital interest in their development. However, this interest should not be limited to purely commercial considerations but should be a broadly-based program to help these countries cope with the many problems inherent in the process of development. One of the best ways in which Japan could help was through its support of multilateral institutions such as the Asian Development Bank and the World Bank group. In the United States there was general disillusionment with foreign aid and the extent of future U.S. assistance to countries in South East Asia would depend heavily on what Japan would be willing to do.

Mr. McNamara went on to say that most of the resources required for development came from the developing countries themselves, who contributed more than 85% of the investment funds required. However, the importance of the Bank group's assistance should not be measured solely by the amount of its financial assistance, but should also take into account the technical assistance and institution building aspects of its operations.

Dr. Ono then inquired about Mr. McNamara's views on Indonesia. Mr. McNamara said that Indonesia was a most important country in the area with vast natural resources and a population of 115 million. We had been unable to operate in Indonesia until it had put its house in order; but since September 1968 until the end of this fiscal year we would have lent about \$120 million.

Dr. Ono then asked about Mr. McNamara's views on Mainland China. Mr. McNamara said that the world could not continue to ignore its existence and that he hoped Mainland China would take its place in the community of nations. Dr. Ono ventured that a possible solution might be to recognize the existence of two Chinas (Mainland China and Taiwan.) Mr. McNamara agreed.

President has seen

Mr. Ryosuke ONO

OCCUPATION

Chairman, Board of Directors, Kyoto Sangyo University

EDUCATION

1942-46--Kyushu University (Faculty of Economics)

BACKGROUND

Principal
~~School~~ ~~operator~~ for many years

Since 1965 Member of:

Japan-China Cooperation Committees

Japan-Korea Cooperation Committees

(Chairman of sub-committee on culture,
for both committees)

REMARK

Friend of the Minister of Finance

Dr. Kei WAKAIZUMI

OCCUPATION

Professor of International Relations, Kyoto Sangyo University

EDUCATION

1949-53--Tokyo University (Faculty of Law)

1954-57--London University (Doctor of International Relations)

BACKGROUND

Visiting professor, Hopkins University (USA) (period of service
unknown)

Professor, Institute of National Defense (Japan)

Mr. Iida
Technical Assistant to
Mr. Suzuki

April 28, 1970

*Mr. McNamara**to see
cc
3/26*

OFFICE MEMORANDUM

TO: Mr. Lief E. Christoffersen

FROM: A. Iida *[Signature]*

SUBJECT: Request of Interview with President McNamara

DATE: March 25, 1970

With reference to our telephone conversation, I wish to inform you of further details as follows:

1. Name of requestors:

Dr. Kei Wakaizumi - Professor, Kyoto Industrial Univ.
Mr. Ryosuke Ono - Chairman, Board of Directors, Kyoto Industrial Univ.

2. Time:

30 minutes - Monday April 27 or Tuesday April 28

3. Topics:

World Development Finance (especially economic development of Indonesia)

4. Remarks:

- This request came to our office through Mr. Fukuda, Japanese Minister of Finance, of whom the requestor, Dr. Wakaizumi is a good friend.
- Mr. McNamara will perhaps remember that he once met Dr. Wakaizumi who is deemed to be one of the most distinguished experts in Japan on Indonesian economy.

Inv. 4/28 - 4:30 -

Susp. 6/29

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Raymond J. Goodman *RJG.*

SUBJECT: JAPAN - Visit of Members of Parliament

DATE: June 4, 1970

I understand that Mr. Takeo Miki will be visiting you at 12.15 on June 24 and Mr. Matsuhei Mohri at 12.15 on June 29. Both are members of the House of Representatives (the lower house of the Diet) and both belong to the ruling Liberal Democratic Party. Mr. Miki is a former Foreign Minister, and in that position was a strong advocate of increased Japanese assistance to her Asian neighbors. Mr. Mohri is Chairman of the House Finance Committee, but this position does not carry as much power over expenditure as it does in the United States. Brief biographical sketches of both gentlemen are attached.

The Bank started lending to Japan in 1953 and made its last loan in 1966. We have made nine loans for electric power totalling \$178.2 million; ten for steel for \$155.3 million; and eight for highways amounting to \$430.0 million. Other loans have been for railways, industry and agriculture. All the loans for steel, and all but one for electric power, were channeled through the Japan Development Bank (JDB). The total amount of loans, net of cancellations, amounts to \$857 million. All the loans are fully disbursed; as of April 30, 1970 \$129.5 million had been repaid to the Bank and \$83.6 million had been repaid to participants.

The Bank of Japan has purchased participations amounting to \$162.5 million in our outstanding loans to Japanese borrowers, this amount representing practically all the maturities up to 1974. In addition, the Bank has placed two bond issues in Japan, amounting to a total of \$200 million, at 7.14 per cent for 3 to 5 years.

Attached is an Annex showing the amount of financial assistance given to Asian countries by the Bank Group, the Asian Development Bank, and Japan.

Your visitors may be interested in hearing about the new Bank office in Tokyo. I am planning to bring them to your office.

Encs. as indicated.

President has seen

President has seen

Financial Assistance to Asian Countries from the Bank Group,
the Asian Development Bank, and Japan

	(\$ million)			
	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{1/}	<u>1969-73</u>
Bank Group ^{2/}	290.5	787.6	861.4	4,504.7
ADB	41.6	98.1	234.7	
Japan ^{3/}	311.3			

^{1/} Forecast

^{2/} Fiscal years

^{3/} Official aid only. Official and private financing amounted to \$558.8 million in 1968. Total Japanese official and private financing to all countries was \$1,049.3 million, being 0.74% of GNP.

Bank Group Financial Assistance by Country ^{1/}

	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{2/}	<u>1969-73</u>
Afghanistan	-	5.0	4.7	37.3
Cambodia	-	-	-	11.7
Ceylon	6.0	9.8	60.5	143.8
China	49.5	81.2	74.5	343.8
Indonesia	-	51.0	75.0	364.5
Korea	16.0	83.3	55.0	320.5
Laos	-	-	-	-
Malaysia	14.0	28.3	21.0	192.2
Nepal	-	-	1.7	15.2
Pakistan	45.0	202.5	94.0	566.0
Philippines	-	12.5	59.0	230.6
Singapore	26.0	26.5	16.0	98.4
Thailand	55.0	23.0	59.0	254.6
Western Samoa	-	-	-	-

Asian Development Bank Financial Assistance by Country

	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{2/}
Afghanistan	-	-	8.5
Cambodia	-	-	4.7
Ceylon	2.0	8.6	10.1
China	10.6	14.8	37.6
Indonesia	-	3.4	26.9
Korea	6.8	24.5	38.0
Laos	-	-	8.9
Malaysia	7.2	10.9	22.3
Nepal	-	6.0	3.0
Pakistan	10.0	-	8.0
Philippines	-	7.5	28.0
Singapore	-	10.0	15.5
Thailand	5.0	10.0	12.0
Western Samoa	-	2.4	-

Note: ADB lending as a percentage of Bank Group lending to the same countries was 17 per cent in 1968 and 21 per cent in 1969. In 1970 the percentage is expected to increase to around 40 per cent.

Japanese Official Grants and Loans by Country, 1968
(net disbursements)

Afghanistan	0.16
Cambodia	0.55
Ceylon	5.10
China	23.64
Indonesia	83.72
Korea	43.97
Laos	3.09
Malaysia	1.53
Nepal	0.83
Pakistan	41.66
Philippines	27.76
Singapore	0.38
Thailand	4.91
Western Samoa	-

1/ Fiscal years

2/ Forecast

EMBASSY OF JAPAN

2520 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20003

(202) 234-2266

MEMO: PERSONAL HISTORY OF THE HON. TAKEO MIKI

Liberal-Democratic member, House of Representatives;
member, House Committee on Disciplinary Measures;
adviser, Liberal-Democratic Party.

Born in Tokushima Prefecture, 1907; B.A., Meiji
University; B.A., American University, Calif.; LL. B.,
Meiji University; elected to the House of Representatives
from Tokushima Prefecture, 1937; Minister for Postal
Services, 1947; Minister of Transportation, 1954;
Minister of International Trade and Industry, 1965;
Minister for Foreign Affairs, 1966-1968.

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OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Raymond J. Goodman *RJG.*

SUBJECT: JAPAN - Visit of Members of Parliament

DATE: June 4, 1970

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Attached is an Annex showing the amount of financial assistance given to Asian countries by the Bank Group, the Asian Development Bank, and Japan.

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Encs. as indicated.

President has seen

President has seen

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Western Samoa	-	-	-	-

Asian Development Bank Financial Assistance by Country

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Nepal	0.83
Pakistan	41.66
Philippines	27.76
Singapore	0.38
Thailand	4.91
Western Samoa	-

1/ Fiscal years

2/ Forecast

MEMO: PERSONAL HISTORY OF THE HON. MATSUHEI MOHRI

Liberal-Democratic member, House of Representatives;
chairman, House Committee on Finance.

Born in Ehime Prefecture, 1913; B. A. in political
science, Keio University; joined the Manchuria Railroad
Co., 1938; business executive after returning from
Manchuria in 1946; elected to the House of Represen-
tatives from the 3rd district, Ehime Prefecture, 1958;
member, House Committee on Finance; chairman, Subcommittee
on Domestic Finance and Security Exchange; re-elected
to the House of Representatives, 1960, 1963; Vice-Minister
for Foreign Affairs, 1963; chief executive, Research
Center for Political, Economic and Foreign Policies, 1964;
re-elected to the House of Representatives, 1967;
Assistant Floor Leader of the Liberal-Democratic Party, 1967;
re-elected to the House of Representatives, 1969.

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16

July 6, 1970

Extract from Conversation with Minister Kashiwagi, July 6, 1970

During my conversation with Kashiwagi, I stated I hoped the Bank could borrow additional sums from Japan during the next six months. In reply, Kashiwagi said:

1. Japan's foreign exchange reserves will not increase significantly during the next two or three months.
2. Japan expects such reserves to increase during the Fall and at that time would be prepared to consider additional loans to the Bank.
3. Since the Bank would have to pay 8-1/2 to 9% ~~for it~~ to borrow in Germany today, Japan hopes that the yield on new Bank borrowings in Japan can be higher than 7+%.

I told Kashiwagi I understood the charge to the Bank for three- to five-year money borrowed from Japan would be 7.4% today in contrast to the 7.14% we paid on our last loan. But I stated we would be happy to pay a higher rate of interest for loans with longer maturities. He replied that the Central Bank could not loan for periods in excess of five years and that the longer maturities would have to come from the private market. At present, the longest maturities on private issues are seven to ten years. Moreover, Kashiwagi said Fukuda wants the Asian Development Bank to have the opportunity to undertake the first foreign private issue since World War II.

In conclusion, I repeated that we were quite flexible and would be prepared to tailor our borrowings, both in maturity and interest, to Japan's requirements -- for example, we would be prepared to pay more than 7.4% for a flat five-year maturity from the Central Bank.


Robert S. McNamara

cc: Mr. Aldewereld

17

9/20

MEMORANDUM FOR THE RECORD

Annual Meeting 1970 - Discussions with Part I Countries - Japan

The Japanese Finance Minister, Mr. Takeo Fukuda, called on Mr. McNamara at the Royal Hotel on Sunday, September 20, at 4:00 p.m. Mr. Fukuda had with him Governor Sasaki, Mr. Kashiwagi, Mr. Okumura, Mr. Inoue, Mr. Hattori and Mr. Yamazaki. Mr. Aldewereld and Sir Denis Rickett were also present.

Mr. Fukuda began by saying how much the Japanese Government welcomed the decision of the World Bank to open an office in Tokyo. He hoped very much that Mr. McNamara would be able to come to Tokyo for the opening ceremony on November 4th.

Mr. McNamara said that he would very much like to do this. He had, however, a number of other commitments to visit member countries and was not, at present, certain whether he could manage to visit Tokyo at that time. He would certainly do his best to come.

Mr. Fukuda said that in his speech at the Annual Meeting, he intended to make a very positive declaration of support for the International Investment Insurance Agency. He hoped that in due course the setting up of this agency might lead to an international convention on the treatment of private foreign investment. Mr. McNamara said that he was glad to know that the Minister was in favour of setting up the agency. He agreed that the treatment of foreign investment was becoming an increasing problem, for example, in Latin America.

Mr. Fukuda then spoke about the problem of inflation, particularly of the cost-push type resulting from excessive wage demands. He thought that this was a world problem which could only be solved by international cooperation. If there was a failure to deal with it, it might even affect the balance of power relations between the West and the East since it might appear that the problem had been more effectively dealt with in the Eastern bloc countries.

Mr. McNamara agreed that inflation was a problem which affected rich and poor countries alike. He instanced the General Motors strike in the United States at the present time. The World Bank had made particular efforts to try to help the developing countries to moderate inflationary tendencies. As for the comparison between the Western and the Eastern economies in this regard, the Eastern bloc countries were not exposed to free competition and the result of this form of protection was to produce a good deal of inefficiency and misallocation of resources. This could be seen from the case of Yugoslavia which had been subjected to considerable strains when they decided to open their markets to free competition from Western countries.

Mr. McNamara went on to say how much he had welcomed the support of the Japanese Government to the Third Replenishment of IDA both in regard to the total of the replenishment and to the Japanese share in it. He felt sure that this action would be found to be in the interest of Japan. The replenishment of IDA at a much higher level

would make possible the extending of increased credits, for example, to Indonesia.

Another direction in which the leadership of the Japanese Government had been most valuable was in the move which had taken place at the DAC High Level Meeting in Tokyo and beforehand towards the untying of aid. The Japanese declaration of policy had undoubtedly influenced the attitude of the United States on this question.

Finally Mr. McNamara said how useful it had been for the World Bank to be able to borrow in Japan. He hoped very much that further such operations would be possible.

Mr. Fukuda said that the Japanese economy was somewhat overheated. It was, however, growing rapidly in scale and this should make it possible for them to continue, and indeed to increase, their aid programme. Japan no longer aspired to exercise military power. For them the building up of their aid programme represented the best means by which they could exert influence internationally. He asked Governor Sasaki to reply to the question about further World Bank borrowing.

Mr. Sasaki said that he would be pleased to discuss this further with World Bank representatives during the present week.

Mr. McNamara said that the World Bank was in a unique position in being able to tailor the form of their borrowing both as regards amount, denomination, maturity and interest rate. They would be seriously interested in further borrowing operations and either he or Mr. Aldewereld would like to discuss it with the Governor this week. The World Bank was making a determined effort to tap fresh sources of funds in all member countries. For example, they hoped shortly to complete a borrowing of £10 million in Libya which had originally been arranged in August 1969 just before the change of government. The help which the Bank of Japan had already given had been most valuable.

D. H. F. Rickett
Vice President
September 22, 1970

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