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THE WORLD BANK
Washington, D.C.

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Washington DC 20433
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McNamara Papers

Chronological files, 1968 (Apr.-May)

The World Bank Group
Archives
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Robert S. McNamara Personal Chronological Files - Chrons 01

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487/2/52

Indonesia: Points to the Press

1. Economic shambles were left behind by the Sukarno regime: (a) prices increased 160,000% between '57 and '67, including 650%, for example, in 1965; (b) interest rates have been running as high as 60% per year; (c) manufacturing production fell to less than 50% of capacity; (d) exports were cut in half; maintenance of the physical plant deteriorated; (f) inter-island shipping was interrupted.

2. Now for the first time in a decade Indonesia has a government determined to give first priority to the country's economic problems: (a) the nation is rich in natural resources; (b) the government is determined to exercise economic dicipline, attract foreign investment, expand exports, and reactivate the domestic economy.

May 31, 1968

487/2/51

DECLASSIFIED
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WBG ARCHIVES

May 28, 1968

CONFIDENTIAL

Lord Howick
Commonwealth Development Corporation
33 Hill Street
London, W.1
England

Dear Lord Howick:

I appreciate very much the kind congratulations that you sent me in your letter of May 16, and I would like to say that I am delighted you chose to write mainly about agricultural development. For my part, I share your concern for the need to devote increasing attention to agriculture and I intend to see that this is reflected in the activities of the Bank Group.

I am very much aware of the fruitful cooperation that has existed between CDC and IBRD and I am confident that opportunities for further joint efforts will occur in the future. I was particularly interested in your reference to CDC's interest in the Jengka Triangle. It happens that the loan for the Jengka Triangle Project was the first one that the Board approved under my chairmanship, and it seemed to me to be an unusually interesting and important project. In case you have not seen it, I am enclosing a copy of our press release about it.

In reply to the suggestion in the last paragraph of your letter, I would be very happy to continue the same arrangement for personal communication between us that you had with George Woods.

With best wishes,

Yours sincerely,

Robert S. McNamara

Enclosure

cc: Messrs. Demuth and Evans

LJCEvans: JBKnapp:ism

487/2/50

MR. KARL BLESSING

BUNDESBANK

FRANKFURT

GERMANY

MAY 28, 1968

FULL RATE

SIR DENIS RICKETT HAS REPORTED TO ME HIS CONVERSATIONS WITH YOU AND DR. EMMINGER ON THE WORLD BANKS PLANS TO BORROW A SUBSTANTIAL SUM IN THE GERMAN MARKET STOP I INTEND TO BE IN GERMANY ON THURSDAY AND FRIDAY, JUNE 6 AND 7 WHILE ON MY WAY TO INDONESIA, LEAVING FRANKFURT JUNE 7 AT 1845 STOP I HOPE IT WILL BE POSSIBLE FOR US TO MEET TOGETHER STOP MAY I CONTACT YOU AGAIN AS SOON AS MY PLANS HAVE BEEN FINALIZED STOP I SHALL BE ACCOMPANIED BY VICE PRESIDENT ALDEWERELD STOP

ROBERT S. MCNAMARA

Robert S. McNamara

President

cc: Mr. Aldewereld
Sir Denis Rickett

RBS:RMcN:pay

487/2/49

May 28, 1968

Dear Governor:

I wish to acknowledge your letter of May 17, written from Tunis, formally proposing the city of Tunis as the place of the 1970 Annual Meetings of the Boards of Governors of the Bank Group and the Fund.

I am bringing your letter immediately to the attention of the Executive Directors.

It was a real pleasure to see your President and yourself in Washington recently.

With best personal regards,

Sincerely,

Robert S. McNamara

Son Excellence
Ahmad Ben Salah
Secretaire d'Etat au Plan
et a l'Economie Nationale
Tunis, Tunisia

MMM:RMcN:mss

487/2/68

DR. WILFRIED GUTH

DEUTSCHE BANK

FRANKFURT

GERMANY

MAY 28, 1968

FULL RATE

I INTEND TO BE IN GERMANY ON THURSDAY AND FRIDAY, JUNE 6 AND 7 WHILE ON MY WAY TO INDONESIA, LEAVING FRANKFURT JUNE 7 AT 1845 STOP I HOPE IT MAY BE POSSIBLE FOR US TO MEET TOGETHER STOP MAY I CONTACT YOU AGAIN AS SOON AS MY PLANS HAVE BEEN FINALIZED STOP I SHALL BE ACCOMPANIED BY VICE PRESIDENT ALDEWERELD STOP

ROBERT S. MCNAMARA

Robert S. McNamara

President

cc: Mr. Aldewereld
Sir Denis Rickett

RBS:RMcN:pay

487/2/67

PROFESSOR LIPFERT

RHEINISCHE GIROZENTRALE

DUSSELDORF

GERMANY

MAY 28, 1968

FULL RATE

SIR DENIS RICKETT HAS REPORTED TO ME HIS CONVERSATIONS WITH YOU ON PROPOSED WORLD BANK TRANSACTION AND WE ALSO RECEIVED YOUR LETTER STOP I INTEND TO BE IN GERMANY ON THURSDAY AND FRIDAY, JUNE 6 AND 7 WHILE ON MY WAY TO INDONESIA, LEAVING FRANKFURT JUNE 7 AT 18:45 STOP I SHOULD VERY MUCH LIKE TO MEET WITH YOU AND SHALL CONTACT YOU AGAIN AS SOON AS MY PLANS HAVE BEEN FINALIZED STOP I SHALL BE ACCOMPANIED BY VICE PRESIDENT ALDEWERELD

xxxxx

ROBERT S. MCNAMARA

Robert S. McNamara

President

cc: Mr. Aldewereld
Sir Denis Rickett

RBS:mak

487/2/46

May 28, 1968

Dear Mr. Beahrs:

Mr. McNamara has asked me to thank you for your letter in which you asked him to comment on your paper, "A Police State for America?"

Because he is now an international official, Mr. McNamara feels he cannot grant your request, and the paper is returned herewith.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Mr. John O. Beahrs
1830 Guinda Street
Palo Alto, Calif. 94303

487/2/45

May 28, 1968

Dear Mr. Dempewolf:

Mr. Robert McNamara would be honored to receive the two Yeats volumes which you have so generously offered to present to him. He wonders, however, if you might not prefer to donate them to the Library of Congress where they could be read and appreciated by a greater number of people.

In any event, Mr. McNamara appreciates the thoughtfulness of your offer.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Mr. Otto R. Dempewolf
4017 Clarendon Road
Brooklyn, N.Y. 11203

487/2/44

May 27, 1968

M. Aime Maeght
Galerie Maeght
13, rue de Teheran
Paris 8, France

Dear Mr. Maeght:

You may recall that last year while Mrs. McNamara and I were purchasing a piece of Giacometti sculpture, we viewed in your gallery an exhibition of Miro's paintings, most of which had been sold. During the next several months Mrs. McNamara or I may be in either France or Spain. We would like to consider the possibility of purchasing one of Miro's paintings. Would you or he have available in either of those countries an adequate selection of his work from which we might select one painting? If so, what periods, types and sizes of paintings would be represented and how would they run in price?

The Giacometti head which we removed from your desk continues to bring us pleasure. Many thanks for selling it to us.

Sincerely,

Robert S. McNamara

Chron
4/87/2/43

1. Systematically schedule lunches with members of the press, Executive Directors, Bank executives, members of the Executive Branch, members of the Legislative Branch, foreign ambassadors, and visiting members of foreign governments.

2. Follow up with Oliver Franks to obtain his answer to my proposal.

3. Review the top structure and the departmental organization of the Bank in relation to the expansion of personnel and increase in operations projected under the five-year plan.

4. Review Machado's plan for the Bank to assist LDCs in raising local capital.

5. Determine whether the Bank can contribute to the stabilization of commodity prices.

6. Prepare a special classification of the five-year program showing the loans and credits by country by ED. (Note that Kochman says that eight of his sixteen countries received assistance from the Bank and that in 1967 his sixteen countries received $70 million and in 1968 the total will also be very small.)

7. Prepare a table listing each of the countries by EDs and note on it the dates I visit each country and the dates I plan to visit selected countries in the future.

8. Plan a reorganization of the East African office to equip it to better advise the Council and assist the key East African countries.

9. Ensure that Bank loans and credits in each case are related to our appraisal of what is required to break the development bottleneck or optimize the rate of development in each LDC.

10. Review each of the major LDCs to determine whether consultative groups, in addition to the small number (three or four) which are now effective, should be organized.

11. Establish a proper and effective relationship between the Bank and the IDB and of major developing nations in Latin America.

12. Identify and organize for a limited list of regional programs and special projects; for example, the Ganges Brahmaputra water development program; the Euphrates-Tigris, a sore spot already between Iraq and Iran; a world fertilizer production plan; Mekong River development.

13. Correct the failure of Latin American countries to recognize the Bank's activities in the hemisphere.

14. Establish a system for identifying at the time a loan or credit is approved the objectives against which performance is to be measured.

15. Set up a plan for systematically (perhaps by sampling) reviewing performance on outstanding loans and credits.

16. Analyze the time required to process loans and credits, establish standards, and keep records of performance against the standards.

17. Examine the complaint of the Latin American Directors that Latin America lacks representation on the Staff.

18. Establish a policy and develop a program for "conditional" financing.

19. Determine whether country economic studies and economic studies relating to particular projects should be prepared in the Area Departments or the Economic Department and whether we are today properly manned to carry out these functions.

20. Determine how best to plan for and manage the Bank financial problems.

21. Develop a thorough exposition of the pros and cons of project vs. program lending. Arrange for Friedman or others to discuss such a paper in detail with Lieftinck and those who oppose program credits to determine the exact basis for their opposition.

22. Determine whether certain controversial matters (for example, the revision of IDA policies) should be discussed initially in the Committee of the Whole, as suggested by Merchant.

23. Seek to arrange to hold the 1974 Governors' meeting in a developing country; for example, Tunisia.

24. Arrange to be informed of loans and credits requested by member countries or on which Bank work has started which have been turned down.

25. Examine the balance of nationalities in the Bank and IFC among both the professional and nonprofessional staffs.

26. Lay out in detail a borrowing schedule by country for each of the next five years, paying particular emphasis to Kuwait, Saudi Arabia and Libya.

27. Assign to an individual the responsibility for keeping me informed about the status of the "Congo mediation."

28. Acquaint members of legislatures with IDA's activities, perhaps by field visits. (Note Donner's suggestions.)

29. Expand the Bank's operations to include population control.

30. Consider adding to the Bank's loans and credit operations the financing of housing, health, and urbanization.

31. Study the debt servicing capability of each LDC in detail and by year, and particularly with respect to the level of Bank loans and credits. (Note Jagannathan's comment that India is now paying back to the Bank more than it is receiving.)

32. Lay out a plan to use Bank personnel to appraise projects, when requested to do so, by donor countries; for example, Canada.

33. In the event the U.S. Government refuses permission for large borrowing for FY 69, develop a plan for standby credit with commercial banks.

34. In the event the second IDA replenishment is vetoed or postponed, propose that at least 50% of the Bank's profits be transferred to IDA each month.

35. If the second replenishment is vetoed by the U.S., develop a proposal for proceeding with the replenishment with the contributions of other Part I countries to be in the form of "conditional" financing.

36. In the event that risks or high costs in the capital markets make it impossible or undesirable to borrow all of the funds required for the Bank's lending program, consider whether additional funds could be obtained by requesting member governments to pay in a portion of the subscribed but unpaid capital. A portion of such subscriptions perhaps could be scheduled for payment to the Bank over a period of years in local currency. It might be agreed that the additional payments would be used only for "conditional" financing.

37. Portugal's agriculture is said to require "structural reforms." Propose a plan for Bank financing in association with such reforms.

38. Arrange for Ed Mason to review a draft of the five-year plan and to discuss his views with me on June 3 or 4.

39. Develop a reliable set of data measuring development in the LDCs. (Note that Chenery states that for the past fifteen years the rate of economic growth has been declining, the rate of pupulation growth has been increasing, and the income per capita has declined substantially.)

40. Prepare a definitive paper on the subject of "program" vs. "project" lending. Use Chenery as a consultant during the preparation of such a paper.

41. Develop a plan for establishing resident advisory and technical assistance missions in each of the four or five critical developing countries or regions.

42. Determine whether Part I countries would be willing to transfer certain bilateral aid to IDA for administration, with IDA accepting, within certain limits, whatever conditions the donors wish to attach to the funds.

43. Study the debt servicing problems of the LDCs and determine whether the Bank should play a role in negotiating rollovers of the loans.

44. Study the possibility of the Bank selling its advisory and technical assistance services to bilateral donors and to Regional Banks.

45. Expand the Bank's work in the field of sectoral analysis.

46. Study the use of SDRs for development financing; for example, the first round could be balanced in favor of the LDCs; or the IMF could buy IDA bonds with SDRs. (Note that otherwise SDRs are likely to lead to a transfer of resources to rich nations; three-fourths of the SDRs would go to nations with only one-fourth of the population.)

47. Terminate the Bank's negativism toward a greater use of supplier credits.

48. Would not a higher level of hard loans to LDCs be justified on the grounds that through such loans and with other prospective assistance growth rates over the next ten to twenty years are likely to increase sufficiently to support the necessary debt service charges.

49. In the event that the second IDA replenishment is vetoed or deferred, consider whether it would be wise in certain instances to extend the maturity and lengthen the grace period of the Bank loans.

50. In the event that the second IDA replenishment is vetoed or deferred, consider whether the shortage of concessional credit could be met in part by utilizing the limited IDA resources which would result from Bank transfer for the purpose of subsidizing interest rates on Bank loans and/or establishing a guarantee fund for the purpose of guaranteeing certain high risk loans.

51. Develop plans for expanding the level of IFC operations. Could they not put out more money if they were prepared to lend instead of insisting on equity investments.

52. Change the Bank policy of refusing to finance government-owned financing institutions.

53. Is there a role for IFC to assist in the transfer of ownership of Latin American companies from foreigners to nationals.

54. Lay out a plan to establish four or five Bank offices of three or four people each in Latin America (one in Central America, Brazil, Argentina and Colombia) for the purpose of accelerating project preparation; indirectly influencing national development plans; and coordinating the several aid agencies. (Note that Rodan says this is absolutely essential; does he believe we could obtain or could he arrange for IDB cooperation.)

55. Expand Bank lending for agriculture in Peru, Chile and Colombia where Rodan says there is suffering for lack of funds.

56. Develop a plan to increase Bank lending for Brazilian agriculture which suffers from a shortage of funds, and to initiate action against such a plan when Brazil is prepared to establish terms of trade which will stimulate agricultural growth.

57. Utilize Rodan as a consultant on the Bank's five-year Latin American program.

58. If the responsibility for country economic reports is not transferred from the Area Departments to the Economics Department, consider whether the influence of the "sales offices" on such reports could be reduced by insisting upon strong functional control of their preparation by the Economics Department. We might also make the Economics Department responsible for the country economic reports on the four or five major countries.

59. Determine how Hollis Chenery might be used as a consultant to the Bank. Perhaps he could be hired initially to prepare detailed comments on the the five-year program.

60. Consider expanding the role of our present office in India to that of a full resident advisory and technical assistance mission.

61. Check on the Middle Eastern study being done by RAND and Resources for the Future for the Ford Foundation.

62. Determine whether, having accepted in principle, we are nonetheless avoiding in practice the financing of publicly owned industrial enterprises.

63. Consider establishing an advisory group for the President in accordance with the Articles of Agreement.

64. Develop a summary of the operations of Development Finance Companies.

65. List visits to UNESCO and FAO on my travel schedule.

66. Examine the relationship with the UNDP and determine whether our joint operations can be made more effective by including in our five-year program a plan for utilizing a portion of their funds on studies and analyses related to Bank lending operations.

67. Strengthen certain weak areas in the staff; plan for Francis Poore's retirement in two or three years and put two or three bright young men in the Treasurer's Department; add a good budget man.

68. Follow four or five projects personally: The Zambian/Rhodesian dispute; the Chilean project in Argentina; the Bauxite program in Guines; the mediation of the Congo dispute.

69. Develop new sources of financing: try to increase the holdings of the Bank's securities by the Central Banks. (Bill Martin is said to believe these can be raised from $400 million to $1 billion; discuss this with him.) Break into the European pension trust market (we are now obtaining these funds only in Sweden); obtain approximately $50 million per year from Kuwait (the head of the Kuwaiti Fund is young, educated at California and HBS, and close to Rosen). See the Foreign Minister, who is a brother of the King and former Finance Minister, when he comes to the UN in September; arrange through Carli for annual sale of approximately $80 million of Bank bonds in the Italian market. Discuss with the Swiss Central Bank a FY 69 Bank borrowing program of approximately $45-50 million.

70. Develop strong personal relations with the Governors of Central Banks and the key Governors of the World Bank. Write them a note every now and then thanking them for their assistance.

71. Could we reduce the dependence on Bank financing of countries such as Tunisia which are marginally ready for entry into the private capital markets by financing a practical way to assist them through guaranteeing a percentage of their borrowings.

72. Organize a financing plans, policy, or analyses section to consider the whole range of Bank finance problems for interest charges, IDA transfers, use of local currency subscriptions of Part II countries, additional capital subscriptions, etc. Perhaps Cope could be assigned to supervise such a section.

73. Develop satisfactory arrangements for the financing of agriculture, including the financing of Agricultural Development Finance Companies.

74. Discuss with Livvy his retirement plans and arrange for a successor. Consider Korry and Gaud for this post.

75. Read Avramovic's study on Brazil.

76. Arrange for periodic, perhaps monthly, luncheons with the Board members with the members of the Senior Staff.

77. Arrange for Dave Bell personally to review the five-year development plan.

78. Examine the ADELA operation to determine whether it offers an approach to the multiplication of capital.

79. Talk to John Loudin about the Bank's future.

80. Check with Ripman and Alter regarding Harvard's request for the loan of a man to go to Colombia.

81. Discuss with Dave Bell the Bank's organizational structure, key people, basic concepts, current policies, future plans, five-year program, specific country lending programs, regional projects, offices abroad, consultative groups, population control, educational lending operations, and extension of lending operations into housing, health, and urbanization.

82. Talk to Frosty Hill (Dave Bell suggested) regarding the Bank's operations in the field of agriculture.

83. Consider Dave Bell's suggestion that de Lattre (Deputy Director of the Bank of France) be asked to consult for two weeks on the organization and policies of the Bank.

84. Replace the present procedure in which unrelated project loans, considered in isolation one from another, filter up through the levels, with a five-year program based on systems analysis and overall development strategy, taking account of relative priorities among countries and within sectors of each country, is directed from the top. Such a program should be accompanied by a decentralization of authority and responsibility for implementing the program, and the establishment of a limited number of regional offices through which development advice can be channeled and in which preparatory work can be done and followup work accomplished.

85. Develop a plan to use the UN agencies (UNESCO, FAO, UNDP, UNCTAD, and the World Bank) as separate arms of a unified development strategy.

86. Determine whether it would be possible to set up financial institutions in the LDCs to collect small savings and channel them into investment institutions.

87. Consider establishing a small committee of the Mason-Tinbergen-Lewis caliber to assist in launching the Grand Assize.

88. Could such a committee also assist in helping find talent for the Bank. (Note Chenery's recommendations of Michael Bruno Massé, Electricite de France, Berrill and Strelin in Berlin, Sand in Holland, and several Scandinavians.)

89. Determine whether a financial executive should be placed in the New York office and, if so, consider Rosen's suggestions of Frank Wyman, or Joe Fox (partner of Kidder, Peabody & Co.).

90. Establish criteria for approving and disapproving rescheduling. A formula might be devised to permit debt deferral for a limited number of years; for example, four, if foreign exchange earnings dropped below X.

91. Among the finance problems to be studied, include determination of the appropriate ratio of cash and cash investments to undisbursed commitments; and the appropriate rate of profit on the Bank's capital and reserves.

92. Arrange to discuss the Bank's future with Max Millikan, Galbraith, David Rockefeller, Lilienthal, John Miller, Arthur Lewis of Princeton, and Kindleburger.

93. Determine the role which the Bank should play in advancing the process of industrialization in the less developed countries. (Ripman believes the Bank has failed to fulfill a function here and the UN, therefore, has created UNEDA. Friedman, too, believes the Bank has failed to explore how to finance industrialization.)

94. Try to qualify Egypt, Burma and Algeria for Bank loans or credits; list specifically what each would have to do to justify loans or credits.

95. Consider raising the $20 million ceiling on IFC loans.

96. Learn how the IMF operates and understand the dividing line between IMF and Bank operations.

97. Examine whether the Bank could effectively utilize outstanding individuals who can be expected to leave the Executive Branch at the end of this year; for example, Gaud, Solomon, Enthoven, Valtz, and others whom Macy may know.

98. Lay out a detailed plan for assuring timely completion of the FY 69 lending program and personnel recruiting program.

487/2/42

May 24, 1968

Honorable Chester Bowles
American Ambassador
New Delhi, India

Dear Chet:

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

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

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

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

With warmest regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

487/2/40

May 24, 1968

Mr. Arthur H. Dean
Chairman, Committee on Membership
Council on Foreign Relations, Inc.
58 East 68th Street
New York, New York 10021

Dear Arthur:

I am delighted to accept your invitation to become a member of the Council on Foreign Relations. Enclosed is my check for $50.00 in payment of the semi-annual dues due July first.

Many thanks for thinking of me.

Sincerely,

Robert S. McNamara

487/2/36

May 22, 1968

His Excellency
Karim Bangoura
Ambassador of the Republic
of Guinea
2112 Leroy Place, N.W.
Washington, D.C. 20008

Dear Mr. Ambassador:

You have asked for a report on the status of work on the Boké project. At present, the World Bank has not received from the other participating parties all of the information and all of the papers we need for the preparation of a loan proposal. We are told these will be in our hands in a satisfactory form within ten days. If the documents and other information are received as presently promised, we anticipate we will complete our appraisal report during June and should be prepared to start negotiations during early July. If this schedule can be met, the project should be ready for presentation to our Board for their consideration late in July or during the first half of August.

I hope this report answers your question. I realize you have need for some indication from us as to the schedule we are following. I want to emphasize, however, that it is impossible for me to make a firm guarantee that the schedule I have outlined above can be met. So much of our work depends upon the work of others that the completion of the project proposal will be controlled by the dates on which we receive the required information from the others.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. El Emary

487/2/38

May 23, 1968

Dear Miss Hoffman:

In answer to the letter which you and Miss Kuhlmann sent to Mr. Robert McNamara, since he is no longer associated with the Department of Defense and is, in fact, an international civil servant, he feels he cannot properly comment on the question which you have submitted to him.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Miss Mary Hoffman
209 East Fifth Street
Winona, Minnesota 55987

487/2/35

May 22, 1968

Dear Bob:

Congratulations on your selection as a White House Fellow. I am sure you will enjoy your year tremendously.

I would like to meet with the Fellows some time during that year if my schedule at the Bank is such that it is possible for me to plan to do so. We can discuss this further after you arrive in Washington.

Mrs. McNamara joins me in sending best wishes for the year ahead.

Sincerely,

Robert S. McNamara

Mr. Robert D. Haas
School of Business Administration
Harvard University
Soldiers Field
Boston, Mass. 02163

Tentative Schedule for IBRD and IDA Board Meetings 5/21 - 8/16/68

Date and Day[a/]	Agenda Item
Tues. May 28	4 loans/credits
Tues. June 4	2 loans/credits IFC - Representation on Boards of Industrial Corporations
Tues. June 11	6 loans/credits
Tues. June 18	5 loans/credits FY 1969 Operating Budget
Tues. June 25	6 loans/credits Lending to Government-owned Dev. Finance Companies
Tues. July 2	4 loans/credits
Tues. July 9	4 loans/credits Review of IFC Policy Toward Dev. Finance Companies
Tues. July 16	4 loans/credits Review of Bank Group Annual Reports
Tues. July 23	4 loans/credits IDA Operational Policies
Tues. July 30	4 loans/credits Bank Transfer to IDA Bank Lending Rates
Tues. Aug. 6	4 loans/credits Bank/IFC Financing of Large Industrial Companies
Tues. Aug. 13	4 loans/credits Financing of Local Curr. Expend.
Oct.	Preferences for Domestic Suppliers

a/ Because of the heavy agenda scheduled for the 5 meetings from May 28 through June 30, it is probable that the morning sessions will extend into the afternoons.

May 21, 1968

Tentative Schedule for IBRD and IDA Board Meetings 5/21 - 8/16/68

Date and Day[a/]	Agenda Item	Memo Prep. by	Due to Mr.McNamara
Tues. May 28	Colombia (Bogota Power) Colombia (Bogota Water) Honduras (Power) Iran (IMDBI)		
Tues. June 4	Ceylon (Irrigation) - IDA Gabon (Education) IFC - Representation on Boards of Industrial Corporations.	Rosen	In hands of Ex. Directors
Tues. June 11	Ecuador (Education) - IDA Costa Rica (Agriculture) Ivory Coast (Roads) Kenya (Trunk Roads) - IDA Kenya (Tea) - IDA Sudan (Education) - IDA		
Tues. June 18	India (Indust. Imports) - IDA Morocco (BNDE) Singapore (Sewerage) Pakistan (Tarbela) Ghana (Power) - IDA FY 1969 Operating Budget	Williams	May 20
Tues. June 25	Papua & New Guinea (Telecom.) Afghanistan (Road Maint.) - IDA Pakistan (Dawood Hercules) Tunisia (Port) - IDA Pakistan (Highways) - IDA Somalia (Road Supp.) - IDA Lending to Government-owned Dev. Finance Companies	Broches & Rosen	June 10
Tues. July 2	Mexico (Power) Sudan (Mech.Farm.) Plus 2 additional loans/credits		
Tues. July 9	4 loans/credits Review of IFC Policy Toward Dev. Finance Companies	Broches & Rosen	June 15

a/ Because of the heavy agenda scheduled for the 5 meetings from May 28 through June 30, it is probable that the morning sessions will extend into the afternoons.

Day and Date	Agenda Item	Memo Pre. by	Due to Mr. McNamara
Tues. July 16	4 loans/credits Review of Bank Group Annual Reports	Clark	July 4
Tues. July 23	4 loans/credits IDA Operational Policies	King	Final draft June 25
Tues. July 30	4 loans/credits Bank Transfer to IDA Bank Lending Rates	Aldewereld Broches	June 27
Tues. Aug. 6	4 loans/credits Bank/IFC Financing of Large Industrial Companies	Knapp & Rosen	July 15
Tues. Aug.13	4 loans/credits Financing of Local Curr. Expend.	Friedman	July 15
Oct.	Preferences for Domestic Suppliers	Bell Com.	Sept. 1

487/2/34

May 21, 1968

MEMORANDUM FOR DR. MEJIA-PALACIO

SUBJECT: El Chocon Hydroelectric Project

On May 15 you inquired about the prequalification of contractors for the main civil works for the El Chocon project. My staff informs me that:

1. The criteria applied by the Consulting Engineers, Sir Alexander Gibb & Partners, in examining the qualifications of contractors interested in bidding, include the contractor's:

a. Experience in the construction of large earth dams;
b. Experience working with internationally accepted contract conditions using unit prices;
c. Experience working in foreign countries;
d. Financial and technical resources;
e. Other working commitments; and
f. Capacity to organize himself rapidly and achieve the high output rates required to complete El Chocon on schedule.

The Bank's "Guidelines for Procurement under World Bank Loans and IDA Credits" list similar tests for prequalifying contractors.

2. The Consultants did not consider any of the Brazilian firms qualified, since, in the Consultants' opinion, each of them failed to meet one or more of the above-mentioned criteria. Hidronor agreed with the recommendations and, on April 16, 1968, advised the four Brazilian firms that, after careful study, it would not be possible to invite them to submit bids.

3. The procedure followed in prequalifying bidders conformed to the Bank's requirements. The Bank is satisfied as to the Consultants' competence and independence, and has noted that there was no divergence of views between them and Hidronor.

If you have any further questions about this subject, I shall be happy to try to answer them.

Robert S. McNamara

487/2/31

May 17, 1968

MEMORANDUM OF CONVERSATION WITH MR. M. M. AHMAD, MINISTER OF PLANNING, PAKISTAN

Among other points, I emphasized to Ahmad that it was absolutely essential for Pakistan and India to begin to work together on preparing a plan for developing the water resources of the Ganges-Brahmaputra Basin. I stated that such a joint study could not begin unless it were started and approved by President Ayub and Madame Gandhi. I urged that he emphasize to his government the importance of initiating such a step. He reported what I already knew, that is that discussions at a low technical level were scheduled to take place this week. He will query Rawalpindi regarding the outcome of these discussions and report the information to me. He agreed that it would be necessary for Ayub to personally push this project and he will urge him to do so. I stated my willingness to work with both Heads of State to move it forward. I added that unless the two countries joined together in studying the problem and developed complementary programs which assured that the investment of one would not be destroyed by the action of the other, the Bank would not be able to participate in the financing of the East Pakistan water development projects included in the new five-year plan.

487/2130

IBRD Membership, Voting Power and Subscriptions

Member	Voting Power (%)	Subscrip. ($millions)
Afghanistan	.21	$ 30.0
Algeria	.41	80.0
Argentina	1.56	373.3
Australia	2.18	533.0
Austria	.83	186.7
Belgium	1.86	450.0
Bolivia	.18	21.0
Brazil	1.56	373.3
Burma	.25	40.0
Burundi	.16	15.0
Cameroon	.17	20.0
Canada	3.19	792.0
Central Af. Rep.	.14	10.0
Ceylon	.42	82.7
Chad	.14	10.0
Chile	.46	93.3
China	3.03	750.0
Colombia	.46	93.3
Congo (Brazza.)	.14	10.0
Congo (Dem.Rep.)	.33	60.0
Costa Rica	.14	10.7
Cyprus	.16	15.0
Dahomey	.14	10.0
Denmark	.77	173.3
Dominican Rep.	.15	13.3
Ecuador	.16	17.1
El Salvador	.14	10.7
Ethiopia	.14	10.0
Finland	.62	133.3
France	4.20	1,050.0
Gabon	.14	10.0
Gambia, The	.12	5.3
Germany	5.10	1,280.0
Ghana	.28	46.7
Greece	.36	66.7
Guatemala	.14	10.7
Guinea	.17	20.0
Guyana	.16	16.0
Haiti	.16	15.0
Honduras	.13	8.0
Iceland	.16	15.0
India	3.22	800.0
Indonesia	.96	220.0
Iran	.60	128.6
Iraq	.35	64.0
Ireland	.43	85.3
Israel	.47	95.9
Italy	2.70	666.0
Ivory Coast	.17	20.0
Jamaica	.22	32.0
Japan	3.12	772.6
Jordan	.16	16.3
Kenya	.23	33.3
Korea	.19	25.0
Kuwait	.36	$ 66.7
Laos	.14	10.0
Lebanon	.13	9.0
Liberia	.18	21.3
Libya	.17	20.0
Luxembourg	.17	20.0
Malagasy Rep.	.17	20.0
Malawi	.16	15.0
Malaysia	.62	133.3
Mali	.16	17.3
Mauritania	.14	10.0
Mexico	.91	208.0
Morocco	.47	96.0
Nepal	.14	10.0
Netherlands	2.25	550.0
New Zealand	.75	166.7
Nicaragua	.13	8.0
Niger	.14	10.0
Nigeria	.36	66.7
Norway	.72	160.0
Pakistan	.88	200.0
Panama	.13	9.0
Paraguay	.12	6.0
Peru	.35	63.5
Philippines	.56	117.3
Portugal	.41	80.0
Rwanda	.16	15.0
Saudi Arabia	.47	96.0
Senegal	.23	33.3
Sierra Leone	.16	15.0
Singapore	.22	32.0
Somalia	.16	15.0
South Africa	.93	213.3
Spain	1.14	266.7
Sudan	.33	60.0
Sweden	1.04	240.0
Syrian Arab Rep.	.25	40.0
Tanzania	.23	33.3
Thailand	.49	101.3
Togo	.16	15.0
Trinidad & Tobago	.20	26.7
Tunisia	.21	30.0
Turkey	.55	115.0
Uganda	.23	33.3
United Arab Rep.	.65	142.1
United Kingdom	10.26	2,600.0
United States	24.91	6,350.0
Upper Volta	.14	10.0
Uruguay	.21	28.0
Venezuela	.83	186.7
Viet-Nam	.26	42.7
Yugoslavia	.51	106.7
Zambia	.31	53.3
	100.00	$22,913.6

107 countries in all

January 15, 1968

487/2/29

May 16, 1968

MEMORANDUM OF CONVERSATION WITH BRUCE McKENZIE, MINISTER OF AGRICULTURE, KENYA

1. McKenzie serves as Minister of Agriculture and in addition functions as Minister of Finance during the frequent absences or illnesses of his colleague. In addition, he is responsible for agricultural education in which he takes a deep interest. He is the most impressive LDC minister I have met to date.

2. When asked to comment on Bank operations in Kenya, he expressed great appreciation for the technical assistance he had obtained from the Bank, but had these complaints:

a. Bank projects, particularly small projects with political significance, take far too long to prepare and process.
b. The Agricultural Advisory Service is invaluable and should be expanded both for East Africa and other areas of the world.
c. Bank operations could be expedited by decentralization of authority.

3. When I expressed concern about Kenya's high population growth rate, he immediately agreed it was one of their major problems. He appeared to welcome my emphasis on the need for greater effort to meet the problem, perhaps because he stated that, while the majority of their Cabinet favored a stronger government population control program, the President was reluctant to move in this direction.

4. He is grateful for the assistance he has already received in the field of education from Mr. Ballentine, and he strongly urged that the Bank expand its activities in this field.

RMcN

48712/19

SCHEDULE FOR COMPLETION OF SPECIAL MEMORANDA

	Subject	Person Responsible	Date Due
1.	Request to the Secretary of the Treasury re FY 69 borrowings in U.S. market and U.S. standby credit.	Friedman	May 23
2.	Background data on the UAR and possible proposals to the UAR.	Knapp	May 31
3.	Briefing on the Bucharest meeting.		
4.	Plans for additional borrowings in the FRG.		
5.	Background material re the Suez Canal.	Knapp	May 19
6.	Plans for cost-of-living increases for salary personnel.	Ripman	May 26
7.	FY 69 budget recommendations.	Williams	May 20
8.	Five-year operating program.	Aldewereld	June 15
9.	A plan for the Bank mission in Indonesia.	Bell	
10.	A review of IDA policies.	King	
11.	An analysis and recommendations relating to "contingent financing."		

May 15, 1968

487/2/28

May 15, 1968

MEMORANDUM FOR THE RECORD

During a conversation this morning with the Swiss Ambassador, I stated that we were very grateful for the opportunities his government had provided us to raise funds in the Swiss market, and we hoped it would be possible to market new issues totaling $45-50 million in the Swiss market in the twelve months beginning July 1 of this year.

Robert S. McNamara

Chron

487/2/25

May 15, 1968

Mr. Robert Shaplen
The New Yorker
25 West 43rd Street
New York, New York 10036

Dear Mr. Shaplen:

I greatly appreciated your note alerting me to the arrival of the new Indonesian Ambassador Soedjatmoko. I initiated a call to him and I find he is all you said he is -- intelligent, wise and a staunch ally.

Thanks so much for your advice.

Sincerely,

Robert S. McNamara

Philippines - 5-Year Economic Development Program

	'62	'63	'64	'65	'66	'67	'68 etc.	Rates of Change '62-'66	Rates of Change '68-'72
Population-Growth									
Births per 1000									
Literacy Rate									
Price Level - Inflation(%)									
Ex. Rate									
GDP - Total($million;'6X prices)									
Per Capita ($ " ")									
Production Growth: Agri									
Mfg									
Mining									
Food per Capita									
Cons: Priv(% GDP)									
Pub									
Total									
Dom.Svgs: Priv									
Pub									
Total									
Marg.Svgs. Rate (% GDP)									
Exports(incl. svcs)($millions)	707								
Imports	752								
Net Trade Bal.	-45								
Interest	12								
Other Factor Payts	5								
Not Factor Payts	17								
Long Term Priv.Cap.-Net Receipts	0								
Long Term Pub.Cap.-Gross	72								
Amort	53								
Net	19								
Other Capital Inflows(errors,etc.)	64								
Bal of Payts Surplus(+);Deficit(-1)	+21								
IMF Drawing	25								
For.Ex.Res.Increase(+);Dec(-1)	+46								
For. Ex. Res.									
Debt Service Ratio									
Central Govt: Curr. Rec.									
Curr. Expend.									
Saving									
Capital Expend.									
Bud.Sur.(+);Def.(-1)									
Mil. Expend (%GDP)									
Educ. " (%GDP)									
Tax. Rev. (%GDP)									
Gross Cap.Form - Priv.(%GDP)									
Pub. "									
Total "									
Source of Cap.-Dom.									
For.-Priv.									
Public									
Total									
Public Invest.: Transport (%)									
Power									
Telecommunications									
Health									
Housing									

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

OFFICE OF THE PRESIDENT

48 7/2/26

Dear Dr. Hampshire:

If the Philosophy Department is willing to bear with my unpredictable schedule and erratic attendance, I would be honored to serve on the Advisory Council for another three years.

With best wishes,

Sincerely,

Robert S. McNamara

Robert S. McNamara

Dr. Stuart Hampshire
Chairman, Advisory Council
Department of Philosophy
1879 Hall
Princeton University
Princeton, New Jersey 08540

Princeton University DEPARTMENT OF PHILOSOPHY
1879 HALL
PRINCETON, NEW JERSEY 08540

May 2, 1968

Mr. Robert S. McNamara
President
World Bank
20 Exchange Place
New York, New York

Dear Mr. McNamara:

I have taken the liberty of assuming that you are willing to serve for a further three-year period on the Advisory Council of the Philosophy Department. I am encouraged to make this assumption by the telegram that you sent when the pressure of public business made it impossible for you to attend the last meeting of the Council. Both I and Don Platten, now the chairman of the Council, very much hope that your interest in the Department, and your connection with it, are preserved. I had hesitated to trouble you about this while you were so absorbed in immediately pressing public business. The next meeting of the Council will be in September 1969 and I look forward to our meeting then.

Yours sincerely,

Stuart Hampshire

Stuart Hampshire
Chairman

Chron
487/2/24

May 14, 1968

MEMORANDUM FOR RECORD

At his request, I met this afternoon with Dr. Ghorbal, representing the UAR, who was accompanied by Mr. Hammoud. He reported to me, as had Ambassador to the UN El Kony, that, acting on my statement that if it would serve any useful purpose I would be willing to visit Cairo on my return from Bucharest early in July, his Government was anxious for me to make the visit. He implied that, in addition to discussing a possible resumption of relations with the Bank, his government might also wish to discuss the Suez Canal. He suggested that I plan to spend more than two or three days in Egypt, possibly a week, and stated that his government hoped Mrs. McNamara would accompany me. He added he would be happy to make whatever detailed arrangements would facilitate my visit. He concluded by stating he would inform his Government of our conversation.

Robert S. McNamara

Fletcher Knebel

208 Edgerstoune Road Princeton, New Jersey 08540

Phone: (609) 924-2949

May 12, 1968

Dear Mr. McNamara:

My eye was caught by Henry Raymont's story about your forthcoming book in this morning's Times.

Hooray!

I've had a deep conviction for a long time that "the insupportable," as President Kennedy once called it, will vaporize us all unless men of stature take the lead in molding world opinion for nuclear disarmament. I take the very simple and basic position that if the bomb exists, it will be used---sooner or later.

It is refreshing, and long overdue, to hear someone of s tature take issue with the prevailing view that the bomb, like smog and water pollution, must be lived with.

I enclose a short piece that mgyinterest you. POPULAR SCIENCE asked me to outline the background of my novel VANISHED and this, somewhat trimmed by the editor, is the result.

I suppose you know that Richard Nixon demands "nuclear superiority" in almost all his current foreign policy speeches. I traveled with him for several weeks in connection with a piece for LOOK and each restatement of his position sent chills up my back. The worst of it was that the demand always ~~xxxxx~~ brought applause---which is something like cheering the captain of the execution squad which is about to shoot you.

Good luck, and if your book inspires any kind of movement for nuclear sanity, I'd be happy to do my small part to help.

With best wishes,

Sincerely,

Fletcher Knebel

Chron

487/2/21

May 14, 1968

Professor Stratis G. Andreadis
Chairman and President
The Commercial Bank and
Ionian-Popular Bank of Greece
Athens, 122, Greece

Dear Professor Andreadis:

You were most kind and generous to send me the two books, "Theophilos" and "Neo-Classical Architecture in Greece." They are indeed handsome and interesting volumes and ones which my family is sharing with me.

With kind regards,

Sincerely,

Robert S. McNamara

Chron

487/2/22

May 14, 1968

His Excellency
Choong Hoon Park
Deputy Prime Minister
Republic of Korea
Seoul, Korea

Dear Mr. Minister:

Mrs. McNamara joins me in thanking you for your kind gesture in presenting the lovely gift which is typically representative of your country's crafts.

Let me say again how much I appreciated the opportunity for the fruitful discussion we had a few weeks ago. I look forward to continued association with you and your colleagues.

With kind regards,

Sincerely,

Robert S. McNamara

Chron
487/2/18

May 14, 1968

Ensign John D. Wernette, USNR
201 Broad Street
Charleston, South Carolina

Dear John:

Mrs. McNamara and I are both deeply grateful to you for your very complimentary letter. You were more than generous with your remarks and I sincerely appreciate your taking the time to write to me. Your letter inspired us to reflect upon the pleasant association with you and your family during Old Mission days.

I am certain that you are finding duty to your country a greatly rewarding experience, a duty which you perform with pride and distinction.

Mrs. McNamara joins me in best wishes for continued success and happiness.

Sincerely,

Robert S. McNamara

487/2/17

May 14, 1968

Dear Colonel Maney:

Mr. and Mrs. Robert McNamara have asked me to thank you for your letter and your invitation to attend the Air Force Reserve Day breakfast in San Antonio on May 26.

Unfortunately, because of commitments in Washington, they will be unable to be with you.

They send their best wishes for the success of the anniversary celebration.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Colonel John R. Maney, USAF
Hq. Fourth Air Force Reserve Region (CAC)
Randolph Air Force Base, Texas 78148

487/2/16

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

OFFICE OF THE PRESIDENT

Dear Mr. Moore:

Thank you very much for inviting me to the dinner you are giving for the ADELA Executive Committee. I accept with pleasure and look forward to seeing you on June 17.

With best wishes,

Sincerely,

Robert S. McNamara

Mr. George S. Moore
Chairman
First National City Bank
399 Park Avenue
New York, N.Y. 10022

FIRST NATIONAL CITY BANK

GEORGE S. MOORE
CHAIRMAN

399 PARK AVENUE, NEW YORK, N. Y. 10022

May 7, 1968

Mr. Robert S. McNamara
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D. C. 20433

Dear Mr. McNamara:

Next month the Executive Committee of the ADELA Investment Company is meeting in New York and it is my privilege to give a dinner for the participants on the evening of Monday, June 17.

The dinner will be attended by U. S. and Canadian shareholders and invitations are being extended to a number of individuals prominent in U. S. finance and industry, and to officials from international organizations involved with Latin American development. I shall be delighted if you can join us.

The dinner will be held in the First National City Bank, 399 Park Avenue, New York, 39th Floor, at 7:30 P.M., for men only, and dress is informal.

Will you please let me know if you can come?

With kindest regards,

Sincerely,

GSM

487/2/14

May 10, 1968

Dear Mr. Brower:

Mr. McNamara has asked me to ask you to be sure that in some LIFE file there is an indication that he changed, in the draft, the word "protect" to "project" in the fourth paragraph.

I am enclosing a Xerox copy of that page of the draft reflecting the change in his handwriting.

Sincerely,

(Miss) Margaret S. Stroud
Secretary to Mr. McNamara

Mr. Brock Brower
LIFE
5 Hun Road
Princeton, N. J. 08540

Enclosure

487/2/13

May 9, 1968

Dear Prince Bernhard:

I want to tell you again how very much I both enjoyed and benefited from the Bilderberg Conference. I am sure others have told you how much you have contributed to unifying the leaders of the West by organizing and arranging for their participation in these meetings. I add my thanks to theirs.

With all best wishes.

Sincerely,

Robert S. McNamara

His Royal Highness
Prince Bernhard
Palace of Soestdyk
Baarn, Netherlands

487/2/12

May 8, 1968

Mrs. Anna F. Neri
Directoress
"SPRING" Academy
Bilingual Montessori Academy
P.O. Box 184
Silver Spring, Maryland

Dear Mrs. Neri:

Mr. and Mrs. Robert S. McNamara have asked me to thank you for the kind invitation to become Honorary Members of the Board of "Children's Review" for the international "SPRING" Bilingual Montessori Academy.

The McNamaras have an intense interest in the type of program offered by the Academy. However, they feel they cannot participate since they are already heavily committed to other organizations.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara

5/7 To Mr. Watson
Tom, Mary and I will be delighted to serve as Honorary Chairman and to attend if my schedule permits. Our best to you & Dick.
Bob

Thomas J. Watson, Jr.
Old Orchard Road, Armonk, New York 10504

487/2/11

April 30, 1968

Dear Bob,

The Second Annual Ski Ball will be held Wednesday, October 23, 1968 at the Waldorf-Astoria Hotel in New York City. Established for the benefit of the United States Ski Team Fund, the Ball this year will honor Lowell Thomas, who during the past forty years has made such a great contribution to the world of skiing.

I have agreed to serve, along with J. N. Cooke, as co-chairman this year, and we would be honored if you and Mrs. McNamara would once again consent to be Honorary Chairmen. Thanks to your help and to that of many others the first Ski Ball netted nearly $50,000. These funds made it possible for the team to have much-needed pre-Olympic training in Europe.

We know that ski teams from other countries are partially or totally subsidized by their Governments. This is not the case in America and that is why the Ski Ball is so important. Certainly the United States has the skiers and the resources to field the best team in the world at the F.I.S. Championships in 1970 and the Winter Olympics in 1972. But now is the time to start a continuing program to fund, develop and train the young hopefuls of tomorrow.

I hope you and Mrs. McNamara will consent to serve again as Honorary Chairmen and that you can join us at the Ball. Your participation and presence will make a significant contribution to the development of outstanding, young Olympic-caliber competitive skiers throughout the country.

I look forward to hearing from you.

Sincerely yours,

Tom

The Honorable Robert S. McNamara
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D. C.

5/6 To Mr. Clark

MAY 3 REC'D

Bill, a good idea. Let's discuss some time.

DAVIDSON SOMMERS
1285 AVENUE OF THE AMERICAS
NEW YORK 19, N.Y.

May 2, 1968

Lord

487/2/10

Mr. Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. McNamara:

I have just returned from the Beirut Conference on Development jointly sponsored by the Catholic Church and the World Council of Churches and I think I should report to you that as a former World Banker I was proud of the Bank's contribution.

In the first place, Harold Graves, the Bank's representative, made an outstanding impression as rapporteur of the most important committee, the one dealing with the technical aspects of development. He did a prodigious amount of work, listening to rambling and incoherent discussions all day and turning up each morning with a clear and expert text. He was authoritative and courteous and I heard a lot of favorable comment about the job he did. I might add that the contrast between his performance and that of some representatives of other specialized agencies reflected credit on the Bank.

I was also impressed by the paper prepared by Irving Friedman. It struck me as the kind of brief, fact-filled, objective summary of the development situation that would be invaluable to church organizations, labor unions, women's groups, etc., who want to educate themselves on the subject.

In fact, it suggested this question to me: Why shouldn't the Bank undertake to issue annually, alone or possibly in cooperation with other specialized agencies, a brief summary of the development situation along the lines of Irving's paper? I think this would be a useful contribution to public education and a good piece of Bank public relations as well.

One further suggestion: There is to be a further international meeting sponsored by the two religious groups on the same subject --a meeting of businessmen in Paris in June. I think the Bank's European representative should be there -- at least as an observer. I am invited. Would you like me to promote the idea?

Best wishes for success and satisfaction in your new career.

Yours sincerely,

Davidson Sommers

P.S. I have not had the pleasure of meeting you (although I know Margy as a much-esteemed co-director of the Meyer Foundation) and I hope the occasion will arise. If I can be of any use to you, please let me know.

Chron

487/2/9

May 6, 1968

Dear David:

As you may know, the IDA replenishment Bill, which continues American participation in our soft loan program, comes up for hearing before the House Banking Committee on May 8, 9 and 10.

I gather that it is going to face some tough questioning and criticism. Several people have told me that testimony by you, written or oral, in favor of the Bill would be very influential with Congress. Can I prevail upon you to give such testimony, since I know how strongly you feel on this subject?

I enclose some background notes on IDA and I would, of course, be glad to answer any questions if you will call me. Alternatively, you or your office may call William Clark (whom I think you know) who has come here to direct our information effort.

Sincerely,

Robert S. McNamara

Mr. David Rockefeller
President
Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York 10020

48712/8

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

OFFICE OF THE PRESIDENT

Dear Dr. Stewart:

In principle I would be quite agreeable to doing some additional interviews for the Kennedy Library Oral History Project. The only problem is time.

I suggest that you contact my office at your convenience to see when we might set up an initial discussion.

Sincerely,

Robert S. McNamara

Robert S. McNamara

Mr. John F. Stewart
Chief, Oral History Project
John F. Kennedy Library
General Services Administration
National Archives and Records Service
Washington, D.C. 20408

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

OFFICE OF THE PRESIDENT

48 7/2/7

5/4/28

To Mr. Henry Reuss

Henry, members of your committee may find these points useful in IDA debate.

Bob McNamara

FACTS ABOUT IDA

1. IDA commitments have been running at a level of about $350 million a year. The country investigations and the project evaluations meet exactly the same standards as the World Bank. All decisions about IDA credits are made on purely technical grounds. Economists, engineers, and accountants join in making business-like decisions in the way in which they would in any modern corporation. Only the financial terms differ from the Bank's because of the poorness of the recipient countries and the dim outlook for their ability to service foreign debt.

2. The Bank administers the IDA. There is no special staff for IDA. The Bank charges IDA a fee of a little more than $4 million, but this is less than IDA's income from the service charges on credits extended by IDA to borrowers. Therefore none of the budgetary contributions of the United States to IDA is used for IDA's administration.

3. Every dollar contributed by the United States to IDA results in investments of at least $5; it has a "multiplier" of 5 or more. Thus the proposed U.S. contribution of $160 million per year would mean investments of <u>at least</u> $800 million a year and probably much more in the developing countries. This "multiplier" effect results from the fact that for every dollar put up by the United States there is one and a half dollars put up by donor countries and in every investment made there is a large share of resources financed by the country which is the receiver of the credit. In most credits the recipient country could be expected to provide more than 50 per cent of the total costs, in which case the "multiplier" of the United States contribution would not be five, but something even higher.

4. The proposed bill provides for an increase in annual appropriations for IDA. However, balance of payments safeguards are part of the international agreement. They limit U.S. cash payments to IDA to procurement in the U.S. until the middle of 1971 or later. It is expected that the U.S. would provide in cash only about 20 per cent of the total IDA disbursements until at least the middle of 1971 and perhaps even later. In this way in terms of cash, the United States, for the next few years, will only be providing one-fifth of the funds used to meet disbursements under IDA credits. On this basis the "multiplier" effect for the next few years of cash payments by the United States for IDA credits will be much more than ten times--$100 million a year of U.S. cash payments to IDA would finance over a billion of IDA investments.

5. The balance of payments safeguards which are part of the IDA proposal represent an important friendly act towards the United States by a number of friendly donor countries, such as Germany, Italy, Sweden, the Netherlands and Canada. The balance of payments safeguard measures are only made possible by the fact that other donor countries are willing to accelerate their own cash payments to IDA so that the financial soundness of IDA is maintained at the same time as the burden on the U.S. is correspondingly reduced. The postponement of IDA would in effect mean turning down a generous act of international cooperation very helpful to the United States.

6. Both political parties, in both Republican and Democratic Administrations, have evidenced repeated warm support for this international institution. Their past actions have also indicated their recognition that the World Bank Group was something distinctly different from domestic foreign aid and from regional financial institutions.

May 2, 1968

487/2/5

April 30, 1968

Dear Mr. Re:

I shall be happy to accept your invitation to attend the meeting in Washington on Tuesday, June 25, upon "the American effort in international educational and cultural activities." Although I am complimented by your request to serve as chairman of the discussion on "New Forms of Educational and Cultural Communications," I am so literally swamped by my work here at the Bank I do not believe I should accept such a commitment.

I shall look forward to seeing you in June.

Sincerely,

Robert S. McNamara

Honorable Edward D. Re
Assistant Secretary of State
Department of State
Washington, D. C. 20520

Cy filed Re, Edward - personnel file w/ background.

487/2/4

HARVARD UNIVERSITY
CENTER FOR POPULATION STUDIES

April 28, 1968

Between now and the middle of August, we would like to make several preliminary models of combinations of specific projects, and to do as much other work as we can to get the most out of the data we have. Examples of what we believe is necessary are:

1. Hydrological Inventory and Augmentation: This will be an inventory of all the hydrological data currently available to us. From these data we will construct a regional water balance. We will attempt to use statistical methods for augmenting the data we have and for estimating missing data. For example, an attempt will be made to utilize rainfall-runoff relationships in estimating the regional distribution of streamflows. This work will provide models for checking the consistency of additional hydrological data when they are obtained.

2. Linear Programming System Model: The linear programming model of the over-all system, described in our prospectus, will be used to investigate additional strategies and development possibilities for the region. The model will be modified to reflect the stochastic nature of the hydrological inputs to the system.

3. Three-Barrage Linear Program: In this we will study in detail the portion of the region near the confluence of the Ganges and the Brahmaputra Rivers. In patricular, we will investigate the impact of the Farakka Barrage in India upon the downstream flows in the Ganges in East Pakistan. The model will incorporate the development of a Brahmaputra barrage and a Ganges barrage in East Pakistan. We hope to obtain a preliminary answer to the question of how the Farakka barrage may be integrated into the over-all system development. In addition, this model will investigate the possibilities for flood peak reduction and salinity control in East Pakistan by the retionalization of the drainage system through the distributaries.

4. Three-Barrage Simulation: This work will deal with the same problems as the three-barrage linear programming model described above, but it will introduce a stochastic hydrology and a time phasing of investment into the problem. We hope it will provide a demonstration of the additional information that may be generated by simulation models beyond that obtainable from the linear programming models.

5. Hydro-thermal Electric Power Simulation: This simulation model should show the potential economic benefits in the Ganges-Brahmaputra Basin of coordinating investments in water resources development that include hydroelectric power with investments in Thermal-electric power produced from coal,

oil, or natural gas. The consequences of a multi-market link between India and East Pakistan will be studied. It will probably not be possible, with the time and staff available, to introduce in these preliminary studies the economics of the sequences of agricultural and industrial growth that can be expected to accompany development of the water resources and are its principal justification. But these economic considerations must be kept in view, in so far as possible.

If we can act quickly, we can obtain the services of three programmers and two advanced graduate students to assist Professors Jacoby, Rogers, and Thomas, and Dr. Burden and me from about now until the middle of August. Marinus Maasland, the well-known hydrologic engineer who is now on the staff of the Development Advisory Service, will also be here and available for consultation, and other advanced graduate students will work nearly full time on the project. Our estimated extra costs above those already budgeted are:

Computation	$ 10,000
Programmer 1	1,200
Programmer 2	1,200
Programmer 3	1,200
Douglas Smith	1,800
Gerhart Tschannerl	1,800
	$ 17,200

It is, of course, possible, and indeed greatly to be hoped, that both the Indians and the Pakistanis will agree to go ahead with the over-all project. Even if this turns out to be the case, the analyses we propose to make during the next three months will be extremely valuable in getting started with the longer range work, and in demonstrating the kinds of things that can be done to people in the World Bank and elsewhere.

Roger Revelle
Director

TOWNSEND, Lee
487/2/1

April 15, 1968

Mr. Lee Townsend
1440 Corona Street
Denver, Colorado 80218

Dear Mr. Townsend:

Mr. Robert S. McNamara has asked me to thank you for your kindness in offering to sell him the antique brass kettle. However, he does not have an appropriate place to display such an item, and, therefore, does not wish to purchase it. He has no suggestion as to who might wish to have it.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara