

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: Chronological files - (outgoing) - Chrons 34

Folder ID: 1771903

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4541S

Series: Chronological file (outgoing)

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: November 27, 2012

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

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

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

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



THE WORLD BANK  
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

McNamara papers

1973 (Apr.)  
vol 34

The World Bank Group  
**Archives**  
1771903  
A1995-252 Other #: 3 309648B  
President's papers - Robert S. McNamara Chronological files - (outgoing) - *Chron 34*

**DECLASSIFIED**  
WBG Archives

430/2/207

April 30, 1973

Dear Mr. Kaye:

I apologize for the delay in this reply to your letter of April 10 -- I have just returned from Japan to find it awaiting me.

Your recollection is correct. During our conversation I did mention that one Middle East country during the next ten years will be receiving something like \$60 billion in oil revenues." The country is Saudi Arabia -- we estimate that in the ten-year period 1973-82 its oil revenues will exceed \$60 billion.

I very much enjoyed meeting you and your wife and I hope we may visit together again soon in either London or Washington.

My best wishes to you both,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Emmanuel Kaye  
Chairman and Governing Director  
Lansing-Bagnall, Ltd.  
Kingsclere Road  
Basingstoke, Hampshire  
England

RMcN:bmm

490/2/200

APR 30 1973

Dr. Enrico Cuccia  
Amministratore Delegato Banca di  
Credito Finanziario  
Via Filiodrammatici No. 10  
Milan, Italy

Dear Dr. Cuccia:

I should like to thank you for your letter of February 1, 1973 presenting certain ideas which you had mentioned to me during our meeting on January 30.

After reviewing your letter with some of our officers concerned with African affairs it seems to me that if Mediobanca, or some international consortium formed by it, desires to contribute to the financing of agricultural development projects in African countries, there would be real possibilities for collaboration with the World Bank Group's program in this field. However, I still find it a little difficult to define exactly how this collaboration might be worked out until we know more concrete details about your plans.

In general, it seems to us that we might be able to collaborate on two rather different types of agricultural projects:

1. Commercial plantation or processing enterprises aimed at developing production for export markets and yielding foreign exchange revenues which could be used to service external investments; and
2. More general agricultural development projects sponsored by governments and lacking the directly self-liquidating characteristics of the first category.

These types are of course not mutually exclusive and there might be investment proposals falling between them.

With regard to the first category, it is quite possible that in the course of our work in the African countries we will find projects which might be handled on a commercial basis, perhaps with the participation of the International Finance Corporation if the sponsorship is private. We would be glad to call such cases to your attention in case you or your consortium were interested in participating in their financing. I should think it

possible that many, if not most, of these projects could be handled without the provision of guarantees from the Governments concerned. They might also be suitable for consideration by SIFIDA, of which I note you are a member.

For projects in the second category, it might be possible to enlist your participation in financing being organized by the World Bank or IDA for which Governments would be the borrowers or guarantors and for which concessional terms of finance might be required. Although the point is not mentioned in your letter, I understood from our conversation that Mediobanca's lending might be assisted by the Italian Government and might, therefore, be on concessionary terms.

After you have given further thought to this matter, and if you wish to explore more concretely the possibilities of collaboration with the World Bank Group in African agriculture, I would hope that you might be able to send one of your officers to Washington to discuss the subject with our Regional offices concerned with African affairs. We have three such Offices; one dealing with Western Africa, one with Eastern Africa (including such countries as Zaire and Zambia) and one for the Mediterranean region, including the Maghreb countries and Egypt. I am keeping these offices informed of our correspondence and I am sure that they will be able to receive your representatives at any time.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs./Bell  
Gaud  
Benjenk  
Baum  
Chaufournier  
Yudelman

JBKnapp:vm

490/1/199

APR 30 1973

Dear Mr. Davies:

Thank you for your letter of April 17, 1973 which crossed my own letter to you of April 23. I am glad to have your confirmation that preliminary contacts between our staffs have been constructive. I agree with you that it is now appropriate to follow up on these first steps.

When Mr. Hoffman calls on you in June, as suggested in my letter of April 23, he will be in a position, after consultation within the Bank in the light of your suggestions in particular, to consider with your staff how best to carry out these further stages of cooperation between the World Meteorological Organization and the World Bank.

Sincerely,

Robert S. McNamara

Mr. D.A. Davies  
Secretary-General  
World Meteorological Organization  
41 avenue Giuseppe-Motta  
Geneva, Switzerland

Cleared in substance & cc: Mr. Darnell  
" " & cc: Mr. Lee  
" " & cc: Mr. Shipman  
" " & cc: Mr. Weiss

cc: Mr. McNamara's Office (2)  
Mr. Hoffman

Central Files with incoming letter

LPChatenay:mmcd  
April 27, 1973

400/1/197

APR 27 1973

Dear Mr. van Lennep:

I appreciate very much your invitation to take part in the Ministerial Meeting of the OECD Council on June 6 to 8, and regret that the pressures that seem always to arise during the last few weeks of our fiscal year make it impossible for me to attend personally. I will, however, arrange for the Bank to be suitably represented and will advise you well before the meeting of the name of our representative.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. E. van Lennep  
Secretary General  
Organisation for Economic  
Co-operation and Development  
2, rue Andre-Fascal  
Paris XVI<sup>e</sup>  
France

MLH:tsb

April 25, 1973

cc: Office of the President (2)

Mr. W. Clark, Director, External Relations

490/1/196

APR 27 1973

Mr. Manuel Perez-Guerrero  
Secretary-General  
United Nations Conference on  
Trade and Development  
Palais des Nations  
CH-1211 Geneva 10  
Switzerland

Dear Mr. Perez-Guerrero:

Thank you for your letter of April 6, 1973, on the subject of  
Supplementary Financial Measures.

By all means feel free to distribute to the appropriate UNCTAD  
Committee(s) my memorandum of January 4 to the Executive Directors of  
the Bank (R73-3) and the attached study on Development Policy for  
Countries Highly Dependent on Exports of Primary Products, together  
with the related documents R73-3/1 and R73-3/2 which were sent to you  
with my letter of February 28, 1973. I note that that letter has  
already been distributed to your members as it has been to the Execu-  
tive Directors of the Bank.

These papers give the best available view of current thinking in  
the Bank Group on a range of problems affecting countries highly depen-  
dent on exports of primary products including those addressed by the  
Supplementary Financial Measures Proposal, and I believe, therefore,  
that they are the best response that I can make to the invitation  
addressed to the Bank in the first two operative paragraphs of Resolu-  
tion 55 (III) of UNCTAD.

You also direct my attention to the third operative paragraph of  
Resolution 55 (III), which invites the Bank to specify in greater detail  
what criteria developing countries would need to satisfy to take advan-  
tage of the undertaking given in my letter to you of May 4, 1971. In  
practice, we find that each country in each period presents a particular  
range of problems and opportunities, so that attempts to lay down detailed  
criteria in advance would tend to lead to undue rigidity and less than  
optimum deployment of the resources available to the Bank Group. More-  
over, the Bank Group has at its disposal many types of flexibility to take  
account of the needs of particular countries at particular times, for  
example, variation of the amount of new IBRD or IDA commitments, program

lending or loans and credits to cover a greater or lesser proportion of local costs of projects financed. The criteria for provision of program loans were stated in a Memorandum to the Executive Directors of the Bank of December 1970. They are briefly that:

- (a) a borrowing country presents a development program, with supporting economic and financial policies, which is judged to provide a satisfactory basis for external assistance in a given amount;
- (b) the needed transfer of resources from external lenders in support of the development program cannot be achieved effectively and expeditiously by the financing of investment projects, including justifiable local currency expenditures in connection therewith.

I believe that these criteria are appropriate to the balance of judgments which have to be made in allocating scarce resources. Document R73-3/1 sent to you under cover of my letter of February 28, 1973, reports that several Executive Directors stressed the need for timely action by the Bank to shape or modify its lending and other operations where this is needed to prevent disruption of a soundly conceived development plan by an unexpected shortfall of export earnings for reasons outside the control of the country. It also records my reply that I expect to be able to move faster in the future in investigating such cases and in taking such action as may be appropriate.

Your letter raises some other interesting questions, not all of which appear to me to be susceptible to clear, unequivocal answers, at least by the Bank. We will be sending a senior officer to participate in the July meeting of the Committee on Invisibles and Financing related to Trade who will be prepared to deal with these and other questions which members of CIFT may wish to raise.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Cleared with & cc: Mr. Hayes, EA&PD

cc: Mr. McNamara's Office (2) ✓  
Messrs. Chenery/Stern, VPDP  
Mr. Clark, ERD  
Mr. Haq, PPPRD  
Mr. Hoffman, IRD  
Mr. Chatenay, IRD  
Mr. Polak, IMF  
Mr. Steuber (Paris)

JPHayes/LPChatenay/MLHoffman:mmcd  
April 25, 1973

490/1/175

APR 16 1973

MEMORANDUM TO DR. G. ROTA, Chairman,  
Committee on Directors' Administrative Matters (CODAM)

SUBJECT: 1973 Annual Meeting in Nairobi

The budget submitted for the Bank's share of the 1973 Annual Meeting totals \$1.6 million, an increase of 25% in real terms over the meeting held in Copenhagen. Most of the increase is accounted for by the higher air fares from Washington to Nairobi and little can be done in the way of reducing this cost, but I believe that every effort should be made to hold the number of participants to the level of previous meetings.

The only major increase in the number of participants is to provide for 37 assistants to Executive Directors at the Nairobi meeting compared with 22 who actually attended the Copenhagen meeting. In this connection, I would be grateful if you would review this requirement with reference to CODAM's recommendations on attendance of assistants to Executive Directors at annual meetings outside Washington (CODAM 70-18), copy attached, and advise the Secretary's Department of the actual number of assistants to Directors who will be attending the meeting.

(Signed) Robert S. McNamara  
Robert S. McNamara

cc: Mr. Chadenet  
Mr. Damry  
Mr. Brantley

490/1/174

APR 16 1973

MEMORANDUM TO MR. CHENERY

SUBJECT: Research Budget

I note in Mr. Adler's memorandum of April 11, 1973 on the FY74 budget that approximately \$685,000 in consulting and travel requirements for various research activities will not be reviewed by the Research Committee. I believe that all consultants and travel for research should be allocated through the Research Committee. Unless you strongly object, I should like you to make the necessary arrangements.

Robert S. McNamara

cc: Mr. Adler  
Mr. Stern  
Mr. Kearns

JHAdler/mwm

490/1/195

APR 27 1973

Your Royal Highness:

Thank you very much for your letter of April 17 on the subject of international investment insurance. The plan to which you refer has had a long, although not too happy, history. We in the Bank have been spending a great deal of time and energy on it ever since 1965 when the OECD transferred its working documents to us. It so happens that within the last few weeks I sent to the Executive Directors, for transmittal to their governments, the latest draft of the proposal, together with a memorandum of the principal outstanding issues which to date have prevented the Directors from reaching a consensus. I enclose a copy of these documents as well as of my covering note inviting indications of interest from governments of developed as well as developing countries. As you will see from this note, we have grounds to doubt whether governments are really sufficiently interested to make the effort required to compromise or resolve the existing points of difference. It is my impression that there is a general lack of a sense of urgency, possibly brought about by the fact that in the last few years the number of national investment guarantee institutions has been extended to all of the leading industrialized countries with the exception of Italy.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

(Handwritten) I hope we will meet at next year's Bilderburg meeting.

Enclosures

His Royal Highness  
The Prince of the Netherlands  
Soestdijk Palace  
Soestdijk  
The Netherlands

cc: Mr. McNamara's Office (2)

ABroches:csh  
April 25, 1973

490/1/196

APR 27 1973

Mr. Antonio Ortiz Mena  
President  
Inter-American Development Bank  
808 17th Street, N.W.  
Washington, D.C. 20577

Dear Mr. Ortiz Mena:

I am writing to you about a proposal, made at last year's meeting of the Board of Governors of the World Bank by the Governor for Israel, the Honorable Moshe Sanbar, for an Export Credit Guarantee Facility for Trade Between Developing Countries.

My staff has conducted a preliminary review of the broad lines of the proposed scheme, which includes participation by the regional development banks. A copy of the proposal and of our preliminary review is attached.

The proposal represents a constructive and imaginative approach to a basic problem for the developing world, namely, the expansion and diversification of its export base, particularly into manufactures and within this into capital goods. Nevertheless, the proposal involves a number of technical, economic and legal considerations, which require substantial study before the Bank Group can decide whether to carry such a type of scheme forward. I have therefore asked my staff to make a thorough study in the next six months of all aspects of the suggested facility, the likely effects of a possible scheme on the growth of exports of developing countries and the proposed roles of the regional banks and of the World Bank.

It will be of great importance for my staff to discuss the proposal and the proposed study with members of your staff. For this purpose, I have asked Mr. Ernest Stern, my Senior Development Policy Adviser, to call on Mr. Costanzo in the near future.

Mr. Ortiz Mena

- 2 -

I have sent similar letters to Mr. Shiro Inoue, President, Asian Development Bank, and Mr. Abdelwahab Labidi, President, African Development Bank.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachments

cc: Mr. Knapp, SVP  
Cleared with & cc: Mr. Stern, VPD

PPKuczynski:lm  
April 25, 1973

cc: For Mr. McNamara's Office ✓

480/1 /193

APR 27 1973

Mr. Shiro Inoue  
President  
Asian Development Bank  
Commercial Center, P.O. Box 126  
Makati, Rizal D-708  
Philippines

Dear Mr. Inoue:

I am writing to you about a proposal, made at last year's meeting of the Board of Governors of the World Bank by the Governor for Israel, the Honorable Moshe Sanbar, for an Export Credit Guarantee Facility for Trade Between Developing Countries.

My staff has conducted a preliminary review of the broad lines of the proposed scheme, which includes participation by the regional development banks. A copy of the proposal and of our preliminary review is attached.

There is no doubt that the proposal represents a constructive and imaginative approach to a basic problem for the developing world, namely, the expansion and diversification of its export base, particularly into manufactures and within this into capital goods. Nevertheless, the scheme involves a number of technical, economic and legal considerations, which require substantial study before the Bank Group can decide whether to carry such a type of scheme forward. I have therefore asked my staff to make a thorough study in the next six months of all aspects of the suggested facility, the likely effects of a possible scheme on the growth of exports of developing countries, and the proposed roles of the regional banks and of the World Bank.

Since it will be of great importance for us to coordinate the proposed study closely with you and your colleagues, I would very much appreciate hearing your views on the proposed facility and suggest that once our work has advanced, a member of my staff visit your organization. Alternatively, a meeting with the interested agencies might be arranged.

Mr. Inoue

- 2 -

I have sent similar letters to Mr. Antonio Ortiz Mena, President, Inter-American Development Bank, and Mr. Abdelwahab Labidi, President, African Development Bank.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachments

cc: Mr. Knapp, SVP  
Cleared with & cc: Mr. Stern, VPD

PPKuczynski:lm  
April 25, 1973

cc: For Mr. McNamara's Office. ✓

490/1/1972

APR 27 1973

Mr. Abdelwahab Labidi  
President  
African Development Bank  
B.P. 1387  
Abidjan, Ivory Coast

Dear Mr. Labidi:

I am writing to you about a proposal, made at last year's meeting of the Board of Governors of the World Bank by the Governor for Israel, the Honorable Moshe Sanbar, for an Export Credit Guarantee Facility for Trade Between Developing Countries.

My staff has conducted a preliminary review of the broad lines of the proposed scheme, which includes participation by the regional development banks. A copy of the proposal and of our preliminary review is attached.

The proposal represents a constructive and imaginative approach to a basic problem for the developing world, namely, the expansion and diversification of its export base, particularly into manufactures and within this into capital goods. Nevertheless, the scheme involves a number of technical, economic and legal considerations, which require substantial study before the Bank Group can decide whether to carry such a type of scheme forward. I have therefore asked my staff to make a thorough study in the next six months of all aspects of the suggested facility, the likely effects of a possible scheme on the growth of exports of developing countries, and the proposed roles of the regional banks and of the World Bank.

Since it will be of great importance for us to coordinate the proposed study closely with you and your colleagues, I would very much appreciate hearing your views on the proposed facility and suggest that once our work had advanced, a member of my staff visit your organization. Alternatively, a meeting with the interested agencies might be arranged.

Mr. Labidi

- 2 -

I have sent similar letters to Mr. Antonio Ortiz Mena, President, Inter-American Development Bank, and Mr. Shiro Inoue, President, Asian Development Bank.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachments

cc: Mr. Knapp, SVP  
Cleared with & cc: Mr. Stern, VPD

PPKuczynski:lm  
April 25, 1973

cc: For Mr. McNamara's Office. ✓

490/1/191

April 26, 1973

Dear Mr. Prime Minister:

Thank you for your kind letter of April 6 inviting me to visit Trinidad and Tobago. I am indeed happy to accept your invitation and very much look forward to discussions with you and the members of your Government. A visit in July or August would be excellent. If you agree, we could perhaps leave the precise dates to be discussed in about a month from now, since there are a few matters which will require my presence here and for which the timing is still uncertain.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Rt. Hon. Eric Williams  
Prime Minister  
Whitehall  
29 Maraval Road  
Port-of-Spain, Trinidad

cc: Mr. Alter o?R  
Mr. Wiese, Acting Regional VP, LAC

SSKapur, ALjungh:ml

490/1/190

April 25, 1973

MEMORANDUM FOR MR. UGUETO

SUBJECT: IFC

Thank you for your memorandum of April 17.

In commenting on the way in which IFC may help to harmonize relations between private businessmen and governments, I have had in mind no more than the role which was contemplated for IFC by its founders.

The original Report on the Proposal for IFC (Annex 1 to the December Memorandum) states (pages 14 and 15) that:

"The participation of the Corporation should give some assurance against the possibility of arbitrary and unfriendly treatment; because of its international character and its affiliation with the Bank, the Corporation should be well adapted to overcome the hesitancy of investors and to create confidence both in investors and in recipient countries that the legitimate interests of each will be respected. Some of the investment representatives consulted by the Bank expressed the opinion that this might well prove to be the most important single contribution that the Corporation would make to the promotion of private investment abroad..."

I assure you that IFC will not--indeed, cannot--interfere with the sovereign authority of governments, acting within the law, when dealing with economic units in their countries.

(Signed) Robert S. McNamara

Robert S. McNamara

RBJRichards:ALjungh:m1

For Mr. McNamara's office

480/1/189

APR 25 1973

Dear Mr. Labidi:

By letter of March 21, 1973, Mr. Negre invited the Bank to send an observer to the Ninth Annual Meeting of the African Development Bank in Lusaka, July 2-7, 1973.

We welcome this opportunity to be represented at the Annual Meeting of the ADB. Although I will not be able to participate personally, the Bank will, as in the past, be represented by a senior official. As soon as such person has been designated, we will write to inform you of his name.

Once again, allow me to thank you for your kind invitation and assure you of our continuing cooperation.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mr. Abdelwahab Labidi  
President  
African Development Bank  
Abidjan, Ivory Coast

SCSchott:mw

cc: Mr. Chauffournier  
Mr. Hoffman  
Mr. Barry

490/1/185

April 23, 1973

Mr. Escott Reid  
Queen's University  
Department of Political Studies  
Kingston, Ont., Canada

Dear Mr. Reid:

I am replying to your letter of April 6 with which you enclosed the text of the introduction to the article on the Bank which you have written for Foreign Affairs. You invite me to suggest whatever changes I think necessary so that the introduction will accurately report my views. I have no difficulty with what you have written, and no suggestions for revision -- although you might want to check again the wording of the quotations, which I assume are intended to come verbatim from some of my public statements. For example, on page two my 1972 Annual Meeting address is quoted, but there I spoke of the political risks of "rebellion", not of "revolution".

I was sorry to learn that you have not yet been able to work out fully satisfactory arrangements for publication of your book on the Bank. I should like to agree to your making use of my letter which commented on an earlier version of the text, but unfortunately Bank Group policy does not permit endorsements to publishers, even in the case of the works of our friends. You will, I am sure, understand.

Finally, you say that there seems to be an impression among some officers of the Bank Group that you have been overtaken by events, in that most of the proposals you put forward are already being given effect, and you ask me to indicate those proposals as to which this is true; for that purpose you enclose a 39-point summary of your principal proposals. I doubt that the exercise would be useful; indeed, it may not be practicable. The fact is that in a number of instances we are taking steps which we intend should have

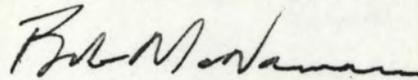
Mr. Escott Reid

- 2 -

a result you advocate. To pick illustrations at random: we are endeavoring to increase the number of nationals of developing countries holding management and professional staff positions; we are helping countries to work out development policies aimed explicitly at achieving greater employment and more equitable income distribution; we are supporting research on technological adaptation and innovation. We are not in each instance moving toward the desired objective by precisely the route you suggest, nor would I claim that we have yet gone as far in the indicated directions as we hope to go or as you would have us go. In other cases, as you know -- for example, with respect to terms of Bank and IDA lending -- you propose a policy which has been adopted and later abandoned or which we have considered in another context but decided not to adopt.

I am sure you would be delighted if, in the not too distant future, it can be said that some progress had been made on many of the fronts to which you drew attention, and it will be of little importance whether some of the steps were taken in the period of over two years in which your book has been in the making.

Sincerely,



Robert S. McNamara

*The book is a labor of love - it deserves to be published.*

430/1/184

April 23, 1973

Dear Ad:

Further to my letter of April 13 and yours of April 4, 1973, I now understand from Mike Hoffman that you, Dr. Candau, Harry Labouisse and he agreed to discuss the two questions raised in your letter and the broader question of the proper role of PAG at a meeting of senior officials of just the four agencies to be held in Geneva around the time of the July meeting of the ACC. I also understand that you are going to notify us of the date of that meeting in which I would arrange for the Bank to be represented by Messrs. Hoffman and Alan Berg.

With best regards,

Sincerely,

Robert S. McNamara

Mr. A. H. Boerma  
Director-General  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
00100 Rome, Italy

MLHoffman/pnn  
April 19, 1973

cc: Mr. McNamara's files (2)  
Mr. A. Berg, Dep. Dir., P&NPD

490/1/183

APR 23 1973

Dear Sam:

Thank you very much for your cable of March 29 and letter of March 30, 1973, regarding the Philippine Family Planning Program. I have passed your comments to our Population and Nutrition Projects Department whose appraisal mission has just returned from the field.

We are very much aware of - and fully sympathetic with - the main issue which you have brought to my attention, namely that Bank inputs should be coordinated with and complementary to the activities of other agencies working in the field, in particular USAID and UNFPA. Our mission had extended discussions with USAID and UNFPA in Manila, both at the beginning and end of their stay. In addition, the Department's senior staff here have discussed Bank-USAID-UNFPA coordination with senior representatives of both agencies at this end. As you know, this is the second major mission we have sent to the Philippines; the report of the last mission, which visited the Philippines a little more than a year ago, was circulated to and discussed with the Government and other agencies, including UNFPA, USAID and WHO.

The present mission is reviewing the Government's counter-proposals which you will no doubt have seen, and which include a large request for financing the recurrent costs of the program. It is already clear to us that there are areas in these proposals that are not suitable for Bank financing and that are not technically justifiable. I am told that in final discussions in the field, the mission met with UNDP/UNFPA and USAID and that both agencies agreed in substance with the over-all approach and with the proposed financing roles of the three major external donors. As the mission has only just returned from the Philippines, we do not yet have a detailed picture of how the Bank's project might be composed. However, our staff will continue its close consultations with both USAID and UNFPA to determine how best we can build a structure of external assistance that is constructive and complementary, in line with the immediate and long-term objectives of the Philippine Government.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. S.M. Keeny  
Resident Representative  
for East Asia  
The Population Council  
P.O. Box 394  
Taichung, Taiwan

490/1/182

APR 23 1973

Dear Mr. Davies:

This is just a note to say that Mr. Hoffman has told me about the very kind words you used in referring to the World Bank at the recent Geneva meeting of the ACC. I fully reciprocate your desire that our two organizations should continue to explore ways in which we can mutually reinforce our efforts to improve the quality of assistance to our developing member countries. I have asked Mr. Hoffman to call on you in Geneva when he is there in June to discuss possible areas for future collaboration between the WMO and the Bank.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. David Arthur Davies  
Secretary-General  
World Meteorological Organization  
41 avenue Giuseppe-Motta  
Geneva, Switzerland

MLHoffman/pnn  
April 18, 1973

cc: Mr. McNamara's files (2)  
Mr. Stern, Sr. Adv., DP  
Mr. Clark, Dir., ER  
Mr. Weiss, Sc., Adv., DP  
Mr. Franco/Mr. Chatenay, IRD  
Mr. Steuber, Paris Office

490/1/181

APR 23 1973

Dear Mr. Campaigne:

During my visit to Liberia last January, I expressed my appreciation to you for your dedicated efforts to help strengthen cooperation between UNDP and the Bank. I have now been informed by my staff of the very effective support which you provided to our basic economic mission which just returned from Liberia. Its work was substantially helped by the briefings which you gave them, the informative preparatory work you made available and, in general, the very close day-to-day collaboration which you provided throughout the mission's stay.

I want to express my personal thanks for this support. As I mentioned in my speech last fall to the UN Economic and Social Council, such cooperation can serve to make the work of our two organizations mutually reinforcing and thereby insure that the ultimate result of our operations becomes as beneficial and effective as possible to our member countries. You exemplify so ably the constructive spirit needed to make such cooperation a working reality. My associates in the Bank join me in expressing our warm appreciation to you for your services to us and to the development of Liberia.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Curtis Campaigne  
UNDP Resident Representative  
P.O. Box 274  
Monrovia, Liberia

LEChristoffersen:jo'd  
April 16, 1973

cc: Mr. McNamara's Office (2)  
cleared with & cc: Mr. Lind, Director, Information & Public Affairs  
Mr. N. Carter, Chief, Econ. Analysis & Projections  
cc: Mr. Chaufournier, W. Africa cc: Mr. Hoffman,  
Mr. Wright, Director, W. Africa I International  
Mr. Clark, Director, External Relations Relations

TRANSLATION OF OUTGOING

H.E. Moktar Ould Daddah  
President of the Islamic Republic of Mauritania  
Current Chairman of the Conference of Chiefs  
of State and Government of OMVS  
Nouakchott, Mauritania

Sir:

Thank you for your letter of March 3, 1973, in which you requested, on behalf of the Governments of Senegal, Mali and Mauritania, that we participate in the execution of the work of regulating the Senegal River. I wish to assure you that the integrated development of the Senegal basin does indeed appear to us to be a matter of high priority for the peoples of the Riparian States and that we have followed with the greatest interest the studies undertaken by the countries concerned, with the assistance of UNDP.

Since the studies in question are now being completed, we shall be happy to play a more active part in considering this important problem. We have perused the documents attached to your letter and look forward to reading the detailed reports that have been prepared. To that end, we plan to send out shortly a mission headed by Mr. Thalwitz, the Director Projects, Western Africa Region. This mission, which will probably leave toward the end of May, would contact the three Governments concerned and the Secretariat General of the OMVS to discuss the present status of the studies undertaken and the bases for a working program for our staff. If this is agreeable to you, we shall write you proposing

- 2 -

a definite date and giving you more complete information as to the members of the mission.

Accept, etc.

Robert S. McNamara

490/1/180

APR 23 1973

Monsieur le Président,

Je vous remercie vivement de votre lettre du 3 mars 1973, par laquelle vous nous demandez, en votre nom et au nom des Gouvernements du Sénégal et du Mali, de nous associer à la réalisation des travaux d'aménagement du fleuve Sénégal. Je tiens à vous confirmer que le développement intégré du bassin du Sénégal nous paraît en effet de haute priorité pour les populations des pays riverains et que nous avons suivi avec le plus grand intérêt le progrès des études entreprises par les Etats concernés, avec l'aide du Programme des Nations Unies pour le Développement.

Les études en question arrivant maintenant à leur terme, nous serons heureux de prendre une part plus active à l'examen de cet important problème. Nous avons pris connaissance des documents joints à votre lettre et souhaitons vivement pouvoir étudier les rapports détaillés qui ont été préparés. A cette fin nous envisageons d'envoyer prochainement une mission qui serait dirigée par Monsieur Thalwitz, Directeur Projets de la Région Afrique de l'Ouest. Cette mission, qui se situerait probablement vers la fin du mois de mai, prendrait contact avec les trois gouvernements intéressés et le Secrétariat Général de l'OMVS pour discuter avec eux de la situation actuelle des études entreprises et des bases d'un programme de travail de nos services. Si cette solution vous convient, nous vous écrirons pour vous proposer une date précise et vous donner des indications plus complètes sur la composition de cette mission.

Je vous prie de croire, Monsieur le Président, à l'assurance de ma plus haute considération.

(Signed) Robert S. McNamara  
Robert S. McNamara

Son Excellence  
Monsieur Moktar Ould Daddah  
Président de la République Islamique  
de Mauritanie  
Président en exercice de la Conférence  
des Chefs d'Etat et de Gouvernement de l'OMVS  
Nouakchott  
Mauritanie

cc: Messrs. Ljungh, Kochman,  
Thalwitz, Rowe.

HBBachmann/X. de la Renaudière:mg

April 20, 1973

490/1/178

APR 23 1973

Dear Dr. Sen:

Thank you for your letter of March 27, in which you drew my attention to the 15th Conference of the International Association of Agricultural Economists, meeting in Sao Paulo in August of this year. I notice that the proposed Program, under your Chairmanship, will cover a variety of topics that are of special interest to the World Bank.

I am pleased to inform you that the Bank will be represented at the Conference though the precise number of staff is not yet clear; one of the Bank's staff members attending will be presenting a major paper at the Conference.

I wish you a successful and productive meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. S. R. Sen  
President  
International Association  
of Agricultural Economists  
1818 H Street N.W.  
Washington, D.C. 20433

MYudelman/JAKing:lb  
April 19, 1973

cc: Mr. A. Ljungh

490/1/176

April 20, 1973

**DECLASSIFIED**

**NOV 14 2012**

PERSONAL AND CONFIDENTIAL

WBG ARCHIVES

The Honorable George Shultz  
Secretary of the Treasury  
Washington, D. C. 20220

Dear George:

In my letter dated April 2 I mentioned I was planning to visit Tokyo in mid-April to discuss with Prime Minister Tanaka and his colleagues Japan's contribution to the Fourth Replenishment of the International Development Association. I have just completed those discussions and I am writing this note, while en route home, to inform you of the results and to suggest a U.S. response.

The Japanese Government has stated they are prepared to finance a 9.76% share of a Fourth Replenishment of 1650 million post-devaluation dollars (the Japanese share of the Third Replenishment is 6%). You will recall that at the London meeting in March, with but two exceptions, the major donors present, including for example Britain, Germany, Canada, Norway, Sweden, Denmark, Italy and the Netherlands, all supported the 1650 million figure. Unfortunately, I was forced to tell Tanaka that because the 3.76% increase in the Japanese share was insufficient to offset the reductions required in the U.S. and U.K. shares, his proposal could not lead to an agreement that would be supported by all donors.

The Prime Minister then said that Japan would be willing to contribute the same absolute amount to a lesser total Replenishment, but in no event could its share exceed 11%. This should make possible a Replenishment level of 1500 million post-devaluation dollars, with increased shares from Japan, Germany and one or two others offering the likelihood of offsetting the necessary reductions.

Therefore I should like to propose to you that when the representatives of governments meet May 1 in Tokyo to again discuss the Fourth Replenishment, the U.S. representative state:

The U.S. supports a replenishment level of 1500 million post-devaluation dollars if:

1. A substantial reduction in the U.S. share can be agreed upon.
2. It is understood that no U.S. appropriation for the Fourth Replenishment will be required in FY 75 and that in subsequent years, at the option of the donor, appropriations may be limited to the amounts to be disbursed. [This would permit U.S. appropriations in the four fiscal years 1976 through 1979 to average approximately \$375 million without requiring an overlap of appropriations for the Fourth and Fifth Replenishments.]

April 20, 1973

3. Discussions with the U.S. Congress, which have already started and which will continue over the next several weeks, indicate a reasonable probability of legislative support for such an agreement.

I shall try to have this note delivered to you tomorrow (Saturday) with the hope that we may meet to discuss my suggestion early next week before your representative leaves for Tokyo.

Best wishes.

Sincerely,

Robert S. McNamara

RMcN:mss

4910/1/176

April 20, 1973

**DECLASSIFIED**

**NOV 14 2012**

**PERSONAL AND CONFIDENTIAL**  
**WBG ARCHIVES**

The Honorable George Shultz  
Secretary of the Treasury  
Washington, D. C. 20220

Dear George:

In my letter dated April 2 I mentioned I was planning to visit Tokyo in mid-April to discuss with Prime Minister Tanaka and his colleagues Japan's contribution to the Fourth Replenishment of the International Development Association. I have just completed those discussions and I am writing this note, while en route home, to inform you of the results and to suggest a U.S. response.

The Japanese Government has stated they are prepared to finance a 9.76% share of a Fourth Replenishment of 1650 million post-devaluation dollars (the Japanese share of the Third Replenishment is 6%). You will recall that at the London meeting in March, with but two exceptions, the major donors present, including for example Britain, Germany, Canada, Norway, Sweden, Denmark, Italy and the Netherlands, all supported the 1650 million figure. Unfortunately, I was forced to tell Tanaka that because the 3.76% increase in the Japanese share was insufficient to offset the reductions required in the U.S. and U.K. shares, his proposal could not lead to an agreement that would be supported by all donors.

The Prime Minister then said that Japan would be willing to contribute the same absolute amount to a lesser total Replenishment, but in no event could its share exceed 11%. This should make possible a Replenishment level of 1500 million post-devaluation dollars, with increased shares from Japan, Germany and one or two others offering the likelihood of offsetting the necessary reductions.

Therefore I should like to propose to you that when the representatives of governments meet May 1 in Tokyo to again discuss the Fourth Replenishment, the U.S. representative state:

The U.S. supports a replenishment level of 1500 million post-devaluation dollars if:

1. A substantial reduction in the U.S. share can be agreed upon.
2. It is understood that no U.S. appropriation for the Fourth Replenishment will be required in FY 75 and that in subsequent years, at the option of the donor, appropriations may be limited to the amounts to be disbursed. [This would permit U.S. appropriations in the four fiscal years 1976 through 1979 to average approximately \$375 million without requiring an overlap of appropriations for the Fourth and Fifth Replenishments.]

490/1/173

April 16, 1973

His Excellency  
Kurt Waldheim  
Secretary-General  
United Nations  
New York, 10017

Dear Secretary-General:

This is in response to your letter of March 23 enclosing the text of Security Council Resolution 329 (1973), as well as the report of the Special Mission established under Security Council Resolution 326 (1973). You asked in particular for any comments which I might wish to make in connection with paragraph 4 of Resolution 329 which requested the United Nations to assist Zambia in the fields identified in the report of the Special Mission and its annexes.

As you are aware, the Bank supplied from its staff one member of the team of experts attached to the Security Council Mission which was established under Resolution 326 (1973) who, I am assured by your associates, made a significant contribution to the work and report of the team and the Mission.

It is our understanding from the Zambian authorities that the special capital and technical assistance requirements which were outlined by the Special Mission and the technical team are in the process of being met by assistance from bilateral sources and also from a number of the specialized agencies of the United Nations. The Government of Zambia have asked that we, on our part, assist first by continuing our plans to finance a number of the important and large projects in Zambia's investment program, including a substantial expansion of its educational facilities, the construction of the Kafue II hydroelectric project, and the completion of the Kariba North Bank hydroelectric power plant. We are proceeding with our consideration of these projects and I expect that we will have made credits for these purposes to the Government of Zambia within the next several months.

April 16, 1973

The Government of Zambia has, in addition, asked that we provide a program loan which would assist in carrying forward those essential parts of Zambia's investment program not specifically designed to overcome the transport emergency but not suitable for timely individual project financing. The Government has also asked that we provide expert assistance in the revision of its medium-term investment plans. In order to accommodate Zambia most effectively in the current and immediately prospective situation, we are actively and sympathetically considering both requests and I believe there is a good chance that we will reach final decisions on them in concert with the Zambian authorities also within the next several months.

Sincerely,

Robert S. McNamara

cc: Mr. McNamara's Office (2)

cc: Mr. Bell

Central Files with incoming letter

BRBell/LPChatenay:mmcd  
April 13, 1973

490/1/172

April 13, 1973

Dear Mr. Fobes:

Thank you for your letter of April 3, inviting me to designate a member of the Governing Board of the International Institute for Educational Planning as successor to Mr. R. H. Demuth, for a term of three years.

I am pleased to designate Mr. Duncan S. Ballantine, Director, Education Department, International Bank for Reconstruction and Development and International Development Association.

As you know, Mr. Demuth has retired from the service of the Bank. Your kind words of appreciation for the contribution he made to the development of the International Institute for Educational Planning, over the long period of his association with the Institute, will be conveyed to him.

Sincerely,

Robert S. McNamara

Mr. John E. Fobes  
Acting Director-General  
United Nations Educational,  
Scientific and Cultural  
Organization  
Place de Fontenoy  
Paris 7<sup>e</sup>, France

SBoskey:tsb  
April 12, 1973

cc: Office of the President (2) ✓  
Cleared with and copy to  
Mr. Ballantine

490/1/77

APR 13 1973

Dear Sir:

I wish to acknowledge your letter of March 30, 1973 applying for membership of the Commonwealth of the Bahamas in the International Bank for Reconstruction and Development. The application is being brought to the attention of the Executive Directors of the Bank.

I note that the Executive Director for the United Kingdom has been authorized to conduct, on behalf of your Government, the negotiations with the Bank regarding this application and to transmit any information which may be required in this connection.

I also note that the Commonwealth of the Bahamas has applied to the International Monetary Fund for membership in that institution.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Lyden O. Pindling  
Prime Minister  
Government of the Bahamas  
Rawson Square  
Nassau, N. P.  
Bahamas

UKGhoshal:al  
April 12, 1973

cc: for Mr. McNamara's office (2)

490/1/170

April 13, 1973

MEMORANDUM FOR MR. ISBISTER

SUBJECT: Mexico--Las Truchas Steel Project

Thank you for your memorandum of April 11th on this subject. I am sorry that Mr. Wiese's memorandum did not respond as fully as it should have to your request for a briefing on the Las Truchas project.

The questions which you raised in your memorandum of April 3 to Mr. Alter are very appropriate ones. They are among those with which the Bank staff has been concerned since we became involved with this project. The Las Truchas project is a large and important one and I agree with you that its impact on the Mexican economy must be carefully weighed. A number of issues are still outstanding, and a second appraisal mission is now in the field to help resolve them.

The appraisal mission is expected to return this weekend. Allowing an additional two weeks for it to digest its findings, I have arranged for it to provide you with an extensive briefing no later than April 27th. If you are not satisfied on the basis of this briefing that the project should go forward under the normal procedures, will you please let me know and I will arrange for an "early warning" review by the Executive Directors.

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. Knapp  
Mr. Baum  
Mr. Fuchs  
Mr. Wiese

WBAum:RSMcNamara:ml

490/1/169

APR 13 1973

*ad:*

Dear Mr. Boerma:

I am sorry not to have had a chance to discuss with you in person in Geneva this week the matters mentioned in your confidential letter of April 4 concerning the Protein Advisory Group of the United Nations System. I am glad to know, however, that discussions did take place, and I will respond to the points you raise as soon as Michael Hoffman has returned to the Bank and had a chance to make a full report.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. A. H. Boerma  
Director-General  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
00100 Rome, Italy

HGraves/pnn  
April 12, 1973

cc: Mr. McNamara's files (2)  
Mr. A. Berg, Dep. Dir., P & NP

490/1/168

April 12, 1973

Dear Mr. Virata:

I am now able to reply to your letter of December 27, asking us to consider a program loan to the Philippines to finance steel imports. In acknowledging your letter, which arrived when I was in Africa, Mr Goodman said that our decision would depend on the findings of our economic mission. I understand that you discussed a preliminary draft of the economic report with him and his colleagues in late March.

The draft report suggests that your foreign exchange position in 1973 will be reasonably comfortable. This is partly because most of the non-project loans committed following the Consultative Group meeting in 1972 will be disbursed in 1973, as will much of the special additional assistance provided in response to last year's floods. Thus our analysis shows that most of the \$110 million of disbursements from official non-project loans, which we estimate to be needed in 1973, can be supplied from existing commitments. Looking ahead to 1974, we estimate that disbursements of about \$100 million from official non-project loans will probably be required. However, much depends on how the economy picks up in 1973, whether export earnings in 1973 are more or less than we have projected and how import prices develop. Members of the Consultative Group, meeting at the end of May, will no doubt indicate that they are willing to continue to provide substantial amounts of non-project aid. Whether commitments arising from this meeting will be sufficient to cover the disbursement needed in 1974 remains to be seen, but I believe there is a good chance that they will come close to the amounts needed. Under these circumstances, I do not feel that the Bank Group need consider a program loan at the present time.

Sincerely,

Robert S. McNamara

The Honorable  
Mr. Cesar A. Virata  
Secretary of Finance  
Department of Finance  
Manila, Philippines

cc: Mr McNamara's office (2)  
WSHumphrey/dp

490 17/167

APR 12 1973

Dear Mr. Minister:

Thank you very much for your letter of March 28, 1973 asking the Bank's financial support for the Fifth Expansion Plan of the Companhia Hidroelétrica de São Francisco - CHESF. We have held discussions on the Plan with CHESF and ELETRONAS representatives, and we hope that the Bank will be able to make a worthwhile contribution to CHESF efforts to meet the growing demand for power in the Northeast. We are looking forward to this renewal of our relationship with CHESF, more than twenty years after our first loan for São Francisco power development.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
João Paulo dos Reis Velloso  
Minister of Planning  
Av. Presidente Antônio Carlos, 375  
Rio de Janeiro, GB, Brazil

cc: Messrs. Astrain, Chief, Power Section, Public Utilities,  
Projects Division  
Prenoveau, Financial Analyst, Projects Division  
Salazar, Power Engineer, Projects Division  
Mr. McNamara's Office (2)

JAMartinez:sch

April 11, 1973

490/1/166

For Mr. McNamara's Office

APR 12 1973

Dear Mrs. Knauer :

Thank you for your letter of April 3 regarding summer interns from the Wharton School.

We are quite well acquainted with the Wharton School program and, in fact, the Bank Group has taken on a number of Wharton School graduate students for summer employment in recent years. We are actively looking into employment possibilities this summer for a number of graduate students who have been suggested to us by the Wharton School. As we have applications from students from a large number of universities, the competition is quite keen. However, in view of your very warm endorsement and our own experience in previous years, you may rest assured that they will be given every consideration.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mrs. Virginia H. Knauer  
Special Assistant to the President  
for Consumer Affairs  
Executive Office of the President  
Office of Consumer Affairs  
Washington, D.C.

RAClarke:ss  
April 10, 1973

490/1/165

April 11, 1973

Mr. Minister:

Please accept my congratulations on your appointment as Minister of Trade. Your keen interest and counsel will be missed here in the World Bank Group and, I am sure, in the Asian Development Bank. I particularly appreciated working with you last year when you served as Chairman of our Board of Governors. Your efforts contributed greatly to the success of the Annual Meeting.

I note that you will be succeeded as Governor of Bank Indonesia by Mr. Rachmat Saleh. We assume that he will also be appointed Governor for Indonesia of our Bank and we look forward to a continuation, under his leadership, of the close relationship that has existed between Indonesia and the World Bank.

I wish you every success in your new post, which will enable you to continue your important contribution to the development of your country.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Ratus Prawiro  
Minister of Trade  
Ministry of Trade  
Jakarta, Indonesia

cc: Mr. Choi Siew Hong  
ALjungh:ml

490/1/164

April 11, 1973

MEMORANDUM FOR MR. CHADENET

SUBJECT: Overtime

Periodically I hear reports of "excessive overtime" in the Bank. I realize how difficult it is to determine what is excessive, but please accept the responsibility for developing a definition of the term and issuing instructions to ensure that in the future no personnel in the Bank are allowed to work "excessive overtime." I recognize that this may mean that certain high priority work is not accomplished, but this is a price we must pay to ensure equitable treatment of our personnel.

Robert S. McNamara

RMcN:bmm

APR 11 1973

CAPITAINE AMADOU BABA DIARRA  
PRESIDENT CONSEIL DES MINISTRES  
DE LA CEAO  
MINISTRE FINANCES ET COMMERCE  
BAKAO

LT

MALI

HONNEUR ACCUSER RECEPTION VOTRE LETTRE VINGTHUIT MARS PAR LAQUELLE VOUS AVEZ BIEN VOULU M'INVITER A PARTICIPER COMME OBSERVATEUR OU ME FAIRE REPRESENTER A LA CONFERENCE SUR LE TRAITE INSTITUANT LA CEAO QUI AURA LIEU A ABIDJAN LES SEIZE ET DIXSEPT AVRIL STOP VOUS REMERCIE VIVEMENT DE CETTE INVITATION MAIS REGRETTE NE POUVOIR Y PARTICIPER PERSONNELLEMENT STOP VU L'IMPORTANCE CETTE CONFERENCE POUR LES ETATS MEMBRES DE LA CEAO JE VOUS PROPOSE DE ME FAIRE REPRESENTER PAR M. HANS WYSS CHIEF DE LA MISSION PERMANENTE DE LA BANQUE POUR L'AFRIQUE DE L'OUEST A ABIDJAN STOP NOUS EN INFORMERONS LE MINISTRE DE L'ECONOMIE ET DES FINANCES DE COTE D'IVOIRE STOP CONSIDERATION

(Signed) Robert S. McNamara  
MCNAMARA

---

English summary (NOT FOR TRANSMISSION): I have received your letter of March 28 inviting me to attend as an observer or appoint a representative to attend a conference in Abidjan, April 16 and 17, concerning the treaty instituting the community. I would like to thank you for your kind invitation but regret that I will not be able to attend. However, considering the importance of this conference for the members of the Community, I propose that Mr. Hans Wyss, Chief of the Permanent Mission in West Africa attend in my place and so so informing the Ministry of Economy and Finance of the Ivory Coast.

Robert S. McNamara, President

cc. Mr. Chauffournier  
Mr. Kochman

SCSchott:tp

490/9/163

April 10, 1973

Dear Jeremy:

Thank you for your letter of March 26 in which you informed me of the interest of the Committee of Twenty in the work of other international bodies which will affect the structure of the international economic order and institutional relationships and will therefore have an important bearing on the work of the Committee of Twenty.

I fully understand the desire of the Committee to take account of the thinking and planning of other international bodies and I recognize that in that connection there are several areas in which the IBRD has a direct interest about which the Committee would wish to be informed. We discussed these when you came to see me.

I have noted your request to be informed of any studies on these subjects which we may be able to undertake in the IBRD so that you may draw them to the attention of the Committee and your wish to learn of the broad lines of other aspects of the IBRD's work which are relevant to the work of the Committee. I am taking steps to see that such information is provided to you before the end of July.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. C. J. Morse  
Chairman of the Deputies  
of the Committee of Twenty  
International Monetary Fund  
Washington, D.C. 20431

(Original sent to Bank of England)

DHFRickett:RSMcNamara:ml

480/7/762

APR 10 1973

MEMORANDUM TO: Mr. John H. Adler

Through Mr. Aldewereld

SUBJECT: Five-Year Operations Program

In connection with the material which you sent me regarding preparation of the FY74 Administrative Budget, I am concerned that we still do not have a consolidated Bank-wide five-year program of operational outputs and related inputs. We must have such a program both to make policy decisions and to make plans for staff, recruitment and financial resources. I want you to take full responsibility for preparing such a program incorporating the regional programs provided by the Regional Offices, and the other activities of Central Projects Staff, Development Policy Staff and the support departments of the Bank. You must also make arrangements for the periodic review and updating of the program.

I realize, of course, that the estimates or projections on which the program will be based are likely to be less reliable for the outer years than for the next two or three; but it is essential to make the estimates, and to construct a five-year program, because of the long lead times which affect both our operations and our resources.

(Signed) Robert S. McNamara

Robert S. McNamara

JHAdler/mm

cc: President's Council

691/1/160

April 9, 1973

TO: Mr. Luis Ugueto  
SUBJECT: BRAZIL - Power Distribution Project

This is in reply to your memorandum of April 5 on the above subject. This operation can only be properly understood if it is recognized that the Brazilian Government, which guarantees the loan, was anxious that it be included in the Bank's lending program to Brazil, both in order to obtain low-cost financing for Brazilian power development and to foster access by the "Light" Company to other external sources of finance. Resort to the IFC would have added to the foreign exchange servicing burden falling upon Brazil, and might not have had quite the same effects in encouraging other lenders, especially since it has been the Bank and not the IFC which has financed "Light's" requirements in the past.

It might have been possible, of course, for the Government to charge "Light" a guarantee fee, a device which has been resorted to in the case of Bank loans to private industrial companies in Brazil, in order to prevent them from benefiting from the concessionary element in the Bank's lending rate. However, it should be borne in mind that public utility enterprises, whose tariffs and dividend policy are subject to strict governmental regulation, are not in the same position as industrial companies conducting their business in a free market. Furthermore, public utility enterprises which like the "Light" Company have a solid earnings record and prospects are able to command relatively favorable interest rates in the private capital markets. You will note from paragraph 42 of the President's Report on this project that "Light's" recent issue of 15-year Eurobonds was floated at an interest rate of 8 1/4 percent.

(Signed) Robert S. McNamara  
Robert S. McNamara

JBKnap:RSMcN:bnm

490/1/159

APR 9 1973

Dear Mr. Sanbar:

I am writing about your most interesting proposal, made at last year's meeting of the Board of Governors, for an Export Credit Guarantee Facility for Trade Between Developing Countries.

There is no doubt that the proposal represents a constructive and imaginative approach to a basic problem of developing countries, namely the expansion and diversification of their export base, particularly into manufactures. My staff has now had an opportunity to review the broad lines of the proposed scheme, and on that basis we have decided to undertake a thorough study of all aspects of the suggested facility, including its likely effects on the exports of developing countries and the implications for the financial structure of the Bank. As you are of course aware, the scheme involves a number of technical, economic and legal considerations which require substantial study. In addition, the study will require close consultation with a number of interested parties, especially the major regional banks. I estimate that our work will be completed in about six months.

I am sending a copy of this letter to Mr. Rinnooy Kan, who has followed with great interest the progress of our staff work on your proposal.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Moshe Sanbar  
Governor  
Bank of Israel  
780 Mizpah Building  
Jerusalem, Israel

cc: Mr. Rinnooy Kan

PPKuczynski/ESTern:lm  
April 5, 1973

cc: for Mr. McNamara's Office.

490/1/156

**DECLASSIFIED**

Letter No. 202

April 5, 1973

CONFIDENTIAL

Mr. Aritoshi Soejima  
Director, World Bank Tokyo Office  
Kokusai Building  
1-1, Marunouchi 3-chome  
Chiyoda-ku, Tokyo, Japan 100

Dear Mr. Soejima:

Thank you very much for your letter of March 24th from which I am glad to see that you have made such excellent progress in your discussions with the Japanese Government. I hope that as a result I shall be able to reach a satisfactory agreement with the Minister in the course of my visit later this month.

Your letter raises three points. First, you ask whether I shall be able to give the Minister an assurance when I see him that if the Japanese commit themselves to a certain increase in their share this will enable me to persuade the US to agree to a replenishment at a satisfactory level and that this can be followed up by agreement with the other member countries. You said that the Japanese were afraid that if they made an offer before the US had committed themselves they might be faced subsequently with a further request to increase their commitment.

The answer to this is that we cannot be certain at this stage whether the US will be able to state a firm position at the Tokyo meeting. It follows that we do not know what level of replenishment they will support and with what reduction in the US share they would be satisfied. These matters depend on consultations with Congress which have only just begun. I intend to have a discussion with Mr. Shultz in the very near future.

What I can say is that, if the Japanese Government accepts an increase in its share which we regard as satisfactory, we shall not press them for a further increase whatever the US attitude may be. (This relates, of course, to a contribution of IDA funds and is not intended to prejudge the question of 3% money from the Economic Cooperation Fund, which we do not wish to discuss at this stage.)

Your second question was whether, as a matter of tactics, we should be willing to propose a certain range, say, between 10% and 12% for the increase in the Japanese share. I fully understand that it would be more tactful to put my request in this form and a range of 10 to 12% seems to me to be suitable.

Finally you asked what is the minimum increase in the Japanese share with which we should be satisfied. On this I can say that I hope that their

CONFIDENTIAL

490/1/155

Mr. Aritoshi Soejima

- 2 -

April 5, 1973

contribution can be aligned with the German contribution. They have made it clear that they will not increase their present share at a level of 1.5 billion Smithsonian dollars. If, however, the target drops to 1.5 billion current dollars, we expect them to maintain their contribution at DM470 million. At the current rate of exchange this is approximately \$165 million and would, therefore, be equivalent to 11% of a replenishment of \$1500 million. We should like the Japanese Government to match this.

You also suggested that it would be prudent to break the increase in the Japanese share down into two categories consisting of an increase in their basic share and a further temporary balance of payments adjustment. I am not anxious to do this if it can be avoided since it seems to me that the Japanese position is strong enough to justify a 5% increase in their basic share. Nevertheless, if you think it essential, I am prepared to accept as an alternative a 3 or 4% increase in their basic share and a 1 or 2% temporary balance of payments adjustment.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. McNamara's Office (2)  
Mr. Ljungh (2)  
Mr. Adler, P & B

DHFRickett:emcc  
IDA

4090/1/157

APR 5 1973

Dear Mr. Ammar:

I was pleased to receive your letter of March 16, informing me of your Seminar on Manpower and Employment Promotion, to be held at Niamey, Niger, next July.

The subject of your Seminar is, as you know, of great interest to the Bank and we should like to accept your kind invitation to send an observer. Mr. Roger Chaufournier, Regional Vice President for Western Africa, will write you further when we have determined who from the Regional Office can attend.

We shall also be pleased to release Mr. Bernard Chartois of the Economic Development Institute to participate in the Seminar on the basis you propose.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Abbas Ammar  
Deputy Director-General  
International Labor Office  
CH 1211  
Geneva 22, Switzerland

cc: for Mr. McNamara's Office (2)

RMFrost/BAdeVries:eb  
April 4, 1973

cc: Messrs. Chaufournier o/r )  
de Vries )  
de la Renaudiere ) W.Africa  
Wright )  
Hoffman o/r, Int. Relations  
Chartois, EDI

490/1/152

APR 2 1973

Honorable Russell E. Train  
Chairman  
Council on Environmental Quality  
Executive Office of the President  
722 Jackson Place, N.W.  
Washington, D.C. 20006

Dear Russ:

Thank you for your recent letter transmitting a summary of technologies suggested by your consultants as having a high priority for assessment.

As I review the suggested specific technologies, I can think of none that has been omitted. On the contrary, you have compiled such a formidable list that according them a priority will prove to be a difficult task indeed. The absence of "social" technologies is, to my mind, very disappointing, and I tend to agree with you that it probably reflects a bias introduced by the consultants you picked. Not unexpectedly, perhaps, technology assessment has come to have a "non-social" definition, and, hence, seems to fall largely within the province of the natural/physical sciences.

Russ, any attempt to note secondary and tertiary effects of any one or more of the technologies listed deserves more than a passing mention. It calls, rather, for a rigorous multi-disciplinary examination of the technology and its consequences. It seems to me, in light of your budgetary difficulties, that having identified and agreed on ten or so high priority technologies for assessment, I would leave that task, hopefully, to be undertaken by the agencies and foundations.

With regard to ranking the ten technologies which I view as having the highest priority for assessment, they are as follows:

1. Technologies of population control
2. " " pollution abatement equipment
3. " " energy sources and conversion
4. " " education (T.V.)
5. " " non-chemical pest control
6. " " recycling wastes
7. " " transportation
8. " " soil erosion
9. " " system analysis
10. " " nuclear waste disposal

You will note that they reflect my own personal bias as expressed in my letter of February 6 to you.

Honorable Russell E. Train

- 2 -

43-10712

Finally, I would make one observation with regard to the suggested energy technologies. It seems to me that availability of expendable energy is a prerequisite for human affairs of any kind. Power generating technologies, however, should not be construed, prima-facie, as being of singular, overriding importance to deteriorating environmental conditions; rather, it is the nature and the rate at which this energy is expended that contributes to some of our present environmental problems as well as the oft-quoted "crisis" towards which we are supposedly headed. I am not suggesting that power generation in and of itself is not without its environment-degrading potential, but, I am saying that it is of a lesser dimension and importance than the manner in which such energy is expended.

With best wishes for a successful conclusion to this undertaking, I am,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JALee:RMcn:on

490/1/152

APR 2 1973

Honorable Russell E. Train  
Chairman  
Council on Environmental Quality  
Executive Office of the President  
722 Jackson Place, N.W.  
Washington, D.C. 20006

Dear Russ:

Thank you for your recent letter transmitting a summary of technologies suggested by your consultants as having a high priority for assessment.

As I review the suggested specific technologies, I can think of none that has been omitted. On the contrary, you have compiled such a formidable list that according them a priority will prove to be a difficult task indeed. The absence of "social" technologies is, to my mind, very disappointing, and I tend to agree with you that it probably reflects a bias introduced by the consultants you picked. Not unexpectedly, perhaps, technology assessment has come to have a "non-social" definition, and, hence, seems to fall largely within the province of the natural/physical sciences.

Russ, any attempt to note secondary and tertiary effects of any one or more of the technologies listed deserves more than a passing mention. It calls, rather, for a rigorous multi-disciplinary examination of the technology and its consequences. It seems to me, in light of your budgetary difficulties, that having identified and agreed on ten or so high priority technologies for assessment, I would leave that task, hopefully, to be undertaken by the agencies and foundations.

With regard to ranking the ten technologies which I view as having the highest priority for assessment, they are as follows:

1. Technologies of population control
2. " " pollution abatement equipment
3. " " energy sources and conversion
4. " " education (T.V.)
5. " " non-chemical pest control
6. " " recycling wastes
7. " " transportation
8. " " soil erosion
9. " " system analysis
10. " " nuclear waste disposal

You will note that they reflect my own personal bias as expressed in my letter of February 6 to you.

490/1/144  
APR 2 1973

Dear Mr. Deegan:

Many thanks for your letter of February 11. I have now been able to examine the points which you raised.

Let me first briefly comment on the facts as far as they concern the World Bank. We are not at present financing any irrigation projects in Madhya Pradesh. The major surface irrigation scheme which you mention, the Tawa project, has been investigated by the Bank but we have not so far provided financing for this project. We are at present considering an agricultural credit project which would provide funds for the construction of about 24,000 private dugwells throughout the State of Madhya Pradesh. Some of these wells may be constructed in the Hoshangabad District.

We share your concern with the danger of over-investment in irrigation facilities and resulting over-exploitation of groundwater resources. We try to safeguard against these risks through the selection of appropriate design standards and through establishing proper control over the spacing of wells. Thus, in our agricultural credit schemes for minor irrigation, spacing criteria developed by the State Groundwater Directorates are applied in the construction of individual wells. The observance of the established criteria is supervised by the Agricultural Refinance Corporation.

We would not agree that investment in surface irrigation and groundwater exploitation within the same area is necessarily wasteful duplication of investments. There are often productive and economic opportunities for the integrated use of surface and groundwater resources in command areas of major upstream storage irrigation schemes where wells can provide useful, and sometimes essential, supplementary irrigation benefits by utilizing the additional recharge from seepage and percolation of surface water. On the other hand, we fully share your concern with the need for coordinated action within the areas concerned and, as we usually do in such cases, we will certainly take a close look at the arrangements proposed for such coordination before we provide financing for the Tawa project.

I thank you again for your letter and for your interest in this matter.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Chris Deegan  
Post/Village Ari  
District Hoshangabad  
Madhya Pradesh, India  
DMThomas/JKraske/RPicciotto:cta  
3/29/73

cc: Mr. Cargill  
For Mr. McNamara's Office (2)

490/1/150

APR 2 1973

Dear Mr. Minister:

Many thanks for your letter of February 28 commenting on the recent allocation of IDA funds for a project in Turkey.

We have recently had a full discussion in our Board regarding IDA Lending Policies and I have pleasure in enclosing for your information a paper which I submitted to the Board for the purposes of this discussion, in case it has not previously come to your attention. As you will note from the paper, the conclusions of which received the general endorsement of our Executive Directors, the allocation of IDA funds is undertaken on the basis of various criteria of which one is the level of development as measured by per capita GNP. It is our present policy not to allocate IDA funds except in unusual circumstances to countries with a per capita GNP of more than \$375, and for countries below that limit we try to make more liberal allocations to the poorer countries.

Turkey, with a GNP of \$310 as recorded in the latest World Bank Atlas, is eligible for consideration as an IDA recipient and we did indeed provide \$30 million to them in IDA funds during this fiscal year. However, this amounted to well under \$1 per capita, reflecting the fact that we do regard Turkey as only marginally eligible.

So far as the countries in your group are concerned, it is true that some of them are not presently considered eligible for IDA funds on grounds of ample creditworthiness, high per capita GNP, or poor performance. However, I would call your attention to the fact that those which are considered eligible are receiving IDA assistance on a per capita basis on a scale exceeding, and in most cases very substantially exceeding, the level of assistance being provided to Turkey.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Stephen Tolbert  
Minister of Finance  
Republic of Liberia  
Monrovia, Liberia

c.c. Mr. Chauffournier  
Mr Bell

JBKnapp:mtc

490/1/149

APR 2 1973

Dear Mr. Labidi:

I thank you for the invitation which you sent jointly with Mr. Gardiner, Executive Secretary of the Economic Commission for Africa, and Mr. Ekangaki, Administrative Secretary-General of the Organization of African Unity, concerning the Conference of African Ministers on Trade, Development and Monetary Problems which will be held in Abidjan from May 9 to 13, 1973.

I greatly regret that I cannot accept your kind invitation because of prior commitments. I fully realize the importance attached to this undertaking, which I understand is designed to arrive at a common African position on some important world problems. I hope I will have an early occasion to discuss these matters with you.

I understand that your invitation is a personal one. If, however, you wish to have a senior official of the World Bank as an observer, I would be happy to assign someone to represent me.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mr. A. Labidi  
President  
African Development Bank  
B. P. 1387  
Abidjan  
Ivory Coast

cleared in substance & cc: Mr. Bell  
" " & cc: Mr. Benjenk  
" " & cc: Messrs. Chauffournier/de Vries  
" " & cc: Mr. de la Renaudiere

cc: Mr. Wyss (Abidjan)  
Mr. McNamara's Office (2)

Typed on March 30, 1973  
Central Files with incoming letter  
LPChatenay/MLHoffman:mcj

490/1/148

APR 2 1973

Dear Mr. Ekangaki:

I wish to thank you for the invitation which you sent jointly with Mr. Labidi the President of the African Development Bank and Mr. Gardiner, Executive Secretary of the Economic Commission for Africa concerning the Conference of African Ministers on Trade, Development and Monetary Problems which will be held in Abidjan from May 9 to May 13, 1973.

I have written Mr. Labidi today that unfortunately, because of prior commitments, I will not be able to accept this invitation, which I understand is a personal one. I have also informed him that if he so desires, I will be prepared to assign a senior official of the World Bank to represent me as an observer.

Sincerely,

Robert S. McNamara

Mr. Nzo Ekangaki  
Administrative Secretary-General  
Organization of African Unity  
P. O. Box 3243  
Addis Ababa  
Ethiopia

cc: Mr. McNamara's Office (2)  
Typed on March 30, 1973  
MLHoffman:mcj

490/1/147

APR 2 1973

Mr. A. H. Boerma  
Director-General  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
00100 Rome, Italy

Dear Ad:

Thank you for your letter of March 22, 1973, about the consultations you are proposing with representatives of IMF, UNDP, WFP and the Bank in Rome on April 16 and 17 on measures which could be recommended to help meet the problem of world-wide shortages of food. I cabled you on March 23 accepting your invitation for the Bank to be represented and promising full consideration of your letter.

Thank you also for the advance copy of the note you are submitting to the next session of ECOSOC. The note and your letter outline the need for consideration by governments, of rich and poor countries alike, of a more coordinated approach to the subject of food stocks in order to meet acute shortages which may occur from time to time due to sudden unforeseen falls in production. You have invited my views on the proposals you have outlined and have asked for ideas on the way in which the Bank itself might contribute.

The acceptance of proposals for an agreed approach among nations to attaining acceptable world food security depends, in the first instance, on the attitudes of governments and these will become clearer as you explore with them, in your Council, the proposals you have made. As you point out in paragraph 9 of the note, much preparatory consultation would be necessary to develop a concept of minimum world food security and to explore the degree of interest among governments. As you say, also in paragraph 9 of your note, the promotion of more coordinated food stock policies cannot be separated from production and trade policies. I need not enlarge here on the way in which the Bank has been increasing its lending to agriculture, since you are well aware of this and since it has been partly due to the assistance the less developed countries have had from the FAO/IBRD Cooperative Program in helping the preparation of agricultural projects. I expect the Bank Group to continue to provide a flow of development finance to the less developed countries for the purpose of helping to increase food production.

Another specific way in which the Bank can contribute is in the provision of finance for properly conceived food storage projects. We have already been able to provide finance for grain storage projects in a number of countries -- for example, Bangladesh, Brazil, India, Philippines -- and we have a number of storage projects under consideration at the present time. The Bank Group stands ready to consider the provision of finance for storage projects in our borrowing countries wherever such projects are of sufficient priority within the countries' development plans and programs.

You have asked in your letter whether the Bank's regular review missions could assess the adequacy of national stock positions. Certainly this question, and the broader question of the need for national stockpiles as compared to other means of coping with food emergencies, can be explored whenever we send an agricultural sector review mission to a country and whenever our general economic review missions includes an examination of the agricultural sector, as they usually do. I would hope that in this examination of stocks and storage needs our missions could have close consultation with FAO country representatives and could have the benefit of the knowledge which your representatives would have of the countries' needs.

I am proposing to send Mr. Montague Yudelman -- as of April 1, 1973, the Director of our Agricultural and Rural Development Department -- to your meeting of April 16 and 17 and look forward to hearing from him the results of your discussions.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

NMcIvor/MYudelman/MLHoffman/pnn  
March 30, 1973

cc: Mr. Knapp, Sr. V.P.  
Mr. Chenery, V.P., DP  
Mr. W. Clark, Dir., ER  
Mr. Yudelman, Dir., ARDD  
Mr. Huyser, Dir., Investment Centre and FAO/IBRD Co-operative Programme  
Mr. McNamara's files (2)



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

490/1 /145

OFFICE OF THE PRESIDENT

April 2, 1973

**DECLASSIFIED**

PERSONAL AND CONFIDENTIAL

**WBG ARCHIVES**

Honorable George Shultz  
Secretary of the Treasury  
Washington, D.C. 20220

Dear George:

I shall be visiting Tokyo in mid-April to discuss with Prime Minister Tanaka Japan's contribution to the Fourth Replenishment of the International Development Association. Because the U.S. attitude toward the Fourth Replenishment will have great influence on Japan, I am writing this note both to comment upon certain factors which may affect the U.S. position, and also to ask if we may meet to discuss your views on this subject.

You will recall that the Third Replenishment of IDA is scheduled to be fully committed by June 30, 1974. Recognizing the necessity for the Fourth Replenishment to be available for commitment by July 1, 1974, the Finance Ministers of the donor countries last November appointed Deputies to negotiate the level, percentage shares, and terms of the new replenishment. It was intended that the negotiations would be completed by approximately July 1, 1973, leaving twelve months for the necessary legislative action. The first meeting of the Deputies took place in Paris in December; the second was held in London in March; and the third (and it is hoped the decisive) meeting is scheduled for May 1 in Tokyo.

At the London meeting, as the attached extracts from the proceedings indicate, with but two exceptions, all of the major donor countries present, including, for example, Britain, Germany, Japan, Canada, Norway, Sweden, Denmark, Italy, and the Netherlands, supported a Fourth Replenishment level of 1500 million "Smithsonian" dollars, compared to the Third Replenishment level of 800 million 1970 dollars. France said it would increase its contribution in absolute terms but could not refer to a specific amount until it knew more about the position of "major contributors", and the U.S. stated the 1500 million level "appears a bit ambitious."

The U.S. further stated that there must be "a substantial reduction in the U.S. share of contributions" and that the "maintenance of value provisions should be thoroughly assessed."

I am aware of the opposition in the U.S., particularly in the Congress, to any increase in expenditures on foreign peoples at a time when the government's ability to meet the "felt" needs of its own people is severely limited. However, it is important to recognize that, as the schedule below shows, the disbursement of the U.S. contribution to the Fourth Replenishment would have no effect on the government's expenditure budget in FY75, and will have but little effect on it for several years thereafter:

**% of U.S. Contribution to the Fourth Replenishment  
of IDA to be expended in**

FY75	0
76	9.4%
77	15.0%
78	15.9%
79	14.7%
80	13.7%
81	11.0%
82	10.0%
83 and beyond	<u>10.3%</u>
Total	100.0%

I am aware too that the pressure in Congress for a reduction in the U.S. share in the replenishment is also very strong. No set of figures by itself can determine the allocation of shares to the satisfaction of all participants, but the figures tabulated below show why some countries are quite unsympathetic to the U.S. request for a reduction in its contribution.

	<u>% Share in 3rd Replen.</u>	<u>% Share in '72 GNP of Donors</u>	<u>'72 GNP per capita</u>	<u>3rd Rep.p/c as % of GNP per capita</u>	<u>Concessionary aid (ODA) in 1975 as % of GNP</u>
U.S.	40.01%	45.5%	\$5516	.027%	.24%
U.K.	12.97	6.4	2855	.064%	.46
France	6.26	7.8	3783	.025%	.65
Germany	9.76	10.2	4086	.030%	.38
Japan	6.00	11.6	2772	.016%	.40
Scandinavia	6.35	3.0	4500	.063%	.70
Netherlands	2.82	1.8	3401	.049%	.78
Canada	6.26	4.1	4615	.048%	.47
Other	<u>9.57</u>	<u>9.6</u>			
	100.0%	100.0%			

Despite the strong case that many donors can make for maintenance of the present U.S. share, I am quite prepared to accept as a political fact that U.S. support for a substantial Fourth Replenishment must be accompanied by a reduction in its share. I will try to negotiate with the Japanese an increase in their contribution which, along with other increases we might be able to secure, would be large enough to offset a decrease both in the U.S. and U. K. shares (since we cannot have one without the other). However, before doing so I need your guidance, both as to the total amount of the replenishment which the U.S. will support and the kind of reduction in the U.S. share which you have in mind.

I fear, George, that if we do not recognize the forces at work in other countries as well as in the United States, the International Development Association, an institution which was created through the efforts of the U.S., and which has served to stimulate other nations to share the burdens carried for so long by the U.S. alone, will be severely weakened. I fear also that the total flow of concessionary aid to the developing countries, which is already substantially below what was considered required only three years ago, will be reduced even further -- this reduction will occur at a time when debts and debt service, owed both to governments and private individuals in the developed countries, are rising to dangerous levels. And finally, I fear that a major part of the concessionary aid of Europe and Japan which would have flowed through IDA, in which the U.S. has a voice, will flow through the much more narrowly focussed European Development Fund and Japan's bilateral program.

I know the political problems you face are real and important. Can we meet at your convenience (preferably before April 13) to discuss how a Fourth Replenishment can be fashioned which can take account both of the short term realities of U.S. politics and the longer term objectives of U.S. foreign policy?

Sincerely,



Robert S. McNamara

Summary of Commem. Made by Deputies of Finance Ministers at the London Meeting  
(Listed in the order in which the statements were made)

Netherlands "We think . . . that . . . 1500 million Smithsonian dollars might be an amount which would be reasonable from the view of the developing countries themselves, and . . . it should also be attained, in my opinion, by the countries present around this table."

Germany "It seems desirable to us that IDA resources should be replenished by an amount of 1.5 billion old dollars annually, that means Smithsonian dollars."

United Kingdom ". . . we think that the needs of the situation are such that a replenishment of 1.5 billion Smithsonian dollars would be appropriate."

Japan ". . . we are prepared to support, together with the representatives from Germany and the United Kingdom, the scale proposed earlier by the Netherlands delegation of \$1.5 billion per annum, calculated at the pre-devaluation value."

Italy ". . . my Government would accept a maximum of \$1,500 million annually, of course Smithsonian dollars . . ."

Denmark "We arrived at the same figure as the one proposed by the Netherlands representative and supported by many others. Of course, it is \$1.5 billion in Smithsonian rate of exchange."

Canada "We take pleasure along with others . . . in supporting the level of 1.5 billion pre-devaluation dollars per year. . ."

Norway ". . . we would also join those who are in favor of a total amount of \$1.5 billion, expressed in Smithsonian dollars . . ."

Sweden "We take a positive attitude to a Replenishment of this order of magnitude (the proposed level of \$1500 million)."

Austria "I think that when I have reported to my Government we might be in a position to accept this amount of 1.5 billion Smithsonian dollars."

Finland "When so many countries here have supported the \$1500 million level, I think when this matter officially comes to our Government, there is a rather good possibility that at the next meeting we shall be ready to support that same level."

France "I will refrain at this time from stating any figures in absolute terms until we have more specific statements as to the conditions under which the major contributors would be making their contributions. . . We think that the work which has been done by IDA is extremely constructive and we support it. We are resolved to increase our contribution in absolute terms. . ."

Australia "We wonder whether a figure of 1.5 billion (is reasonable and realistic) . . ."

Belgium "We have had a new government for six weeks . . . and have been unable to decide on a final position as regards the amount on which we are exchanging views today. . ."

South Africa "I would merely like to say that the figure of 1.5 billion sounds good, but frankly I could not express an opinion about it."

Luxembourg "It is rather difficult for me to make any statement on the 1.5 billion figure until I have had an opportunity of getting in touch with my Minister . . ."