Revised Tab for Table II

**IBRD: Sources**

Income from: Securities and "other"$^f$
  Loans - Part I
  - Part II

Less: Admin. and Misc. Expenses
Interest on Borrowings

Net Income

Repayment of Loans - Part I
  - Part II

New Borrowings - 2-year Issues: $^a$
  - Bundesbank: $^a$
  - Bank of Japan: $^a$
  - U.S. Market: $^a$
  - Germany: $^a$
  - Japan: $^a$
  - Arab States: $^a$
  - Others: $^a$
  Total: $^a$

Net

Other Receipts

Total Sources

Applications

Disbursement on Loans

Payments on IDA Transfers $^e$

Miscellaneous

Total Application

Cash, Securities and Delayed Deliveries: Excluding IFC
To IFC

[Footnotes refer to "IBRD: S&A of Funds through FY '78," dated 3/9/71]
Revised Title and Tab for Table Ie

Title: IBRD: Financial Ratios Based on Table I of [insert date]

Interest Paid on Funded Debt
Net Income
Funded Debt
"Equity"

Interest Coverage Rates:
  IBRD
  IDB
  ADB
  EIB
  Ex-Im: US
    Japan
  Bank of America
  Morgan Guaranty
  1st Natl. City

Debt/Equity Rates:
  IBRD
  IDB
  ADB
  EIB
  Ex-Im: US
    Japan
  US Com: All
    Bank of America
    Morgan Guaranty
    1st Natl. City
  FRG: All Com
    All Mtge
    All Central Giros

Return on "Equity"
  IBRD
  IDB
  ADB
  EIB
  Ex-Im: US
    Japan
  US Com: Bank of America
    Morgan Guaranty
    1st Natl. City

Average Life of: Loans
  Funded Debt
  New Borrowing

Interest Rate on: Disbursed Loans
  Undisbursed Loans
  Funded Debt
  Funded Debt and "Equity"

Rate of Return on Liquid Resources
Average Cost of New IBK Borrowing
Yield of New US AAA Corp. Bonds
IBRD Lending Rate
IBRD Rate Over (+) ir Ybder (-) Triple A
Average IBRD/IDA Lending Rate

Cost of New Borrowings:
Central Banks
Bundesbank
Bank of Japan
Other Govts.
Canada
Germany
Japan
Netherlands
Switzerland
UK
Other Non-US
Aver. All Non-US
US - 5 yr.
Long Term
Aver. of all

"Spread of Lending Rate
Over Borrowing Cost
Data Requirements

1. Prepare the following standard tables and extend by year through FY 1980: I; Ib; II (with revised table); III; IIIb; Tables VI and VIII of Liquidity Memorandum; IV; Flow of Bilateral Development Finance by Year.

2. Prepare tables showing by country by year: IBRD net exposure (amount and percent of total medium and long-term debt outstanding); debt service payments due on IBRD debt (amount and percent of total); Bank Group Net Transfer

3. Prepare estimates for: the number of professional and non-professional staff at year-end FY 71 through FY 80; IBRD, IDA, and Bank Group commitments and/or disbursements as a percent of Total External Flows by year from the early- to mid-60s through FY 80.

a/ These two tables could be limited perhaps to the "30" countries, with the remaining countries lumped together under the heading of "all other."
July 27, 1971

Dear Cyril:

I was distressed to learn of your illness. Please take all the time necessary to insure a rapid and thorough recovery.

With all best wishes,

Sincerely,

Robert S. McNamara

Mr. Cyril H. Davies  
George Washington University Hospital  
901 - 23rd Street, N.W.  
Washington, D.C. 20037

/pay
July 27, 1971

Dear Mr. Lawrie:

Upon your venture into retirement, I wish to extend to you my very best wishes for an abundance of health and happiness. I join with all your associates in deepest appreciation for the loyal and devoted assistance you have rendered to the World Bank during your more than twenty years of service.

Sincerely,

Robert S. McNamara

Mr. Wilfred Lawrie

/pay
July 14, 1971

Mr. Robert V. Hansberger  
President  
Boise Cascade Corporation  
P.O. Box 200  
Boise, Idaho 83701

Dear Bob:

I shall be happy to serve on your Executive Recruitment Committee for the Aspen Institute.

Perhaps when you send the two lists of corporations for me to review you could also tell me of the response to your 74 letters. Further, if I am to write to any of the corporations named on the lists, may I have your permission to use your letter, which I found excellent. In lieu of your last paragraph, I might like to suggest that the Chief Executive Officer to whom I am writing can expect to receive shortly an invitation from the Institute for him or a member of his staff to attend one of the seminars scheduled for the following year. Can we obtain from the staff of the Institute a schedule of the forthcoming year's program?

With warm regards,

Sincerely,

Robert S. McNamara
July 9, 1971

Dear Mr. Carlson:

Mr. McNamara has indicated that he would be happy to talk to Mr. Frayne concerning the "memory album" for Mr. Scott.

Mr. Frayne may reach Mr. McNamara by calling Area Code 202 - 477-2001.

Sincerely,

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

Mr. Donald H. E. Carlson
Vice-President and Secretary
Ford Motor Company of Canada, Ltd.
The Canadian Road
Oakville, Ontario
Canada
July 8, 1971

Mr. Godfrey Sperling, Jr.
Christian Science Monitor
1293 National Press Building
Washington, D.C. 20004

Dear Mr. Sperling:

Attached is a copy of the letter about
which Mr. McNamara spoke to you this morning.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara
July 8, 1971

Dr. Nevin S. Scrimshaw
Department of Nutrition and Food Science
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139

Dear Dr. Scrimshaw:

Enclosed is a draft of remarks I am considering including in my speech to the Governors of the World Bank and International Monetary Fund. As you can see, I have already borrowed extensively from the material you have provided us. I would be most grateful if you would take the time to scan the text and make any corrections or send any comments you think appropriate. Needless to say, you would bear no responsibility for the final draft.

Many thanks for your help.

Best wishes,

Sincerely,

Robert S. McNamara
July 8, 1971

Dr. Alan Berg  
The Brookings Institution  
1775 Massachusetts Ave., N.W.  
Washington, D.C. 20036  

Dear Alan:  

Enclosed is a draft of remarks I am considering including in my speech to the Governors of the World Bank and International Monetary Fund. As you can see, I have already borrowed extensively from the material you have provided us. I would be most grateful if you would take the time to scan the text and make any corrections or send any comments you think appropriate. Needless to say, you would bear no responsibility for the final draft.  

Many thanks for your help.  

Best wishes,  

Sincerely,  

Robert S. McNamara
June 28, 1971

Mrs. Richard Leonard  
Program Officer  
Eisenhower Exchange Fellowships, Inc.  
256 South Sixteenth Street  
Philadelphia, Pennsylvania 19102

Dear Mrs. Leonard:

In response to your letter of June 24, Mr. McNamara will be happy to see Mr. John P. Mbogua at 5:00 o'clock on Thursday, July 22. Although we do not anticipate any change in the schedule for that day, it might be useful for Mr. Mbogua to reconfirm his appointment upon arriving in Washington. The telephone number is 477-2001.

Sincerely,

(Miss) Polly Yates  
Secretary to  
Mr. McNamara
June 26, 1971

Mr. Howard R. Dressner  
Secretary  
The Ford Foundation  
320 East 43rd Street  
New York, New York 10017

Dear Mr. Dressner:

Following are the expenses of Mr. and Mrs. McNamara incident to the recent Ford Foundation meetings:

Mr. McNamara - 6/22-23 - air fare — $ 52.00
Mrs. McNamara - 6/22-26 - air fare — 68.00
Mr. McNamara - 6/23-26 - air fare — 68.00
Taxi fares - 6/22-26 — 23.50

$211.50

When received, the River Club will will be submitted for reimbursement.

Thanks so much.

Sincerely,

(Miss) Polly Yates  
Secretary to  
Mr. McNamara
June 23, 1971

Dear Ferd:

Marg and I are sorry not to be with you tonight for this important celebration.

A toast to you for many more birthdays, all in such good tennis form.

With our best wishes,

Sincerely,

Mr. Ferd Kramer
Mr. Robert Previdi  
82-14 - 138th Street  
Kew Gardens, N.Y. 11435  

Dear Mr. Previdi: 

I was delighted to receive the framed photograph which you sent to me recently. Thank you for your thoughtfulness.  

Sincerely,  

Robert S. McNamara
June 15, 1971

Dear Mr. Boada:

Mrs. McNamara and I were delighted to receive the handsome book on Spanish galleries. Thank you for your generous thought of us.

With kind regards,

Sincerely,

Robert S. McNamara

Mr. Claudio Boada Vilallonga
President
Instituto Nacional de Industria
Plaza de Salamanca 8
Madrid 6, Spain
June 15, 1971

His Excellency
Han Lim Lee
Minister of Construction
Seoul, Korea

Dear Mr. Minister:

Mrs. McNamara and I were delighted to receive the handsome vase you recently sent to us. Thank you for your kind generosity.

With best regards,

Sincerely,

Robert S. McNamara
June 2, 1971

United Farm Agency
555 East Durant Avenue
Aspen, Colorado 81611

Gentlemen:

Will you please send to Robert S. McNamara at the above address a copy of the Spring issue of your real estate catalog which you recently advertised in the newspaper.

Thank you for your consideration.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara
June 1, 1971

Dear Ted:

I understand you have been asked to accept election as Chairman of the Board of the Overseas Development Council.

I know how heavy a burden you are already carrying, but I hope you will give sympathetic consideration to this new request for your assistance — it is a most worthy cause.

With best wishes,

Sincerely,

Robert S. McNamara

Rev. Theodore M. Hesburgh, C.S.C.
President
University of Notre Dame
Notre Dame, Indiana 46556
May 25, 1971

Dear Mr. Silcock:

I was delighted to receive your book of poetry, TRADEWAYS. Thank you for sending it, along with your generous note. Lester Pearson, a World Statesman indeed, must be very proud to have your volume dedicated to him.

Sincerely,

Robert S. McNamara

Mr. Thomas H. Silcock
May 24, 1971

Dear Dr. Marker:

I understand from Mr. Steve Binder that Dr. Henry Kuizenga is being considered for the position of President of Hope College. I should like to recommend him, without qualification, for that post.

As an Elder of the First Presbyterian Church of Ann Arbor, of which Dr. Kuizenga was Pastor, I served with, worked with, and observed Dr. Kuizenga for a number of years. He is an inspiring leader of both youth and adults, an able administrator, and a warm human being.

Both Dr. Paul McCracken, now Chairman of the President's Council of Economic Advisors, and Mr. Arjay Miller, now Dean of the Stanford Business School, served as Elders of the church at the same time as I did. I am sure their views of Henry's qualifications would be the same as mine. You may wish to solicit their comments.

Sincerely,

Robert S. McNamara

Dr. David Marker
Hope College
Holland, Michigan 49423

bcc: Mr. Binder
2412 Tracy Place, N.W.
Washington, D.C. 20008

May 15, 1971

The Honorable Frank J. Kelley
Attorney General
State of Michigan
Lansing, Michigan 48913

Reference: CT #2756 - Robert S. and Margaret C. McNamara Foundation

Dear Mr. Kelley:

In accordance with the procedure outlined in your letter of December 30, 1970, there is enclosed a copy of a report recently filed with the Internal Revenue Service.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara

Enclosures
Attention Trustee:

Enclosed are copies of the annual report form which should be completed and returned no later than May 31, 1971 for the trust listed below. Be sure to include your file number on the account when submitting it to this office.

Your filing reports with the Attorney General does not discharge your obligation to file an annual report with the Corporations Division, Michigan Department of Treasury, under Michigan corporation law.

In the event you file a report with the Internal Revenue Service or with a court, a copy of that report will suffice for our files.

Very truly yours,

FRANK J. KELLEY
Attorney General

Edwin M. Bladen
Assistant in Charge
Consumer Protection and Charitable Trusts Division

Enc.
EMB:je

CT # 2756 McNamara Foundation, Robert S. & Margaret C.
May 7, 1971

MEMORANDUM FOR MRS. MIRIAM ROBBIN
CONTROLLER'S DEPARTMENT

Per our phone conversation of this morning, Mr. McNamara's account number at Manufacturers National Bank is 103218614. You were given the wrong account number originally.

Thanks for getting this straightened out.

Polly Yates
May 6, 1971

Admissions Committee
Cosmos Club
2121 Massachusetts Ave., N.W.
Washington, D. C. 20008

Gentlemen:

Mr. Lloyd Norman, Military Affairs Correspondent of Newsweek, who has been proposed for membership in the Cosmos Club in the category of Meritorious Original Work in Journalism, has asked me to write in support of his application. I am happy to do so.

Although I am not familiar with the requirements for admission under the classification of Meritorious Original Work in Journalism, I can state that Mr. Norman has been an industrious, almost aggressive, reporter of Pentagon operations. His work is respected by his peers and valued highly by the periodicals to which it has been submitted.

Although I have not been socially intimate with Mr. Norman and his family, I am told that he is a gentleman and an agreeable companion.

Sincerely,

Robert S. McNamara
May 5, 1971

Mr. George S. Wills
Hill and Knowlton
Public Affairs Counsel
One McPherson Square
1425 K Street, N.W.
Washington, D.C. 20005

Dear Mr. Wills:

Mr. and Mrs. Robert S. McNamara have asked me to let you know that they will be out of the country on May 20, and, therefore, will not be able to attend the reception of The White House Fellows Association. They very much appreciate yourthoughtfulness in inviting them and extend their best wishes for a very successful Annual Conference.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara
May 4, 1971

Manufacturers Bank
P.O. Box 659
Detroit, Michigan 48231

Attention: Commercial Loan Department

Gentlemen:

Please pay, on May 6, the amount due on the loan referred to in the attached notice by transferring the sum from the Commercial Account of Robert S. or Margaret C. McNamara. That account will receive a transfer from the Continental Illinois Bank of Chicago on May 5.

Thank you.

Sincerely,

Robert S. McNamara
April 16, 1971

Dear Mr. Live:

Much to my regret I will be unable to attend the Trustees' meeting Monday, May 10 and hence cannot accept the invitation to dinner at Keck Graduate House. I hope it will be possible for me to do so on some future occasion.

Best wishes.

Sincerely,

Robert S. McNamara

Mr. David Live
Division of Chemistry and Chemical Engineering
California Institute of Technology
Pasadena, Calif. 91109
April 15, 1971

MEMORANDUM FOR MR. SHEAIB

Andy Brimmer (who, as you know, is a Governor of the Federal Reserve) mentioned to me today that Federal Reserve is re-examining its pension plan and is using Dan McGill, a senior professor at the Wharton School, University of Pennsylvania, to assist them. They are very pleased with his services and consider him far superior to their own firm for other than actuarial calculations. You might wish to call on McGill for assistance in the review that we must undertake of our own plan.

Robert S. McNamara
April 13, 1971

Admissions Officer
Graduate School of Business
Stanford University
Stanford, California 94305

Dear Sir:

Mr. William Samuel Patten has asked me to endorse his application for admission to Stanford Business School. I am happy to do so.

You are no doubt aware while at Harvard, Patten was Vice President of the International Students Association, Executive Editor of the Harvard Review, and was awarded magna cum laude on his senior thesis written on Dean Acheson.

At present Patten is working for the Commission of the European Communities where he is using his fluency in French and German to analyze the cause of Europe's confused and inadequate efforts to pool its resources in advanced technology. That he is contributing to the work of the Communities is evidenced by the attached letter of endorsement from one of its officials.

While Patten has had little or no business experience and very little, if any, training in quantitative analysis, my impression is that his interest in and association with international affairs more than makes up for these gaps in his knowledge. I believe you would find him an able student and I am sure he would benefit immensely from the program which you offer. I hope you will find it possible to admit him to the September class.

Sincerely,

Robert S. McNamara
Cable to Dr. Khodadad Farmanfarmaian, Managing Director, Plan Organization, Tehran, Iran

To be sent through U.S. channels and to be delivered to the addressed by Mr. Eschenberg

You stated your Government wished my views on the need for and possible approach to reorganization of your ministerial structure. My conclusions are:

1. Reorganization is needed.

2. A Royal Commission should be established to consider the problem and present recommendations to His Majesty.

3. The members of the Royal Commission should be Iranian.

4. The Commission should call upon expatriate policy advisers for consultation and advice after preliminary staff work has been completed, but before the Commission develops its conclusions and prepares its recommendations for His Majesty.

5. Among those who might be considered for appointment as external advisers are: From France, X.X. Monod, Secretary to the President of France, who has . . . . . ; X.X. de Lattre, presently Vice Governor of the Bank of France, who previously was . . . . . From the United Kingdom, X.X. Armstrong, presently Treasury Secretary and Director of the Civil Service, who has been deeply involved in the reorganization of the British Civil Service. From the United States, David Bell, presently Executive Vice President of the Ford Foundation and former Administrator of U.S. AID, and prior to that, Director of the U.S. Bureau of the Budget, in which capacity he was responsible for studies of the organizational structure of the U.S. Government; Kermit Gordon, presently President of the Brookings Institution and formerly Director of the U.S. Bureau of the Budget, in which capacity he, too, participated in studies of organization of the U.S. Government; Donald Price, presently Dean of the Kennedy School of
Government at Harvard University, formerly Secretary of the Hoover Commission which studied the organization, policies and procedures of the U.S. Government, and a long-time expert in governmental organization.

After you have had an opportunity to consider the suggestions I have made, I will be happy to respond to your questions or supply any further information you may request.
MEMORANDUM FOR DR. CHENERY

Attached is a note on malnutrition. My questions are two:

1. Am I correct in believing malnutrition is a serious problem in the developing countries?

2. If malnutrition is an impediment to development, what should we in the Bank be doing with respect to it?

After you have had an opportunity to read the note and consider my questions, please discuss the subject with me.

Robert S. McNamara
April 10, 1971

MEMORANDUM FOR MR. CLARK

As you know, we are making every effort to reduce the FY '72 budget below the amounts initially recommended by department heads. I have asked John Adler to discuss with you whether it would not be possible to reduce the estimates for "contractual services" without seriously impairing the work of your department.

Robert S. McNamara

cc: Mr. Adler
April 10, 1971

MEMORANDUM FOR MR. RIPMAN

As you know, we are making every effort to reduce the FY '72 budget below the amounts initially recommended by department heads. I have asked John Adler to discuss with you the possibility of reducing the number of Bank personnel assigned to the Travel Office. Should we not insist that American Express provide satisfactory services, and if they do, should we not schedule a gradual reduction in the number of Bank staff assigned to that office?

Robert S. McNamara

cc: Mr. Adler
April 10, 1971

MEMORANDUM FOR MR. ADLER

I understand that in the past it has been necessary for Programming and Budgeting to borrow personnel from other departments of the Bank in order to perform the tasks which I and others have assigned to it. I am sure you will agree that in the future P&B assignments should be carried out by staff recruited by P&B and included in its budget. If the budget you and I have considered for FY '72 does not provide for such staff, please submit a revised budget to me immediately.

When I reviewed the budget of the economic staff of Hollis Chemery and reduced the total below the levels he initially requested, it was with the clear understanding that other departments of the Bank -- Area, Projects, P&B -- would not continue their past practice of borrowing economic staff personnel to supplement their own budget and personnel. I want to be certain that I can carry out my commitment to Hollis.

Robert S. McNamara
April 10, 1971

Office Mauritanien du Tapis
Boite Postale 357
Nouakchott
Islamic Republic of Mauritania

Gentlemen:

In your letter dated February 13, 1971, a copy of which is attached, you requested a deposit of 50,000 CFA before proceeding with my order for the rug described in the letter. Enclosed is my check for $182.00 which I understand to be the dollar equivalent of the amount you specified.

I shall look forward to receiving the rug in approximately four months.

Thank you for your prompt action on my order.

Sincerely,

Robert S. McNamara

Enclosures
MEMORANDUM FOR MR. KNAPP

April 9, 1971

It is alleged that Portugal devotes approximately 40% of its government expenditures to military spending, most of which is for military operations in the colonies. It is said that about 140,000 of Portugal's 190,000-man army is in the African colonies. If these allegations are true, can we justify Bank lending to Portugal?

Robert S. McNamara

cc: Mr. Benjenk
April 9, 1971

MEMORANDUM FOR DR. CHENERY

In the attached memorandum Dr. Sen suggests we determine whether the Bank can play a role in developing, adapting, and choosing appropriate technology for such developing countries as have substantial labor surpluses. Murray Gell-Mann made the same suggestion to me a few weeks ago. Please consider this subject for possible inclusion in your research program.

Robert S. McNamara

cc: Dr. Sen
OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: S.R. Sen
DATE: April 9, 1971
SUBJECT: CHOICE OF TECHNOLOGY FOR DEVELOPING COUNTRIES WITH SUBSTANTIAL LABOUR SURPLUS.

The UNCTAD had invited Prof. E.F. Schumacher (Chairman, The Intermediate Technology Development Group, 9, King Street, Covent Garden, London, W.C. 2) to participate in their Expert Group on Diversification of which I was the Chairman. I had heard about him earlier, but this was the first time that I met him. I was greatly impressed by his wide experience and constructive approach in regard to the problem of choice of technology, especially in developing countries with substantial labour surplus. I enclose a copy of a short statement of his regarding the basic approach of the Intermediate Technology Development Group. I do not know whether the Bank is in touch with this Group. In any case I feel that it would be useful if the Bank invites Prof. Schumacher to give a lecture in the Bank on the subject of "Choice of Technology for Developing Countries with Substantial Labour Surplus" and also consult either him or the Group of which he is the Chairman when serious controversial points come up about choice of technology for a particular industry or sector of a particular developing country.

Apart from encouraging new basic research in the field of appropriate technology for developing countries with substantial labour surplus, if steps could be taken by the Bank to induce or even help some competent institutions to undertake intensive adaptive research for identifying and adapting for use in these countries such relevant technology as had been evolved in developed countries like say, Japan or Germany in the recent past but have become out of date for them now, it could be of great benefit to a large number of developing countries.

Mr. Fritz Stedtfeld tells me that in the Federal Republic of Germany a special agency has been set up called "Arbeitsgemeinschaft Industrielle Forschungsvereinigungen (AlF)" for development and promotion of appropriate technology particularly favouring small and medium size industrial enterprises within that country. There may be some similar institutions in Japan and some other developed countries also. The Bank might consider contacting such institutions and see what could be done to make use of their expertise to help the development, adaptation and choice of appropriate technology for such developing countries as have substantial labour surplus.
E. F. Schumacher

INTERMEDIATE TECHNOLOGY:
THE MISSING FACTOR IN FOREIGN AID

As I became involved with the problems of World Poverty, some fifteen years ago, as economic adviser to the government of the Union of Burma, I did not start with the idea that this was going to be an easy job, that we knew all the answers and had only to give our poor brethren the money by which they would then be able to apply these answers to their own situation. It struck me that there was a very big gulf fixed between the people trying to help and those most in need of help, or rather three gulfs, because, after all, who are 'we' and who are 'they'? We are rich - or rather three gulfs, because, after all, we are educated - if in a peculiar kind of way; and we are, most of us, town-based. Yet the people most needing help are poor, semi-illiterate, country-folk. Rich to poor, educated to semi-illiterate, townsmen to countrymen - what a distance, what a challenge, what a problem of mutual understanding and of communications!

Development? Splendid!
But the poor, the majority, have been left out!

I felt that I must do three things: I must study poverty and the boundaries and disabilities of poverty; I must identify myself with poverty; and then I must try and discover how to help the poor to help themselves.

I might perhaps say, without polemical intent, that I found a lot of other people approaching the problem quite differently. They did not speak of poverty but of 'development'; they were concerned with 'countries' rather than 'people'. I felt that many of them, with their sophisticated economic terminology, their five-year-planning and national income accounting, often tended to lose sight of The People.

Development of a country - very well! But does it not have to mean above all else the development of people? Industrialisation - splendid! But will the poor people be involved, and, if so, how many of them? Growth of the national income - excellent! But will it benefit the poor and enable them to develop?

As we look back upon 'development' during the sixties - the 'Development Decade' - we come to the disturbing conclusion that by and large, speaking very generally, development has gone ahead in many places, but The People, the poor, the great majority, have been by-passed and left out. The obvious signs are: unemployment, particularly among the young, aged 15-19 years: 43% in Jamaica, 44% in Guyana; 30% in Malaysia, and so on; a desperate, dangerous - because excessive and unmanageable - drift of rural people into cities; and stagnation, even retrogression, in many rural areas.

These signs are too glaring to be ignored. So now the cry goes up: the 1970s must become the World Employment Decade; we must do much more, not merely for agricultural, but for rural development, for the development of the rural areas where most of the poor of this world actually live. And we must help these people to help themselves, to become self-reliant. No one can do it for them; they must do it themselves.

This is only too true. No one can do it for them. No amount of aid can do it for them. Look at the quantitative significance of aid, when taken as a 'subsidy' from the rich to the poor. On average it amounts to something like sixpence per person per week.

As a subsidy, I say, aid is totally insignificant and would remain so even if the amount were doubled or trebled. We can point to oil- or mineral-rich countries where royalty income - a kind of indigenous aid source - amounts, not to sixpence, but to one pound per person per week. Are they examples of healthy development? No, they face the same problems and suffer the same disappointments as their poorer neighbours. The wealth stays in the towns; it stays mainly with people already rich and, by and large, refuses to percolate to the poor. It fails to set in motion a process of genuine development in the rural areas where 80 or 90 per cent of the people actually live.

Have we overlooked something? Maybe there's a missing factor of knowledge of how to help.

So, what is the matter? What can one do? With mass unemployment, particularly among the young, how can the people develop? With widening gaps between rich and poor, how can these societies hold together? Is the task altogether too large and too difficult? Must we give up - and then? Let chaos and fury prevail?

Or is there a Missing Factor? Have we overlooked something? And by 'we' I mean all of us together, the leaders of opinion on all sides.

If 'we' are mainly rich, educated townsfolk, perhaps we do not have the knowledge of how really to help poor, semi-illiterate villagers. If we do not know, but think we know, we shall not even try to obtain the knowledge we lack.

What makes us think, here in Britain for instance, that we know how to bring help to two million destitute villages around the world - when we have no destitute villages here and therefore no indigenous experience of how to tackle this problem: humanely, successfully, and expeditiously?

Suspecting that this might be the case - that there might be a missing factor of knowledge, that the efforts of the donors and equally of the governments in the Less Developed Countries could not reach and benefit the poor because of a lack of understanding of the 'condition of poverty' - suspecting all this, some of us decided to set up an organisation, the Intermediate Technology Development Group Limited. The objectives were: to study poverty; to identify ourselves with poverty; and to identify and develop the means by which the poor can help themselves and become self-reliant.

It is no use shouting to a drowning man that he should swim ashore. Equally, it is no use calling upon helpless people to be self-reliant and to help themselves. But if you can throw the drowning man a life-belt or a raft, or can show him that there is a raft bobbing up and down a few yards from him - then you may indeed enable him to save himself.

Intermediate technology defined as 'somewhere between the hoe and the tractor'.

So, what is the life-belt? What is the raft?

We had to give it a name, so that one could more easily talk about it, and we named it 'Intermediate Technology'. But this is just a label, and not more than a hint of a definition. It is one of those things you can describe in many ways but not adequately define. It is a technology somewhere intermediate between the hoe and the tractor - that is one hint of a definition.
It is a technology which is, or can be brought, within the reach of the poor, by which they can become self-reliant — that is another kind of a definition.

The poor cannot help themselves, cannot become self-reliant, largely because they do not know how to do it. What they really lack is knowledge, useful knowledge, knowledge they can use, poor as they are.

Now, setting out like this, with these ideas or hypotheses, we soon found ourselves embarked on a journey of discovery. We discovered that, in this line, virtually nothing exists. Not even a catalogue of simple tools and equipment for small-scale, self-help development existed — until we produced 'Tools for Progress' two years ago.

Here is a village, or a district, a province. The people have been fired with the idea of 'development'. Let us assume everything is right: the leadership is right, the ideas are right, the people are anxious to 'get a move on', ready to work. Where can they get the information on how to do things cheaply and efficiently? On what equipment to get and where to get it: equipment cheap enough, sturdy enough, easy to operate and maintain? On how to organise themselves, how to keep accounts, how to buy, how to sell?

The answer is: Nowhere. Except by lucky chance, nobody has the information. This work has not been done. Nobody has bothered to do it.

So we set out to do it, without resources, without powerful backing, in a spirit — you might say — of happy abandon.

Where to begin?

There can be no development without building, without a building industry. Let us therefore study the problem of how to develop the building industry in the developing countries. One could tell us how to do that. So we set up a Panel of first-class experts to help us to find out, with the generous assistance of the Ministry of Overseas Development — to find out how to reach, train, inform the small local builders, and what technical material and information they need.

Second: Water. No development without water! A very great deal is known about water technologies; a lot has been written by experts for experts. But the Agricultural Extension Officer in a rural area, the Community Development Officer out in the bush, the leader of the local Cooperative Society, or the Project Leader of this or that project financed by a voluntary agency, none of these is a water engineer, and he cannot hire a water engineer to tell him how to do things by self-help methods, with a minimum of capital expenditure.

An international effort is needed to fill the knowledge gap

Two comments in conclusion. The first is that I confidently hope that this effort to supply the Missing Factor, the knowledge of self-help technologies, effectively communicated, will soon be put on a proper financial basis, because what a small private group can do in this respect is not enough, and time is not on our side. Surely, a much bigger effort is needed, an international effort, to fill this knowledge-gap, an effort to which one quarter of one per cent or even one half of one per cent of available aid and development funds may have to be devoted — to make the remaining ninety-nine-and-a-half per cent very much more fruitful.

Secondly, I should say this: to supply the Missing Factor of knowledge and communications is not a vast undertaking; it is a manageable job, a finite job. We now have ten or eleven Study Panels; it is not as if 10,000 were needed, but perhaps thirty or so. The requirements of poor people are quite modest. But once they have learned effectively to look after their basic needs and have become self-reliant, they do not require any further special help to move forward. It is a finite job, not an infinite one. From this, we can derive some comfort and confidence in the future — provided we take the right steps now.

The Intermediate Technology Development Group Ltd., can be contacted at 9 King Street, Covent Garden, London, W.C.2.
MEMORANDUM FOR MR. WILLIAM CURTIN

Bill:

Will you please order the following book for Mrs. McNamara; Bank expense since she wishes to send it to someone she met in Cameroon. Please send the book to me.

AFRICAN CULTURE SPEAKS
Third Edition
by Ladislas Segy
Publisher: Hill and Wang

Thanks.

polly yates

The book is not available here in D.C. but can be obtained from Wittenborn & Co., 1018 Madison Avenue, New York, N.Y. 10021
April 5, 1971

Mr. Howard R. Dressner
Secretary
The Ford Foundation
320 East 43rd Street
New York, N. Y. 10017

Dear Mr. Dressher:

Following are the expenses of Mr. McNamara for the International Committee meeting at the Foundation on March 23:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 round-trip air fare</td>
<td>$70.00</td>
</tr>
<tr>
<td>Taxi fares</td>
<td>18.20</td>
</tr>
<tr>
<td></td>
<td>$88.20</td>
</tr>
</tbody>
</table>

Congratulations on your recent achievement of the position of General Counsel.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara
April 3, 1971

Dear Stew:

I understand Bill Bundy is applying for membership in the Federal City Club. He is an extraordinarily warm, gentle, intelligent, articulate, civilized human being, with a most attractive wife. I know of no one whose application for membership in the Club I could support more wholeheartedly.

Please send my comments to the appropriate person on the Membership Committee.

With best wishes,

Sincerely,

Robert S. McNamara

Mr. Stewart Alsop
NEWSWEEK
Suite 1220
1750 Pennsylvania Avenue, N.W.
Washington, D. C. 20006
OUTLINE OF 1971 GOVERNORS SPEECH

I. Introduction.

In my three previous appearances before you, I have stated my view that we are facing a world in which there has been a basic ecological shift: the death rate in poor countries has suddenly turned downward, and a corresponding birth rate adjustment is not automatic and to date has not been significant. This is the overriding fact which is affecting the lives of the majority of the people in the developing world. Its consequences for both them and for those in the developed world who are attempting to assist them are not fully understood. I should like to explore them further with you today, particularly as they affect the desired rates of growth, unemployment, trade, and the process of industrialization. Before doing so, I shall first report on the operations of the World Bank Group during the past year and on our plans for the remaining years of our first five-year program.

II. The Bank Group's Operations.

FY 71; 5-year period 69-73 (volume; shift of emphasis sectorally and geographically; emphasis on integration of work of the World Bank Group with other sources of development funds, both bilateral and multilateral; the plans to expand the research activities of the Bank in order to begin to throw light on the forces affecting and limiting development, some of which I will be discussing in the following sections).


(3 or 4 pages, single spaced)

Before turning to a consideration of the effects on development of population growth and before considering the action required to minimize the adverse effects of such growth, I shall discuss the rate of growth, the efforts being made to deal with it, the lack of success to date, the need for more effective programs for the future, and the probable conditions that will result even if such
additional efforts succeed (i.e., population will continue to grow for at least
100 years before stabilizing at 10 to 15 billion).

We must face and adjust to the consequences of such growth. One consequence
of overriding importance is the necessity to deal with the problem of malnutrition.

IV. Malnutrition (3 or 4 pages, single spaced)

Outline the extent of the problem; its relation to optimum brain development
and optimum labor productivity; and the action required to deal with it.

V. Unemployment

A second consequence of the continuing growth in population is the unacceptably
high but still growing level of unemployment. H. W. Singer has pointed out that
it is notoriously difficult to measure unemployment in the developing countries
in terms which make it comparable with unemployment in the richer countries.

But he goes on to add that we must not jump from a legitimate refusal to apply
First World concepts to Third World problems, to the illegitimate assumption that
unemployment and underemployment are not serious merely because they cannot be
measured by familiar concepts or because complete data are lacking. I believe
most authorities would agree

a. That by any reasonable definition, unemployment is of the order of
   magnitude of 25-30% in many LDCs and 20-25% in most.

b. That unemployment in the LDCs has become increasingly serious in the
   last 10 to 20 years.

c. That it is bound to increase further unless action is taken and taken
   quickly to address the problem.

(Refer to "horror stories" of unemployment levels in specific cities and countries;
future additions to the labor force in such areas; and the effects of such conditions.

Singer emphasizes there is a global disequilibrium in the incidence of
unemployment between the developed and the developing countries: unemployment
ranges from perhaps 3-5% in the rich countries and 20-30% in the poor countries.
Past rates of growth (3-4% in the 19th Century) are totally insufficient to deal with this problem and to absorb the explosive additions to the labor force which lie immediately ahead. But where higher rates of economic growth have occurred, they have not always benefitted the mass of the people.

Because of this there is realization that:

a. Rapid economic growth is a necessary but not sufficient objective of development policy.

b. Rapid growth along classical lines is unsatisfactory unless modified to take account of:

1. Effects on income distribution and employment.

2. Effects of overly rapid industrialization and urbanization have created social and political problems.

3. Longer term ecological effects (although the LDCs are not yet persuaded of their importance).

The objectives of development should therefore be stated in terms not only of growth of output and productive capacity, but of the distribution and quality of development. While intellectually accepted, this fact has not had much effect on planning procedures of either the LDCs or the suppliers of external capital. This is a subject I shall wish to deal with on a future occasion; time does not permit me to do so today.

In the sections that follow I shall discuss certain of the actions that are required to stimulate the rate of development.

VI. Economic Growth and the Requirement for Foreign Exchange.

Following our last Annual Meeting in Copenhagen, the members of the United Nations, reviewing the conditions referred to above, concluded that economic growth in the LDCs must be accelerated in the 1970s to a rate of at least 6% -- a 20% increase over the rate realized in the 1950s.
To achieve this will require an increase in imported goods -- raw materials, capital goods, etc. -- of close to 7% per year.

These imports into the LDCs must be financed by foreign exchange received from public aid, private investment, and the proceeds which remain from export sales after provision for profit remittances and payment of debt service.

It seems clear that even if the nations which have subscribed to the 1% aid target do achieve their goal, public and private aid flows in the 1970s will not increase by as much as 7% per year; moreover, debt service is rising at rates in excess of 7% annually. (Introduce into the text or discuss in footnotes data relating to public and private aid flows and debt service.) Therefore, if imports are to increase by 7% per year, exports must grow by somewhat more than that figure. The development goals of the '70s cannot be achieved without an expansion of trade greater than that which either the LDCs or the developed countries are prepared for.

VII. A Trade Program for the '70s.

Exports of primary products, which today account for approximately 80% of LDC exports, excluding fuels, are expected to grow at rates of only 3-4% per year. Therefore, for the majority of the countries, their growth will not meet the requirement for additional foreign exchange. For a selected few of the primary products there will be a substantial increase in demand which will be important to certain of the smaller countries. But even here: (a) the increase in exports will have limited employment effects (and therefore there will be a need to supplement market forces in order to secure better income distribution, for example, in Malaysia and Trinidad); and (b) because the expansion of demand will not continue indefinitely at a high rate, there will be the need to plan for future diversification and less
specialization in the economy (for example, in Argentina and Colombia).

With exports of primary products, excluding fuels, growing at rates of only 3-4% per year, manufactured exports from the LDCs must grow approximately 15% per year (from a level of approximately $7 billion in 1970 to $28 billion in 1980), if the foreign exchange needed to support the 6% growth rate is to be available.

A 15% rate of growth in manufactured exports is not an impossible goal -- such a rate was realized in the '60s.

It will be much harder to achieve in the '70s when it requires an absolute increase in annual exports of $21 billion per year (from $7 billion in 1970 to $28 billion in 1980) instead of only $5 billion per year (from $2 billion in 1960 to $7 billion in 1970).

The UNCTAD proposal to grant preferential treatment to the exports of developing countries should increase their trade by approximately $1 billion per year (of which approximately $400 million would be represented by additional imports into the EEC, $400 million by additional imports into the US, and $200 million by additional imports into other developed countries). If the remaining $20 billion of additional exports per year is to be achieved during the '70s, the LDCs must radically change their approach to industrialization, and the developed countries must provide the necessary markets by additional action to remove discriminatory tariffs and non-tariff barriers.

VIII. A Strategy for Industrialization in the Developing Countries.

Industrialization based on import substitution is a necessary first step, but typically the LDCs overprotect their infant industries thereby stimulating high cost production and distorting the optimum distribution of investment funds.
Production for import substitution should be one element in a strategy of industrialization for most countries, but it should lead on to the development of export-oriented industry. (Summarize Balassa conclusions.)

The Japanese strategy of the past 40 years, based on production for export, is the best basis for sustained growth. However, it requires a preliminary stage of learning to produce efficiently and to sell in the export markets (as well as the willingness of advanced countries to modify their industrial structure progressively to accept the LDC exports). Relatively few LDCs, Korea and Taiwan being notable exceptions, have succeeded so far. Such a strategy would be facilitated in the future by greater economic integration of developing areas.

IX. Complementary Action Required in the Developed Countries.

A 15% rate of growth in manufactured exports from the LDCs would, over the decade of the '70s, nearly quadruple their trade in these products. However, the total volume of such exports, even were it to reach $28 billion in 1980, would remain but a small part (approximately 5%) of the total manufactured imports into the advanced countries. Although in the long run, the advanced countries would benefit from such an expansion of imports by shifting to a more perfect application to the principle of comparative advantage, in the short run, there would be heavy penalties to certain sectors of their economies. These will be strongly resisted by the individuals and firms affected unless appropriate readjustment policies and procedures are introduced. Few, if any, developed countries now possess such policies and procedures.

X. Conclusions.

Conclude by drawing from the statements of principles the lessons which the Bank must apply to its own policies and operations.
QUESTIONS ON COMPENSATION

1. Table 1:
   a. What is the meaning of Footnote e relating to the Bank Group?
   b. How comparable are the classifications as between organizations?
   c. How many UN Deputy and Assistant Secretary Generals have been excluded?
   d. What is the amount and use of the "Representation Allowance"?
   e. How many receive the "Special Allowance of up to 5% of base salary", in what amount, and for what purpose?
   f. How many personnel are in US Civil Service executive levels I, II, and III; what are their pay grades; and why were they excluded from Table 1?
   g. Which other organizations of the UN system follow the pay scale shown on Table 1; for example, UNDP, FAO, etc.?
   h. What is the post differential for OECD between Paris and Washington?

2. Which major governments and international organizations award general salary increases in gross terms and which in net? In that connection, what is the meaning of "international taxes" and which organizations use the term?

3. Add the year 1968 to the table showing general increases by organization.

4. With respect to our pension plan, obtain the number of retirees, vestees, withdrawees, currently and for the year 2000.

5. With respect to pension plan retroactivity, what practices have been followed by other major public and private institutions?

6. What features of our pension plan should be subject to re-examination? For example:
   a. Early retirement at the option of the Bank.
   b. Continued increase in benefits accruing under the plan for individuals employed by the Bank beyond age 65.

7. Table 2:
   a. Why does not footnote i apply to the top US salaries shown on the table?
   b. What justification is there for the lower and upper ranges of Bank salaries in levels A, B and C being higher than those for the IMF?
   c. Why were the lower limits of Bank salaries in level D and grade I below the IMF?

8. Table 3:
   a. How many personnel are there in the US "management and budget" office in executive levels I, II and III?
   b. Is the distribution of personnel for the European international organization based on the Washington office or the Paris office?

9. Paragraph 9: Revise the table comparing compensation of Bank and IMF Executive Directors' secretaries to show the levels before and after the changes to be made by the Bank.

10. Paragraph 10: How many secretaries are affected by the changes recommended?

11. What do we know about the general relationship of OECD Paris-based salaries with those of the French Government and other European Governments?
b. Why did we introduce levels F and G when these classifications are not used by the Fund and not shown for the U.S. Government?

c. What is the justification as of May 1 for the upper limit of the Bank's grade 3 exceeding the upper limit of the IMF grade?

23. Compare the number of days leave granted by the Bank and Fund with the days leave authorized by major governments, international institutions, Ford Foundation and IBM.

24. IMF authorizes firstclass passage for mission travel for all personnel. What are our practices?

25. Page 12:

If the Bank were to follow the Fund's procedures in the financing of group life insurance, how much would the Bank save?

26. Para 21:

How should the staff be informed of the changes in compensation?

27. Para 22:

a. Did the 1969 cost-of-living "guarantee" apply to former employees of the Bank who, although eligible for "early retirement pensions," had not applied for them? How many such persons were affected? Did the Fund follow the Bank's practice?

b. How much has the cost-of-living risen "accumulatively" above the 3% accumulative guarantee provided for under the plan? How many individuals are now receiving pensions to which this guarantee applies and what is the total paid to them in pensions per year?

28. Which major governments and which international organizations now use "3 HAR" and which do not? What is the practice of IBM?

29. What would be the cost of making "3 HAR" retroactive to "retirees" and "vestees"?

30. Page 15, item b: How much will the new cost of living "guarantee" cost the Bank in FY 71, FY 72?

31. For what categories of personnel do we use "fixed term" and "secondment" staff appointments? How does the compensation of such personnel, including fringe benefits, differ from that of permanent staff?

32. Page 12, item f: Did we ultimately agree with the IMF?

33. Page 17, item i: What is the meaning of "approve in principle"?
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32. Page 12, item f: Did we ultimately agree with the IMF?

33. Page 17, item i: What is the meaning of "approve in principle"?

34. What changes do we propose in the Bank's Financial Assistance Policy? (State the limits before and after the changes.)

35. Pension Plan Funding

a. What is the current status of the funding of current and past service liabilities of the Pension Plan?
b. What percent of compensation is contributed annually to the Plan by the employee and the Bank to fund current service and past service liabilities? (Does the Bank's contribution cover the funding of that year's cost-of-living increases or is an additional amount over and above the percentage referred to required for that purpose?)

c. How many individuals would be covered by my proposal for the new "unlimited" cost of living increases who are not covered by the recommendation of the Pension Committee?