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President's Council Minutes
July - Dec. 1968

Folder 2

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Records of President Robert S. McNamara President's Council minutes - Minutes 02

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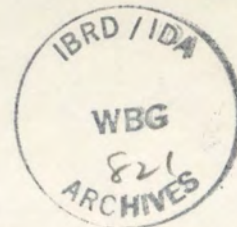
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President's Council Meeting, Monday, July 15, 1968

Present: Messrs. McNamara, Knapp, Broches, Demuth, Sir Denis, Shoaib, Wm. Clark, Rosen

Mr. Knapp reported on the status of IDA legislation in Congress, the exchange of views with Executive Directors on IDA policies and the papers relating to the proposed transfer of Bank profits to IDA and the change in interest rate.

Mr. McNamara asked Sir Denis to find out why Mr. Stone opposes a transfer of a substantial amount of Bank profits to IDA and who in the Australian Government backs such opposition.

Mr. Broches will hear today or tomorrow from The Netherlands on the contemplated Bank issue there.

Mr. McNamara mentioned the necessity to tighten security arrangements with respect to highly confidential information in the wake of leaks to the UAR on contemplated Bank financing of the railroads and to the press on suggested Bank transfers to IDA.

RBS
Rainer B. Steckhan

President has seen

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President's Council Meeting, Thursday, July 25

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Present: Messrs. McNamara, Aldewereld, Broches, Demuth, Friedman, Rickett, Shoab, Cope, Adler, Rosen

Mr. McNamara asked Mr. Broches to formalize, in cooperation with Mr. Mendels, the schedule of Board meetings and to put out on the 26th day of every month a schedule covering the ensuing three months. Mr. Adler, in cooperation with Mr. Cope, will provide Messrs. Broches and Mendels with the necessary information on contemplated Bank and IDA operations. The schedule would contain the names of the projects, dollar amounts of the individual loans/credits and totals for the three-month period. In footnotes to the schedule, important issues to be resolved prior to Board presentation are to be flagged.

The schedule of Board meetings will be circulated only to President's Council members including Mr. Adler. It will be decided later whether or not to give this schedule wider distribution.

It was agreed to have Board meetings on September 3 and October 8. No Board meetings will be held on August 20, 27 and October 1.

With respect to IDA credit proposals prior to effectiveness of second replenishment, it was agreed to process all credits up to Board presentation. Sir Denis will talk to the U.K., French and German EDs to find out whether they would support Board discussion and approval of such credit proposals subject to IDA replenishment. If they support this idea, Sir Denis will then talk to the U.S. ED to obtain his support.

An attempt will be made to schedule operations (possibly only an IFC project) for the August 6 meeting of the Board.

With respect to the price stabilization study, Part I will be scheduled for Board discussion on August 6 and a first discussion of Part II for August 13.

With respect to the paper on preferences for domestic suppliers originally prepared by Mr. Bell, Mr. Friedman will assume responsibility. A discussion of this paper will be scheduled for November. The paper on projects versus program financing will be split into a general part and a specific part dealing with India. Both will be scheduled for discussion on October 22.

A paper on Bank/IFC policies towards development finance companies will be prepared by Messrs. Knapp, Cope, Rosen and Diamond and will be scheduled for discussion on October 29.

Rainer B. Steckhan
Rainer B. Steckhan
July 25, 1968

President has seen

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President's Council Meeting, Monday, July 29, 1968

821/213
IBRD/IDA
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Present: Messrs. McNamara, Aldewereld, Broches, Demuth, Friedman, Sir Denis Rickett, Shoaib, Wm. Clark, Cope, Rosen

Mr. Shoaib reported that several EDs would prefer not to have important issues on the agenda of the September 3 Board meeting.

With respect to a suggestion by Mr. Lynch, it was agreed to avoid, at the upcoming Board meetings, any discussion of how to draw on the funds resulting from the Bank's contemplated transfer to IDA. This problem would have to be faced only after the Board of Governors had formally approved any transfer.

Messrs. Aldewereld and Cope reported that hopefully the difficulties standing in the way of a Board consideration of the Sudan Mechanized Farming project could be eliminated in time for tomorrow's meeting. Mr. McNamara asked them to do everything they can to permit the Board to consider the project tomorrow. Any outstanding issues could be made a condition of signing.

On the commodity study it was agreed to distribute today to the Board a slightly revised draft of Part II of the Bank paper for discussion at the August 6 and August 13 meetings and the Part II of the IMF paper for information. Part II and possibly Part I of the Bank study would subsequently have to be rewritten in the light of the comments by the Board highlighting in particular the definition of the problem, the discussion of alternative ways of meeting the problem, a statement of the degree to which the Bank could get involved in one way or the other, an identification of areas of disagreement between the Bank and Fund staff and the extent to which such disagreement would influence the alternative courses of action.

The paper on local currency financing was approved without much comment.

With respect to the proposed salary increase, it was agreed to submit the proposal to the Board despite strong opposition from some EDs. It was also agreed to justify this proposal both in terms of increase of cost of living and productivity. There was unanimous support of the suggestion to raise professional staff salaries by 8% (rather than by 7% as originally planned) in line with a similar IMF recommendation.

Rainer B. Steckhan
Rainer B. Steckhan
July 29, 1968

President has seen

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President's Council Meeting, Monday, August 5, 1968

Present: Messrs. McNamara, Demuth, Friedman, Shoaib, Cope, Wm. Clark, Chadenet, Nurick, Twining, Rosen

It was decided to schedule the upcoming German bond issue for discussion by the Board tomorrow before the IFC meeting and the remaining Bank Business.

Mr. Shoaib promised to try to firm up a proposed borrowing in Kuwait in time for tomorrow's Board Meeting. This would permit issuing a press release covering both borrowings which would stress the serious difficulties of aid as evidenced by the reduction in U.S. aid, and the ensuing increased role of the Bank in providing development finance.

On the proposed 8% salary increase for professional staff, Mr. McNamara apprised the Council of the general trend of thinking within the U.S. Government and his ongoing discussions with the Executive Directors. Mr. McNamara proposed to stick to his salary recommendation.

With respect to the commodity stabilization papers, Mr. McNamara doubted whether the Bank and Fund could do more than submit Part I for consideration by the Governors at the upcoming Annual Meetings. Presumably, the Governors would then have to instruct the Bank and Fund to submit precise action proposals within another year or earlier.

As far as the second IDA replenishment was concerned, Mr. McNamara suggested to give thought to alternative ways of providing funds to IDA on the assumption that IDA legislation would not be passed by Congress before June 1, 1969, and that IDA should be kept operative in one form or another. Messrs. Friedman, Cope and Chadenet were asked to examine how much of the contemplated \$600 million IDA commitment program for the current fiscal year could be shifted to hard loans bearing in mind the possibility of an extension of the grace and repayment periods. They were also asked to suggest priority projects for which the 1968 Bank transfer to IDA and the unconditional Swedish contribution could be used. Finally, on the same assumptions, Mr. McNamara asked Mr. Nurick to look into ways and possibilities of obtaining contributions to IDA from Part I countries other than the U.S. Among other things, Mr. Nurick would investigate the scope of the authority of the executive power in the U.K., Japan, FRG, Canada and Holland under the existing or proposed IDA legislations, terminal dates in IDA legislations, the possibility of contingent loans to IDA by the major donors other than the U.S. to be repaid out of Bank transfers to IDA, IDA profits and repayments, and the possibility of a loan from the U.S. under existing aid legislation. Mr. Nurick would also look into other possibilities of providing IDA with funds. Messrs. Friedman, Cope, Chadenet and Nurick will turn in their recommendations by next Friday afternoon.

Mr. McNamara expressed surprise at the low 1968 commitment figure for development finance companies and asked Messrs. Cope and Rosen to report to him by Friday on the amount development finance companies could prudently and effectively absorb in the current fiscal year.

Mr. Demuth reported on renewed attacks by Russia and African Governments against the Bank's policy vis-a-vis Portugal and South Africa at the ECOSOC meeting in Geneva. These attacks were likely to come up again at the Annual Meeting. Mr. Demuth was asked to prepare a concise paper on what other international institutions and countries were doing with respect to aid to and trade with Portugal, and on what the Bank's policy and legal position was with respect to Portugal and the relevant UN resolutions.

President has seen

Rainer B. Steckhan
Rainer B. Steckhan

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821/2/4

President's Council Meeting, Monday, August 12

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Friedman, Shoaib, Wm. Clark, Ripman, Nurick, Rosen

Mr. McNamara reported that his talks with the EDs concerning the proposed 8% cost-of-living increase had not led to full support for his proposal. He had learnt that the U.S. Government would be prepared to consider a salary increase for Executive Directors in November.

Mr. McNamara drew attention to attached two pages on comparative data relating to IBRD salaries. These pages showed that, over the period covered, the ratio of salaries within the Bank as well as of certain Bank salaries to U.N., IMF and U.S. Govt. salaries had been distorted. Although these figures were not definitive, they were, however, indicative of a problem and he would ask Mr. Ripman to look into the structure of Bank salaries after an 8% cost-of-living increase had been approved.

On the IDA program for 1969, Mr. McNamara stated that a cursory study of the problem had shown that 80% of the program (excepting the special case of the industrial import credit to India) could be carried out. Mr. McNamara proposed by mid-week to review the 1969 IDA program breaking it down by projects transferred to Bank loans, by projects to be charged against available IDA funds and by projects to be deferred indefinitely. This program, with an exploratory statement, would be made available to the EDs and the Board of Governors, but not before the Annual Meeting. In conclusion, it was clear that the Bank would have to push the work ahead on the basis of the original schedule.

A new schedule would be available on August 15 with a breakdown of Bank/IDA operations for 1969 by country, by project and by date.

Mr. Shoaib said that he had just received confirmation of the terms of the Bank issue in Kuwait. Mr. Clark was asked to prepare a statement to be released Tuesday afternoon putting the Kuwait issue and the recent Saudi Arabian issue in the broad context of the Bank's increased search for additional sources of finance.

Mr. McNamara reported that ex-Prime Minister Lester Pearson was interested in becoming associated with the Grand Assize and that he and Pearson would talk together next Friday. The Grand Assize, Mr. McNamara re-emphasized, was still a delicate issue with many EDs because of the apparent desire of some governments to exercise some kind of control over it.

Mr. Aldewereld announced that he would talk to Mr. Pattberg next Wednesday about the possibility of adding a Saudi Arabia tranche to the September 17 World Bank issue and about the fee for delayed deliveries.

Rainer B. Steckhan
Rainer B. Steckhan
August 12, 1968

President has seen

8/7 T, Messrs: Ripman

Training

Suggested Points

Should we not act to make a thorough study to establish the facts +

then correct these conditions
Lynn

1. The Bank is a professional organization calling for staff of the highest caliber and of specialities not generally found in career national services. Many of our staff come from the private sector, particularly consultant firms, and from the academic world.

2. All comparisons with salary structure of other organizations is on a directly comparable basis, i.e., where relevant, reducing gross taxable salaries to their net of tax equivalent.

3. The rate of growth of Bank salaries in recent years has been less than that of other organizations, including the U.N. and the U.S. Government. This is particularly so at the senior level - Department Heads, Deputies and Assistant Directors.

4. In absolute terms present salaries of Bank Directors and Deputies are behind those of U.N. and the Fund and have largely lost their previous competitive edge over the Common Market and Foundations but are ahead of U.S. Government.

5. At the intermediate level, Bank salaries are broadly comparable with those of other employers although for certain key positions, such as the younger Area Department Division Chiefs, Bank salaries are below those of the Fund and even of the U.S. Government.

6. At the junior professional level our present entrance salaries are in many cases well below those of the U.N., the Fund and the U.S. Government.

Personnel Division
August 7, 1968

COMPARATIVE DATA RELATING TO IBRD PROFESSIONAL STAFF AND DIRECTORS SALARIES

1. Ratio of Average Salaries of Department Heads to Average of Professional Staff: 1950 - 1.85 to 1; 1968 - 1.49 to 1
2. Comparison of Bank and Fund Increases '68 over '63 as percentage of '63 salaries (for those who were in continuous employment)

| <u>1968 Salary</u> | <u>Bank</u> | <u>Fund</u> |
|----------------------|-------------|-------------|
| Below \$15,000 | 53.0% | 50.3% |
| \$15,000-20,000 | 30.6 | 37.1 |
| Above \$20,000 | 20.7 | 30.4 |
| Average Professional | 35.2 | 40.2 |

3. Average Salary of Department Head and Deputy - Bank vs UN and Fund

Bank vs UN
 Traditionally: Bank over UN 5 to 10%
 1968: Bank under UN 6% (Director)
 2% (Deputy)

Bank vs Fund
 1968: Bank under Fund 9%

4. Average increase '63 - '68
 US Government: GS 18 and Exec I-VI 40-50%
 Bank Senior Staff (\$20,000 and above) 21%
5. The beginning of the net of tax salary range for Bank senior division chiefs in Area Departments, section chiefs in Projects Department and group chiefs in the Economics Department has fallen behind their peers in the US Government agencies such as AID.
6. Comparison of Selected Positions IBRD, UN and US Government

| | <u>UN</u> | | <u>IBRD</u> | | <u>Real Income Indices</u> | | | |
|----------|----------------------|-----------|-------------------------|------------------------------|----------------------------|------------------|-----------------|---------------|
| | <u>Asst. Sec-Gen</u> | <u>*/</u> | <u>Aver. Dir., Dep.</u> | | <u>Sec</u> | <u>Fed. Res.</u> | <u>IBRD</u> | |
| | | | <u>Asst. Dir-Gen</u> | <u>Dir. & Asst. Dir.</u> | <u>State</u> | <u>Pres.</u> | <u>Ex. Dir.</u> | <u>Pres.</u> |
| 1946 | | | | | 100 | 100 | 100 | |
| 1947 | | | | | | | | 100 <u>a/</u> |
| 1951 | 15,500 | 100 | 15,464 | 100 | | | | |
| 1956 | | | | | | | | 95 |
| 1960 | | | | | | | | 107 |
| 1963 | | | | | | | | |
| July '68 | 25,896 | 122.7 | 22,833 | 107.1 | 133 | 117 | 93 | 91 |

*/ Comparative figures for UN D-1/D-2 (comparable to Bank Deputies and Assistant Directors) show even greater real income growth.

a/ Eugene Meyer, who served for six months in 1946, did not accept full salary.

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President's Council Meeting, Monday, August 19, 1968

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821/1/5

Present: Messrs. McNamara, Knapp, Aldewereld, Nurick and Ripman

Mr. McNamara advised his Council that Lester Pearson, who had accepted to chair the Grand Assize, would soon be selecting the members of his panel. He would also look out for "intellectual advisers" such as Max Millikan, etc. As a later step, a full-time Secretariat would have to be set up. Unlike Germany and Japan, the U.S., the U.K., Canada and a few other countries represented on the Board understood that the Grand Assize could not be a government-influenced exercise.

Mr. Ripman would talk, through Mr. Wm. Clark, to Mr. Pearson concerning his compensation and expenses plus required staff and clerical assistance. Mr. Pearson would probably need 6 or 8 full-time staff. He should be entitled to expenses (including his wife's travel expenses) and to a compensation roughly equivalent to the salary he would have been paid by his University.

The Council discussed the draft statement to Executive Directors on shifting IDA projects to the Bank. It was agreed to send the statement to the Executive Directors on either September 3 or September 10 after having decided on a paragraph to be included in the prospectus for the upcoming bond issue. It was understood that the attached detailed IDA lending program would not be disclosed either to the Board or to the Staff.

It was suggested to talk to several Executive Directors prior to circulating the statement to the Board. The question who should talk to Directors was left open.

There was general agreement that the prospectus to be sent out on September 3 would have to carry a short paragraph incorporating the general ideas set forth in the above-mentioned statement to the Executive Directors. Mr. Nurick would draft appropriate language and clear it with Messrs. Knapp and Aldewereld before discussing it with Mr. McNamara by Tuesday night.

Mr. Nurick would also talk to the U.S. Treasury on their views concerning a \$25 million tranche reserved for sale to government institutions outside the U.S. in connection with the upcoming U.S. bond issue to find out whether this tranche would be considered consistent with the understanding reached between Secretary Fowler and Mr. McNamara. Mr. Nurick would report back to Mr. McNamara on the reaction of the U.S. Treasury.

Mr. McNamara mentioned that a draft of his Board of Governors speech would be available around September 6 to be circulated to members of the President's Council for comments.

With respect to newspaper reports about Czechoslovakia's intention to borrow from the Bank, it was agreed that no substantive statement should be made to the press before clearing it with Mr. McNamara.

With respect to the Indonesian Resident Mission, Mr. Nurick undertook to check the extent of the information disclosed to the Board with a view towards ascertaining whether or not any further information should be passed on to the Board.

Mr. Ripman undertook to handle the Robertson matter.

Rainer B. Steckhan
Rainer B. Steckhan
August 19, 1968

President has seen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: August 16, 1968

FROM: J. Burke Knapp

SUBJECT: Draft Statement *JBK* to the Executive Directors

Please find attached hereto:

1. A draft statement for you to deliver to the Board on September 3 regarding how we propose to handle the IDA lending program in the absence of some assurance regarding replenishment, and
2. A table outlining in detail how this new program would be implemented.

After your statement to the Board on September 3, we shall of course have to inform each borrowing country how we propose to handle the IDA credits pending in that country, but we will hold as strictly confidential the general pattern which emerges from the attached table, and in particular the new list of projects which are now earmarked for IDA credits.

In the case of those projects which under this program would be converted from IDA credits to Bank loans, I am alerting the Area Departments and other staff on a "need to know" basis in order that they may be prepared, immediately following your statement on September 3, to submit our new proposals to the countries concerned.

Attachments

cc: President's Council
Area Department Directors
Mr. Chadenet

August 16, 1968

DRAFT STATEMENT TO BE MADE BY THE PRESIDENT TO THE EXECUTIVE DIRECTORS

ON SEPTEMBER 3, 1968

I have been giving fresh consideration to our IDA lending program in the light of the following facts:

- (a) IDA expects shortly to receive a modest replenishment of its resources in the form of a transfer of \$75 million from the Bank.
- (b) The processing of applications for IDA credits is continuing on an active basis, and an increasing number of credit proposals are being circulated to the Executive Directors with consideration "subject to replenishment".
- (c) Yet, there continues to be substantial uncertainty regarding the effective date of the Resolutions covering the Part I country contributions to the Second Replenishment of IDA's resources.

Although we may assume for planning purposes that the proposed Resolutions on the Second Replenishment will become effective in due course, if this does not happen within the next few weeks, it is possible that action will be delayed until well into the calendar year 1969. I believe that in the meanwhile we must do everything possible to get ahead with our job of financing development, and I think the time has now come for us to initiate a new action program to carry out as far as possible the lending activities in which IDA would have engaged during this fiscal year if the Second Replenishment Resolutions had become effective.

In my memorandum to the Executive Directors on "IDA Policies" dated July 16, 1968, I recommended among other things that, assuming the Second Replenishment became effective, IDA should plan to make credit commitments during the fiscal year 1969,

- (a) to cover the "backlog" of \$169.5 million of credits submitted to the Executive Directors in the fiscal year 1968 "subject to replenishment", and
- (b) to cover new credit proposals amounting to \$530 million, plus such further indeterminate resources as might accrue to IDA during the fiscal year 1969 from the transfer of Bank profits, earnings, and other sources.

This recommendation was accepted by the Executive Directors. Furthermore, since that time the Executive Directors have recommended the transfer to IDA of \$75 million from the Bank's profits for the fiscal year 1968, and it is now possible on the basis of the Executive Directors' decisions regarding the terms of IDA credits to estimate IDA earnings during the fiscal year 1969 at approximately \$11 million. Allowing a further say \$4 million for possible receipts by IDA from other sources during fiscal year 1969, we would be planning an IDA lending program of around \$620 million in fiscal year 1969 if the replenishment had become effective, aside from clearing up the \$169.5 million "backlog".

Against this requirement for \$790 million (\$620 million plus \$169.5 million), there will be available for commitment in fiscal year 1969, until such time as the Second Replenishment will become effective, an estimated \$130 million.^{1/}

1/ Consisting of the following:

| | <u>\$ million</u> |
|--|-------------------|
| Old funds (including earnings through June 30, 1968) | 7.2 |
| Proceeds from Swiss loan | 12.1 |
| Special supplementary contribution from Sweden | 21.4 |
| Transfer of Bank profits | 75.0 |
| IDA earnings during the fiscal year 1969 | 11.0 |
| Other possible receipts - say | <u>4.0</u> |
| Total | 130.7 |

I now plan, subject of course to full review and reconsideration whenever the Resolutions on the Second Replenishment become effective, to begin presenting to the Board, for its approval, loans and credits based upon

- (a) allocating the \$130 million estimated to be available to IDA for commitment in fiscal year 1969, to the extent that it has not been already earmarked, to cover top priority projects in the developing countries for which other funds are not presently in sight, and
- (b) having the Bank undertake as much as possible of what might otherwise have been the IDA lending program, employing these Bank loans in "blend" countries where the Bank has lent in the past. Their effect in hardening the blend of Bank Group assistance to the countries concerned can be reversed by the extension of additional IDA credits if and when the Second Replenishment of IDA's resources becomes effective.

The first projects to be presented under this plan, Bank loans for Pakistan and Tunisia (to replace the IDA credit proposals which were distributed in June), IDA credits for Niger, Togo, and Ceylon, and a Bank loan for Turkey, will be scheduled for review by the Board in September.

IDA LENDING PROGRAM
(\$ millions)

| | Original Program | Revised Program | | Decision To be Deferred ^{1/} |
|--|------------------|--|------------------------------|---------------------------------------|
| | | To be Covered from Available IDA Funds | To be Switched to Bank Loans | |
| | (Col.I) | (Col.II) | (Col.III) | (Col.IV) |
| <u>Backlog from FY 1968</u> | | | | |
| India - Indust. Imports V | 125.0 | | | 125.0 |
| Pakistan - Transport | 36.0 | | Sept. 36.0 | |
| Tunisia - Port | 8.5 | | Sept. 8.5 | |
| | <u>169.5</u> | | <u>44.5</u> | <u>125.0</u> |
| <u>FY 1969 Program</u> | | | | |
| <u>AFRICA</u> | | | | |
| Burundi - Coffee Improvement | 1.7 | Oct. 1.7 | | |
| Cameroon - Oil Palm | 6.0 | | Nov. 6.0 | |
| Central Afr. Rep. - Roads | 4.0 | Nov. 4.0 | | |
| Chad - Road Maintenance | 4.1* | Apprvd. 4.1* | | |
| - Livestock | 1.4 | | | Mar. 1.4 |
| - Education | 1.8* | Apprvd. 1.8* | | |
| Congo (Kinshasa) - Highway Maintenance | 6.5 | Feb. 6.5 | | |
| Congo (Brazza.) - Highway Engineering | 0.5 | Jan. 0.5 | | |
| Danomey - Hinvi Agr. Devel. | 4.6 | Nov. 4.6 | | |
| Ghana - Volta Power II | 5.0 | | Jan. 5.0 | |
| - Road | 1.0 | Apr. 1.0 | | |
| - Fisheries | 3.0 | | | Mar. 3.0 |
| - Water Supply | 5.0 | | Apr. 5.0 | |
| Kenya - Feeder Roads | 11.0 | | June 11.0 | |
| - Agric. Roads | 4.0 | | June 4.0 | |
| - Livestock | 3.6* | Apprvd. 3.6* | | |
| Liberia - Power | 4.0 | | May 4.0 | |
| - Monrovia Port | 2.0 | | Jan. 2.0 | |
| Malagasy R. - Roads & Bridges | 9.0 | 4.5 | Oct. 4.5 | |
| Malawi - Tedzani Power | 7.0 | | | Jan. 7.0 |
| Niger - Road Maintenance | 6.1 | Sept. 6.1 | | |
| - Agric. Credit | 2.5 | | | Apr. 2.5 |
| Rwanda - Highway Engineering | 0.7 | Dec. 0.7 | | |
| Senegal - Agric. Credit | 9.4 | | Oct. 9.4 | |
| Somalia - Port Mogadiscio | 0.6 | Nov. 0.6 | | |
| Tanzania - Tanzam Highway | 24.0 | Dec. 10.0 | Dec. 14.0 | |
| - Livestock | 1.3 | Oct. 1.3 | | |
| - Education II | 5.0 | Jan. 5.0 | | |
| Togo - Road Maintenance | 3.7 | Sept. 3.7 | | |
| Uganda - Power Transmission | 7.0 | | June 7.0 | |
| - Livestock | 3.0 | Sept. 3.0 | | |
| - Agric. Credit | 4.5 | | | May 4.5 |
| Upper Volta - Telecommunications | 0.7 | Dec. 0.7 | | |
| TOTAL AFRICA | <u>153.7</u> | <u>63.4</u> | <u>71.9</u> | <u>18.4</u> |

| | | Revised Program | | | |
|-------------------|--------------------------|------------------|--|------------------------------|---------------------------------------|
| | | Original Program | To be Covered from Available IDA Funds | To be Switched to Bank Loans | Decision to be Deferred ^{1/} |
| | | (Col.I) | (Col.II) | (Col.III) | (Col.IV) |
| <u>ASIA</u> | | | | | |
| Afghanistan | - Highway Maintenance | 4.0 | | | Un-sched. 4.0 |
| Ceylon | - Highway Maintenance | 9.8 | Sept. 4.9 | Sept. 4.9 | |
| | - Galle Water Supply | 5.5 | | June 5.5 | |
| India | - Railway X | 40.0 | | | June 40.0 |
| | - Telecommunications III | 55.0 | | Mar. 55.0 | |
| | - Industrial Imports VI | 125.0 | | | May 125.0 |
| | - Drainage II | 15.0 | | Nov. 15.0 | |
| | - Tarai Seeds | 13.2 | | Nov. 13.2 | |
| Indonesia | - Agriculture | 10.0 | June 10.0 | | |
| | - Power | 10.0 | June 10.0 | | |
| | - Irrigation | 5.0 | Sept. 5.0 | | |
| | - Technical Assistance | 2.0 | Oct. 2.0 | | |
| Korea | - All Weather Farming | 14.0 | | Apr. 14.0 | |
| | - Highway Feasibility | 3.5* | Apprvd. 3.5* | | Un-sched. 12.0 |
| | - Education | 12.0 | | | |
| Nepal | - Communications | 1.0 | May 1.0 | | |
| Pakistan | - General Consultants | 2.0 | Nov. 2.0 | | |
| | - Telecommunications | 16.5 | | Nov. 16.5 | |
| | - Agric. Dev. Bank | 15.0 | | | May 15.0 |
| | - Railway | 14.0 | | | May 14.0 |
| | - Low Lift Pumps | 10.0 | | May 10.0 | Un-sched. 20.0 |
| | - Unidentified | 20.0 | | | |
| Papua & N. Guinea | - Agric. Development | 6.0 | | Oct. 6.0 | |
| TOTAL ASIA | | <u>408.5</u> | <u>38.4</u> | <u>100.1</u> | <u>270.0</u> |
| <u>EUROPE</u> | | | | | |
| Turkey | - Seyhan Irrigation | <u>22.0</u> | | Sept. <u>22.0</u> | |
| <u>M.E.N.A.</u> | | | | | |
| Jordan | - Potash | 1.0 | Apr. 1.0 | | |
| Morocco | - Tadla Irrigation | 10.0 | | June 10.0 | Un-sched. 20.0 |
| Sudan | - Rahad Irrigation | 20.0 | | | |
| Tunisia | - Railway | 15.8 | | Jan. 15.8 | |
| U.A.R. | - Railway | 10.0 | May 10.0 | | |
| | - Drainage | <u>10.0</u> | June <u>10.0</u> | | |
| TOTAL M.E.N.A. | | <u>66.8</u> | <u>21.0</u> | <u>25.8</u> | <u>20.0</u> |

| | Original Program | Revised Program | | |
|--|------------------|--|------------------------------|---------------------------------------|
| | | To be Covered from Available IDA Funds | To be Switched to Bank Loans | Decision to be Deferred ^{1/} |
| | (Col.I) | (Col.II) | (Col.III) | (Col.IV) |
| <u>WESTERN HEMISPHERE</u> | | | | |
| Bolivia - Power | 7.0 | Jan. 7.0 | | |
| Dominican Rep. - Agriculture | 6.0 | | | May 6.0 |
| El Salvador - Education | 4.0 | | Nov. 4.0 | |
| Guyana - Education | 3.0 | | Dec. 3.0 | |
| Paraguay - Livestock | 7.0 | | Apr. 7.0 | |
| TOTAL WESTERN HEMISPHERE | <u>27.0</u> | <u>7.0</u> | <u>14.0</u> | <u>6.0</u> |
| TOTAL FY 1969 PROGRAM | <u>678.0**</u> | <u>129.8</u> | <u>273.8</u> | <u>274.4**</u> |
| <hr/> | | | | |
| GRAND TOTAL OF BACKLOG FROM FY 1968 PLUS FY 1969 PROGRAM | <u>847.5</u> | <u>129.8</u> | <u>318.3</u> | <u>399.4</u> |

* Credits already signed.

** As explained in the covering memorandum, IDA would only have about \$620 million available for commitment on its FY 1969 lending program, even if the second replenishment were to be effective. Hence some \$58 million of the "original program" outlined above would have to be deferred until FY 1970 or later, even if the second replenishment were to become effective.

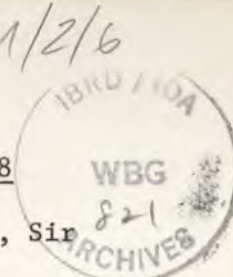
^{1/} Staff work for these projects, including submission of papers to the Board, is continued on the basis of the original schedule.

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President's Council Meeting, Monday, September 9, 1968

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Demuth, Friedman, Sir Denis, Shoaib, Ripman and Rosen

Mr. Knapp reported that he had not yet heard from any of the countries he cabled to on whether or not they were willing to accept a temporary shift of contemplated IDA credits to Bank loans. Mr. Stone, however, had given an informal indication that Australia was reluctant to guarantee a Bank loan--instead of the original IDA credit--to New Guinea.

Mr. McNamara gave a brief rundown of his visit to Canada. He specifically asked Sir Denis and Mr. Friedman to follow up on the Canadian suggestion to make unilateral contributions to IDA in accordance with the second replenishment formula. Other countries that might consider such contributions were the U.K., Germany, Italy, Japan and--less important--the Scandinavian countries. It was likely that a major share (say two-thirds) of unilateral contributions to IDA would go to India for industrial imports--if the contribution amounted to a substantial sum, say, \$100 million or more. Sir Denis and Mr. Friedman will keep in close contact with Mr. Knapp if this question is raised in connection with negotiations on unilateral IDA contributions.

Canada has agreed to take \$10 million of the upcoming two-year bond issue and to subscribe to a further \$10 million for each of the three following two-year bond issues. The U.S. Treasury did not object and the Bank agreed to invest the proceeds from these purchases in 13-month or longer U.S. special securities.

On the recruiting program, Mr. Ripman promised to report next week on how to approach the further implementation of the program, especially with respect to the Projects Department, and on the longer-term prospects of reaching the targets of the program.

Mr. Shoaib undertook to check, before the end of the day, on the status of the \$25 million issue reserved for Saudi Arabia.

It was agreed that Sir Denis would think about questions which might be raised by Part I Governors meeting with Mr. McNamara during the Annual Meeting and coordinate the briefings for those meetings.

Mr. Aldewereld reported on the status of the Bank's borrowing operations. As of this morning, \$51.1 million worth of subscriptions to the two-year bond issue had been received. Only Mexico dropped out of the list of previous subscribers. Mexico, however, was expected to subscribe to the upcoming long-term issue in the U.S. market.

With respect to this U.S. issue, Mr. Aldewereld was told by Mr. Pattberg that the outlook was good and demand for the bonds heavy.

Commenting on developments in the German capital market, Mr. Aldewereld pointed out that the Bank's 6-3/4% March issue had jumped to 104. The German Federal Post Office was rumored to come out with a 6% issue in the near future. Representatives of the third largest German commercial bank, Commerzbank, would visit with him on Thursday. Mr. McNamara stated that he was considering to place a new issue in Germany before the end of the year, since the outlook was favorable. In the U.S., however, balance of trade continued to deteriorate and chances for an early permission for a new bond issue were uncertain.

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President's Council Meeting, Monday, September 16, 1968

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Friedman, Rickett, Shoaib, Wm. Clark, Ripman, Rosen

Mr. Aldewereld summarized the status of the Bank's current borrowing projects.

Mr. Clark mentioned that Ed Hamilton was coming today as the Executive Secretary and Staff Director of the Pearson Commission.

Sir Denis reported that Mr. Maude and possibly some other Executive Directors were interested in more information on the Pearson Commission. Mr. McNamara replied that he was disinclined to make any further statement to the Board in this respect. It was now up to Mr. Pearson to make statements and Mr. McNamara wanted to avoid any semblance of Bank interference in the operations of the Commission. However, Mr. McNamara was willing to talk to Mr. Maude re this before the Annual Meeting.

It was generally agreed that the cost-of-living increase was very well received within the Bank.

Mr. Aldewereld reported on further interest by various German bankers in new World Bank bonds. Mr. McNamara added that he was inclined to accelerate and expand contemplated bond issues in Germany (say up to an additional \$200 million). Both Messrs. Aldewereld and Broches seemed slightly concerned about a substantial increase in the Bank's deutschmark obligations. As of today, however, Mr. Aldewereld had not heard of any reluctance by the Bank's borrowers to accept deutschmarks.

There was general agreement that further work had to be done on the Bank's policy with respect to the selection of currencies to be disbursed on Bank loans.

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President has seen

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President's Council Meeting, Monday, September 23

Present: Messrs. McNamara, Knapp, Broches, Demuth, Friedman, Rickett, Shoaib, Ripman, Rosen

Mr. McNamara advised that Canada, through Mr. Reid, had agreed to make a unilateral contribution to IDA, substantially in accordance with the formula of the second replenishment, in three tranches to be made available in November 1968, on April 20, 1969 and April 20, 1970. Sir Denis was asked to obtain in due course a written confirmation from the Canadian Government. Messrs. Knapp and Broches undertook to prepare a note for Mr. McNamara specifying the dates on which IDA could use the proceeds of the unilateral contributions. Mr. Knapp was asked to submit a paper by Friday night on the use of the funds to be made available by the Canadian Government.

With respect to the IDA bill pending before the Senate Foreign Relations Committee, Mr. McNamara had an extensive discussion with Senator Symington. As a result, Mr. McNamara had promised to ^{have Mr. Friedman} send the Senator tonight a note stating the "case for IDA." It was hoped that Senator Symington could be moved to vote for the bill.

Mr. Friedman summarized his impressions of a press luncheon which he gave last Friday. The press showed a keen interest in the commodity stabilization study and the contemplated expansion of the Bank's loan commitments as the most newsworthy items in connection with the Annual Meeting.

Mr. McNamara summarized his meetings with U Thant, the Times and Time Magazine when he was in New York last Thursday.

Mr. Broches said work on the legal opinion concerning the compatibility of local currency financing with the Articles of Agreement was in hand.

Mr. Broches also reported on a staff meeting of the Legal Department in which young lawyers had complained about low entry salaries for Bank lawyers as compared with lawyers joining Wall Street firms such as Cravath. It was recognized that this was a general problem applicable not only to young lawyers but also to young economists joining the Bank.

Mr. Broches finally reported on the informal IMF Board Meeting dealing with the German invitation to hold the 1970 Annual Meeting in Berlin. An overwhelming majority of the speakers had spoken against holding the meeting in Berlin. In this connection, Mr. McNamara indicated that he was inclined to discuss this informally at a Board Meeting and to respond in the form of a letter signed by Mr. Schweitzer and himself and addressed to the Governors, through the EDs, outlining the problems connected with this invitation and recommending Copenhagen as the 1970 site.

Mr. Demuth was asked to make sure that Mr. McNamara's briefings for the meeting with the African Caucus would include a statement describing the Bank's position vis-a-vis the U.N. resolutions concerning Portugal and South Africa.

Sir Denis expressed the hope that Geoffrey Wilson of ODM, when he would meet with Mr. McNamara, would indicate the U.K.'s willingness to put up a part of her share in the second replenishment in the form of a unilateral contribution. Sir Denis promised a paper by tonight on his talks with various EDs concerning unilateral contributions by countries other than the U.S. Mr. Friedman added in this connection that he was making computations with respect to the implications of the various proposals to make unilateral contributions to IDA on the assumption that IDA would be effective by November 1969.

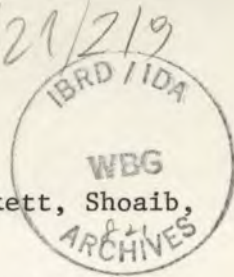
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President's Council Meeting, Monday, October 7, 1968

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Friedman, Rickett, Shoaib, Wm. Clark, Ripman, Rosen

A review of the Annual Meeting which ended last Friday was reserved for a future meeting of the Council.

With respect to the site of the 1970 Annual Meetings, Mr. McNamara asked Sir Denis and Mr. Broches, who was absent, to make in cooperation with the Fund the necessary studies, to contact the appropriate governments determining their attitudes with respect to the candidacies of Berlin and Copenhagen and to send promptly a team to Berlin to study its facilities. Finally, and before the middle of December, Sir Denis and Mr. Broches would prepare a report on the technical facilities in Berlin and the preference of the appropriate governments. Sir Denis, in consultation with Mr. Broches, would also talk to the Danish Government to ensure that its offer to hold the 1970 Annual Meetings in Copenhagen would not be withdrawn before December 31.

With respect to action on IDA, it was agreed to take the following steps:

The unilateral Canadian contribution should be announced as soon as possible. Sir Denis and Mr. Clark would start work on this and try to obtain from the Canadian Government an appropriate statement in writing or Mr. Reid's approval of putting out an appropriate press release. A resolution dealing exclusively with the Canadian contribution to be cleared with Mr. Reid ought to be circulated this week for approval by the Board on October 15.

Sir Denis would pursue his discussions on unilateral contributions with the Scandinavian countries and with the U.K. He would also try to persuade at least one of the Six to make its contribution to IDA unilaterally.

Mr. Knapp would, by the end of this week, prepare a memorandum describing the projected use by IDA of its available resources including the proceeds of the unilateral Canadian contribution.

Sir Denis, together with Mr. Nurick, would explore the legal meaning of the IDA bill as approved by the Senate Foreign Relations Committee and its implications for the future operation of IDA.

With respect to the statements made by Governors at the Meetings, Mr. Clark would make excerpts referring to the Pearson Commission (to be sent to Mr. Pearson) and Mr. Aldewereld, through Mr. Adler, would make excerpts from these statements and of meetings between Mr. McNamara and Governors to the extent they refer to the Bank's policies and its expanded program of lending and borrowing.

Referring to the commodity stabilization study, Mr. McNamara asked Mr. Friedman to start work immediately on Part II and in particular to list all contemplated actions (1 or 2 pages), to note the procedure to be followed (1 page) and finally to outline a time schedule.

Mr. McNamara mentioned that he had accepted an invitation to lunch with U Thant in New York on October 29 and that he would ask somebody to accompany him in the absence of Mr. Demuth.

President has seen

With respect to population control, Mr. McNamara asked Messrs. Knapp, Aldewereld, Friedman and Ripman, assisted by Mr. Adler, to formulate within the next two weeks, proposals on how to organize the Bank's activities in this field. Mr. McNamara's preliminary idea was to set up a population economics section in the Economics Department and a population project section in the Projects Department.

Mr. McNamara mentioned the need for a close and continuous supervision of the work program for this fiscal year. In this connection, he suggested that Mr. Aldewereld meet with Area Department Heads and the Director of Projects Department to review the program and report back to Mr. McNamara and Mr. Knapp.

Mr. Knapp reported on discussions with the Sudanese Delegation on the Rahad irrigation project. He indicated that Minister El Hindi, who had stayed over for further discussions, would want to see Mr. McNamara later in the week.

With respect to the Congo mediation, Mr. Knapp advised that the Congolese had not yet accepted the Bank's paper and Minister Nendaka intended to see Mr. McNamara on Wednesday. (Subsequently, Mr. McNamara agreed to see the Congolese Delegation provided the Delegation presented him with a paper outlining their position.)

Mr. Friedman promised a first draft of the policy paper on project versus program lending within the next two or three days.

Mr. Clark reported that Mr. Pearson had appointed Dr. Guth as Commissioner and that Minister Schiller had expressed a strong preference for Dr. Donner "as the representative of the German Government on the Pearson Commission."

Mr. Ripman enquired whether there was any objection in principle to hiring a suitable Czech candidate. It was agreed that no general objection existed and that the case should be handled on its merits.

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President's Council Meeting, Monday, October 14, 1968

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Friedman, Rickett, Shoaib, Broches, Wm. Clark, Ripman, Rosen

Mr. McNamara mentioned that Covey Oliver had been appointed as the new U.S. Executive Director on the Board.

Messrs. Knapp and Friedman outlined the reorganization of the Area Department and Economic Department, respectively. Mr. McNamara asked that the reorganization be announced before Wednesday night.

Mr. William Clark, who had just returned from a visit with Lester Pearson, reported that the Pearson Commission was nearly complete (with the exception of Marjolin and Edward Boyle who had not yet accepted), and that Ed Hamilton is in Europe trying to recruit staff, among them Gardiner of ECA, possibly for a one-year appointment.

Prompted by a remark by Mr. Broches, Mr. McNamara stated that the question of the Bank's funded debt and guaranty need reexamination and that this would be done once the reorganization of the Bank's Departments was out of the way.

In reply to a question by Mr. McNamara, Mr. Ripman hoped to submit a paper to Mr. McNamara on Directors' salaries by early November.

Sir Denis Rickett reported that the Secretaries of the Bank and Fund had agreed on a procedure to poll Executive Directors on their preferences for the site of the 1970 Annual Meeting.

Mr. McNamara apprised the Council on his travel plans to Latin America and Asia.

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President has seen

Mr. McNamara - to see, please
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President's Council Meeting, Monday, October 28, 1968

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Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Friedman, Rickett, Ripman, Rosen

In connection with the reorganization of the Economics Department, Mr. Friedman mentioned that all assignments would be ready by the end of this week. Some economists expressed concern about their career chances since the reorganization did not involve many promotions. The objectives of the reorganization, however, had been accepted.

It was reported that Mr. Pearson had announced the names of the members of his Commission but that this news had not been prominently featured in the papers. On the technical side, the Commission had so far borrowed three economists from the Bank and Mr. McNamara emphasized that he had no intention of limiting the number of Bank staff to be made available to the Commission. Mr. Broches commented that there seemed to be some dissatisfaction among Asian and African Directors about the composition of the Commission.

Mr. Friedman promised to send to Mr. McNamara the population study on Colombia prepared by his population group.

Sir Denis reported about the misgivings of the U.S. Government concerning the timing and tactics of accepting unilateral contributions from other Part I countries. Secretary Fowler would talk to Mr. McNamara about this today. Sir Denis doubted whether Board papers on the Canadian unilateral contribution would be ready for circulation by Thursday of this week.

Mr. McNamara stated that the Bank would have to start thinking about a new bond issue in the U.S. Mr. Friedman was to prepare by Friday a White Paper on such issue along the same lines as the previous White Paper adding, however, detailed figures on the cash and short-term securities distribution.

Two more white papers, one on IDA and the other on the Bank's borrowing policy ought to be ready in draft by November 6 for comments to be mailed to the new U.S. President around November 10.

Mr. Aldewereld advised of Minister Schiller's request to defer until early 1969 any plans of the Bank for raising additional funds in Germany. Mr. Aldewereld undertook to keep Mr. McNamara informed on all recent and future foreign bond issues in Germany.

With respect to the Bank's informal request to Executive Directors for comments on the 1970 site of the Annual Meeting, only Mr. Skjerdal had officially replied on behalf of the Scandinavian countries. Mr. Skjerdal had added that the Danish Government was instructing its embassies around the world to solicit support for Copenhagen. Mr. Broches advised that Mr. Guhan had objected to the polling of governments as an improper interference with the principle of weighted voting. It was agreed that Sir Denis and Messrs. Broches and Mendels would get together to discuss this matter.

Mr. McNamara reported on his visit to Argentina and Brazil.

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President's Council Meeting, Monday, November 4, 1968

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Friedman, Rickett, Ripman, Shoab

Following Mr. Friedman's remark that the IMF had proposed sabbatical years for IMF staff, Mr. McNamara asked Mr. Ripman to work out an arrangement whereby IMF and the Bank would inform each other of any impending change of the conditions of employment.

Mr. Ripman raised the question of the usefulness of Senior Staff Meetings. After a brief discussion, Mr. McNamara stated that he was disinclined at present to do away with these Meetings despite their inadequacy.

Mr. Knapp felt there was a real need for a weekly information circular to all professional staff explaining recent policy decisions, Board actions, etc. He welcomed the wider distribution of the bi-monthly DSD Newsletter to all professional staff as a first step in this direction.

Mr. Ripman undertook to check on the progress, if any, made by the U.S. administration concerning a study of salaries of top government officials.

Sir Denis reported on progress in the unilateral IDA contributions and promised a status report as a background briefing for Mr. McNamara by Friday, November 8.

Mr. McNamara reported on his talk with Secretary Fowler with respect to a contemplated Bank bond issue in the U.S. capital market. He asked Mr. Friedman to label his White Paper on U.S. borrowing as a preliminary draft and to indicate the tentative nature of some of the data in the draft White Paper so that changes could be made in consultation with the U.S. Treasury.

Mr. McNamara reported on his talks with Mr. Southard concerning the site of the 1970 Annual Meeting. A recent informal survey had shown that, out of some 60 governments which responded to the Bank's circular, 40 preferred Copenhagen (some of them had a very strong preference for this city), 10 had no preference and 10 chose Berlin.

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821/2/13

President's Council Meeting, Friday, November 8

Present: Messrs. McNamara, Knapp, Broches, Friedman, Rickett, Shoaib

Mr. McNamara emphasized the necessity to act promptly on the Indian Import Credit which was scheduled for Board discussion on December 17. A distinct effort should be made in the President's Report and Recommendation to present this program credit as justified by "special circumstances." Mr. Friedman, through a member of his staff, and in cooperation with Mr. Goodman, would ensure that the economic section of the President's Report would adequately reflect the "special circumstances." Mr. Broches would see to it that the President's Report would be compatible with the "special circumstances" provision of the Articles of Agreement.

The Council discussed the draft memorandum to EDs on the site of the 1970 Annual Meeting to be circulated to the Board on November 20 for a first Bank Board meeting on December 3. (A similar memorandum to the Fund Board would be discussed on Wednesday, November 27.) Some Council members expressed slight concern at the last sentence of operative para #2 as being too strong an endorsement of Copenhagen by the President.

There was an extensive discussion on the proposed merit salary increase. Both Messrs. Shoaib and Rickett emphasized that it would ultimately be desirable to have quasi automatic increments at the middle level and withholding of increases only in cases of very bad performance. There was general agreement on the need for salary classifications as a way of introducing more objectivity in salary administration. It was agreed to discuss the question of job classification in general at a Senior Staff Meeting on November 26 without, however, attempting to come to any conclusion. A later President's Council meeting would be devoted to considering salary classifications in the light of that Senior Staff discussion.

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President's Council Meeting, Monday, December 9, 1968



Present: Messrs. McNamara, Knapp, Demuth, Friedman, Shoaib, Wm. Clark, Ripman, Rosen

Mr. McNamara reported that it was still unclear what role the Congolese Government wanted him to play in the Union Miniere dispute. In any event, pressure was exercised to get him to visit the Congo and he might want to consult with Mr. Knapp and the Area Department on whether such a visit was opportune.

Mr. McNamara recommended that each member of the President's Council follow closely the monthly progress reports concerning the lending and recruitment programs. It was clear from the reports that the Bank was doing reasonably well in 1969 but problems would soon have to be resolved with respect to fiscal 1970, e.g., in the field of tourism.

Mr. McNamara reported that the U.S. Administration was virtually ready to take the necessary action to increase salaries of top government officials. However, Under Secretary Barr was still reluctant to go ahead at this time.

The bond market in New York was weak and expensive. Both Messrs. Knapp and Rosen felt that this was a particularly bad time for a World Bank issue. Mr. McNamara proposed to pursue his request for U.S. permission for a bond issue without going any further at this time. Nobody objected to this. Mr. McNamara added that this was a highly sensitive issue which should not be talked about outside the President's Council.

Mr. McNamara went on to say that he had given some thought to raising short-term money (as a supplement and temporary alternative to long-term money) in the New York market. Mr. Rosen believed that borrowing short in a weak long-term market might reflect unfavorably on the Bank's credit standing.

It was suggested to try to expand short-term private placements with central banks and other institutions and to continue to tap the German market. Dr. Blessing during talks with Mr. Aldewereld had indicated the Bundesbank's willingness to pick up any shortfall between an increased amount of the new two-year bonds and actual subscriptions.

With respect to the long-term market in Germany, it was clear that the Government intended to keep interest rates down. However, he, Mr. McNamara, had learned from Mr. Bachem that Kreditanstalt had managed to place privately a great number of issues in small amounts (possibly aggregating DM2 billion in the past year) without great fanfare. In Mr. McNamara's view, the Bank ought to try the same, since small issues did not seem to put any upward pressure on interest rates. Moreover, Mr. Bachem had confirmed to him that there was plenty of money available in Germany.

Mr. Friedman reported that the Dutch Government was informally exploring the possibility of a unilateral Dutch contribution to IDA.

Mr. Friedman also mentioned misinformed comments on population control by Latin American and African delegates at last week's ECOSOC meeting. Mr. McNamara replied that he had been thinking for some time about making a "final" speech on population control in early spring of 1969. He had read estimates which put the requirements for reproductive biological research at \$150 million p.a. for the next 10 years. So far, only \$20 million a year was being spent in this field.

President has seen

Commenting on recent international financial discussions, Mr. McNamara thought that a second Bretton Woods type of conference at the end of 1969 was a possibility and that the Bank should start thinking about its contribution in this field. The report of the Pearson Commission would certainly be very valuable background for such a conference.

Mr. Ripman advised that excavation work on the site of the new Paris office was about four weeks behind schedule but they were working overtime now.

Mr. McNamara asked Mr. Ripman to discuss salary classifications at tomorrow's Senior Staff meeting.

Mr. Rosen mentioned that he heard, while in Paris, that the French Government was expected to come out in favor of the multilateral investment scheme.

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Mr. McNamara - to see, please.
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President's Council Meeting Monday, December 16, 1968

Present: Messrs. McNamara, Knapp, Broches, Demuth, Friedman, Shoaib, Clark, Ripman and Rosen

In connection with the expected unilateral contributions to IDA, Mr. Friedman undertook to summarize the projected use of IDA funds assuming that 1(a) IDA had been replenished in time, 1(b) IDA had been replenished with delays and 2) IDA would receive unilateral and special contributions from certain countries.

Mr. Broches reported that Mr. Nurick in cooperation with Mr. vom Hofe had prepared various draft resolutions on Germany's unilateral contribution to be sent to Germany for comment and that the agreed final resolution could be approved by circulation to the Board without a formal meeting. It was agreed that Mr. Nurick would start work, in cooperation with Mr. Maude, on a resolution covering the expected British unilateral contribution. Mr. Nurick would also draft for tomorrow's Board meeting statements covering the expected unilateral ^{German} contribution and the state of the unilateral U.K. contribution, if any. These statements would have to be cleared with the respective Executive Directors.

Messrs. McNamara and Knapp agreed that documents relating to a \$125 million loan/credit for industrial imports to India would be circulated to the Board on January 3 for discussion on January 14.

Mr. Knapp mentioned that the Former Governor of the National Bank of Iran and Director-Designate of the Plan Organization was in town and that this might be a good time to show to the Board a 30-minute film on the Crown Jewels which were part of the reserves of Iran. It was agreed that Mr. Jahanshahi, Alternate Executive Director for Iran, should be asked to invite the Board to such a showing this week and that Mr. Jahanshahi should make an appropriate statement at tomorrow's Board meeting.

In this connection, Mr. Rosen mentioned that Shell, in cooperation with FAO had produced an excellent 30-minute film on food and fertilizer which was well worth showing at some later stage.

Mr. Friedman reported progress in his Board seminars on the commodity stabilization study. Since the Bank could not set world policies in this field, Mr. McNamara was anxious to see that the governments of countries such as Australia, Germany, U.K. and U.S. were aware of these discussions and would begin to think about possible solutions. It was essential for the Bank to be able to state in concluding the commodity stabilization study that it had engaged the governments, that the governments had taken certain decisions, if any, and that the Bank would implement these decisions.

Mr. Demuth advised that Sir Robert Jackson in talks with Mike Hoffman had hinted at some very far-reaching suggestions concerning the UNDP programs. Reportedly, Sir Robert was thinking of long-range technical assistance programs on a country basis. Mr. McNamara asked Mr. Demuth to discuss this matter before Mike Hoffman or anybody else would have further talks with Sir Robert's representatives.

Mr. Ripman reported that his personnel officers would talk in January to Department Heads on job classifications in their respective Departments. Mr. McNamara expressed his desire to discuss this further with Mr. Ripman before the talks with Department Heads were started.

Mr. Broches had an open-end commitment to make a speech at Columbia University some Tuesday in early January and it was agreed that January 7 was an appropriate time.

Everybody commented favorably on the Christmas party recognizing though that some thinking had to be done about the size of the party and the reception line.

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President's Council Meeting, Friday, December 20, 1968

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Demuth, Friedman, Shoab, Wm. Clark, Ripman, Rosen

Mr. McNamara expressed his regret at not being able to raise at this time certain Senior Staff salaries as he had originally planned to do. He had, however, put the Board on notice that, if the Board did not act in early January, he would no longer feel committed to the Board not to increase Senior Staff salaries above Executive Directors salaries. The problem was accentuated by the fact that some people in the U.S. Government believed that salary structures of international organizations should be compatible with those in the U.S. Civil Service.

Mr. Aldewereld reported on the recent success and future prospects of bond issues in Germany. It was clear that there was a tremendous pool of capital in Germany which could be put to use for development purposes. Mr. McNamara added that he was thinking in terms of a yearly borrowing program in Germany to be worked out with the German Government at the beginning of the year and covering all lenders, especially the Rheinische Girozentrale. This would permit, for instance, weekly borrowings in small amounts which would not have adverse effects on interest rates in Germany.

Deutschebank, together with Dresdner Bank, had established a dominant position in the foreign bond issue market in Germany. Minister Schiller was bent on reviving competition in the capital market and had encouraged the World Bank to look for additional outlets for its bonds in Germany.

Mr. McNamara stated he was also considering other possible sources of funds such as the Federal Reserve. He had asked Mr. Broches to look into the legality of borrowing from the Federal Reserve. Messrs. Aldewereld and Friedman would work on an increase in borrowing from central banks. In this connection, Mr. McNamara mentioned that he intended to float the next issue with central banks in an increased amount of \$175 million and Dr. Blessing had agreed to underwrite it.

Commenting on the World Bank's reserves, Mr. McNamara expressed his intention to increase the cash balance, including delayed deliveries by about \$1 billion as a reserve for unforeseeables, of which \$400 million had already been added in the last five months.

Mr. McNamara suggested that basic financial information should be made available to Senior Staff and, to that end, Mr. Adler would distribute to Senior Staff every month (a) the monthly financial statements, (b) the lending program by country and by year, and (c) the monthly personnel recruitment status report.

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