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Series: Chronological file (outgoing)

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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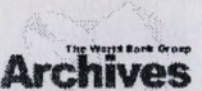
THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
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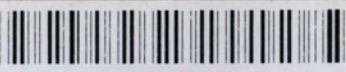
PUBLIC DISCLOSURE AUTHORIZED

McNamara papers

1969 (Jan - March)
Vol 5



Archives



1771863

A1995-252 Other #: 1 309646B

President's papers - Robert S. McNamara Chronological files - (outgoing) - Chrons 05

DRAFT
Saad S. El-Fishawy:vet
March 26, 1969

Dear Mr. Ambassador:

Thank you very much for your letter dated March 14, 1969.
It was a great pleasure to receive President Zinsou in the Bank
during his visit to the States.

We hope that the Grand Hinvi Project will represent the
first step in a long road of fruitful and beneficial cooperation
between the Republic of Dahomey and the World Bank Group.

With best personal regards,

Very truly yours,

His Excellency
Mr. Maxime-Leopold Zollner
Ambassador of Dahomey
Washington, D.C.

487/1/990

FINANCE MINISTER
DJAKARTA

April 2, 1969

LT

INDONESIA

THANKS URCAB 32 STOP BANK ECONOMIC REPORT HAD NOT BEEN CIRCULATED PENDING
RECEIPT COMMENTS BY GOVERNMENT OF INDONESIA AND MR BELL STOP IN VIEW OF
YOUR CONCERN ABOUT SOME OF THE RECOMMENDATIONS IN PRESENT DRAFT WE WILL
AWAIT MR BELL'S ARRIVAL HERE NEXT WEEK BEFORE PREPARING FINAL TEXT STOP
UNFORTUNATELY THIS WILL MEAN THAT REPORT CANNOT BE CIRCULATED IN TIME FOR
IGGI MEETING STOP A REVISED TEXT WILL BE AVAILABLE FOR DISCUSSION WITH YOUR
DELEGATION TO MEETING OR IF TIME DOES NOT PERMIT SENT TO YOU FOR FINAL
COMMENTS STOP IT CAN THEN BE DISTRIBUTED THROUGH OUR NORMAL CHANNELS STOP
MINISTER UDINK IS BEING INFORMED TO THIS EFFECT STOP BEST PERSONAL REGARDS

MCMAMARA

Raymond J. Goodman
East Asia and Pacific

cc: Messrs. McNamara ✓
Knapp
Shoaib
Friedman
Brakel

RJGoodman:ypg

487/4/109

"For Mr. McNamara's Office"

APR 1 1969

Dear Dr. Perez-Guerrero:

Thank you for your letter of March 20, 1969. I welcome your taking up your duties as Secretary-General of UNCTAD and wish you every success in your new post.

You may rest assured of the Bank Group's continued support and cooperation, and I look forward to meeting you on April 17.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

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

Central Files with incoming correspondence

FConsolo:mmcd
March 26, 1969

487/4/408

APR 1 1969

Dear Jacko:

In your letter of February 6, 1969, you asked the Bank to respond to a "final questionnaire" as a means of assisting you in your Capacity Study. I am happy to enclose our replies to your questions. As with your first questionnaire, not all of the questions were couched in terms that enabled us to relate them directly to the Bank's operations. However, we have, to the best of our ability, tried to respond in a manner that will be helpful to your Study even though our replies do not in all cases fit the questions in a literal sense.

Again I wish you well in your complex task and look forward to seeing you in June.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Sir Robert Jackson
Commissioner, Capacity Study
c/o World Health Organization - V231
Avenue Appia
Geneva, Switzerland

MLHoffman/pnn
March 27, 1969

487/4/107

March 26, 1969

Dear Mr. Minister:

I am grateful for your invitation to attend the second Tidewater Conference scheduled for Saturday, June 14 and Sunday, June 15 in Paris.

Although June is the last month in our fiscal year, and I therefore have an unusually heavy schedule of official meetings planned for that period, I believe I should be able to slip away for the two days of the Conference. I shall look forward to seeing you then.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

His Excellency
Dr. B. J. Udink
Minister in Charge of Development Aid
Ministry of Foreign Affairs
The Hague, The Netherlands

RSMcNamara:pay

487/4/104

March 25, 1969

Dear Prince Bernhard:

I shall be delighted to accept your
invitation to attend the next Bilderberg Meeting
near Copenhagen on May 9, 10 and 11.

With all best wishes.

Sincerely,

Robert S. McNamara

His Royal Highness
Prince Bernhard
Bilderberg Meetings
1 Smidswater
The Hague, Netherlands

487/4/103

INTBAFRAD

MARCH 25, 1969

PARIS

NLT

FRANCE

375

RE PROGRAM POSTEL-VINAY MR. KNAPP WILL SEE POSTEL VINAY ON APRIL TWO
SOMETIME BETWEEN 1200 AND 1430 PLEASE CANCEL APRIL THREE APPOINTMENT
WITH KNAPP REGARDS

STECKHAN

Rainer B. Steckhan

cc: Mr. Knapp

Office of President

RBS:ml

487/4/102

March 25, 1969

Dear Mr. Srivastava:

Following my letter dated March 17,
I should like to advise you that we have now
received a shipment referred to in your letter
of February 25. I am very grateful to
you for all your help in this matter.

Sincerely,

Rainer B. Steckhan
Personal Assistant to Mr. McNamara

Mr. B.N. Srivastava
Deputy Secretary
Reserve Bank of India
Central Office
Bombay, India

487/4/101

"For Mr. McNamara's Office"

MAR 25 1969

Dear Mr. Abdel-Rahman:

I wish to thank you for your letter of March 3, 1969, inviting me to participate in the Tunisian investment promotion week at the end of May of this year.

Whilst I am greatly interested in any initiative towards the industrial development of developing countries much to my regret, because of prior commitments, I will not be able to attend.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. I.H. Abdel-Rahman
Executive Director
United Nations Industrial
Development Organization
Felderhaus, Rathausplatz 2
A-1010 Vienna
Austria

Cleared with and cc: Mr. Raj
" " " cc: Mr. Lejeune

Central Files with incoming correspondence

FConsolo:mmcd
March 21, 1969

March 25, 1969

487/4/99

Mr. McNamara:

Mr. Karasz advises that Mr. Postel-Vinay suggested the following topics for a discussion with you.

1. The general problem of the direction of aid to the less developed countries (see also text of a study co-authored by Postel-Vinay on this subject).
2. Details on French aid administered by the Caisse Centrale de Cooperation Economique.
3. Mr. McNamara's increased lending program for French-speaking countries of Equatorial Africa and ways and means of strengthening the already existing cooperation with Caisse Centrale in this area.
4. Methods to promote an increase in the standards of living of the rural populations of Equatorial Africa.
5. Problems and possible solutions concerning the stabilization of prices of commodities produced by these countries.
6. Suggested solutions to an excessive reliance on export credits by these countries.

Mr. Postel-Vinay wanted to make it clear that you were of course free to change this agenda.

R.B. Steckhan

cc: Mr. Knapp
Mr. Aldewereld
Mr. Friedman

487/4/88

March 24, 1969

Dear Harry:

We have been studying the proposal that you made for a research project on family planning programs. You know that I am very interested in seeing work of this kind carried out and I had hoped that your proposal would present a way of achieving this objective. I had indicated earlier that, although the Bank would not be in a position to finance the entire project, I hoped to be able to recommend to the Executive Directors that we make a contribution and indicate our general support for the scheme. At that time I asked the Ford Foundation to take the lead in trying to arrange for the rest of the finance for the project.

A difficulty has now arisen. I understand the Ford Foundation believes that it would not be wise to sponsor a research project on this subject if it were to be carried out by RAND; your previous associations with the United States defense activities may make it difficult in some countries to carry out research work of this kind.

I regret that events have taken this turn. You will realize that the questions which have been raised do not reflect in any way on RAND's technical ability to carry out this study; everyone concerned agrees that your organization is very well qualified to do this work. Indeed, I wonder if RAND and the individuals concerned would be willing to consider an arrangement whereby the work could be carried out by the staff concerned, but under other auspices? If you would be willing to entertain such an idea, perhaps you will let me know.

I wish to thank you for the time and effort you and your staff have put into preparing the proposal; it has great merit and I am still anxious to find a way in which the work could be carried out.

Sincerely,
ROBERT S. McNAMARA

Robert S. McNamara

Mr. Henry Rowen
President
The RAND Corporation
1700 Main Street
Santa Monica
California 90406

EKHawkins:AStevenson:RSMcNamara:pay
cleared by and cc: Mr. Friedman
cc: Mr. McNamara (2)

MEMORANDUM FOR THE RECORD

March 24, 1969

487/4/97

On Friday, March 21, 1969, Mr. McNamara met with Messrs. Aldewereld, Friedman, Ripman, Rotberg and Sacchetti to discuss the capital markets studies.

The purpose of the meeting was to review progress and to determine how to organize future work. Mr. Rotberg believed there was an urgent need to recruit three experts on European and Japanese capital markets for Treasurer's. He was now scouting in Europe for an expert each on central banking, on capital markets and on bilateral and multilateral guarantee systems. Mr. McNamara agreed that this type of expert was needed most, bearing in mind that the purpose of the exercise was to know where, how much and in what form the Bank could borrow. Mr. McNamara asked Treasurer's Department to assume operating responsibility for studies of the institutional structure of the European and Japanese capital markets and the institutional requirements of particular institutions in those markets.

Mr. McNamara agreed with Mr. Friedman that Treasurer's Department could usefully receive periodical reports from his economists on changes in long-term trends of, and the influence of economic events on, capital markets.

In addition, Economics Department would prepare specific studies at the request of the Treasurer.

Mr. McNamara asked Messrs. Aldewereld, and Rotberg to assemble this group once a month for a 10 to 15 minute meeting.

R.B. Steckhan

*Invoice held for distribution
RB 3/25*

487/4/36

March 24, 1969

Dear Mr. Leech:

Mr. McNamara has received your letter in which you asked for a copy of the I.S.S. Annual Military Report. He does not have a copy of the Report and suggests that you might wish to write to I.S.S. Their address is 18 Adam Street, London W.C.2, England.

Sincerely,

(Miss) Polly Yates
Secretary to
Mr. McNamara

Mr. Virgil J. Leech
President
General Hardwood Company
7201 East McNichols Road
Detroit, Michigan 48212

487/4/94

March 24, 1969

Dear Mr. Armstrong:

Thank you for your letter of March 10.

I know you will understand that I cannot make a completely firm commitment for a manuscript for the Fall issue of Foreign Affairs at this time, but I shall bear in mind your deadline of late July.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Hamilton Fish Armstrong
Editor, Foreign Affairs
58 East 68th Street
New York, New York 10021

PWB:RMcN:pay

cc: Mr. Wm. Clark
Mr. McNamara (2)

487/4/93

"For Mr. McNamara's Office"

March 21, 1969

Dear Mr. Hill:

Many thanks for your letter of March 11 and for your note on the functioning of ACC. I am in general agreement with your views and have no comments or suggestions to make.

As Mr. Consolo wrote to you on February 28, I welcome the proposal that part of the first day's meeting should be devoted to a discussion in some depth of one or two items of particular importance, though I do have reservations on the advisability of a public release on these discussions.

I understand that your paper will be discussed at the Preparatory Committee in which Mr. Consolo will be participating.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Martin Hill
Assistant Secretary-General
for Inter-Agency Affairs
United Nations
New York, 10017

Central Files with incoming letter (Report kept by Mr. Consolo)

FConsolo:mmcd
March 19, 1969

487/4/92

For Mr. McNamara's Office

March 21, 1969

Your ref.: PO 230 SOAF(2)

Dear Mr. Ambassador:

Thank you for your invitation to the special commemorative meeting to be held at the United Nations on March 21. Although I have a strong personal conviction that racial discrimination, wherever it exists, should be eliminated as promptly as possible, I shall not be able to attend this meeting.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

His Excellency
Abdulrahim A. Farah
Chairman, Special Committee
on the Policies of Apartheid
of the Government of the
Republic of South Africa
United Nations, New York 10017

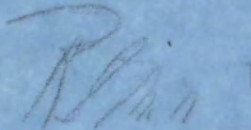
RHDemuth:tf
March 19, 1969

487/4/91

March 21, 1969

MEMORANDUM FOR MR. BROCHES

Would it not be wise for the Board to establish a subcommittee of Directors to meet at least annually with our outside auditors and to report the substance of such meetings to the Board?



Robert S. McNamara

March 20, 1969

487/4/90

Mr. McNamara met on Wednesday, March 19, 1969, with TVA representatives, Mr. Frank Smith, Director, Dr. Nelson, Manager of Agriculture and Chemical Development, and Mr. Vreeland, Washington Representative. Also present were Messrs. Knapp, Aldewereld and Dodd.

Mr. Smith started out by explaining that TVA after World War II had concentrated on fertilizer research and was now the only sizeable fertilizer research organization in the United States. Mr. Smith estimated that the total annual output of U.S. fertilizer plants was equivalent to \$17 billion (retail sales). TVA had reduced their staff over the last years to about 300 fertilizer experts. TVA spent about \$4 million a year on research and development and another \$3½ million on promotion of the results of its research. Mr. Smith and Dr. Nelson continued to describe TVA's activities. TVA developed and tested new fertilizers in cooperation with land grant universities, agricultural cooperatives and fertilizer enterprises. TVA had worked with IRI in the Philippines and a seeds research institute in Colombia. TVA dispatched teams to developed countries to prepare fertilizer studies mostly under contracts with AID. Thus TVA had helped the Moroccans prepare a fertilizer plan which turned out to be highly successful and had assisted in increasing production of an existing plant at Trombay India. Moreover TVA had undertaken studies of phosphate ore deposits in the world and the public sector of the Indian fertilizer industry and studied the best form of shipping fertilizers. TVA published a yearly estimate of world fertilizer production and consumption and helped FAO publish a fertilizer manual. Finally, TVA carried out training courses in the field of fertilizers.

With respect to India, Dr. Nelson felt that progress had been made in the fertilizer field although India was slow in setting up plants to keep up with fertilizer demand. As far as the public sector was concerned, it was TVA's experience that top management was weak although Indian engineers on the lower level were very competent. In general plants in the public sector could not compete with private plants in India.

Mr. McNamara then asked whether TVA would have the management capability for one or two plants in the public sector in India. Mr. Smith expressed his great interest in cooperating with the Bank and believed TVA could recruit, with adequate lead time, the management required for a few plants provided TVA was assured of long-term financing.

Mr. McNamara thanked Mr. Smith and his associates for a very interesting briefing and promised to keep in touch with TVA.

After they had left, Mr. McNamara asked Mr. Dodd to make a management appraisal of TVA and to draft for review by Messrs. McNamara, Knapp, Aldewereld and Cargill a contract between TVA and India with respect to the hiring of management together with a cover letter to GOI.

Mr. Dodd undertook to report on progress within the next two weeks.

Rainer B. Steckhan
Rainer B. Steckhan

President has seen

487/4/88

March 20, 1969

Dear Mr. Pettengill:

Thank you for your letter of March 6, 1969. I, too, enjoyed our talk when you visited my office. Since then I have had a careful check made of the possibility of there being a suitable position available within the World Bank Group in which you might have an interest.

Frankly, there is nothing presently available for which you could be considered. From time to time we find it necessary to engage consultants for short-term assignments and for this purpose we keep a list of individuals who have expressed an interest in an association with the Bank. I have suggested that your name be added to this list but I cannot predict whether such an opportunity might arise in the near future.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Mr. Kroger Pettengill
4750 Willow Hills Lane
Cincinnati, Ohio 45243

JETwining:ian
March 18, 1969

cc: For Mr. McNamara's office (2)
Personnel

"For Mr. McNamara's Office

487/4/89

March 20, 1969

Dear Secretary-General:

I wish to acknowledge receipt of your letter of 5 March and to thank you for having transmitted, for our attention, a copy of resolution 2465 (XXIII) concerning the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

The resolution will be brought to the attention of the Executive Directors.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

U Thant
Secretary-General
United Nations
New York, 10017

Cleared with and cc: Mr. Broches
" " " " Mr. Demuth

ms.

Central Files with incoming correspondence

FConsolo:mmcd
March 18, 1969

487/4/87

March 19, 1969

Dear Mr. Armstrong:

Thank you for your letter conveying your views on the proposal to construct a hydroelectric power station in the Murchison Falls National Park area in Uganda.

For sometime now we have been studying the problems of coordinated electric power development in Kenya and Uganda as an important part of the general economic development of these two countries. In this connection we have received various communications from organizations and individuals interested in Nature Conservation and Tourism, stressing the undesirability of locating a hydroelectric power station inside a National Game Park.

Fears have been expressed that the construction activity and subsequent maintenance work connected with the project would drive away the wild animals, that the installations would detract from the natural beauty of the area and that the diversion of water for power generation would destroy the spectacular effect of the natural falls.

The Ugandan authorities are well aware of the various points at issue. Detailed studies are being made and the Government is seeking independent expert advice on all major aspects of the proposal -- geological, engineering, wildlife and tourism. During construction, it is proposed that the majority of workers would be housed outside the National Park and thereafter only a small maintenance staff would remain at the site. The powerhouse itself will be underground and the proposed dam to be built at a later stage would be more than a mile upstream of the falls and not visible from the area visited by tourists. Structures like transmission towers would be so located as to make them scarcely visible from a distance. Although the volume of water over the falls would be reduced considerably below the present level if this project is constructed, studies are being made with a view to regulating the flow so as to allow enough water over the falls during daylight hours to maintain a spectacular effect for tourists.

In sum, efforts are being made to ensure that if the project is approved, the proposed power station will be designed and constructed in such a way as to ensure that little, if any, damage would be caused to wildlife and other tourist attractions in the area. In our own examination of these proposals, we shall carefully consider all relevant aspects of the matter including the important points you have made.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Hamilton Fish Armstrong
Editor
Foreign Affairs
58 East 68th Street
New York, N. Y. 10021
CVRPankiar/HETolley:RMcn:mss

copy for Mr. McNamara's office

3/8/69
487/14/84

Dear Mr. Berelson:

Many thanks for your letter of March 4. The material you sent was of great interest, and is being carefully studied by our population experts.

I hope we at the Bank may be able to co-operate as fully as possible with the Population Council during the months and years to come; I am grateful for your offer of help, and hope that our organizations may jointly be able to make a real contribution to this fundamental problem of our times.

Sincerely,

Robert S. McNamara

Mr. Bernard Berelson
President, The Population Council
245 Park Avenue
New York, New York 10017

1. ~~Not~~ *Sluckman* 1/22/83
2. *Chron. File*
487/4/83

March 18, 1969

MEMORANDUM FOR MR. RIPMAN

The attached schedule summarizing the financial status of our pension fund indicates that the unfunded past service liability is rising each year and between 1968 and 1971 it is forecast to increase by \$5 million, even assuming that the rate of return on the fund is on the order of 8-1/2% per year. Are we not deviating from accepted practice when we assume such a high rate of return and should we not have a plan for the full funding of past service liability? What are the views of our actuaries on each of these points?

R. S. McNamara

Robert S. McNamara

STAFF RETIREMENT PLAN DATA
(in \$ Millions as at December 31 of each year)

	<u>Actual</u>				<u>Unaudited</u>	<u>Estimated</u>		
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
1. Total Value of Assets at Market Values	24.457	29.113	30.546	39.168	46.9	55.2	64.8	75.9
2. Total Past Service Liability	20.592	24.013	32.808	44.005	52.5	63.5	75.3	86.5
<u>During Each Year</u>								
3. Increase in Past Service Liability = Current Service Liability	3.776	3.421	8.795	11.197	8.5	11.0	11.8	11.2
4. Regular Interest <u>1/</u>	0.772	0.901	1.435	1.925	2.3	2.8	3.3	3.8
5. Additional Income and Gains	1.512	1.196	-2.692	2.371	1.7	1.2	1.4	1.7
6. Bank Contributions <u>2/</u>	1.497	2.031	2.068	3.602	2.8	3.3	3.7	4.3
7. Staff Contributions <u>3/</u>	0.754	0.836	1.043	1.187	1.4	1.6	1.9	2.2
8. Total Income to Fund	4.535	4.964	1.854	9.085	8.2	8.9	10.3	12.0
9. <u>Less</u> Payments from Fund	0.299	0.309	0.421	0.463	0.5	0.6	0.7	0.9
10. NET INCREASE IN FUND (Market Values)	4.236	4.655	1.433	8.622	7.7	8.3	9.6	11.1
11. Increase in UNFUNDED Past Service Liability = (3)-(10)	0.460	1.234	7.362	2.575	0.8	2.7	2.2	0.1
12. Cumulative UNFUNDED Past Service Liability	Surplus	Surplus	2.262	4.837	5.6	8.3	10.5	10.6
13. GROSS YIELD ON MARKET VALUE	10.6%	8.0%	-4.1%	12.9%	9.6%	8.5%	8.5%	8.5%

1/ Regular interest was credited at the rate of 3-3/4% in 1964 and 1965, and 4-3/8% thereafter.

2/ Bank contributions were at the rate of 14% of pensionable remuneration from 1964 through August 1967 and 15-1/3% thereafter. In addition, past service contributions were made in 1965 and 1967 of \$373,000 and \$1,249,000, respectively.

3/ Staff contributions were at the rate of 7% of pensionable remuneration through August 1967 and 7-2/3% thereafter.

C
O
P
Y

487/4/82

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

March 17, 1969

His Excellency
Ferdinand E. Marcos
President of the Republic
of the Philippines
Malacañan Palace
Manila, Philippines

Dear President Marcos:

Thank you for your letter of March 3, which Mr. Goodman delivered to me on his return from a visit to your country. I am encouraged to know that the physical and financial problems of the NWSA project are on the way to being solved. I note with particular satisfaction that the engineering phase of the project should be completed before May of this year, at which time the people of Manila may expect an improved water supply. Mr. Goodman tells me that it is NWSA's intention at that time to take the necessary steps to ensure that in future its operating revenues will be adequate.

In anticipation of these measures, I have authorized the resumption of negotiations with the Central Bank of the Philippines on a further loan for rural credit. This should make possible the immediate consideration of the loan by our Board as soon as the NWSA situation permits.

I should like to assure you once again, Mr. President, that the World Bank is most anxious to help your country in its development efforts. Apart from the loans immediately in prospect which I mentioned in my last letter to you, I can foresee a steady level of Bank assistance during the next several years. However, our assistance to developing countries is necessarily conditional upon an appropriate effort on their part, including in particular the provision of funds to meet the local currency costs of Bank projects. I sincerely hope that the difficulty of finding funds for this and other essential purposes, which you mention in your letter and which I fully understand, will not prevent this program from being realized.

I much appreciated receiving your kind invitation to visit the Philippines. I regret that at the present time I can see no immediate prospect of being able to plan a trip to East Asia

President Marcos

- 2 -

487/4/87
March 17, 1969

and accept your kind invitation. I am hopeful, however, that it will not be too long before I have the opportunity of visiting your country.

Sincerely,

[(Signed) Robert S. McNamara

Robert S. McNamara

RJGoodman/ypg
March 14, 1969

cc: Mr. Barco
Mr. Knapp
2 copies "For Mr. McNamara's office"

487/4/80

March 17, 1969

Dear Mr. Srivastava:

I have your letter of February 25 referring to your letter of December 26, 1968, regarding the wooden case containing Mr. McNamara's articles which you had consigned to my attention.

I regret to advise you that the shipment has not yet been received. As you may know, there was a dock strike at all of our Eastern Sea Ports and Gulf Ports from December 20 to February 14 at New York and February 24 at the Port of Baltimore. As you can imagine, there is a tremendous backlog at all of those docks and shipments are starting to come through, but very slowly. I will advise you when the shipment has been received.

As a result of the documents attached to your letter of December 26, we have requested and secured Customs clearance for the shipment when it arrives so there should be no delay in this regard.

Kind regards,

Sincerely yours,

Rainer B. Steckhan
Personal Assistant to the President

Mr. B. N. Srivastava
Deputy Secretary
Reserve Bank of India
Central Office
Bombay, India

RBSteckhan:pay

482/4/79

March 17, 1969

Dear Arthur:

Knapp
I have just received your cable re Postel Vinay. We have set up lunch at 12:30 on April 2 with Messrs. McNamara, Plescoff, Aldewereld, Chauffournier and Chadenet. Mr. Vinay will see Mr. McNamara at 12:00, possibly with some Bank staff.

I have also received the camera -- and many thanks -- plus your memoranda dated February 18 and 24.

Please let me know if I can be of any assistance with respect to setting up Mr. Vinay's meetings with Messrs. Chauffournier and Chadenet. Possibly your letter will explain.

Personal regards,

Sincerely,

Rainer Steckhan

Mr. Arthur Karasz, Director
International Bank for Reconstruction
and Development
4, Avenue d'Iena
Paris 16e, France

RBS:pay

3/17/69 487/4/78

Dear Mr. Heath:

I am deeply honored by your invitation to give the annual lecture to the Conservative Political Centre at the next Conservative Party Conference, and wish I could accept it. Unfortunately, however, the date of the lecture is uncomfortably close to that of the World Bank's Annual Meeting, which takes place during the first week of October. Quite apart from the problem of preparing a speech of sufficient caliber for the CPC lecture during the extremely busy period preceding our Annual Meeting, there is inevitably a spill-over of business connected with the Meeting into the weeks immediately following it. Under the circumstances, I feel I cannot undertake to deliver the lecture.

I regret this decision very much, but feel sure you will understand my situation. I intend to be in London at some time towards the end of the year and hope that we may perhaps be able to meet at that time.

With kindest regards,

Sincerely,

Robert S. McNamara

The Rt. Hon. Edward Heath, M.B.E., M.P.
House of Commons
London, S.W.1. England

PWB:lmr

Mr. McNamara

487/4/77

March 14, 1969

Dear Mr. Secretary:

I thank you for your letter of March 3, 1969 and for the enclosed basic documents of OERS.

My visit to OERS Headquarters in Dakar was very interesting and useful. It gave me an opportunity to get a deeper understanding of the efforts which take place in Africa to promote types of international co-operation and integration which have a favorable impact on economic development.

I also was able to appreciate the role the OERS can play in coordinating the economic development of its member countries, and I can assure you that the Institutions of the World Bank Group will, to the extent possible, assist the Organization in carrying out this task.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Ahmed Ould Daddah
Executive Secretary
Organisation des Etats
Riverains du Sénégal
Dakar
Senegal

cc: Mr. M. N. Kochman (with copy of incoming letter)
Messrs. Chauffournier and Steckhan

Radams:lw
March 13, 1969

487/4/76

DR. MARCOLINO G. CANDAU

MARCH 14, 1969

UNISANTE

NLT

GENEVA

SWITZERLAND

EYE PLAN ON A TRIP TO EUROPE FOR ACC MEETING IN ROME AND WONDER IF
EYE COULD SEIZE THE OPPORTUNITY WHICH EYE HAVE LONG WANTED OF CALLING
ON YOU IN GENEVA STOP EYE COULD MEET YOU FOR A LEISURELY DINNER ON
FRIDAY APRIL TWENTYFIVE OR IF MORE CONVENIENT TO YOU WE COULD MEET ON
SATURDAY APRIL TWENTYSIX THOUGH EYE HESITATE TO DISTURB YOU DURING
THE WEEKEND

ROBERT S. MCNAMARA

INTBAFRAD

Robert S. McNamara

President

RBS:RSMcN:ml

March 14, 1999

Personal Chron
Muriel
487/4/74

Dear President Moll:

Thank you for your letter of March 6,
with its kind invitation.

I would like to accept, but have made
it a rule since becoming President of the
World Bank not to comment on matters re-
lating to United States defense policy.
Under the circumstances, I hope you will
forgive me for declining your invitation.
I am sure you will understand my reasons
for doing so.

With best wishes for a successful
1970 program.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Clarence R. Moll
President, PMC Colleges
Chester, Pennsylvania 19013

PWB:1mt

487/4/73

March 13, 1969

Dear Dr. Zijlstra:

Many thanks for your letter of 10th March in which you kindly invited me to attend the Annual General Meeting of the Bank for International Settlements which is to be held this year on Monday, 9th June.

This is, I know, an important occasion and I am sorry that other commitments will make it impossible for me to be present myself. I am, however, asking Sir Denis Rickett to represent the World Bank at the meeting. He will be accompanied by one or two other representatives from our Paris Office whose names will be notified to you later.

With warm regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. J. Zijlstra
President
Bank for International Settlements
Basle, Switzerland

DHFRickett:emcc

For Mr. McNamara's Office (2)

For Mr. McNamara's office

487/4/72

March 13, 1969

Dear Mr. Song:

Thank you for your letter of March 6 and the kind words concerning your experience as an Executive Director.

I was interested to learn of your appointment as President of the newly established Korea Highway Corporation. I wish you success in leading this new organization. I trust that the Korea Highway Corporation will benefit from the assistance and advice provided by the Consultants financed by the IDA credit made last year to finance highway feasibility and engineering studies.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Chung Pum Song
President
Korea Highway Corporation
Seoul, Korea

DDF/rb

487/4/71

March 12, 1969

MEMORANDUM FOR MR. ALDEWERELD

Next week, during your review of the FY 69 lending program with the Directors of the Area and Projects Departments, please give special attention to the status of the following loans or credits:

<u>Country</u>	<u>Project</u>	<u>Amount</u>	<u>Scheduled for Board Action</u>
East Africa	Harbor Devt. III	35.0	June
Ethiopia	Finchaa Hydro.	23.5	April
Indonesia	Agriculture (Estates)	13.0	June
	Roads (emergency prog.)	10.0	June
Malaysia	Education	8.0	June
Philippines	Second Rural Credit	12.5	June
	3rd Development Corp. (D.F.C.)	15.0	June
Thailand	Fourth Highway Project	22.5	June
Afghanistan	Highway Maintenance	5.0	May
Ceylon	Maskeylia Oya II Power	26.0	June
Lebanon	Tabarja/Tripoli Highway	27.0	June
Spain	Livestock Devt.	25.0	June
United Arab Rep.	Nile Delta Drainage I	26.0	May
Bolivia	Gas Pipeline	22.3	June
Colombia	Agric. Credit	15.0	May
Mexico	Livestock & Agric. Cr.	65.0	April

Robert S. McNamara

cc: Mr. Adler

487/4/70

Mr. J.O. Stone

March 12, 1969

Robert S. McNamara

PAPUA AND NEW GUINEA: Upper Ramu Hydro Electric Scheme

I refer to your memorandum of February 20 with which you submitted a formal request for Bank Group assistance for the Upper Ramu Hydro Electric project. The technical staff of the Bank have now reviewed the information related to the project submitted by you; I have asked the technical staff to address any detailed questions they may have directly to the authorities in Canberra and Port Moresby. We are planning to appraise the project in August and we should be grateful if you could find out whether this timing of the appraisal mission would be convenient.

(Signed) Robert S. McNamara

JKraske:rk

cc: Messrs. Goodman
Knox
Wyatt

487/4/69

March 12, 1969

Dear Mr. Ambassador:

I am writing in reply to your letter of March 10 in which you refer to the conversation which you had recently with Mr. Alter on the subject of World Bank lending to Costa Rica.

Mr. Alter has asked me to extend to you his sincere apologies for any unintentional discourtesy on his part in the course of your meeting. He did not realise that you wanted to pursue the conversation any further at the time, and he was indeed expecting to receive from you the written exposition to which you refer, so that this could be studied by his staff.

I hope therefore, Mr. Ambassador, that you will forward this exposition to him now, and you may rest assured that it will receive prompt and careful consideration in the Bank.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Luis Demetrio Tinoco
Ambassador of Costa Rica
Washington, D.C. 20008

cc: ✓ Mr. Steckhan
Mr. Alter

EPWright/mpd

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

Mr. McNamara:

March 11, 1969

Attached letter reached us late last night. Mr. Alter heard about the letter from somebody else and is preparing a summary of his meeting with the Costa Rican Ambassador.

Translation

Embassy of Costa Rica
Washington, D.C.
March 10, 1969

Dear Mr. President:

The respect which I owe to myself in my capacity as representative of a sovereign nation compels me painfully to convey to you the surprise and profound displeasure created by the impolite and rude way--unbecoming a high official of an international organization--in which I was treated by the Director of the Western Hemisphere Department of this Bank, Mr. Gerald Alter, during an appointment for which I had asked in order to submit to him a memorandum--which he discourteously refused to accept--and to adduce new arguments--to which ~~he~~ ^{he} did not pay any attention--in support of a loan request from my Government. It is regrettable that in an institution such as yours which was created by a consensus of nations which legally are equal despite differences in population, economic power and size of territory, not all officials know how to behave in the same correct and courteous way vis-a-vis the representatives of small nations which you, Mr. McNamara, did extend to me ^{behave} when you were kind enough to receive me in connection with the same project which I discussed with Mr. Alter.

Regards.

/s/ Luis Demetrio Tinoco
Ambassador

RBS
RBSteckhan

File

March 11, 1969

Her Excellency
Indira Gandhi
Prime Minister
New Delhi, India

Dear Madame Prime Minister:

Since my visit to India last November, I have been very concerned about the lack of progress in establishing additional fertilizer production facilities in India and the delay in the formulation of a realistic plan to provide these facilities. Because the expansion of fertilizer production is so directly related to the economic goals you have established for your country, and because I so want to see the World Bank assist you in every possible way to achieve those goals, I am taking the liberty of writing you personally about this matter.

With the introduction of the new high yielding varieties of seed, the need to provide farmers with fertilizer has become a matter of prime importance. Without fertilizer the new varieties of seeds have little advantage over the old varieties and a food production program which is not supported by realistic plans for the provision of fertilizer becomes unattainable. To the extent, therefore, that domestic production falls short of supply, the fertilizer must be imported and paid for in foreign exchange. The cost is great. In the fiscal year 1967/68 such imports amounted to more than \$270 million and in the first half of this fiscal year to more than \$150 million.

The possibility of saving such a large amount of foreign exchange cannot be overlooked and the attention of aid givers has become focused on it. At the Aid India Consortium meeting last year, considerable attention was given to this matter and doubtless again this year consortium members will wish to be informed of the progress being made towards self-sufficiency. It is possible that progress towards self-sufficiency will be slower than we would hope on account of restraints which cannot be removed quickly; for example, the difficulty of finding good management for a large number of plants may be the biggest single constraint and one which will delay the construction of physical facilities even if finance is available. The important thing, however, is that we should have a realistic plan leading towards self-sufficiency at some date in the future.

The report of the Planning Group on Fertilizer Industry of the Ministry of Petroleum and Chemicals seeks to show that fertilizer production and consumption will be about equal by 1973/74 and this estimate was repeated to me by officials I met in New Delhi last November. It seemed to me and my staff that this estimate might prove unrealistic; accordingly, I arranged for experts from the Bank to meet with responsible personnel in India so that we might reach some agreement on the progress that was, in fact, likely to be made. I enclose a memorandum prepared by my staff which reports their conclusion.

Her Excellency
Indira Gandhi

- 2 -

March 11, 1969

I understand that there is no disagreement between your officials and my staff that the shortfall in domestic fertilizer production in 1974/75, as shown in Table 3 of Attachment 1, will be in the order of 1,900,000 tons of nitrogen on the basis of what is called "the current program", i.e., production from existing plants and from plants which are either under construction or are formally committed to construction. The new projects which are supposed to make up this deficiency are listed in Tables 4 and 5 of Attachment 2. As the text of the memorandum indicates, they are mostly in very early stages of preparation and some appear unlikely ever to be undertaken. Unless immediate action is taken to accelerate the plant program, it is clear that substantial shortfalls in fertilizer production will occur in 1974/75.

It seems clear to me that, if reasonable progress is to be made, the expansion of production capacity will have to proceed in both the public and private sectors. Adequate progress cannot be made by relying on either one alone. For this reason, during the discussions of last November, I said that the Bank would be prepared to finance plants in either the public or private sector, provided it could be satisfied that the projects were sound and that good management could be assured. In pursuing this undertaking, we have recently begun discussions with officials of the Ministry of Petroleum and representatives of FCI and FACT, hoping to finance two projects, namely the expansion of the Nangal plant and the Cochin plant. I very much hope that acceptable investment proposals can be worked out in respect of these two projects, but this will not be enough. What seems to be of much more fundamental importance is the development and approval of a realistic plan to meet the total shortfall and then prompt action to initiate projects in accordance with the plan -- some of the projects listed in the current plan, especially in the private sector, have been awaiting positive Government action for more than a year.

I am sure you will agree that it is a matter of the utmost importance that steps should be taken to ensure that India can dispense with, or at least drastically reduce, imports of fertilizer as soon as possible.

I am writing to you in an effort to focus attention on a pressing problem and to seek your views on how we in the Bank can best help you to solve it.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Enclosure

IPMCargill:RMcN:mss

March 11, 1969

INDIA - PROGRAM FOR EXPANDING THE FERTILIZER INDUSTRY
- A SUMMARY -

There is no disagreement on the basic premise that there is an urgent need to expand fertilizer production in India, nor is there any disagreement that the bulk of this additional capacity should be in facilities for production of complex or compound fertilizers. Provided, then, that the nitrogen program follows a sensible path, the phosphatic program will automatically fall into place in the overall program. The following comments are confined almost exclusively to the needs and proposals for additional nitrogen production.

1. The Production Capacity Gap

With the completion of the current program of construction, there will be seventeen major units in production, as shown in Tables 1 and 2 of Attachment 1. Output from these plants is expected by the GOI* to reach about 2.4 million tons of N. The gaps between production and consumption, and hence the needed additional production for the years 1973/74 and 1974/75, are given below:

Estimates of Needs for Additional Production 1973/74 and 1974/75
('000 Tons N)

	<u>1973/74</u>	<u>1974/75</u>
Consumption	3,730	4,320
Projected production	2,330	2,410
Production shortfall	1,400	1,910

To attempt to forecast after 1974/75 is somewhat fruitless, since the areas of uncertainty grow increasingly larger; also the year 1973/74 is the year when plants ready for implementation now or in the near future can be expected to be in full production, and the year 1974/75 is when plants being planned over the next twelve to eighteen months can be expected to reach full production.

So far as 1973/74 is concerned, the problem is to ensure that sufficient additional capacity to meet the production shortfall of 1,400,000 tons is built up by that year.

*IFC's estimates of consumption and production differ somewhat from those of the GOI, but the differences are not so great as to affect the conclusions of this paper; therefore the GOI estimates will be used throughout the memorandum.

2. Proposals for Additional Capacity

In order that domestic production might reach target consumption by 1973/74 and thru 1974/75, the Ministry of Petroleum and Chemicals proposes a program of new construction and expansion at fourteen specified locations, as shown in Tables 4 and 5 of Attachment 2, involving a total capacity increase of 2.5 million tons, all of which is planned to be in full production by 1975/76. In addition, plants proposed in the last phase of the Fourth Plan and during the Fifth Plan are shown in Table 6 of Attachment 2.

Comments on the individual plant proposals are given below:

A. Group 1 - Projects Approved in Principle But Not Firmed Up

1. Bombay (DMCC) - Commissioning Date, April 1972; Capacity, 90,000 tons of N per year

The licence for this plant has not yet been issued since there is a fundamental difference in views between the GOI and the sponsoring group on the terms on which ammonia will be imported. There is a good chance that this project will not go ahead, and in any event it is primarily a phosphatic fertilizer plant. Furthermore, its location at Bombay is not ideal in relation to immediate market needs. The project should not, however, be discouraged on this account.

2. Goa (Zuari) - Commissioning Date, April 1972; Capacity, 160,000 tons per year of N

This project (licensed) has a long history and, with the fairly recent change in technical partner from Armour to US Steel, further delays have occurred.

3. Mangalore - Commissioning Date, April 1972; Capacity, 160,000 tons per year of N

This project is also licensed and has a long history of inactivity. Some interest by an unspecified Japanese group is rumoured, but can probably be discounted. There is no hope of meeting the target completion date but it is possible that in the long term a project will materialize. The possibility of a good site at a deep-water berth has not been examined. The location is not ideal but would be improved if the contemplated rail link with Hassan in the interior of Mysore State is built.

4. Visakhapatnam (expansion) - Commissioning Date, April 1972; Capacity, 155,000 tons per year of N

This is an ideal location for additional capacity but the management (Chevron) consider timing is crucial; they are not yet satisfied that to start on the expansion immediately is justified. The completion date will certainly not be met, but an expansion of the Visakhapatnam plant seems more than probable some time later, provided that a rival project does not go ahead (see below). The project is, as yet, unlicensed.

5. Mirzapur - Commissioning Date, January 1973; Capacity, 160,000 tons per year of N

This is another Birla project with Kaiser as foreign collaborator. There is currently no activity on this project and the completion date most certainly will not be met. The location is very poor and the eventual implementation of this project is unlikely.

6. Visakhapatnam (Occidental) - Commissioning Date, June 1971; Capacity, 140,000 tons per year of N

This is a relatively new proposal. The location, as has already been commented upon, is ideal. There is, however, no room in the near future both for this project and an expansion of the existing plant.

7. Punjab (Kalinga) - Commissioning Date, January 1973; Capacity, 226,000 tons per year of N

This is an ill-conceived project by a local sponsor who is currently under some difficulties. The possibility of this project ever materializing is remote.

B. Group 2 - Projects Under Active Consideration

8. Haldia - No Commissioning Date; Capacity, 150,000 tons per year of N

This is one of five or six public sector projects currently under consideration by FCI. It is reported that a consortium of French and Polish firms is willing to collaborate technically and provide equipment. The proposals are, at best, tentative. Haldia is a bad location for a new plant at this stage.

9. Korba - No Commissioning Date; Capacity, 230,000 tons per year of N

Another FCI project, based on the gasification of coal, this is an outmoded process but it is possible that it could be justified later by the particular conditions in India, although it would need very careful study. No completion date has been suggested, and in FCI's program it has no priority. Market-wise, early implementation is certainly not justified, provided plants at more favorable locations go ahead.

10. Ramagundam - No Commissioning Date; Capacity, 230,000 tons per year of N

The comments on the Korba project apply equally to Ramagundam.

11. Nangal (expansion) - No Commissioning Date; Capacity, 150,000 tons per year of N

The proposal to expand the only FCI plant consistently operating at capacity is interesting; the location is excellent and the proposal to

use locally-available cheap raw materials, even though an outmoded process is thereby involved, at first sight seems sound. If the Bank supports the GOI request to make a full appraisal of this project, and its technical and economic feasibility can be established, then there is a good chance that this project could make some contribution to the production gap in the early 1970's. Some solution, though, is necessary to the known management problem within FCI.

12. Paradeep/Talcher - No Commissioning Date; Capacity, not specified

There are vague ideas for establishing plants (FCI) at one or both of these locations. Neither project, market-wise, has any priority nor can they be considered as possible contenders in the race to meet self-sufficiency in 1973/74-1974/75.

13. Mithapur (Tata) - No Commissioning Date; Capacity 230,000 tons per year of N

This project was originally conceived with Allied Chemicals as technical (and in a minor way financial) partners, using ammonia from Iran (another Allied project) as an intermediate material. The proposal, however, ran into political problems and was referred to the Cabinet, from which no decision has yet been forthcoming. Meanwhile, Allied have withdrawn. The hope for early implementation is dim, but a project at this location with Tata participation, but not necessarily in the shape of the original proposal, deserves encouragement.

14. Tuticorin - No Commissioning Date; Capacity, 230,000 tons per year of N

The proposals for this project are at present so vague as to make meaningful comment impossible, beyond the fact that Tuticorin may well be an appropriate location to expand facilities in the future to serve expanding markets in the south.

3. Conclusion

The proposed production program under discussion in the GOI cannot hope, in practice, to come anywhere near to supplying the estimated consumption.

In IFC's October 1968 report an 'ideal' solution to meet a major part of the expected deficit in 1973/74 was outlined; this solution envisages sizeable additions to capacity at four locations:

Kandla, to serve the northern region;
A second plant at an unspecified location, to serve the northern region;
Cochin, to serve the southern region;
Visakhapatnam, also to serve the southern region.

The total program involves a production of 720,000 tons of N and the equivalent amount of P_2O_5 . It was thought that at the time the proposal was made other projects at other locations would materialize to supplement the 'ideal' program so that something like self-sufficiency would result.

What has, in effect, happened during the intervening four to five months is that a project at Kandla, substantially the same as that proposed, now appears to be firmly committed. The FCI's Nangal project could (with the provisos already stipulated) fill the specification for the second plant to serve the north, but in view of the continuing slow progress of the program a third location should be agreed upon as soon as possible. Tata's Mithapur site seems an obvious choice.

In the southern region the Goa project could substitute for the Cochin suggestion, and a proposal for a public sector phosphate plant at Cochin (the Bank has been asked to examine this project as well as the Nangal proposal) to complement the urea plant presently being built there could well fall within a logical program. An expansion or a new plant at Visakhapatnam, however, does not seem a near-term possibility.

The natural marketing area for the DMCC project at Bombay is in the western region. However, if this project goes ahead it seems it will probably have to market a sizeable portion of its output in the northern and southern regions, but as the plant is planned for the production of diammonium phosphate its impact on the nitrogen market will not be too severe.

The actual program, then, that is likely to emerge from the official plan offers no fundamental problems, except that it will be far from adequate in extent.

At best, then, if the Goa, DMCC and Nangal projects proceed swiftly, and no snags arise in the implementation of Kandla and the Trombay expansion, there will be a deficit in production of about 1,140,000 tons of N in 1973/74 and about 1,610,000 tons of N in 1974/75. If the Tata deadlock could be resolved, then these deficits would be reduced to about 990,000 tons and 1,410,000 tons respectively.

There is, then, an urgent need for a more realistic program.

ESTIMATES OF PRODUCTION - CURRENT PROGRAM ('000 TONS)

Table 1 - Production of N from Existing Plants

	<u>1969/70</u>	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>
1. Sindri	90	105	105	105	105	105
2. Nangal	75	75	75	75	75	75
3. Trombay	70	81	81	81	81	81
4. Gorakpur	70	74	74	74	74	74
5. Namrup	34	41	41	41	41	41
6. Alwaye	56	60	64	64	64	64
7. Rourkela	100	112	112	112	112	112
8. Neyveli	60	63	63	63	63	63
9. Baroda	89	89	89	89	89	89
10. Visakhapatnam	74	74	74	74	74	74
11. Kotah	80	108	121	121	121	121
Others	43	43	43	43	43	43
Total	<u>841</u>	<u>925</u>	<u>942</u>	<u>942</u>	<u>942</u>	<u>942</u>

Table 2 - Production of N for Projects Under Construction
and Firmly Committed

12. Durgapur	10	100	130	141	141	141
13. Cochin	10	100	130	141	141	141
14. Madras	-	60	150	177	177	177
Baroda (expansion)	40	84	112	112	112	112
15. Kanpur	-	125	168	186	186	186
Namrup (expansion)	-	5	100	130	141	141
Alwaye (expansion)	-	16	20	20	20	20
16. Barauni	-	5	100	130	141	141
Trombay (expansion)	-	-	-	80	170	210
17. Kandla	-	-	-	80	160	200
Total	<u>60</u>	<u>495</u>	<u>910</u>	<u>1,197</u>	<u>1,389</u>	<u>1,469</u>

Table 3 - Comparison of Production of N for Whole of Current Program
(Table 1 + Table 2) With Estimates of Consumption

Total Production	901	1,420	1,852	2,139	2,331	2,411
Estimated Consumption	<u>2,000</u>	<u>2,400</u>	<u>2,780</u>	<u>3,220</u>	<u>3,730</u>	<u>4,320</u>
Production Shortfall	<u>1,099</u>	<u>980</u>	<u>928</u>	<u>1,081</u>	<u>1,399</u>	<u>1,909</u>

ESTIMATES OF PRODUCTION AND CONSUMPTION OF NITROGEN 1969/70 TO 1978/79 (PRODUCTION '000 TONS)

Table 4 - Group 1: Projects Approved in Principle But Not Firmed Up

	Capacity	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
1. Bombay (DMCC)	90	-	-	40	80	90	90	90	90	90	90
2. Goa	160	-	-	-	100	135	145	145	145	145	145
3. Mangalore	160	-	-	-	100	135	145	145	145	145	145
4. Visakhapatnam (expansion)	155	-	-	-	100	130	140	140	140	140	140
5. Mirzapur	160	-	-	-	10	100	145	145	145	145	145
6. Visakhapatnam (Occidental)	140	-	-	40	100	130	130	130	130	130	130
7. Punjab (Kalinga)	226	-	-	-	20	100	170	210	210	210	210
Sub-Total	1,091	-	-	80	510	820	965	1,005	1,005	1,005	1,005

Table 5 - Group 2: Projects Under Active Consideration

<u>Public Sector</u>											
8. Haldia)										
9. Korba)										
10. Ramagundam	)	991	-	-	-	20	420	782	892	892	892
11. Nangal (expansion))										
12. Paradeep/Talcher)										
<u>Private Sector</u>											
13. Mithapur (Tata)	)	459	-	-	3	25	200	310	420	420	420
14. Tuticorin)										
Sub-Total		1,450	-	-	3	45	620	1,092	1,312	1,312	1,312
Total Groups 1 and 2		2,541	-	-	83	555	1,440	2,057	2,317	2,317	2,317

Table 6 - Group 3: Plants to be Taken Up in the Last Phase of the Fourth Plan and During the Fifth Plan

Mithapur (Tata 2nd stage)	)	2,001	-	-	-	-	-	-	330	760	1,285	1,885
Others)											

Table 7 - Total Production from All Plants Listed in Tables 1, 2, 4, 5 and 6 vs. Estimated Consumption

Total Production Tables 1, 2, 4, 5 and 6	900	1,420	1,935	2,694	3,771	4,468	5,058	5,488	6,103	6,613
Estimated Consumption	2,000	2,400	2,780	3,220	3,730	4,320	5,000	5,495	6,040	6,635

487/4/68

HIS EXCELLENCY
SIR SERETSE KHAMA
PRESIDENT OF THE
REPUBLIC OF BOTSWANA
GABERONES

MARCH 11, 1969

FULL RATE

BOTSWANA

I MUCH APPRECIATE YOUR OFFER TO VISIT ME IN WASHINGTON TO ACQUAINT
ME WITH THE WIDER IMPLICATIONS OF THE SHASHI RIVER PROJECT STOP
ALTHOUGH YOU WILL NOT EXPECT US TO REACH SUBSTANTIVE CONCLUSIONS AT
THAT TIME COMMA I WOULD BE HAPPY TO RECEIVE YOU AND HEAR YOUR VIEWS
STOP I SHALL BE AVAILABLE MARCH 31 STOP PLEASE CABLE WHETHER THIS
CONVENIENT TO YOU

ROBERT MCNAMARA
INTBAFRAD

Robert S. McNamara
President

RMDean:jkr

487/4/67

March 11, 1969

Dear Mr. President:

I write to thank you for your letter of 3rd March in which you tell me that your Government has taken steps to secure legislative approval for their contribution to the replenishment of the resources of the International Development Association. I am glad to hear that you expect these steps to be completed within the next two months or so. I quite understand that, until this has been done, you are not in a position to make an advance contribution to the funds of the Association.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Pierre Werner
President of the Government
and Minister of Finance
2a, boulevard Emmanuel Servais
Luxembourg-ville, Luxembourg

487/4/66

March 11, 1969

Dear Professor Ehrlich:

Thank you for your generous remarks on my Millsaps College speech. I am encouraged that the debate over the issues continues, and that you plan to write on the subject. While I very much appreciate your interest in my views, I am afraid that the demands on my time here at the World Bank make it impossible for me to send you the sort of reply that your thoughtful questions deserve. I did, however, develop some of these concepts rather more fully in the book, The Essence of Security, and in the event you have not seen it, I am sending you a copy under separate cover.

Sincerely,

[(Signed) Robert S. McNamara]

Robert S. McNamara

Professor Otto H. Ehrlich
410 Prospect Street
East Orange, New Jersey 07017

487/4/65

March 11, 1969

Dear General Hükkelheim:

I am most grateful to you for your letter of March 4 to Der Spiegel. Your impression that I have always held Kai-Uwe von Hassel in high esteem is certainly correct. I am sure your letter will assist in setting the record straight and I can only hope that Der Spiegel will print your statement.

Thank you for taking the time to write to me.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Herrn Generalmajor a.D. Heinz Hükkelheim
7290 Freudenstadt
z.Zt. Sanatorium Hohenfreudenstadt
Federal Republic of Germany

cc: His Excellency Kai-Uwe von Hassel

RBSteckhan:ml



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

487/4/63

OFFICE OF THE PRESIDENT

3/24/69

Dear Ken

I was delighted to read of your appointment as Ambassador to Dublin. If either I or my staff can be of any help to you in preparing for the new post, please call on us. In any event, I hope you will squeeze in a visit with me before you head for Dublin.

Sincerely

Bob Mc Namara

Honorable Kenneth Keating
3500 Elmwood Avenue
Rochester, N. Y. 14610

487/4/62

March 10, 1969

Dear Alec:

Thank you so much for your letter of February 26 and its kind invitation to address the Foreign Affairs Club in the Autumn.

I would like to accept this invitation in principle, but without yet fixing an exact date. I would hate to make a speech to the Foreign Affairs Club which did not have something of substance to say, or which I had not been able to prepare adequately. Preparation will inevitably take me some time, and I doubt whether I shall be able to get down to it until after my speech to the Bank's Governors and our Annual Meeting in early October.

One of the particular attractions of this invitation is that it will give me a chance to see you again.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Rt. Hon. Sir Alec Douglas-Home, K.T., P.C., D.L., M.P.
House of Commons
London, S.W. 1, England

PWBocock:RSMcNamara:ml

487/4/61

March 10, 1969

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Gentlemen:

Pursuant to paragraph 3 of the Fiscal Agency Agreement between the International Bank for Reconstruction and Development and the Federal Reserve Bank of New York, you are hereby authorized and instructed to authenticate and to deliver on or after March 17, 1969 to a representative of each of the purchasers set forth in Schedule A hereto the respective principal amount of Two Year Bonds of 1969, due March 15, 1971 of the International Bank for Reconstruction and Development, set forth in said Schedule with respect to such purchaser. Each such delivery is to be made upon receipt by you of Two Year Bonds of 1967, due March 15, 1969, of the Bank or of Federal Reserve Bank of New York funds for our account of an amount equal to the principal amount of Bonds allotted to each such purchaser as set forth in said Schedule plus, in the event all or a portion is to be paid in Federal Reserve Bank of New York funds, accrued interest on such portion at 6-3/4% per annum from March 15, 1969 to the date of delivery of the Bonds in each instance.

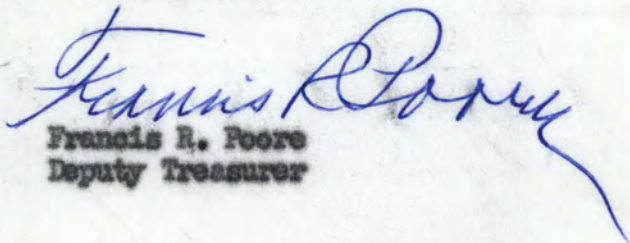
Authorized denominations and numbering of such Bonds are as follows: registered Bonds without coupons in denominations of \$1,000 and any multiple thereof, to be numbered OORB 1 and upwards; and \$1,000, \$10,000 and \$100,000 denomination coupon Bonds to be numbered, respectively, OOM 1, OOX 1 and OOC 1, and upwards.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara
President

cc: Mr. Tenley M. Jones
Mr. Deely/Sec.Div. Files

WtvanSaagevelt/mt


Francis R. Poore
Deputy Treasurer

MEMORANDUM FOR THE RECORD

March 7, 1969

487/4 160

Mr. McNamara met with Messrs. Friedman, Chauffournier, Chadenet, Evans, Schmedtje and Macone on Friday, March 7 at 10 a.m. to review the draft paper on "market prospects for fats and oils in relation to proposed Bank/IDA financing" and to discuss future action.

It was stated that it was still uncertain whether the Cameroons project could be considered at the Board Meeting on March 18 since important documents from the Cameroons were still outstanding. The Ivory Coast project would certainly not be discussed before the Board before April.

It was decided that Messrs. McNamara and Chauffournier would meet with Mr. Oliver on Monday at 10:30 to discuss the paper before it was circulated to the Board. The purpose of this discussion would be to determine at what projected price level the US Government was beginning to show skepticism and to demonstrate that even at that price level the resulting rate of return was still satisfactory.

In this connection, Mr. Macone promised Mr. McNamara a confidential note on the names of USDA experts in the field of fats and oils and their assumptions for the future price of palm oil implied in their production model.

It was further decided that Mr. Chauffournier would also talk to Messrs. Plescoff and Lieftinck and possibly other Directors next week but before circulation of the paper to the Board.

Rainer B. Steckhan

RBS:mek *RBS*

March 6, 1969

48 7/4/58

Mr. McNamara met on March 5, 1969 with Messrs. Demuth, Chadenet, Ballantine, Graves and Hoffman to start work on a "philosophical foundation" for Bank Group lending for education.

Mr. McNamara emphasized that the basic question in his mind was the relationship of education to development. In particular, he would like the Group to concentrate on problems such as: the reason why and the extent to which lack of education was a barrier to development; ways to remove this barrier; the relevance of various types and levels of education to specific stages of development; the suitability of particular items (teaching materials, buildings, teachers,) fellowships) for Bank Group assistance. Mr. McNamara guessed for instance that functional illiteracy was a major obstacle to development in many countries. In reply, Mr. Ballantine stated that his Department had a philosophical foundation for Bank Group assistance to education, however this philosophy had not recently been described in writing.

Mr. Chadenet pointed out that one of his objectives was to attach an economic return to every education project, but this was very difficult to do in practice and had so far been done only once on the basis of a crude calculation. Mr. Ballantine added that his Department was working on a methodological approach, taking Kenya as a test country.

It was agreed that Mr. Graves, in cooperation with Messrs. Demuth, Chadenet and Ballantine would start work on a study of the relevance of education to development and the Bank Group's present and future role in this field. It was also considered desirable to obtain the services of knowledgeable outside consultants.

Mr. McNamara asked Mr. Demuth to arrange for short monthly meetings of this Group.

Rainer B. Steckhan

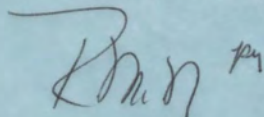
RBS:mek

487/4/57

March 6, 1969

MEMORANDUM FOR MR. ALDEWERELD

Shortly before you left for Germany we met with Messrs. Friedman, Rotberg and Sacchetti to discuss an approach to "capital market studies." I received from Messrs. Rotberg and Sacchetti outlines of such studies. Following your return from Europe, please arrange for another meeting of the same group to consider where we go from here.



Robert S. McNamara

cc: Mr. Friedman
Mr. Rotberg
Mr. Sacchetti

487/4/56

March 4, 1969

Dear Arthur,

Thank you very much for your note on
Postel Vinay.

I've talked to Mr. McNamara about it and
he says it is difficult for him to plan that far
ahead. As of now, chances are that Mr. McNamara
might be out of town in the first full week of May.
However, I'd be grateful if you would keep me
informed of Postel Vinay's movements and I shall
contact you as soon as I see an opportunity for a
luncheon. I know Mr. McNamara is most interested
to have Postel Vinay for lunch.

Sincerely,

Rainer Steckhan

Mr. Arthur Karasz, Director
International Bank for Reconstruction
and Development
4, Avenue d'Iena
Paris 16e, France

MEMORANDUM FOR THE RECORD

March 3, 1969

487/4/54

Mr. McNamara met on Wednesday, February 26 at 11:30 with Ray Harold, President, Worcester Federal Savings and Loan Bank; Bryce Curry, President, Federal Home Loan Bank of New York; Michael Elliott, Director, International Home Loan Bank (Wash. division); Kenneth Heifler, Executive Vice President, National League Insurance Savings Association; Norman Stark Executive Vice President, United States Savings and Loan League; Oscar Kruetz, Chairman of the Board, First Federal State Bank, St. Petersburg, Fla.; and Miss Josephine Ewalt, Executive Secretary, International Building and Savings Association.

The main purpose of Mr. Harold's visit was to suggest that an international home loan bank be set up in conjunction with IBRD. The purpose of the institution would be to assist in the establishment of savings and loan associations in the less developed world and to raise funds for this purpose in the capital markets of the West.

It was recalled that United States savings and loan associations could make investments of up to 1% of their resources in Latin American savings and loan institutions for which full guarantees were available through AID. AID had so far issued guarantees in an amount equivalent to \$300 million for housing of which \$70 million related to investments in home savings and loan institutions.

In response to a question by Mr. McNamara, it was explained that savings and loan associations in less developed countries lent almost exclusively for housing.

In reply, Mr. McNamara stated that he was very interested in finding institutions in developing countries which could mobilize local savings for development purposes. However, he was not convinced that such savings should be channeled into housing. In India, for instance, tubewells were of higher priority. Mr. McNamara continued to say that the World Bank had not yet thoroughly studied the question of financing housing per se but Mr. Harold's visit would certainly help him to focus on this problem. Mr. McNamara concluded by expressing his appreciation for Mr. Harold's visit.

RBS
Rainer B. Steckhan

RBS:mek

February 28, 1969

Blue
487/4/53

Present: Messrs. McNamara, Aldewereld, Friedman, Chadenet, Chaufournier, Evans, Cheek and Macone on February 26, 1969

The meeting was convened to discuss the future of the oil palm projects in the Cameroons and the Ivory Coast, and a memorandum to be prepared for the Board on price forecasts for palm oil and other factors influencing the rates of return of the upcoming Bank projects.

1) Oil Palm Project in Cameroon

The discussion focused first on a sensitivity analysis showing a rate of return of 7.5% at a projected palm oil price of \$160, of 4% at a price of \$144, and 0.5% at a price of \$120. This did not take into account shadow labor costs and a shadow exchange rate. Mr. Evans submitted that assumed shadow labor cost of 60% of "market" wages would increase each rate of return by 2%. This shadow rate was generally accepted as realistic considering that people in the project area were under-employed without any hope of full employment for the next 10 or 15 years.

With respect to the rate of exchange, Messrs. Friedman and Chaufournier felt that it was overvalued by at least 25%. Mr. Evans mentioned that his Division Chief in charge of the project had been reluctant to support the project without taking into account overvaluation of the currency. It was agreed that Mr. Friedman would confidentially check this with the IMF experts. Mr. Chadenet pointed out that even at a palm oil price of \$112, (which was alleged to be the USDA forecast), the rate of return would still be 6%, assuming a 25% overvaluation of the currency. It was agreed to show in the President's Report a rate of return reflecting a shadow wage and a "realistic exchange rate".

A third factor not considered in the rate of return calculation was the possibility for Cameroon to obtain preferential treatment for palm oil exports to common market countries.

Mr. Evans confirmed that the assumed yield of 2.8 tons per hectare was realistic and certainly not too low. He added that the rate of return was more sensitive to changes in yield than to changes in exchange rate or labor costs.

The discussion then concentrated on the outlook for palm oil prices. It was recalled that all Bank palm oil projects "in the pipeline" would add by 1980 220,000 tons i.e. substantially less than 1% of total 1967 palm oil production of 39 million tons. Assuming even that the 380,000 tons of soybean oil on average distributed annually through PL 480 would be put in commercial channels, the drop in the price of palm oil possibly to \$112 would only be temporary. Messrs. Friedman and Macone believed that within a few years, the supply of soybeans would be adjusted and the price would remount to around \$160 or the United States would start stock piling soybeans and ultimately dispose of their stocks in a way comparable to PL 480.

It was agreed that Mr. Friedman and his associates would confront the United States experts (in particular in the Department of Agriculture) with our price forecasts, obtain their reactions and identify those US experts whose forecasts differed from ours. It was hoped that this procedure would help overcome opposition against the project.

Everybody present agreed to go ahead with the project since the rate of return, properly calculated, was satisfactory, demand for palm oil was increasing, the addition to the world supply of palm oil under Bank projects was minimal, and no other profitable projects were known to exist in Cameroon for the next years.

2) Oil Palm Project in the Ivory Coast

It was also the unanimous opinion of all present to go ahead with the Ivory Coast project which had a higher rate of return than the Cameroon project.

3) Board Memorandum on Price Forecasts for Palm Oil and Rates of Return

Mr. Chaufournier was asked to assume responsibility for preparing a brief paper in cooperation with interested Departments. The memo should be ready for circulation to the Board by Thursday, March 6 after having previously been reviewed by Messrs. McNamara, Friedman, and Chadenet. The memorandum should include: a reference to the general problems of fats and oils and its relationship to palm oil projects under consideration by the Bank, price series for palm oil, forecast of world production and consumption of palm oil, incremental output of palm oil from projects to be financed by the Bank, comparative advantages of palm oil production by geographical areas, effects of termination of PL 480, and data supporting the reliability of the projected price of \$160 per ton. The memorandum should also contain a discussion of the Cameroons project per se showing the effect of a "realistic exchange rate" and a shadow wage rate of 60% of the calculation, of the rate of return.

Rainer B. Steckhan

cc: Messrs. Knapp
Aldewereld/Chadenet/Evans
Friedman
Chaufournier

RBS:mek

487/4/52

February 28, 1969

Dear Mr. Ambassador:

Now that I have returned to Washington, I am writing to tell you how much we appreciated all you did to make our stay in the Congo both pleasant and instructive.

Our visit gave me fascinating insights into the problems and prospects of your country and it is my earnest desire to do all I can to assist sound economic development in the Congo.

With renewed thanks and best wishes,

Sincerely,

Robert S. McNamara

His Excellency
Cyrille Adoula
Embassy of the Democratic
Republic of the Congo
1800 New Hampshire Avenue, N.W.
Washington, D.C. 20009

RBSteckhan:mek

487/4/51

February 26, 1969

Dear Mr. Minister:

Upon my return to the United States, I write to thank you again most warmly for your courtesy and hospitality during our visit to the Congo.

This visit gave me fascinating insights into the problem and prospects of your country and I found my talks with you and your associates most interesting. Please be assured, Mr. Minister, of my earnest desire to do all I can to assist sound economic development in your country.

Sincerely,

Robert S. McNamara

His Excellency
Victor Nendaka
Minister of Finance
Ministry of Finance
Kinshasa, Democratic Republic of the Congo

RBSteckhan:RSMcNamara:mek

2-2CC

487/4/50

February 26, 1969

Dear Philippe:

Thank you for your letter of February 3 (OR 433 (2-1)), concerning the proposed creation by the International Chamber of Commerce of a Consultative Committee to provide opportunities for contacts between the heads of United Nations economic institutions and business leaders in member countries of the ICC.

To Handle
Appropriate
Approval
Comment

Preserve Reply
For Our Conversation

Full Report
Information
Initial

We have been aware for some time that the international business community is attaching increasing importance to the work of the United Nations and the specialized agencies in economic and social fields. I think the high caliber of the membership of the proposed Consultative Committee is evidence of this. The change of attitudes toward private business in various United Nations bodies to which you refer could also help to make this a timely initiative.

REMARKS

This assumption
commit to
proposed meeting
(letter).

The Bank Group will be quite prepared to cooperate with the Committee. I note that an inaugural meeting is planned for the coming spring or early summer. If any suggestions for the agenda occur to us we shall send them on to you.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

From

Michael L. Hoffman

Mr. Philippe de Seynes
Under-Secretary-General
Department of Economic
and Social Affairs
United Nations
New York 10017

SEB/MLH:tsb
February 18, 1969

487/4/49

February 26, 1969

Dear Mr. President:

Upon my return to the United States, I wish to thank you again most warmly for the hospitality and courtesy which you and Mrs. Mobutu extended to my wife, myself and my associates during our stay in the Congo. The boat ride on the river was a highlight of our visit and I felt particularly privileged for the opportunity it afforded me to have extended discussions with you.

I am also glad that I was able to spend some time in Lubumbashi, Likasi and Kolwezi seeing the installations of Gecomin and learning more about their operations. I was particularly impressed by the caliber of the Gecomin management and my discussions with the directors of the company, including President Kandolo, were most enlightening.

I came away impressed by the magnitude of the problems and potential of the Congo. May I express the hope that my visit not only helped deepen our friendship but also paved the way for a long and fruitful association between your great country and the World Bank Group. Please be assured, Mr. President, of my earnest desire to do all I can to assist your country in the development of its tremendous resources.

Sincerely,

Robert S. McNamara

His Excellency
Lieutenant General J.D. Mobutu
President of the Republic
Democratic Republic of the Congo
Kinshasa, Congo

RBSleckhan:RSMcNamara:mek

487/4/48

February 26, 1969

Dear Mr. Anoma:

On my return to Washington, I want to thank you again most warmly for your kindness and hospitality during our visit to the Ivory Coast.

I am particularly grateful to you for accompanying us on our tour of the oil palm plantations and I enjoyed immensely the opportunity to talk with you and your colleagues. May I add that I was much impressed by the efficiency of Sodepalm's operations and by the caliber of your associates.

You were very kind to entertain us to luncheon and I appreciated the opportunity of informal talks with you and your guests.

Sincerely,

Robert S. McNamara

Mr. Joseph Anoma
Grand Chancellor of the National
Order of Ivory Coast
President of Sodepalm
B.P. 1246
Abidjan, Ivory Coast

RBSteckhan:mek

487/4/47

February 26, 1969

Dear Mr. Minister:

Now that I have returned to Washington, I want to tell you again how much Mrs. McNamara and I enjoyed the hospitality which you and Mrs. Bedie extended to us during our stay in the Ivory Coast, I am grateful to you for all you did to make our stay both pleasant and productive.

Our discussions were, from my point of view, extremely rewarding and I learned a great deal about the impressive growth of your economy since independence. I am confident that the Ivory Coast has a bright future and I expect the World Bank to play an increasing part in financing sound economic development in your country.

You entertained us in a most hospitable manner at the reception on the eve of my departure and at breakfast the following morning and I send you again my sincere thanks.

Sincerely,

Robert S. McNamara

His Excellency
Konan Bedie
Minister of Economics and
Financial Affairs
Abidjan, Ivory Coast

RBS:tekhan:mek

487/4/46

February 26, 1969

Dear Mr. President:

On my return to the United States, I write to thank you again most warmly for the gracious hospitality which you and Madame Senghor extended to my wife, myself and my associates during our stay in your country.

The discussions I was privileged to have with you were most enlightening and I came away even more firmly convinced that the World Bank Group can play an increasingly useful role in assisting Senegal in its economic development.

I was particularly happy to spend a day in the countryside learning more about the problems and prospects of agriculture. Sound development of agriculture is obviously of high priority in your country and I was honored to sign with you the agreements for the agricultural credit project.

The dinner you gave in the beautiful setting of your Palace was the culmination of my visit to your country and I will long remember your gracious and generous words of welcome. Again my warm personal thanks for your kindness and the time you devoted to me.

Mrs. McNamara joins me in best wishes to you and Madame Senghor.

Sincerely,

Robert S. McNamara

His Excellency
Leopold Sedar Senghor
President of the Republic of Senegal
Dakar, Senegal

RBSteckhan:RSMcNamara:mek

487/4/45

February 26, 1969

Dear Mr. Minister:

On my return to Washington, I write to thank you again most warmly for your courtesy and hospitality during our stay in Senegal. My associates and I will both long remember the very pleasant luncheon you gave at the end of our visit.

The business discussions I was privileged to have with you were, from my point of view, extremely rewarding and I came away even more firmly convinced that the World Bank Group could play an ever-increasing part in assisting Senegal in its economic development.

I hope that our association will be long and fruitful and I am looking forward to seeing you in September at the Annual Meeting of the Board of Governors.

Sincerely,

Robert S. McNamara

His Excellency
Abdou Diouf
Minister of Planning and Industry
Dakar, Senegal

RBSteckhan:RSMcNamara:mek

487/4/44

February 26, 1969

Dear Mr. Minister:

Upon my return to Washington, I am writing to tell you how grateful I am to you for the many kindnesses you showed to us when we were in your country. I look back on our visit to the Ivory Coast with much satisfaction.

The many discussions I was privileged to have with you were, from my point of view, thoroughly worthwhile and helped me understand better what needs to be done. Your country has an impressive record of growth and a bright future and I expect the World Bank to play an increasing part in financing sound economic development in the Ivory Coast.

With renewed thanks for all the time and effort you devoted to our visit,

Sincerely,

Robert S. McNamara

His Excellency
Mohamed Diawara
Minister of Planning
P.B. 649
Abidjan, Ivory Coast

RBSteckhan:RSMcNamara:mek

487/4/43

February 26, 1969

Dear Mr. Minister:

On my return to Washington, I write to thank you most warmly for the many kindnesses you showed to us when we were in your country.

I am particularly glad that we were able to spend a full day together seeing the agricultural research work and talking to your extension workers and farmers. Our discussions were very rewarding and helped me understand better the problems and prospects of rural development in Senegal. Sound development of agriculture is obviously of high priority in your country and I expect the World Bank Group to play an increasing part in this field.

With renewed thanks and best wishes,

Sincerely,

Robert S. McNamara

His Excellency
Habib Thiam
Minister of Rural Development
Dakar, Senegal

RBSteckhan:RSMcNamara:mek

487/4/42

February 26, 1969

Dear Franz:

Now that I have returned to Washington, I am writing to thank you again most warmly for your kindness and assistance during my stay in Abidjan.

My visit to West Africa gave me fascinating insights in the problems and prospects of this area and I greatly benefited from my talks with you and your associates.

With renewed thanks for all you did to make my stay both pleasant and instructive and with my best wishes,

Sincerely,

Robert S. McNamara

Mr. Franz Lutolf, Chief
Permanent Mission in Western Africa
B.P. 1850
Abidjan, Ivory Coast

RBSteckhan:mek:pay

487/4/41

EDITOR IN CHIEF

FEBRUARY 25, 1969

DER SPIEGEL

NIGHT LETTER

PRESSEHAUS, SPEERSORT 1

HAMBURG, GERMANY

I HAVE NEVER BEEN OTHER THAN EXTREMELY COMPLIMENTARY OF KAI-UWE VON HASSEL.
HE IS AN INTELLIGENT, ABLE, EXTRAORDINARILY DEDICATED SERVANT OF HIS
GOVERNMENT AND HIS NATION. FOR YOU TO IMPLY OTHERWISE DOES A GREAT DISSERVICE
TO THE MAN AND TO THE PEOPLE OF YOUR COUNTRY WHOM IT IS YOUR RESPONSIBILITY
TO SERVE WITH THE TRUTH. I ASK THAT YOU PRINT THIS CABLE IN YOUR PAPER OVER
MY SIGNATURE.



ROBERT MCNAMARA

INTBAFRAD

cc mailed to von Hassel 2/25

Robert S. McNamara

President

RSMcN: pay

Feb 27
487/4/40

Meeting with Mr. Charles Gallenca, President of the Senegalese Chamber of Commerce - Monday, February 10, 1969 at 11:40

Present: Mr. McNamara and Mr. Chauffournier

Mr. Gallenca expressed his pleasure at Mr. McNamara's visit to the Senegalese Chamber of Commerce, as a member of the International Chamber of Commerce, and a standard bearer of the free enterprise idea in Senegal. Mr. Gallenca remarked that private foreign capital had continued to flow into the country after independence. Thus, over the last 20 months, foreign firms had invested in projects such as private electricity plant, SFI, SIES and a sugar refinery.

Mr. McNamara asked Mr. Gallenca for his views on the causes of the decline in real per capita income and the prospects of the country. Mr. Gallenca blamed many of the country's deficiencies on the introduction of a socialist system in agriculture and the withdrawal of private commercial enterprises from the interior of the country. Other contributing factors in Mr. Gallenca's view were the deteriorating terms of trade for groundnuts, the loss of preferences, an increase in the cost of imported semi-manufactured and manufactured goods and excessive Government spending on "social" projects. In Mr. Gallenca's opinion, the Government should not spend more on social projects than warranted by the level of its revenues. One of the best ways to increase Government revenues was to allow free enterprise to operate without state intervention and to share in corporate profits through reasonable taxes. It was fortunate that President Senghor himself strongly believed in private enterprise. However, Mr. Gallenca continued to say, in an agricultural country like Senegal the stimulus for economic development would have to come from increased purchasing power of the peasant and under the present socialist system productivity and farm income were too low. In the long run, Mr. Gallenca believed Senegal had a viable and promising economy and he was optimistic that after three bad years - and 1968/69 was certainly one of those - it would recover and develop more rapidly.

Mr. McNamara then asked Mr. Gallenca what the World Bank could usefully do in assisting Senegal and Mr. Gallenca replied that diversification of agriculture to such fields as rice, cotton, sugar and fishery was of prime importance. Senegal had good grazing grounds for livestock but in years of drought such as the current year, cattle mortality was high. Moreover, the livestock breeders were still nomads and would have to be conditioned to a more sedentary way of life. All in all, prospects for livestock were improving as airfreight rates declined and demand for meat especially in Europe, increased. Similarly, the export of vegetables (especially green beans) and fruit by air to Europe in wintertime was becoming increasingly profitable.

Mr. McNamara then asked Mr. Gallenca whether the number of French advisors posed a political problem and whether there was any danger of abrupt departure. Mr. Gallenca replied that the number of permanent French advisors was very limited, perhaps 2 or 3 per ministry. However, many young Frenchmen had elected to serve as temporary technical advisors in Senegal for a period not exceeding 2 years in lieu of military service. The situation was different in education and the private sector where the number of Europeans was great indeed. All Europeans seemed to be quite content in Senegal and there was no danger of any mass departures.

In the private sector, Mr. Gallenca added, European executives were predominant and it would take a long time to create a middle class of Senegalese entrepreneurs. However, in the interest of economic stability, it was essential to prepare Senegalese for executive positions in private business and some progress had been made. The setting up of a mixed Societe de Promotion Industrielle with the help of UNEDO, FED and French aid was a step in the right direction. In essence, the problem was how to implant in the African mind a sense of responsibility and a private business outlook.

Mr. McNamara thanked Mr. Gallenca for a most elucidating discussion and invited him to contact his office on his next visit to Washington. He also hoped that Mr. Gallenca would write to him or Mr. Chauffournier if he, Mr. Gallenca, felt that the Bank could do more to assist sound economic development in Senegal. Mr. Gallenca was visibly touched and pleased by Mr. McNamara's words.

Rainer B. Steckhan

487/4/39

MEMORANDUM FOR THE RECORD

February 27, 1969

Meeting between Mr. McNamara, Minister of Finance Victor Nendaka and Minister. Nendaka's Associates on February 12, 1969. Messrs. Kochman and Steckhan were also present.

Minister Nendaka opened the meeting by underlining the success of the 1967 devaluation and the new economic policies. Foreign reserves had increased and the new budget was balanced at \$370 million, of which 22% or \$80 million, would be devoted to investments. Total GNP amounted to \$1.2 billion in 1968, thus approaching pre-independence levels. The Government had refrained from increasing taxes which at present amounted to over 30% of GNP, the equivalent of \$370 million.

Minister Nendaka stated that new foreign investments were on the increase in the Congo, although he did not provide figures. He mentioned that recently Occidental had shown interest in copper mining, an international nickel firm was doing business in Katanga, INOCABRAD had asked for concessions for phosphate mining, Intercontinental planned to build a hotel and British firms had started a textile plant. Furthermore, Societe Generale des Minerais planned to erect a 27-story office building in Kinshasa.

The Minister went on to say that reconstruction in the Congo was underway, particularly in the field of infrastructure, e.g. transportation. The Government intended to finance a 200-kilometer railway in the north without outside help. 1968 had been a good agricultural year, although due to the poor state of roads part of the crop had not been brought to the markets for sale to consumers.

In reply to a question by Mr. McNamara, Minister Nendaka stated that, taking 1960 as a base year, prices had risen to 690% by June 1967, and to 770% by June 1968. Since then prices had stabilized and in recent months had shown a slight tendency to decrease. The Minister attributed this decrease in prices to an increase of domestic production and the liberalization of trade.

Mr. McNamara thanked the Minister and asked whether figures on past and projected investments, (both foreign and domestic) and past and projected production of major crops and minerals were available. The Minister undertook to supply the desired information. (Mr. McNamara reiterated this request in a short meeting with Minister Nendaka, Foreign Minister Bomboko and Governor N'dele the following day aboard the Presidential yacht).

Rainer B. Steckhan

RBS:mek

cc: Mr. El Emary

487/4/38
February 27, 1969

Meeting between Mr. McNamara, Mr. Chaufournier and Mr. Amadou Sow, Director of UBS (Union Senegalaise de Banque) in Dakar on Monday, February 10 at 12:15

Mr. McNamara asked Mr. Sow about his views on the problems and prospects of Senegal and the role of the World Bank in this area.

Mr. Sow believed that Senegal had a promising future especially in agriculture, fishery and livestock.

In his view, the reasons for the decline of real per capita income over the last few years were twofold: inability to adjust to the smaller Senegalese market after the loss of the rich hinterland in 1960 and excessive population increase without comparable increase in job opportunities. He also thought that it would be wrong to measure Senegal's economic performance against countries such as the Ivory Coast, which started at independence from a higher base of industrialization and diversified agriculture.

In the private sector, further steps would have to be taken to increase Senegalese participation in business. UBS, his own bank, had taken steps in this direction. When the bank was set up, 20% of the staff were French and 80% Senegalese. Today the proportion of Senegalese was 98%, many of them in executive positions. Furthermore, the original Government participation in UBS was reduced from 50% to 44% (the balance being held by foreign banks) and it was ultimately planned to double the original capital of francs CFA 500 million and to sell shares to Senegalese investors. He hoped to be able to reduce the participations of the Government and the foreign Banks to 33% of the subscribed capital each and to reserve the remaining third for IFC and Senegalese investors. He also showed keen interest in a World Bank loan for relending to Senegalese enterprises. Mr. Sow conceded that, at present, UBS lent 95% of its funds short-term (6 to 12 months) and that rediscounting facilities with the Central Bank were limited to loans of up to 5 years. But he wanted to transform UBS to a development bank and had already taken participations in Senegalese enterprises. Mr. Sow concluded his plea for World Bank assistance by stating that, it would be appropriate to channel long-term loans for socialized agriculture through the state-owned development bank and loans for industry through UBS which enjoyed the confidence of foreign and local investors.

Mr. Sow confirmed Mr. Gallenca's view that the agricultural sector in its present socialist form was less efficient than in the capitalistic pre-independence days. He added that farmers were forced to sell their crop to the cooperative for notes and were paid in cash only after the bulk of the other members had delivered their crop to the cooperative. In fact, farmers had to wait for up to one month before receiving cash and many had to cash in immediately their notes with Senegalese traders at a discount of up to 60%.

Mr. McNamara inquired about the reasons for the Government's apparent reluctance to remedy the inefficiency of the agricultural sector. Mr. Sow thought the reasons were surely ideological: the cooperative was justified as reflecting the solidarity of farmers. In point of fact, the cooperatives, unlike business enterprises, were not voluntary at all and for that reason not as efficient as private enterprise.

Mr. McNamara thanked Mr. Sow for a stimulating and educative discussion.

cc: Chaufournier
Rainier B. Steckhan

February 20, 1969

487/4/37

Meeting Between Mr. McNamara and Mr. Croisier, UNDP Resident Representative in Dakar, Senegal, February 10, 1969 at 9:45 a.m. Messrs. Chauffournier and Steckhan were also present.

Mr. McNamara asked Mr. Croisier about his views on past performance and future prospects of Senegal and how the World Bank could further economic development in Senegal. Mr. Croisier, 60 years old, had been in Dakar since November 1964. He had worked for the United Nations since 1951, mainly on resident assignments in Afghanistan and Gabon.

In reply, Mr. Croisier spoke for about 30 minutes. In his opinion, the Senegalese were a friendly people, however, without sufficient "work discipline." The President of Senegal and some of his ministers (especially Diouf, the Minister of Planning and Industry) were very devoted and competent. Minister of Finance Colin, although not a brilliant economist, was a capable and hard working minister with a good accounting background.

Turning to agriculture, Mr. Croisier emphasized the low productivity in that sector. Agriculture produced only 30% of GNP while 85% of the population was rural. He attributed this to the inefficient system of compulsory rural cooperatives. Under this system, the farmers were compelled to sell their crops to the cooperative and received the purchase price only after the bulk of the other members of the cooperative had turned in their crops. Moreover, the members had to share in the high overhead costs of the cooperative. As a consequence, quite a few Senegalese farmers sold groundnuts for cash underhand in The Gambia, although prices there were lower than in Senegal.

As far as industry and commerce were concerned, they accounted for 70% of GNP and were largely in the hands of French and Lebanese entrepreneurs. Senegalese did not easily lend themselves to managerial work. The Government was aware of this problem and tried to set up small Senegalese enterprises with the help of the newly created SONEPI (Societe National pour l'Etude et la Promotion Industrielle) and UNDP.

UNDP's role, as described by Mr. Croisier, was to concentrate on high priority projects especially in agriculture. At present, UNDP had 15 Technical Assistance and 6 Special Fund projects underway. A special problem for UNDP in this connection was to find competent Senegalese counterparts to carry on the work after the UN experts had completed the projects.

With respect to the Bank's role in Senegal, Mr. Croisier thought the Bank would be well advised to finance big projects only in stages, making financing of the consecutive stage dependent on satisfactory completion of the previous stage. In Mr. Croisier's experience, the Senegalese authorities had not always properly supervised the use of external funds for priority projects.

Mr. Croisier then turned to the Senegal Basin, a Special Fund project, and emphasized the importance of the studies for the development and integration of the region there. Mr. Croisier emphasized that he understood the Bank's position but the preinvestment studies were necessary to get all the facts before making a policy decision on future large-scale investments in the Basin.

In general, Mr. Croisier stated that Senegal did not have a thought-through plan establishing investment priorities. For that reason, he urged the World Bank to mount a general survey mission in cooperation with other Specialized Agencies to establish proper priorities in Senegal. Such a mission could lay the basis for a uniform approach of all UN agencies towards development priorities in Senegal. He hastened to add that the cooperation between the World Bank and UNDP had substantially improved over the last years.

Mr. McNamara refrained from commenting on Mr. Croisier's proposal and asked him how he explained the decline in per capita income. Mr. Croisier blamed the inefficient agricultural system and the loss of the Malian hinterland for the decline. In his view, food self-sufficiency was the first priority but Senegal did not yet have a detailed plan.

Mr. McNamara then turned to political problems, asking in particular about the extent of opposition to the present government. Mr. Croisier replied that the opposition was mainly found among young people who, for instance, were responsible for last year's disturbances at the University. Dakar had also seen a general workers strike last year. However, the Government had so far managed to control the situation and had responded positively to demands for more university fellowships and an increase in the minimum wage. Such responses, however, did not go to the root of the problem: basically the opposition wanted to get rid of President Senghor who was criticized for lavish living and pro-French inclinations.

Rainer B. Steckhan

CC: Mr. Champourin's

RBS:ml

487/4/37

MEMORANDUM FOR THE RECORD

February 25, 1969

Meeting with the Executive Secretary of the Organisation des Etats Riverains du Senegal (OERS) and his three Secretaries

Robert N'Daw (Mali) - Secretary for Senegal River Studies
Massemba Diouf Senif (Senegal) - Secretary for Social and Cultural Affairs
Oumar Balde (Guinea) - Secretary for Integration and Planning

Present: Messrs. McNamara, Kochman, Chauffournier, Steckhan

Mr. Ould Daddah, (Mauritania) Executive Secretary of OERS, welcomed Mr. McNamara and emphasized the importance of his visit to the area. He outlined briefly the organization and membership of OERS. Mr. Ould Daddah explained further that the work of OERS was guided by the following four principles: the absolute priority of economic over political matters which meant that even in times of political tensions between the member states, OERS could carry on its work; extension of cooperation to all fields of economic activity including transportation, telecommunications, fisheries and industry; flexibility of operations; and diversification of the sources of funds (in this connection Mr. Ould Daddah expressed the hope that the World Bank would be able to provide funds for OERS studies).

Mr. McNamara asked the Executive Secretary for his views on major developments in the river basin over the next 15 to 20 years. Mr. Ould Daddah and his associates explained that the flow of the Senegal River varied at present between 5 ccm. and 5,000 ccm. per second. It was planned over the next 20 years to make the river navigable, use its water to irrigate 200,000 hectares of land and to harness its power. In general, the work of the OERS Secretariat over the next decade was expected to extend to the control of livestock diseases, the harmonization of laws governing economic activities, eradication of river blindness, and integrated economic planning for the region.

Mr. McNamara thanked Mr. Ould Daddah and his Secretaries for their very interesting exposes.

Rainer B. Steckhan

RBS:mek

cc: Messrs. Chauffournier
Hoffman
Paijmans

February 19, 1969

487/4/36

Minutes of Meeting, Friday, February 7, 1969, 3:00 p.m. at UNESCO Headquarters, Paris

Present: Mr. Maheu and collaborators and Messrs. McNamara, Karasz, Wm. Clark and Steckhan

Mr. McNamara started out by thanking Mr. Maheu for UNESCO's assistance to the Bank. He went on to say that he had come to learn more about UNESCO's operations and Mr. Maheu's views regarding the future of the Bank/UNESCO Cooperative Program. Mr. McNamara also stated that he intended to increase substantially financing for education and to devote part of the Bank's assistance to areas of education hitherto considered outside the field of Bank assistance.

Mr. McNamara expressed particular interest in the contemplated education project in the Ivory Coast and Mr. Van Vliet of UNESCO gave a short expose. Mr. Van Vliet emphasized the deficiencies of the educational system of that country such as insufficient training of teachers, large variety of degrees, absence of proper relation of curricula to the country's needs and inordinately high cost of producing graduates. The novel objective of the contemplated project in the Ivory Coast was to use television for teaching in all primary schools by 1980. By 1970 all preparatory work was expected to be finished and it was planned that by 1975 300,000 to 400,000 pupils would benefit from educational television. Educational television would of course have to be complemented by conventional teaching methods. The cost of setting up a TV production center was estimated at US\$4 million and it was hoped that the World Bank would provide the bulk of the financing. Further capital outlays amounting to some US\$9 million to \$12 million would be required later for expansion over a period of 10 to 12 years. Both FAC and the Ford Foundation were willing to participate in the project provided the World Bank could also be interested. Mr. Van Vliet added that present current cost of teaching a pupil was \$12 and that the incremental cost of teaching through television would amount to \$31 per pupil for 50,000 pupils, \$16.6 for 100,000 pupils, \$5 for 500,000 pupils (which was the estimated total of primary school children by 1980) and \$3 for one million pupils.

Turning to another UNESCO project, Mr. McNamara voiced some skepticism regarding a contemplated Indian satellite project. Mr. Farr of UNESCO pointed out that India had submitted a request for studies by UNESCO without UNESCO's encouragement (similar applications without UNESCO's encouragement were received from Brazil, Argentina and Indonesia). UNESCO had sent a mission to India to study, among other things, the advantages of using TV rather than conventional methods for education, the comparative costs of airborne, earthbound and satellite systems, and the probable effect of educational television on the whole educational system in India. The UNESCO mission had concluded that the introduction of satellite based television for education would achieve the educational goals of GOI ten years earlier than planned at present. The total cost of a first stage of this project would amount to some \$50 million of which \$10 million would cover the cost of the satellite and another \$10 million the cost of launching. The remaining \$30 million would cover the cost of setting up 50,000 receivers. It was contemplated to use these receivers exclusively for adult education on agriculture and population control programs. Among the problems identified by the mission were the difficulty in setting up an efficient domestic production of TV sets, the training of about 10,000 native TV programmers and producers and the enormous cost of buying and launching the satellite. India had received an offer from Comsat to launch a satellite for one year. UNESCO had reservations about this offer since Comsat intended to recover the satellite within a year. The matter was at present under study by GOI. Mr. Farr concluded by saying that a second stage

487/4/35

of the Indian television project would be devoted to education of children via satellite. Mr. McNamara thought this would be very expensive and the UNESCO experts did not seem to have reached a final judgment on the cost of the second stage.

Mr. McNamara then asked for further comments on development problems of mutual interest. Mr. Matveyev (outgoing Russian Assistant Director General) stressed the importance of basic science faculties in developing countries for the transfer of technology to developing countries, the training of scientists in developing countries and the introduction of modern methods of planning and management. Mr. Matveyev submitted that the disparity in the number and quality of basic science institutions between rich and poor countries was at present greater than the disparity in GNP. He explained that 95% of basic research was concentrated in 30 (developed) countries and that the number of scientific degrees per 100,000 inhabitants was 37 in the United States, 13 in Europe, 3 in the Arab states, 2 in Asia, 1.4 in Latin America and 0.2 in Africa. Mr. Matveyev concluded by asking Mr. McNamara to consider loans for science faculties.

Turning to another subject, Mr. Mate of UNESCO explained the importance of rural education for Africa. In his view, primary schools in Africa were often divorced from the agricultural sector in which most people worked. Thus assistance for primary education should be directed to the "ruralization" of education by training teachers with rural backgrounds, by setting up training colleges in rural areas, providing for in-service training, adapting curricula to the needs of rural areas, and by adjusting the educational "hardware" to the agricultural environment predominant in Africa.

Chief Awokoya of UNESCO concurred with the two preceding statements and re-emphasized the necessity to finance increasingly basic science institutions and primary rural schools in developing countries.

In conclusion, Mr. McNamara thanked Mr. Maheu and his group for the opportunity to discuss matters of common interest and expressed the hope that Bank/UNESCO cooperation would be further strengthened.

Rainer B. Steckhan

RBS:ml

cc : Mr. Deunth
Mr. Clark
Mr. Ballantine

487/4/28

PAIJMANS

FEBRUARY 4, 1969

FRANRELAIS

DAKAR

NLT

SENEGAL

ONE

REURCAB TWO MR MCNAMARA ACCEPTS PRESIDENTS DECISION ON PALACE
ACCOMMODATIONS YOUR PRIMO ALTERNATIVE STOP PARTY WILL ARRIVE
DAKAR SATURDAY ~~K~~ 1300 ON RK03

STECKHAN

INTBAFRAD

Rainer B. Steckhan
Office of President
RBSteckhan:ml

48 7/4 127

INTBAFRAD
PARIS

JANUARY 30, 1969

FULL RATE

FRANCE

FOR WISHART. MR. MCNAMARA WOULD LIKE TO MEET WITH THE FOLLOWING PEOPLE ON FRIDAY FEBRUARY SEVEN BETWEEN TWELVE-THIRTY AND FIVE-THIRTY IF CONVENIENT TO THEM, IN FOLLOWING ORDER OF PRIORITY: ED MARTIN FOR 1.5 TO 2 HOURS, INCLUDING THIRTY MINUTES PRIVATE DISCUSSION; MAHEU, UNESCO, FOR 2 HOURS; JOHNNY MILLER FOR ONE-HALF TO ONE HOUR. PLEASE FIND OUT WHETHER CONVENIENT TO THESE PEOPLE AND CALL ME TOMORROW, FRIDAY, EIGHT O'CLOCK A.M. WASHINGTON TIME. REGARDS.

STECKHAN

INTBAFRAD

Rainer B. Steckhan
Office of the President

RBS:mss

487/4/26

January 29, 1969

Dear Sir Geoffrey:

Thank you so much for your letter of January 4 with its welcome news that we will see you soon here in Washington.

I have been in touch with Maurice Strong and suggest that you both join me for lunch at 1 o'clock on Tuesday, March 18. We could return to my office after lunch to continue our conversation. I hope that by that date there will be an AID administrator and I will invite him to join us.

Are there any special topics you would like to put on the agenda? This meeting will give me an opportunity to thank you personally for the help you and your Ministry gave us over the I.D.A. problem -- which however remains with us.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Sir Geoffrey Wilson
Ministry of Overseas Development
Eland House, Stag Place
London S.W. 1, England

cc: Maurice Strong

WDClark/RMcN:mss

DEUTSCHBANK
FRANKFURTMAIN

487/4/25
JANUARY 29, 1969

FULL RATE

FEDERAL REPUBLIC OF GERMANY

FOR DR. GUTH AND DR. FEITH

RE YOUR CABLE JANUARY 28 CONCERNING YOUR ADVICE FOR WORLD BANK
D MARK ISSUE. AS YOU KNOW WE WISH TO MARKET AN ISSUE THROUGH
DEUTSCHBANK AS SOON AS POSSIBLE AND WE UNDERSTAND GOVERNMENT
APPROVAL CAN BE OBTAINED FOR ACTION IN EARLY APRIL. SHOULD WE
NOT PLAN ON THAT DATE? BANK REPRESENTATIVES INTEND TO DISCUSS
MATTER AGAIN WITH YOU AND ECONOMIC MINISTRY LATE FEBRUARY OR
EARLY MARCH.

MCNAMARA

INTBAFRAD

Robert S. McNamara

cc: Mr. Aldewereld
Mr. Rotberg

487/4/24

January 27, 1969

Dear Mr. Fernandez:

This is to confirm that Mr. McNamara will be delighted to see Minister of Economy Dr. Krieger Vasena on February 18 at 4:30 p.m. at World Bank Headquarters. I have already conveyed this date to Dr. Caram before he left.

Sincerely,

Rainer B. Steckhan
Personal Assistant to Mr. McNamara

Mr. Daniel Fernandez
Embassy of the Argentine Republic
1600 New Hampshire Avenue, N.W.
Washington, D.C. 20009

RBS:ml

487/4/22

MEMORANDUM FOR THE RECORD

January 23, 1969

Mr. Kochman came to see Mr. McNamara today. I was present. Mr. Kochman mentioned he planned to be in Kinshasa for a few days to make a statement on the Bank to the OCAM and Mr. McNamara welcomed his plan.

In reply to a question, Mr. Kochman reported that Ambassador Adoula had heard that three Bank staff had contacted Union Miniere in Brussels and this had caused considerable commotion in the Congo. Mr. McNamara commented he had asked Mr. Broches to go to Europe to collect information pertaining to the Congo/Union Miniere dispute. Although he did not know for sure whether Mr. Broches had been in Brussels or not, he thought it was quite appropriate for Mr. Broches to collect the required information wherever it was available. Mr. McNamara added he was well aware of the delicacy of Congo/Union Miniere relations and, for that reason, had made a special point to have no personal contact with Union Miniere before his visit with President Mobutu.

Mr. McNamara stated to Mr. Kochman that the principal purpose of his visit to Congo/Kinshasa was to talk to President Mobutu and to get a feel for the nature of the Congo/Union Miniere dispute. He proposed to have Mr. Broches with him which would be most helpful especially since the Congo had invited Mr. Sorensen to be there during his visit. Mr. Kochman replied that it was essential for Mr. McNamara to establish cordial relations with President Mobutu and he was sure that his Congo visit would achieve this purpose. He, Mr. Kochman, was willing to help in any way he could.

Rainer B. Steckhan

January 22, 1969

487/4/21
Jan 24

Mr. Clark:

You were good enough to undertake to make arrangements for the visit of Mr. David Reid and Captain Brown on Friday, January 24.

Attached please find Mr. Reid's CV. I have asked for a similar CV on Captain Brown.

The following appointments have already been made:

- (a) I have invited both gentlemen for lunch at around 12:30 p.m.
- (b) Mr. Reid alone will see Mr. Friedman at 4:45 p.m.
- (c) Mr. Reid alone will see Mr. McNamara at 5:30 p.m.

I think all other visits could be arranged for both gentlemen together.

May I suggest that I take Messrs. Reid and Brown to your office on Friday at 10:30 a.m. unless they are delayed. May I assume that somebody in your office will take care of them there on.

Rainer B. Steckhan

487/4/20

January 24, 1969

Dear Dr. Blessing:

Mr. Aldewereld and Mr. Rotberg have advised me of their meeting with you and your colleagues on January 15. Permit me to take this opportunity to thank you for the kindness and courtesy which you showed them on their recent visit. Your evaluation of the current capital market conditions in the Federal Republic of Germany and your advice are highly appreciated.

I am most pleased that the Deutsche Bundesbank has agreed to "roll over" the maturing debt of the World Bank, due February 1, 1969, and to extend the maturity on such obligation for another four and one-half to five years. Over the years, the willingness of the Deutsche Bundesbank to provide a regular and continued source of financing to the World Bank has been of immense importance in the financing of its development activities.

I also wish to take this opportunity to express my sincere appreciation for the "stand-by" you so graciously offered in connection with our forthcoming offering of two-year bonds to Central Banks.

May I thank you and your colleagues again for your kindness and cooperation.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Dr. Karl Blessing
Deutsche Bundesbank
Taunusanlage 4 - 6
Frankfurt am Main
Federal Republic of Germany

EHRotberg/SALdewereld/RSMcNamara:ml

487/4/18

January 22, 1969

Mr. Chauffournier:

As you know, Mr. McNamara visited today with a delegation from Equatorial Guinea headed by Mr. Ndongo, the Foreign Minister, and Mr. Massie, the Minister of Interior. The purpose of their visit was to ask for a loan (see attached original letter from the President of the Republic of Equatorial Guinea to Mr. McNamara). Mr. McNamara explained that Equatorial Guinea would have to become a member before becoming eligible for loans and credits and, in order to become a member of the Bank, Equatorial Guinea would have to join the Fund first. The delegation then asked Mr. McNamara to send them the [redacted] documentation pertaining to membership requirements. Mr. McNamara promised to do so. Would you be good enough to handle and possibly draft a short letter for Mr. McNamara's signature.

Rainer B. Steckhan

cc: Mr. Knapp
Mr. Broches
Mr. Mendels

487/4/17

O. GRIEG TIDEMAND
MINISTER OF DEFENCE
MINISTRY OF DEFENCE
OSLO

January 17, 1969

FULL RATE

NORWAY

I HAVE JUST BEEN FORCED TO REARRANGE MY PLANS FOR FEBRUARY IN ORDER TO
LEAVE FOR THE CONGO ON FEBRUARY SIX. I VERY MUCH REGRET THIS WILL MAKE
IT IMPOSSIBLE FOR US TO MEET TOGETHER ON THE SEVENTH. IF BY ANY CHANCE
YOU ARE PASSING THROUGH WASHINGTON BEFORE THE SIXTH OR AFTER THE
SEVENTEENTH I SHOULD BE DELIGHTED TO SEE YOU. IF THIS IS NOT POSSIBLE
I DO HOPE WE MAY MEET DURING YOUR NEXT TRIP TO THE UNITED STATES.

ROBERT S. MC NAMARA

Robert S. McNamara

President

48714/16

January 17, 1969

Dear Jack:

Thank you for your letter of January 7 concerning The Agribusiness Council, Inc.

I would be glad to have a talk with you and Dr. Mehren and to arrange for discussions between the two of you and officers of IFC and of the Bank's Agricultural Projects Department in order to explore the possibilities of cooperation between The Agribusiness Council and the Bank Group. Could your secretary get in touch with my office to arrange a mutually convenient time?

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Henry J. Heinz II
P. O. Box 57
Pittsburgh, Pa. 15230

RHDemuth:RSMcNamara:ml

487/4/15

January 15, 1969

Dear Mr. Coughran:

Thank you very much for your letter of December 24, 1968, the contents of which I find most interesting. I note you will not be available between January 10 - 22. I, myself, will be away from Washington on Monday, January 27. Could we plan to meet later that week, perhaps Thursday or Friday afternoon.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Tom B. Coughran
Executive Vice President
Bank of America
41 Broad Street
New York, N.Y. 10004

cc: Mr. Aldewereld

SAldewereld:RSMcNamara:ml

487/4/14

January 15, 1969

Dear Song,

Thank you very much for the Photo
Diary which I have just received. The excel-
lent photographs of Korea are very fine indeed
and I would hope that, one day, I shall be
able to visit your country.

With kind regards and every good
wish for 1969,

Sincerely,

Rainer B. Steckhan
Personal Assistant to The President

Mr. Chung Pum Song
Bank of Korea
Seoul, Korea

487/4/13

MEMORANDUM FOR THE RECORD

January 14, 1969

Mr. McNamara met with His Excellency Bogdan Crnobrnja, Ambassador of Yugoslavia, and Mr. Jagar on Friday, January 10, at 6:00 p.m. I was also present.

The Ambassador started out by outlining Yugoslavia's proposal to set up an investment company for Yugoslavia and asked for Mr. McNamara's support. He added that he planned to visit subsequently with Messrs. Rockefeller and Black and other bankers to seek their views. He had not yet talked to the U.S. State Department since he did not foresee any political problems. In reply Mr. McNamara said he supported the idea of an investment company for Yugoslavia but cautioned the Ambassador that many technical difficulties would have to be overcome before the proposal could succeed. Mr. McNamara added that it would be highly desirable for Yugoslavia's industry to be exposed to western technology, know-how and competition and the World Bank Group would continue to assist Yugoslavia in this field.

The Ambassador then turned to the Third Road Project. He mentioned that, in the wake of Mr. McNamara's discussion with the Deputy Prime Minister of Yugoslavia at the Annual Meeting, a considerable amount of optimism concerning an increase in Bank assistance to Yugoslavia had been created and, on this basis, the Government had hoped for some \$50 million - \$60 million worth of loans for roads in 1969 (he apparently meant fiscal 1969). His Government had subsequently been informed that only three roads would be ready for Board approval in fiscal 1969 while the remaining three or four roads would not be submitted to the Board until some time in 1970. This had caused some disappointment within Yugoslavia. Mr. McNamara replied that he was surprised at the disappointment of the Yugoslav Government. It was correct that he had always been optimistic with respect to the possibility of a substantial increase in lending to Yugoslavia. However, such increase would only occur over a period of four or five years and could not come overnight. As far as the road project was concerned, Mr. McNamara stated that the inclusion of additional roads in this project would cause considerable delays since the three or four roads mentioned by the Ambassador would not be ready for Board action before September at the earliest. He would prefer to go ahead with the Third Road Project as now defined. However, Mr. McNamara assured the Ambassador that he would be glad to have another look at the project and write to him whether or not appraisal of the remaining roads could be advanced.

Turning to a third subject, the Ambassador asked whether it would be possible to hire more Yugoslav staff members. Yugoslavia had repeatedly suggested to the Bank the names of "above average" candidates, so far without any success.^{1/} Mr. McNamara promised the Ambassador to look into the

^{1/} Mr. Zagar called me subsequently on Monday, January 13, to add that in the past 16 years the World Bank had never hired a Yugoslav professional although Yugoslavia had suggested candidates at least 10 times. He wanted to be sure that Mr. McNamara knew this background. However, he did not want to create the impression that Yugoslavia was pushing the Bank to hire any particular Yugoslav.

matter.

Finally the Ambassador asked Mr. McNamara's views on the current financial situation of the World Bank Group and the outlook for aid. Mr. McNamara reported briefly that the Bank had been successfully raising increased amounts of capital, especially in Europe, and that, although the U.S. had failed to ratify the second replenishment of IDA, a number of countries had made unilateral contributions. Mr. McNamara mentioned a widespread disillusionment about aid to developing countries among the industrial nations and efforts to remedy the situation, such as the setting up of the Pearson Commission. The Ambassador expressed slight disappointment at the inadequate representation of developing countries on the Commission and Mr. McNamara pointed out that two members of the seven-man Commission were from developing countries (which seemed to surprise the Ambassador).

The Ambassador also asked about the future of UNCTAD and the other U.N. organizations. In reply, Mr. McNamara pointed to the ongoing capacity study of all U.N. technical assistance organizations and to the increasingly rewarding relationship of the Bank with FAO and UNESCO. The Ambassador also mentioned the multilateral investment insurance scheme as a solution to the decreasing flows of aid. In response, Mr. McNamara gave a brief rundown of the Bank's scheme and the present lack of enthusiasm of many governments for this scheme.

The Ambassador thanked Mr. McNamara for his understanding and expressed the hope of seeing Mr. and Mrs. McNamara at his home later in the spring.

R.B. Steckhan

487/4h2

MEMORANDUM FOR THE RECORD

January 10, 1969

Today Mr. McNamara met with Mr. Kochman to discuss tentative plans for a visit to Ivory Coast and Congo/Kinshasa. I was present.

Mr. McNamara stated his plans to visit these two countries between February 9 and 16 possibly to stop over in Brussels on February 17.

Mr. McNamara thought that he should spend at least two days in the Ivory Coast and three days in Congo/Kinshasa and Mr. Kochman agreed.

As far as his contemplated visit to the Ivory Coast was concerned, Mr. McNamara said the purpose was to learn as much as he could about the country, its institutions and its leading personalities. He would like to meet with the President and his principal ministers, see particular development projects in the country and get a feel of the country (e.g., through driving around, etc.). Mr. Kochman suggested that Mr. McNamara address a plenary session of the Congress with all the diplomats and the President of Ivory Coast present. Mr. McNamara said he was perfectly willing to make a statement in the Ivory Coast but his principal purpose was to learn about the country and, for that reason, he did not feel in a position to address any big meeting.

As far as his Congo/Kinshasa visit was concerned, the purpose was two-fold: one, again to learn about the country, its institutions and principal personalities, and two, to talk to President Mobutu about the Congo Miniere Conciliation. For that reason, he wanted Mr. Broches to accompany him in the Congo and Mr. Kochman thought this was a good idea. Mr. McNamara also indicated that Sorensen had expressed an interest in being present and he, Mr. McNamara, would be delighted to have him.

Mr. Kochman then raised the question of a visit to Senegal. Mr. McNamara said this was difficult because of his other commitments in Washington, but he wanted to think about it before making a final decision.

Mr. McNamara asked whether it would be helpful if Mrs. McNamara joined him on this trip and Mr. Kochman replied it was an excellent idea.

Mr. Kochman suggested that he would coordinate with Mr. Steckhan and other staff members on detailed proposals concerning the visit and would submit them to Mr. McNamara, either direct or through Mr. Steckhan, for approval before conveying them to his authorities.

Rainer B. Steckhan

487/4/11

DR. SCHOELLHORN
MINISTRY OF ECONOMICS
BONN

JANUARY 10, 1969

NIGHT LETTER

GERMANY

THANK YOU FOR YOUR TELEX OF JANUARY TEN AND FOR YOUR WILLINGNESS TO RECEIVE ME. BECAUSE OF YOUR FEELING THAT THE GERMAN CAPITAL MARKET IS HEAVILY BURDENED BY A LARGE NUMBER OF FOREIGN ISSUES AT PRESENT, IT WOULD PROBABLY BE WISE FOR ME TO DEFER A VISIT TO BONN TO SOME MUTUALLY CONVENIENT LATER DATE. MR. ALDEWERELD, OUR VICE PRESIDENT-FINANCE HAD PREVIOUSLY MADE AN APPOINTMENT WITH DR. BLESSING IN FRANKFURT FOR WEDNESDAY JANUARY FIFTEEN TO DISCUSS OTHER MATTERS. WOULD IT BE POSSIBLE FOR MR. ALDEWERELD WHO WILL BE ACCOMPANIED BY OUR NEW TREASURER MR. ROTBERG TO SEE DR. HANKEL ON FRIDAY MORNING JANUARY SEVENTEEN AND USE THE OPPORTUNITY TO PAY YOU THEIR RESPECTS.

MCNAMARA

INTBAFRAD

Robert S. McNamara
President

Mr. Aldewereld
Mr. Rotberg

487/4/10

January 8, 1969

Dear Mr. Fujinami:

You were most thoughtful to send me the beautiful plate as a memento of the completion of the Kuzuryu Project.

I trust that some time in the future I will visit your country and perhaps have an opportunity to visit the project.

With my thanks and best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Osamu Fujinami
President
Electric Power Development Co., Ltd.
1-1, Marunouchi, Chiyoda-Ku
Tokyo, Japan

487/418

DR. KARL SCHILLER
MINISTER OF ECONOMICS
MINISTRY OF ECONOMICS
BONN, GERMANY

JANUARY 6, 1969

TELEX

IN MY LETTER TO YOU DATED DECEMBER EIGHTEEN ON THE OCCASION OF THE SUCCESSFUL
CONCLUSION OF THE PRIVATE PLACEMENT WITH RHEINISCHE GIROZENTRALE EYE EXPRESSED
THE HOPE OF HAVING THE PLEASURE OF MEETING YOU AGAIN IN GERMANY BEFORE LONG
STOP DEUTSCHE BANK HAS NOW PROPOSED A NEW WORLD BANK ISSUE IN THE GERMAN MARKET
IN THE NEAR FUTURE STOP EYE COULD COME TO BONN TO DISCUSS THIS MATTER ON
WEDNESDAY JANUARY FIFTEEN, THURSDAY JANUARY SIXTEEN OR FRIDAY JANUARY SEVENTEEN
STOP WOULD IT BE POSSIBLE FOR YOU TO RECEIVE ME ON ANY OF THESE DAYS
KIND REGARDS

ROBERT S. MCNAMARA
INTBAFRAD

Robert S. McNamara
President
RBSteckhan:RSMcNamara:ml

cc: Mr. Aldewereld

487/4/7

ADMIRAL OF THE FLEET LOUIS MOUNTBATTEN

JANUARY 4, 1969

OF BURMA

FULL RATE

2 KINNERTON STREET

LONDON, S.W. 1

ENGLAND

REGRETFULLY, YOUR NOVEMBER 8 LETTER DID NOT REACH ME IN INDIA. EYE WILL
DO WHAT EYE CAN FROM HERE TO HELP YOU ACCOMPLISH YOUR PURPOSE.

BEST WISHES FOR THE NEW YEAR.

ROBERT S. MCNAMARA
INTRAFRAD

Robert S. McNamara
President

RMcn:pay

487/4/6
1. Mr. Stethem
2. Chron.

January 4, 1969

Dear Ted:

This is a very tardy reply to your letter of November 13 inviting me to deliver an address to the special convocation scheduled for May 1 to dedicate the Hayes-Healy Center. The delay was caused by the necessity to reschedule certain foreign visits which I had previously planned.

Although I must attend meetings in Italy on April 29 and 30, I believe it should be possible for me to be in South Bend on May 1. Therefore, I accept your invitation to speak to the convocation, and I should be most pleased and honored to receive from the University an honorary degree.

With all best wishes to you for the New Year.

Sincerely,

15/ Bob

Robert S. McNamara

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

487/4/4

DR. WILFRIED GUTH

JANUARY 3, 1969

DEUTSCHEBANK

FULL RATE

FRANKFURTMAIN

GERMANY

IN YOUR DECEMBER 23 LETTER YOU SUGGESTED WE MEET TO DISCUSS QUESTIONS
RELATING TO THE RECENT RHEINISCHE GIROZENTRALE TRANSACTION. ALSO YOU
PROPOSED THAT WE CONSIDER FLOATING A PUBLIC ISSUE IN JANUARY THROUGH
THE DEUTSCHE BANK. WILL CABLE YOU ON THESE MATTERS IN A FEW DAYS.

ROBERT S. MCNAMARA

INTBAFRAD

Robert S. McNamara

President

487/4/3

MR. BERNARD BELL

JANUARY 3, 1969

INTBAFRAD

FULL RATE

DJAKARTA

INDONESIA

2

CONGRATULATIONS ON AN EXCELLENT DECEMBER REPORT. HAVE ASKED SHOAIB AND ROSEN TO CONSIDER YOUR REQUIREMENT FOR AN INDUSTRIAL SPECIALIST AND SHOAIB WILL REPORT THEIR VIEWS TO YOU. AM ALREADY LOOKING FORWARD TO NEXT MONTHS LETTER.

ROBERT S. MCNAMARA

INTBAFRAD

Robert S. McNamara

President

RSMcNamara:pay

487/4/1

January 2, 1969

Dear Mr. Powell:

I am most grateful for your letter of
December 29 with its generous comments about
The Essence of Security. Thank you for taking
the time to write to me.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Joseph L. Powell
3544 Grant Avenue
Philadelphia, Pennsylvania 19114

/pay