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Fonds: Records of the Office of the President

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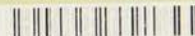
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McNamara Paper

Contacts
Germany (1969-1970)

Archives



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Contacts with member countries: Germany - Correspondence 02

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WBG Archives

14

c. Robert B. McNamara

March 6, 1969

William Clark

Mr. Klaus Jacobi

In the course of this Department's production of a series of books on development and the Bank's work (e.g. James Morris's book in English, Elario Fiore's in Italian) we are now working on a German book.

The writer is Klaus Jacobi, who was co-editor of Spiegel till December 1968, and becomes editor of Stern on January 1st, 1970. He has had long talks in the Bank and is now visiting Mexico (mostly at his own expense).

He would like to see you in the course of the week beginning March 17.

I am sure you would wish to and I wonder if you could see him on Wednesday, March 19th.

WBClark:sf

11:30 -
3-19-69

OFFICE MEMORANDUM

TO: Files

FROM: S. Aldewereld

SUBJECT: Borrowing in Germany - Visit of Dr. Schoellhorn and
Dr. Hankel on April 30

DATE: April 30, 1969

Dr. Hankel, accompanied by Dr. vom Hofe, visited me at 10:30 AM on April 30.

I briefed Dr. Hankel about the discussions in Germany on Thursday, April 24, and Friday, April 25, with Professor Lipfert, Dr. Blessing, Dr. Guth, etc. (see Mr. Rotberg's memorandum to Files of April 29). I did not mention, however, what we had heard in Germany from both Professor Lipfert and Dr. Guth about a possible association between the Deutsche Bank and the Westdeutsche Landesbank.

Dr. Hankel said that he was in full agreement to limit the amount of borrowing to DM 200 million because the market was not in a position to absorb DM 400 million.

Dr. Hankel then told me that the Deutsche Bank and the Westdeutsche Landesbank had in fact agreed to act as co-managers of our proposed public issue. He said that both institutions were free to associate themselves as co-managers, but the result would be that the competition for our borrowing in Germany would disappear. In the circumstances he strongly urged that we refrain from the proposed public issue and that, instead, we arrange for a private-private placement with the Deutsche Genossenschaftskasse, Frankfurt, which is the central bank of the so-called Volksbanken. These banks are the depositories of substantial funds held by German cooperatives. Dr. Hankel said that he had tentatively discussed a private-private placement with Professor Draheim, the head of the Deutsche Genossenschaftskasse, and that he felt that we could have a borrowing from them in a matter of a week or so of DM 150 - 200 million on terms that would compare favorably with the 6-1/2% at 98% (minus commission) considered by the Deutsche Bank. Dr. Hankel added that by borrowing from this new source we would establish a new competition and that, possibly a few months later, we might have a public issue with the Deutsche Bank - Westdeutsche Landesbank consortium. I suggested that Dr. Hankel might wish to bring up this matter with Mr. McNamara at the meeting at 11:30.

At 11:30 Dr. Schoellhorn, Dr. Hankel and Dr. vom Hofe visited Mr. McNamara. Sir Denis Rickett and I were present. Dr. Schoellhorn repeated what Dr. Hankel had told me about the association between the Deutsche Bank and the Westdeutsche Landesbank as co-managers of our

public issue and also repeated the suggestion made by Dr. Hankel about a possible private-private placement with the Deutsche Genossenschaftskasse, to be followed later by a public issue.

Mr. McNamara asked whether there had been any overlap between the sources of funds tapped by our borrowing transactions from the Westdeutsche Landesbank and the Deutsche Bank. Both Dr. Schoellhorn and Dr. Hankel said that there might have been duplication to the extent that the Westdeutsche Landesbank had marketed bonds to banks that are in the Deutsche Bank consortium.

Mr. McNamara stated that the association between the Westdeutsche Landesbank and the Deutsche Bank could not materialize unless the World Bank would give its consent. This was agreed, but Dr. Schoellhorn implied that if we were not to agree, and the Westdeutsche Landesbank would not join the consortium as co-manager, even then there could be understandings between the two institutions as to interest rates and prices.

Mr. McNamara said that he wanted to think about what Dr. Schoellhorn and Dr. Hankel had told him and that he was going to see Dr. Guth of the Deutsche Bank on Friday, May 2. Possibly Dr. Guth would raise the question of the co-managership; we would listen to him and then would decide what to do.

cc: Mr. McNamara ✓
Sir Denis Rickett
Mr. Rotberg

SA:mc

5a

OFFICE MEMORANDUM

DECLASSIFIED
PRIVATE

DEC 01 2012

TO: M. McNamara

Confidential

DATE: WBG ARCHIVES

*no copies to file
nor to circulate*

FROM: William Clark

SUBJECT:

I had Willy Brandt's chef de cabinet, Fritz Caspari to breakfast to-day at the Plaza. He is a very old friend and we talked very freely.

I told him that we were under some pressure to hold our 1970 meeting in "the home town of you and your boss". He asked at once "what do you mean pressure?" I told him, and he was deeply shocked.

He had previously recommended to Brandt that Germany should take soundings and only if there was general agreement should Berlin be put forward.

That remained Brandt's position; indeed he was very sceptical about the wisdom of involving Berlin in the affairs of an international but western organisation such as I.B.R.D.

Caspari asked if he could mention this to Brandt, and I said "Yes so long as its clear that we are old Oxford friends talking unofficially". He said he was sure that Brandt would be very much opposed to any pressure being brought - but he did not want to quarrel with Schiller.

I told him of the Guth saga and he said he thought him a pretty good choice for the Pearson Commission. No enthusiasm however.

Caspari asked how the Germans were represented on the Bank, because "Willy is very keen on our having first class people on all our international bodies to improve the German image". I broke it to him gently, and gave him two transcripts of vom Hofe's recent speeches. Caspari aged visibly, and said he thought the Finance Ministry sent virtually no instructions to their representative. He wished to raise the matter with Brandt, and I simply said "leave me right out of this".

We hope to breakfast again in Rio.

WDClark:sf

OFFICE MEMORANDUM

TO: Files

DATE: May 5, 1969

FROM: S. Aldewereld SUBJECT: Borrowing in Germany - Discussions with Dr. Guth (Deutsche Bank)
and Dr. Hankel (Economics Ministry)

At 6:00 PM on Friday, May 2, Dr. Wilfried Guth of the Deutsche Bank came to see Mr. McNamara. I was present.

Dr. Guth said that there had been a favorable development in the German market since my visit to the Deutsche Bank on April 25. There had been a sizeable inflow into Germany of money from abroad and the bond market had improved. He quoted the latest prices for our two public issues that we marketed in calendar 1968. The 6-1/2% bonds are quoted at 99-1/8% and the 6-3/4% at 102%. Consequently he now saw the possibility of a successful offering on May 22 if in the interval the market did not deteriorate. Whereas on April 25 he could not be sure of a 6-1/2% coupon and, as a matter of fact, his colleague, Dr. Feith, had talked about a 6-3/4% coupon, now he saw the definite possibility of publicly placing DM 200 million with a 6-1/2% coupon at a possible price of 98-1/2%. Dr. Guth also talked in vague terms about an additional unspecified amount to be placed privately on a seven year term with institutional investors, specifically life insurance companies.

Dr. Guth then referred to what he had told me on April 25 about the Westdeutsche Landesbank joining the Deutsche Bank consortium as co-manager. Dr. Guth said that after the Westdeutsche Landesbank had been informed by the Economics Ministry that in the event this association would take place, another banking group might be formed to take over the private-private and private placements from the Westdeutsche Landesbank, they had informed the Deutsche Bank that they would not wish to become co-manager for our public issues.

Mr. McNamara said that on the basis of what Dr. Guth had told him we should plan on going ahead with the DM 200 million public issue and maybe more if possible. Mr. McNamara stressed that the paramount factor to be considered was that our issue be a success and that, if needed, we would not wish to go above DM 200 million to make sure that our bonds would be successfully placed.

Mr. McNamara added that he would leave it to Dr. Guth and me to work out the time schedule. I did this with Dr. Guth in the evening of May 2. Dr. Guth proposed that we reach agreement on the terms and conditions on Wednesday, May 14, that the signing take place on Tuesday, May 20, and that the public offering would be made on Thursday, May 22. After thinking about this, and realizing that there would be a considerable time span between agreement on the terms and the signing

May 5, 1969

and subsequent public offering, I telephoned Dr. Guth at his hotel early in the morning of Saturday, May 3. I conveyed my reservations about the time schedule to him. Dr. Guth said that he understood; that he would talk with his associates in Frankfurt about this on his return to the office Monday, May 5, and that he would cable me to propose a tighter time schedule.

On Monday, May 5, I telephoned Dr. Hankel to inform him about the conversation with Dr. Guth on May 2. Dr. Hankel said that he agreed on the DM 200 million public issue and cautioned us not to go higher because of the unstable character of the market. Dr. Hankel added that we should very definitely bear in mind the possibility of exploring a private-private placement with the Deutsche Genossenschaftskasse in Frankfurt (see my memorandum of April 30). He said this organization is a public bank just like the Westdeutsche Landesbank and that they were very well placed for a private-private placement. He went on to say that the possibility of an association between the Westdeutsche Landesbank and the Deutsche Bank, although it did not materialize, should be considered as a warning about elimination of competition and that consequently he advocated strongly the creation of a third group to raise money for the World Bank. I said that I would ask Mr. Rotberg, who would be going to Germany shortly, to take up contact with the Deutsche Genossenschaftskasse. When I asked him whether he saw a possibility for this private-private placement with the latter organization to be consummated more or less simultaneously with the Deutsche Bank public issue, Dr. Hankel advised against this. He would, however, not rule out the possibility of doing a private-private placement with that organization shortly after our public issue. He did not want to say exactly when. I suggested, and he agreed, that when Mr. Rotberg visited Germany he would take up contact with Dr. Hankel in Bonn and, if Dr. Hankel would not be available, with his deputy Dr. Durre.

I also told Dr. Hankel about the tentative ideas of Dr. Guth about the coupon and the price, namely 6-1/2%, 98-1/2%. Dr. Hankel said this was exactly right because this was the coupon and price which the German Federal Government was considering for a possible public issue for the Post Office to be done soon after our public issue. Dr. Hankel also asked about the maturity of the proposed public issue. I said this had not been specifically discussed with Dr. Guth but that I would assume it to be in the order of 12 years average. He said that would be fine. When I asked Dr. Hankel about what he felt about a simultaneous private placement by the Deutsche Bank with institutional investors, mainly life insurance companies, of seven years maturity, he advised against this. He suggested that we do the DM 200 million public issue first and then concentrate on DM 150-200 million private-private placement with Deutsche Genossenschaftskasse.

cc: Mr. McNamara ✓
Mr. Rotberg

SA:mc

OFFICE MEMORANDUM

TO: Mr. McNamara

FROM: David Fulton

SUBJECT: Questions from Peter von Zahn

DATE: May 20, 1969

Mr. von Zahn from West German TV has submitted the attached questions which he proposes to put to you during your interview on Wednesday, May 21 at 5:30.

He was told that you did not want to reminisce about President Kennedy, and I have said to him that you would probably not wish to indulge in the kind of speculation required by his last, unnumbered question. He quite understands this, and will not press the point if you do not wish to respond to it.

07

DCF:lmt



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GESCHÄFTSLEITUNG

Suggested questions for Mr. Robert McNamara

- 1) In his election campaign Senator John F. Kennedy mentioned the population explosion as one of the menacing problems that had to be dealt with in a peaceful revolution. Since then ten years have passed. The pill and the loop have come into use. Medical discoveries have been made, that lengthen our life span. New agricultural methods provide more food. Has the danger of a population explosion subsided - or does it present itself in new dimensions ?
- 2) The rich peoples can control their population. The poor cannot or do not want to. What in your opinion will be the consequences of this difference ? What should be done about it ?
- 3) Many habits and religious beliefs make for the opposite of population control. They are ingrained in mankind's way of life - since many thousand years. Is there time enough left to break down some of the barriers against birth control ? And if so, are we not demolishing by this very process other moral assets of value ?

How would a man like John F. Kennedy react - if he was still alive - to the present stage of the population explosion ? What, do you think, would he ~~xxx~~ ask from the citizens of the United States ?

FILES

May 7, 1969

David Fulton

Peter von Zahn Interview with Mr. McNamara

Mr. von Zahn will be at the Bank on May 21 to interview Mr. McNamara at 5:30. He will arrive at my office about an hour beforehand, with his crew. We may decide to set up in the reception room adjacent to Mr. McNamara's office.

In case we have to reach Mr. von Zahn in the interim, Miss Anderson at 556 4021 in New York is taking messages for him.

I have told Mr. von Zahn that Mr. McNamara wishes to concentrate on development issues, mainly population, and that he does not propose to reminisce about the Kennedys.

DCF:lmt

c.c. Mr. Clark

Mr. Lind

Mr. Steckhan✓

Mr. Strobl with copy of Mr. von Zahn's letter of March 24

DATE FILE MAY 20

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OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Ernst vom Hofe

SUBJECT: Visit of Mr. Fritz Berg

DATE: July 11, 1969

Fritz Berg is industrialist and owner of a medium sized factory for wire processing (specialities are bed springs and bicycle spokes with a significant export to the USA).

For years Mr. Berg has been President of the Bundesverband der Deutschen Industrie (Association of the German Industry) and therefore has a political key position in Bonn. He comes to New York and Washington every summer, and this time he will meet Secretary Kennedy in Camp David, Secretary Stans, Mr. McCracken and Mr. Martin (Federal Reserve) in Washington. Mr. Berg always pays a visit to Mr. Schweitzer (IMF) and also would like to see you this year. He does not have any specific questions to discuss with you.

Following his visit to Washington Mr. Berg will travel to Cape Kennedy as he has an invitation for the launching of Apollo 11 on July 16.

Ernst vom Hofe

President has seen

ANNUAL MEETING 1969

DISCUSSIONS WITH REPRESENTATIVES OF PART I COUNTRIES

GERMANY

Mr. McNamara had a meeting with members of the German Delegation on Friday, October 3rd, at 2:00 p.m. The German representatives were Dr. J.B. Schoellhorn, Under Secretary, Dr. Wilhelm Hankel, Assistant Secretary, Dr. Wilhelm Hanemann, Deputy Assistant Secretary in the Ministry of Economic Affairs; and Dr. Ernst vom Hofe, Executive Director. Mr. Knapp, Mr. Aldewereld and Sir Denis Rickett were also present.

Dr. Schoellhorn referred to possible changes in policy resulting from the formation of a new government based on a coalition between the Social Democratic and the Free Democratic Parties. Professor Schiller was likely to be the Minister of Economics and to have increased influence in such a government. He had always been in favour of multilateral aid but in the previous coalition government had met with some opposition from other Ministers. It was not yet known who was likely to hold the post of Minister of Economic Cooperation in the new government.

Mr. McNamara then outlined the timetable of negotiations for the Third Replenishment of IDA. He would be writing shortly to the Minister of Economics asking him to appoint a Deputy to work with him and with the staff of IDA in these negotiations.

Dr. Schoellhorn said that there were certain points in which the German Government were particularly interested. The Finance Ministry thought that any addition to the resources of IDA should be in the form of subscriptions which would carry with them additional voting rights and not as hitherto in the form of contributions. This would, in their view, conform better with the Articles of Agreement. A further point which they wished to see examined was the possibility that such additional subscriptions should be, partly or wholly, in the form of loans on appropriate terms.

Dr. Hanemann recalled that these two topics had been remitted by the Executive Directors in March 1968 for further study by the staff. The German Government would like to see the results of this staff study before negotiations began. They would agree that the loans would have to be made on appropriately soft terms so as to conform with the lending policies of IDA. These were all matters on which further study was needed.

Mr. McNamara then raised the question of the relationship between the period over which IDA funds were committed, the period over which payment was required in the form of a deposit of non-interest bearing notes and the period over which disbursements would take place and such notes would, in consequence, be encashed. He had been struck by the fact that IDA, under its present procedures, required notes to be deposited over a much shorter period than the period over which they were actually encashed to meet disbursements. He felt that some governments might prefer that payments be spread out over a longer period. For example, the payments under the Second Replenishment instead of being at the rate of \$400 million for three years might have been at the rate of \$200 million for six years. What would be the preference of the German Government in this respect?

President has seen

The German representatives in reply said that the German Government had adopted a policy of meeting their commitments to IDA in cash. There was, therefore, for them no distinction between the payments period and the disbursements period.

Mr. McNamara pointed out that under the present arrangements IDA received cash from the German Government which it did not require to spend for some years afterwards, though it was, of course, of advantage to IDA to be able to invest those resources on which interest was earned.

The German representatives did not give a clear answer to the question whether they would, in future, prefer some lengthening of the payments period. In conversation afterwards, Dr. Hanemann explained that their practice was to ask for budgetary approval of the first contribution with a footnote to the effect that this would be followed by similar contributions in the next two years. If the Budgetary Commission raised no objection, it could be assumed that budgetary approval of the remaining contributions would be more or less assured. The Budgetary Commission might not be happy, however, if they were asked to approve a contribution and were informed that it was to be followed by similar contributions over a period of as long as five years even though the total amount involved would be no greater. He said that he would like to consider this matter further and would let us know his views.

Mr. McNamara then explained to the German representatives the reasons for which he might wish to recommend an increase in the subscribed capital of the Bank. This would be not because we needed an increase in the guarantee obligations of the member countries. The guarantees of the Part I countries in total would cover the probable increase in the Bank's funded debt for a considerable period of years to come. He did not wish to lend any support to the idea that the U.S. guarantee must always exceed the funded debt. The case for an increase would rest rather on the growing volume of the Bank's operations and the need for a strengthening of the debt equity ratio and the earnings interest ratio.

A discussion followed on the prospects in the German capital market. The German representatives said that, while there must always inevitably be some uncertainty about the conditions in the market, they expected that the World Bank would continue to be able to draw substantial funds from the German market.

In conversation with Mr. Aldewereld subsequently, Dr. Hankel said that soon after the Bundestag had convened on October 21 and the new government had been established, a new parity for the D Mark would be fixed. He expected the revaluation to be between 6% and 8%.

With respect to future borrowings by the World Bank, Dr. Hankel said that he expected the Bundesbank to lower its discount rate soon after October 21 and that as a result of this interest rates on the German capital market might tend to decline. In order to avoid a sizeable capital export, Dr. Hankel envisaged the establishment of a so-called "calendar" or "queue" system under which foreign borrowers would have to ask permission from the German authorities to borrow in the German market. Dr. Hankel promised that under this system World Bank borrowings would be given the highest priority.

Finally, there was a reference to the recruitment of German nationals for the Bank's staff. The German representatives expressed satisfaction with the progress which had been made.

D. H. F. Rickett
Vice President
October 8, 1969

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 27, 1970

FROM: Ernst vom Hofe

SUBJECT: Visit of German Minister Eppler

Mr. Eppler is the German Minister for Economic Cooperation (development aid). He is very open-minded in all questions concerning development aid, he agrees in principle with the Pearson Report and strongly supports the promotion of IDA. His competence in the practical execution of development aid is, however, limited to so-called technical aid and the development aid budget.

Minister Eppler's attempts to also take over the responsibility for capital aid and matters pertaining to the World Bank have, however, met resistance in the Cabinet. Minister Schiller continues to be the authority on these questions as well as all those relating to the capital market and the approval for World Bank bond issues on the German market.

From the point of view of the World Bank, Minister Schiller is and will continue to be the more important Minister. Taking this into consideration, it might be advisable to use restraint vis-à-vis any possible proposals by Minister Eppler for joint actions.

The main topics of today's discussion are likely to be questions of development aid in general (Jackson Report, Pearson Report, Third IDA Replenishment and, maybe, Population Control).

Ernst vom Hofe

President has seen

Mr McNamara
to see
cu 3/6

OFFICE MEMORANDUM

TO: Mr. Leif Christoffersen

DATE: March 5, 1970

FROM: William S. Gaud *WSG*

SUBJECT:

I thought you might want a brief note on what took place at the meeting between Messrs. Berg, Wagner and Abt, and Mr. McNamara and myself this morning.

Mr. Berg opened by stressing the need for some kind of Asian common market inasmuch as the Asian countries could not expect to ship all their goods to Europe and the U.S. He asked Mr. McNamara if he saw any signs of any development of this kind. Mr. McNamara replied that he did not -- although he agreed to the desirability of such an organization. He went on to describe some of the ways in which Japan is playing more and more of a role in Asian affairs, such as, for example, by providing the World Bank with funds, increasing its aid program, supporting the Asian Development Bank and by supporting and working through organizations such as PICA.

Mr. McNamara then turned to the question of how more emphasis could be put on promoting private enterprise in the developing countries, particularly in Asia. He said IFC was eager to work more closely with German industrialists and financiers toward this end. There ensued a rather general discussion of IFC's aims and activities, the activities of such organizations as ADELA and PICA and of the importance of promoting as much of such activity as possible.

Messrs. Berg and Wagner heartily seconded Mr. McNamara's desire to foster a closer relationship between IFC and European industry and finance. Mr. Berg, in particular, made quite a point in saying that we must not think only in terms of German industry but in terms of all European industry. He heads a group representing European industry which is located in Brussels, and is connected with the Common Market. He said that he would be very glad to get his group together at any time for Mr. McNamara or me and said that this would be the best way to get our message known throughout Europe. We thanked him and told him we hoped we could take him up on his offer some day.

President has seen

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

Mr. McNamara:

February 11, 1970

Mr. Hanemann called to say that Dr. Fritz Berg, President of the Federation of German Industries, together with Mr. Wagner, Managing Director of the Federation, and Mr. Abt, Director of the German U.S. Chamber of Commerce in New York, will be in Washington on Thursday, March 5. They would like to meet with you on that date and Mr. Hanemann wondered whether you would wish to invite them for lunch. Dr. Berg visited with you on July 14 at 12:20 p.m. (There are no minutes from that meeting.) Mr. Schweitzer entertained him for lunch that day.

Should we schedule a meeting? *OK*

Would you like to entertain the party for lunch?

LEC

*Met sed for
Thursday March 5
12.15*

Called Mr Hanemann:

2/12 - lec

*Fritz
Wagner
Abt
Schweitzer
Chen*

RECORD OF CONVERSATION

April 20, 1970

SUBJECT: IDA Third Replenishment - Germany

Dr. Hanemann called on Mr. McNamara this afternoon at the latter's request. I was also present.

2. Mr. McNamara said that he had felt that it might be useful for Dr. Hanemann to know of one or two developments which had taken place since the London Meeting of the Deputies.

3. We told Dr. Hanemann that the Japanese Government had stated that they would be willing to agree to a figure of \$1 billion a year for the Third Replenishment if other governments would do so also. They had also implied that in certain circumstances they might accept some increase in their share of the contributions. In addition, we had been told that two or three other governments were reconsidering their position and might be ready to support, in Vienna, a high figure for the Third Replenishment.

4. Mr. McNamara said that all that had happened since last December confirmed his feeling at that time that the role of Germany would be crucial. Had Dr. Hanemann any further news of the German position?

5. Dr. Hanemann said that the German Government had not yet taken a final decision but he believed that they would do so this week. Dr. Schiller still thought, as he had told Mr. McNamara in December, that replenishment at the level of \$1 billion was not within reach. When Mr. Moeller had said recently in Washington that Germany would not stand in the way of an agreement at a level acceptable to the U.S. Government, he was to be understood to have meant that some compromise would be found between the two extremes of \$400 million and \$1 billion. He (Dr. Hanemann) did not interpret this as meaning that the German Government would necessarily fall into line with the U.S. Government. The position was, therefore, still open. Dr. Hanemann then referred to the position of the French Government. This, he said, had varied but if they made no advance on a figure of \$500 million, the German Government would certainly go higher. He himself had told Mr. Plescoff that the French Government would probably find themselves isolated even if they went as high as \$600 million. He was aware that the French Government considered that they were entitled to some reduction in their share of contributions.

6. Mr. McNamara said that while he did not feel himself at liberty to disclose what he had learned of the French position in Paris, he could say that it was clear that in certain circumstances they would accept a figure for the Third Replenishment substantially higher than the figure of \$500 million which they had first mentioned. This, no doubt, might be coupled with some request for reconsideration of their share. Other governments might feel that there was some ground for this request and it might prove possible to find an answer to this question which would enable the French to accept a high figure.

7. Dr. Hanemann expressed great interest in what Mr. McNamara had told him and asked whether he could pass it on to his government.

April 20, 1970

8. Mr. McNamara replied that in the light of this conversation he felt that it might be desirable for him to send a personal message to Dr. Schiller, sending a copy of it at the same time to Herr Moeller. He would ask Dr. Hanemann to cable these messages and he would, of course, be free to add any comments of his own that he wished.

A handwritten signature in dark ink, appearing to read 'DHF R', with a stylized flourish at the end.

D. H. F. Rickett

April 20, 1970

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3. We told Dr. Hanemann that the Japanese Government had stated that they would be willing to agree to a figure of \$1 billion a year for the Third Replenishment if other governments would do so also. They had also implied that in certain circumstances they might accept some increase in their share of the contributions. In addition, we had been told that two or three other governments were reconsidering their position and might be ready to support, in Vienna, a high figure for the Third Replenishment.

4. Mr. McNamara said that all that had happened since last December confirmed his feeling at that time that the role of Germany would be crucial. Had Dr. Hanemann any further news of the German position?

5. Dr. Hanemann said that the German Government had not yet taken a final decision but he believed that they would do so this week. Dr. Schiller still thought, as he had told Mr. McNamara in December, that replenishment at the level of \$1 billion was not within reach. When Mr. Moeller had said recently in Washington that Germany would not stand in the way of an agreement at a level acceptable to the U.S. Government, he was to be understood to have meant that some compromise would be found between the two extremes of \$400 million and \$1 billion. He (Dr. Hanemann) did not interpret this as meaning that the German Government would necessarily fall into line with the U.S. Government. The position was, therefore, still open. Dr. Hanemann then referred to the position of the French Government. This, he said, had varied but if they made no advance on a figure of \$500 million, the German Government would certainly go higher. He himself had told Mr. Plescoff that the French Government would probably find themselves isolated even if they went as high as \$600 million. He was aware that the French Government considered that they were entitled to some reduction in their share of contributions.

6. Mr. McNamara said that while he did not feel himself at liberty to disclose what he had learned of the French position in Paris, he could say that it was clear that in certain circumstances they would accept a figure for the Third Replenishment substantially higher than the figure of \$500 million which they had first mentioned. This, no doubt, might be coupled with some request for reconsideration of their share. Other governments might feel that there was some ground for this request and it might prove possible to find an answer to this question which would enable the French to accept a high figure.

7. Dr. Hanemann expressed great interest in what Mr. McNamara had told him and asked whether he could pass it on to his government.

April 20, 1970

8. Mr. McNamara replied that in the light of this conversation he felt that it might be desirable for him to send a personal message to Dr. Schiller, sending a copy of it at the same time to Herr Moeller. He would ask Dr. Hanemann to cable these messages and he would, of course, be free to add any comments of his own that he wished.

A handwritten signature in dark ink, appearing to read 'DHF R', with a stylized flourish at the end.

D. H. F. Rickett

OFFICE MEMORANDUM

DATE: November 20, 1970

FROM: Dieter Hartwich

SUBJECT: Visit to Mr. McNamara by Mrs. Lauterbach, Member of German Parliament

Mrs. Lauterbach visited Mr. McNamara on September 30. Also present were Mr. Hanemann, Executive Director for Germany, and Mr. Hartwich.

Mrs. Lauterbach said that she was on a visit to the United States to meet with associations active in US-German relations, and that she was calling on Mr. McNamara following his invitation at the Heidelberg conference earlier this year. Being a member of the Economic Development Committee of the German Parliament, she was interested in discussing further with Mr. McNamara subjects raised at Heidelberg and more recently at the Bank's Annual Meeting.

Mr. McNamara emphasized that he very much welcomed opportunities to meet with Members of Parliament of the Bank's important member countries; he referred also to the forthcoming visit to the Bank of a group of German Parliamentarians. During the Annual Meeting a number of questions had been discussed which had concerned him increasingly for some time and to which, he hoped, the Bank Group and aid-giving countries could devote specific attention. They were the problems of unemployment, urbanization and the education systems in developing countries. The first two were, of course, fundamentally intertwined with the problem of population growth but since any progress in controlling the latter would show results after a long period of years only, he was concerned that the rapid growth of unemployment and urbanization might lead to social and political tensions which could endanger the stability even in those developing countries whose governments had been successful in promoting economic development. His visit to East Africa had shown that several of the leaders there were alarmed about these problems. Another matter which had struck him in East Africa and other countries was that the education systems of many developing countries still had the orientation introduced by the former colonial powers and were ill-suited to produce the manpower required for economic development. The Bank was constantly reviewing its policies for lending to education and could, he hoped, be an effective instrument for introducing the necessary changes in education systems. The lack of manpower for managerial positions was a particular problem, and the policy of many developing countries to put only their nationals in such positions made it difficult to fill the gap by expatriate experts.

Mrs. Lauterbach said that she fully shared Mr. McNamara's views about the seriousness of these problems. She knew East Africa well and during several stays there had seen evidence of them. She mentioned a regional scheme carried out by private German development assistance which was trying to provide employment in the rural areas to reduce migration to the cities and also included training at the subprofessional level to produce people for jobs created by development projects. Mr. McNamara said that the Bank so far had not been much involved in regional development schemes but might become more so in the future.

President has seen

November 20, 1970

Mrs. Lauterbach raised the question of the low participation by German consulting firms in Bank financed projects. Mr. McNamara briefly explained the Bank's policy on employment of consulting firms, and there was some discussion of the reasons why German firms had received only a few contracts. Mrs. Lauterbach agreed that the suitability and experience of a firm for the assignment in question was the most important criterion in selection. Mr. McNamara said that the Bank would continue to make a conscious effort to consider suitable German firms.

cc to Mr. Aldewereld

DHartwich:rpo

Mr. McNamara's office (2) ✓

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

September 29, 1970

Mr. McNamara:

Mr. Hanemann called to inform you about five questions which Mrs. Lauterbach may raise with you tomorrow:

1. Procurement of goods and consultant services from Germany (German industries do well but German consultants fare badly - see attached Board Paper dated July 27).
2. The country approach in development planning (Can the developing countries participate more actively in the aid-coordination effort?)
3. The Bank's role in encouraging population planning policies.
4. The interest rate policies of the Bank Group.
5. Supplementary finances (where does the Bank go from here?)

L.E. Christoffersen

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 28, 1970

FROM: Dieter Hartwich *DH*SUBJECT: Meeting with Mrs. Lauterbach,
Member of German Parliament

1. You will see Mrs. Lauterbach on September 30, 1970 at 12.15 p.m. I understand that you met her previously during your visit to Heidelberg earlier this year.

2. Mrs. Lauterbach is a member of the German Parliament and in particular its Committee for Economic Cooperation (or development assistance). A short biography is attached.

3. Judging from the biography, her English should be sufficient. However, since Mr. Benjenk has asked me to attend the meeting, I should be glad to help if there should be any language difficulties.

cc: Mr. Cope

Attachment

Biography of Mrs. Ellen Lauterbach

Born in 1923 in Kassel;
Graduate from Higher Commercial School.
1945-1950 Personnel Manager US Army, Bad Mergentheim,
subsequently with the US Consulate General, Stuttgart.
1955-1963 Director of apprentice training of the
Kaufhalle Company, Cologne; since 1963 teacher at
the Management Training Institute of the Kaufhof Company.
Travels to Southeast Asia, East Africa, Near East,
Caribbean Islands and U.S.A.
Member of Social Democratic Party (SPD) since 1961,
Member of Bundestag (Parliament) and of its Committee
for Economic Cooperation (Development Assistance Committee).
Member of the Board of the Baden-Württemberg Section
of the German Society for the United Nations.

VISIT BY 12 MEMBERS OF GERMAN PARLIAMENT

(PRELIMINARY ITINERARY)

Twelve members of the German Parliament have been invited by Mr. McNamara to visit the Bank during the week October 26-October 30.

We have not yet received a list of names, but it is assumed that the majority of the visitors belong to Committees of particular interest to us: budget, banking and development aid.

The group will arrive in the afternoon of Sunday, October 25 from New York. Four chauffeur-driven cars will be at their disposal during their stay. Rooms have been booked at the Hay Adams Hotel.

Their proficiency in English has yet to be ascertained. It might be necessary to arrange for interpretation at some meetings. Most meetings will take place in the small Conference Room facing Dr. Hanemann's office. It will be suitably furnished to permit meeting for 16 persons.

PROVISIONAL PROGRAM

10/26 - Monday

- 10:00 Meeting with Executive Director from Germany.
- 11:00 Meeting with Mr. Knapp accompanied by Mr. Wiese and Mr. Hartwich. Topic: Bank Group Operations with specific illustrations from areas dealt with by Wiese and Hartwich.
- 13:00 Luncheon in Bank hosted by Dr. Hanemann. Probable Bank guests: Messrs. Knapp, Aldewereld, Sir Denis Rickett, Mr. von Hoffmann.
- 15:00 Meeting with Sir Denis Rickett and John Adler: Topic: IDA, Debt Problem, Programming.

10/27 - Tuesday

- a.m. Congressional contacts, arranged bilaterally.
- 18:00 Reception by German Executive Director with all professional staff of German nationality and German language press in Washington.

Ph McNamara:
- Can we schedule
only on Oct 29
in the afternoon?
- 5pm?

see 10/1

10/1

10/1

10/1

10/1

10/1

10/1

10/1

10/28 - Wednesday

10:00 Meeting with Mr. Aldewereld.
Part I: Finance. Mr. Gabriel attending.
Part II: Projects. Messrs. Fuchs, Koch and
Wappenhans attending.

13:00 Luncheon IDB.

p.m. Meeting with AID.

20:00 Dinner given by German Ambassador.

10/29 - Thursday

a.m. Meeting with senior officials of IMF.

13:00 Luncheon by Executive Director for Germany in IMF.

p.m. Meeting with Mr. von Hoffmann.
Meeting with Mr. McNamara.

19:30 Farewell dinner in Bank with Vice Presidents and
other senior staff.

10/30 - Friday

Free for sightseeing, etc.

OFFICE MEMORANDUM

TO: Mr. Lind

DATE: October 27, 1970

FROM: J. W. Strobl *JWS*

SUBJECT: German Parliamentarians

1. On Thursday (October 29, 2:30 p.m.) Mr. McNamara will see a group of 10 Bundestag members headed by Alwin Brück (SPD), Chairman of the Bundestag's Development Committee, Bonn.

The group is accompanied by the secretary of this committee, Dr. Maus and by Mrs. Inga Krugmann, chief editor of "Development and Cooperation" a monthly published by the German Foundation of Developing Countries, Berlin/Bonn. (Mrs. Krugmann turns out the best running copy in Germany on international trends, policies and activities in development.)

2. By the time they see Mr. McNamara, the group will have talked to Messrs. Knapp, Aldewereld, Gaud, von Hoffmann, Adler, Stedtfeld and Sir Denis Rickett, amongst others. Outside the Bank, their program includes visits with the U.S. Congress, AID, IADB, IMF and the German Embassy.

3. The group includes members of 4 Bundestag committees, representing 3 parties -- the ruling SPD/FDP coalition plus the opposition CDU/CSU.

It is particularly noteworthy that besides the Development Committee (Committee for Economic Cooperation -- 4 members) the Bundestag's Budget, Economic and Foreign Affairs Committees are represented by 2 members each as well.

(The visit is particularly timely in view of IDA replenishment coming up before the Budget Committee in Bonn within the next two weeks.)

4. The group is an unusually good one. If this may not appear so by the time they meet with Mr. McNamara this will be due to their tiring and very intensive sessions on World Bank affairs and development earlier this week -- topics the majority of them are not regularly in touch with.

Besides Mr. Brück, special attention should be paid to Dr. Kraske, Federal Business Manager of the CDU, and to Dr. Luda prominent (CDU) opponent of Professor Schiller.

The SPD, (besides ~~by~~ Mr. Brück), is best represented by Messrs. Werner and Tallert (both development committee) while the FDP's Mr. Grüner (Budget Committee) is rumored in Germany to be one of those parliamentarians that may follow Mende, etc. and desert the FDP to join the opposition (thus further slimming the small margin by which the Brandt Government stays in power).

5. Questions likely to come up in discussion with Mr. McNamara are: (1) social policies of the World Bank (population, urbanization, education); (2) IDA replenishment; (3) debt consolidation; (4) Bank appraisal, ~~loan~~, disbursement and control practices for projects; and (5) German representation in the World Bank.

NOTE: A list of names (including party and committee affiliation plus professional background) and this week's program are attached here.

JWS:jl

Room D-1362

VISIT BY MEMBERS OF THE GERMAN PARLIAMENT

PROGRAM (Provisional)

Sunday Oct. 25	p.m.	Arrival from New York.
Monday Oct. 26	10:00	Meeting with German Executive Director.
	11:00	Meeting with Mr. Knapp accompanied by Mr. Wiese and Mr. Hartwich.
	13:00	Luncheon in Bank hosted by Executive Director from Germany. Bank guests include Messrs. Knapp, Aldewereld, Sir Denis Rickett, Mr. von Hoffmann.
	15:00	Meeting with Sir Denis Rickett and Mr. John Adler on IDA, debt and programming.
Tuesday Oct. 27	a.m.	Congressional contacts, arranged bilaterally.
	15:00-16:30	Meeting with Mr. Gaud and Mr. von Hoffmann on IFC.
	18:30	Reception by German Ambassador.
Wednesday Oct. 28	10:00	Meeting with Mr. Aldewereld. Part I: Finance. Mr. Gabriel and Mr. Hittmair attending. Part II: Projects. Messrs. Fuchs, Koch and Wappenhaus attending.
	13:00	Luncheon IDB.
	p.m.	Meeting with AID.
	18:00	Reception by Executive Director for Germany with professional staff of German nationality and German-language press in Washington.
Thursday Oct. 29	10:30	Meeting with German Executive Director, IMF.
	12:00	Meeting with Mr. Southard.
	12:45	Luncheon hosted by German E.D., IMF.

14:30
~~17:00~~

Meeting with Mr. McNamara.

19:30

Farewell dinner in Bank with Vice
Presidents and other Senior staff.

Friday Oct. 30

Free for sightseeing, etc.

List of delegation with biographies attached.

APR 16 1964
11:30 AM

Members of the Delegation of German Bundestag Members
in Washington - October 25 - 30, 1970 -

Committee on Economic Cooperation:

1. Mr. Alwin Brück - head of the Delegation -
2. Mr. Harry Tallert
3. Mr. Rudolf Werner
4. Dr. Otto Wulff
5. Dr. Fritz Rinderspacher

Budget Committee:

6. Mr. Wilhelm Krampe
7. Mr. Martin Gröner

Committee on Foreign Affairs:

8. Dr. Konrad Kraske
9. Mr. Karl-Hans Kern

Economic Committee:

10. Dr. Hans Georg Schachtschabel
11. Dr. Manfred Luda

Secretary of the Committee on Economic Cooperation:

12. Dr. Maus

Resume of the Delegates

1. BRÜCK, Alwin (SPD)

Sub-Editor, Saarland, candidate for the State Diet

Born in Holz, September 23, 1931; protestant, married two children. Elementary and lower grade High School 1949-51; trainee at a newspaper from 51 to 53, editor at the same paper; after resignation became difference of opinion on Saar question until 1955 correspondent for German newspapers, since 1955 editor when pro-German newspapers were allowed, since 1969, since 1960 managing editor, 1963 sub-editor of the Saarbrücker Allgemeine Zeitung. 1947 member of the Socialist Youth Movement "Die Falken", 1953 member of the State Executive Board 1956-67 President of this organisation on the State level. 1952 member of the SPD (then prohibited in the Saar area); politically active for the Saar's return to Germany, since 1960 member of the State Executive Council of the Holz Municipal Council, President of the SPD faction. Member of Bundestag since 1965.

2. TALLERT, Harry (SPD)

Editor

Niedersachsen, Constituency 52 (Bremerhaven-Bremen-Nord)

Born in Beuthen (Oberschlesien) on July 11, 1927; since 1928 living at Bremerhaven; protestant, married. 1934-44 school attendance, 6 years of High School. From October 1944 until the end of war imprisoned by the Gestapo. After the end of the war employee. 1948-1950 editor training then journalist. Since 1953 SPD-member, from October 1955-65 member of the Bremen State Diet. Since 1965 member of the Bundestag.

3. WERNER, Rudolf (CDU)

Businessman

Niedersachsen, candidate for the State Diet

Born March 31, 1920; catholic, married four children. High School graduate, City of London College. Commercial training. Co-partner of several commercial enterprises. 1935-45 soldier. 1957-59 City Council member in Hannover. President of the local CDU in Hannover. Member of the third and fourth Bundestag.

4. WULFF, Dr.Otto (CDU)

Bank President

Northrhine-Westfalia, candidate for the State Diet

Born in Hennen (Westfalia) in January 5, 1933; protestant married, two children. Elementary School, High School; College, majors: law and Government in Bonn, Berlin & Paris. Studies at the Berlin College of Political Science; first and second legal civil service examination, doctor's degree on questions of cartel and price laws. Lawyer for mining companies in the Ruhr area. Bank training. Presently President of the Schwerte branch of the Deutsche Bank AG. Since 1953 member of the Young Union of the CDU. 1957 its Vice President of the Iserlohn group, 1961 Vice President for the Siegerland-Sauerland area; 1964 Vice President of the Iserlohn CDU, 1967 President. Since 1964 member of the Iserlohn District Council, 1966 Vice President of the Iserlohn District.

5. RINDERSPACHER, Dr.Fritz (SPD)

Retired High School Assistant Master

Baden-Württemberg, candidate for the State Diet

Born in Hugsweier, Lahr district (Black Forest) on November 15, 1909; married, two children. Student at the Universities of Freiburg, Berlin, Mannheim and Heidelberg, majors: political, economics, industrial management and pedagogics. 1933 certificate as teacher of Business Administration. 1934 PhD in economics. For political reasons rejected as professor, therefore working for industry and bank. 1936 professor of Business Administration in Tübingen, 1939 second civil service examination. 1941 soldier, 1944-46 POW in the United States. Student at the camp college headed by Prof. Hallstein. Since March 1947 High School Assistant Master. Since 1930 member of the SPD, since 1950 local and District President of Lahr, since 1953 Chairman of the City Council SPD faction. Bundestag member since 1961. Member of the Advisory Committee of the European Council and member of the WEU assembly since 1966.

6. KRAMPE, Wilhelm (CDU)

Secretary of an association

Northrhine-Westfalia, candidate for the State Diet

Born in Herbern (Lüdinghausen district), on May 5, 1925; catholic, married, three children. Elementary School. Examination as journeyman. Student at technical and specialised technical schools. One year of work

as required under Hitler; Soldier, wounded, amputation of the right arm. Course of professional rehabilitation, Assistant at the German railways; 1947 Youth Secretary of the Catholic Workers Movement. 1945-51 District Youth Counselor of the District of Lüdington. Since 1947 CDU-Member, Chairman of the Northrhine-Westfalia Young Union of the CDU, at present Assistant Chairman of the Social Committees state level. 1952-56 and since 1961 member of the Hamm City Council, President of the CDU Faction. 1964 Diocese Secretary of the Catholic Workers' Movement at Paderborn. Since 1958 member of the Board of Directors of the Westfalia State Insurance Agency. 1964 President, 1968 Vice President of the Hamm AOK (General Health Insurance), 1956 Chairman of the Combined Committee of the Christian Unions at Westfalia-Lippe, since 1963 Vice President at the federal level.

7. GRÜNER, Martin (FDP)

Managing Director

Baden-Württemberg, candidate of the State Diet

Born in Stuttgart on July 19, 1929, single. 1949 graduation from High School; student at the Tübingen and Hamburg Universities, major: law; 1958 legal civil service examination (junior court official). 1969 legal counsellor of the Schwenningen Black Forest Clock Industry. 1968 Managing Director of the German Clock Industry Association at Schwenningen. Member of the State Board of Directors in Baden-Württemberg. President of the FDP-Faction in the Municipal Council.

8. KRASKE; Dr. Konrad (CDU)

Federal Business Manager of the CDU

Northrhine-Westfalia, candidate for the State Diet

Born in Berlin on June 5, 1926; protestant; married one child. Elementary School and High School in Berlin. 1943-46 soldier and POW. 1946-51 student at the Freiburg and Göttingen Universities. Majors: history and philosophy. PhD. 1951-52 Assistant Press Secretary at the office of the Chancellor, Department Blank. 1953 member of the CDU Federal Business Office, 1954 Assistant Federal Business Manager, since 1958 Business Manager. Bundestag member since 1965.

9. KERN, Karl-Hans (SPD)

Minister, retired High School Assistant Master

Baden-Württemberg, candidate for the State Diet

Born in Stuttgart on October 3, 1932; protestant, married, four children. High School graduate in 1952;

student of protestant theology at Tübingen, Bethel and Göttingen. 1957-59 Vicar of the Protestant Church in Württemberg. 1959-67 High School Assistant Master at the Schwenningen High School. 1962-67 member of the Schwenningen Municipal Council. 1963-67 President of the SPD Faction in the Municipal Council of Schwenningen. Member of the SPD State Managing Board in Baden-Württemberg. Since February 1967 Bundestag member.

10. SCHACHTSCHABEL, Dr. Hans Georg (SPD)

Professor

Baden-Württemberg, Constituency 180 (Mannheim 2)

Born in Dessau March 16, 1914; married; 1933 High School graduate, student of economics. 1936 diploma 1937 PhD at the University of Leipzig. After being accepted as a professor, lecturing at the Halle University; after being soldier and POW lecturing at the Marburg (Lahn) University since 1945; since 1951 at the Academy of Economics, now at the University of Mannheim as Professor for Economics, especially economic and social policy. Since 1946 SPD member. Since 1953 member of the Mannheim Municipal Council; since end of 1968 President of the SPD-Faction in the Mannheim Municipal Council. Recently published scientific books, "Mechanisation in Economics and Society" (1961); "Economic-Political Concepts" (1967).

11. LUDA, Dr. Manfred (CDU)

Lawyer and Notary

Northrhine-Westfalia, candidate for the State Diet

Born in Schweidnitz (Silesia) on June 8, 1921; protestant, married. Elementary and High Schools at Lüdenscheid (Westfalia) 1939 graduation. Student of Economics and Law at the Bonn and Göttingen Universities; 1941 junior lawyer. 1941-45 soldier, Lieutenant. 1948 junior court official. 1950 lawyer at Lüdenscheid, since 1952 at Meinerzhagen. 1955 PhD in Law at Cologne. 1958 Notary. 1949 CDU member; Vice President of the Altena-Lüdenscheid CDU; member of the State Municipal Board of the Westfalia-Lippe district. 1952-53 member of the Lüdenscheid City Council, President of the Faction. 1956-1964 member of the Altena District Council and President of the Faction. Since 1964 member of the Meinerzhagen City Council. Bundestag member since 1961.

OFFICE MEMORANDUM

TO: Leif Christoffersen

DATE: October 30, 1970

FROM: J. W. Strobl *JWS*

SUBJECT: Bundestag Delegation Meeting

Points raised in the meeting between Mr. McNamara and the German parliamentary delegation.

Conveying Bundestag President von Hassel's thanks for the World Bank invitation and adding the delegation's own thanks for the welcoming words of Mr. McNamara, delegation leader Brück jokingly reported Mr. McNamara's direct influence on the rationalization of Bundestag procedure: von Hassell, he said, had copied a McNamara feature in the Pentagon by introducing all Bundestag papers through a short information summary on the front page. He then put the

First question:

Almost everyone agrees with Mr. McNamara's Copenhagen statement on the need to consider social implications of development financing. How does Mr. McNamara think this can be done in practice without interfering with a country's social system?

The President answered by stating that there was no wish at all on our side to change a political system. "We are not wise enough to tell them in which direction to go," he said. Citing Yugoslavia, Mr. McNamara said he had not known much about their "unique" social system before his recent visit to that country. But apparently it suited them well -- a combination of socialism with a market economy. Such a system would certainly not be applicable for a country like Brazil. Yet he would not hesitate to advise Brazil to restructure their social system if Bank experts came to the conclusion that this was necessary to achieve more equity in income distribution.

There you may see, the President explained, our scale of operations reaches from a "modified military dictatorship" to a country with "modified socialism". The President then went on to explain how a loan to Greece earlier this year had been misused and interpreted by the Government there as an endorsement of their policies. The Bank had threatened to discontinue credits to that country unless a retraction was made. It was made.

Second question by Dr. Wulff (CDU):

In less than 15 years the debt burden of developing countries will be insuperable. Are we not fooling ourselves when believing that we shall ever get the money back? Should we at all wish to get it back? I believe that it will be inevitable to reach an agreement eventually to forego repayments. If that is so, it had better be done sooner than later.

The President replied to this that "The money isn't ours, nor is it yours. We can't give it away." But the separation of private investment and public aid was essential, and the Bonn Government's contribution to increase IDA replenishment was highly commendable in this connection.

President has seen

(more)

Third question by Herr Kern (SPD):

In Copenhagen reference has been made to excessive military expenditure around the world. Would this mean that the World Bank will try to bring its weight to bear in order to get some of these funds shifted to development financing? If this were tried would not the Bank get into difficulties with some of its more influential members?

The President replied that the Bank would and could never do that. ("We are not experts in defence.") All he had meant to say in Copenhagen was that both developed and developing countries were wasting parts of their defence expenditure (and he had pointed this out specifically to three or four heads of state during the last 12 months).

Fourth question by Dr. Luda (CDU):

The SDRs had been meant by their creators to become a substitute for gold (to help stabilize the developed countries' currencies). Now it appeared that the World Bank supported the development countries' contention that SDRs be used as a substitute for capital (which would enhance world-wide inflation). What was Mr. McNamara's position?

The President said he recognized that the Group of Ten came out flatly against using SDRs for development. But at the same time, 80% of LDC governors pleaded for such a linkage in Copenhagen. "At the moment I cannot commit myself," said Mr. McNamara, but he had recommended that the issue at least deserved study. The Bank was ready to join the IMF if the latter wished to study the issue.

Fifth question by Dr. Rinderspacher (SPD):

The name "World Bank" was not quite appropriate since a great part of the world was not a member. Should not the World Bank try to establish relationship with East Bloc countries?

The President replied that firstly there is a relationship with Yugoslavia which had received some \$450 million -- \$90 million alone last year.

"I'd personally be please to have them (Eastern countries) as members," Mr. McNamara went on, except that they faced problems to meet requirements both within their own realm and us (IMF). But that he had discussed possible Bank membership with one Eastern head of state only last week. (Delegation members, after the meeting, speculated that this could have been Rumania.)

And Russia? Dr. Kraske (CDU) interpolated, to which the President replied that he saw no probability within the next 5 years, but that he would hope for it in some 5 to 10 years from now.

(more)

Sixth question by Dr. Luda (CDU):

Has World Bank activity ever resulted in reaction from the East?

The President replied in the affirmative and gave the Sudan as an example. There an irrigation project had been refused for Bank financing as they failed to meet certain requirements. They said they would in that case go to the Russians. We said, go ahead. (The Russians have not yet done it.) Anyway, the Bank would never let itself be blackmailed like that.

Seventh question by Prof. Schachtschabel (SPD):

It has repeatedly been said that development aid must be made compatible with international trade policies. Was not (U.S.) protectionism hurting development countries?

The President said that indeed it was. ("There is no other way to look at it.") The U.S., for instance, was producing sugar behind high tariff walls and that was the last thing the U.S. should be doing. (Remarks from the group to the effect that the EEC with its agricultural policy was not much better brought general laughter into which Mr. McNamara joined.)

- - - - -

The talk, inspite of coming at the end of a full week of sessions, seemed to have whetted the appetite of the majority of the delegates. Regret was expressed that some of the issues could not be discussed in depth. But everybody shared the understanding that Mr. McNamara had given much of his valuable time. And Mr. Aldewereld's invitation in the name of the President to continue such meetings was warmly accepted.

I should like to add the following points:

1. This first visit of a parliamentary delegation to the World Bank has established a precedent inasmuch as in the past we largely confined ourselves to dealing with the Executive of a member country, rather than addressing our views to the Legislature.

2. The parliamentarians appeared pleasantly surprised about the consistently high-level attention they received. One of them (Herr Werner, CDU) commended our "fine planning" by having them meet Mr. McNamara in a final briefing after having explored the procedural background and technical policies earlier in the week. The parliamentarians felt especially gratified that Mr. McNamara did not shrink from discussing political implications of World Bank affairs.

(more)

3. At the risk of appearing to repeat a piece of sheer sentimentalism, it must be stated that all members of the delegation shared their leader's view, who, after having met with the President in the afternoon, told Mr. Aldewereld at the farewell dinner last night that "... it has been a most rewarding experience for us in the German Bundestag to meet the people behind the World Bank. When dealing with World Bank matters in the future we shall remember their faces and this will help us in our work." (Herr Brück, SPD).

4. Another senior German parliamentarian (Dr. Rinderspacher, SPD) said: "There is no side-stepping from what we have learned here this week. Though the immediate results may never be measured, our findings at the World Bank in Washington will have an effect not only on our own work in Bonn, but in Strassburg as well, where I am a member of the Council of Europe's parliamentarian development committee."

State Secretary Prof. Sohn, who sat in on some of the meetings as an observer from the German Ministry of Economic Cooperation, appeared to sum up for the visitors when he told me: "We are all mildly surprised to see how close our views are to the views held by the World Bank leadership."

5. The Bundestag delegation consisted of 11 members from ruling and opposition parties, representing the Committee on Economic Cooperation (5), the Committee on Foreign Affairs (2) and the Economic and Budget Committees (2 each). Though the visit has been planned for quite some time, it happily precedes Budget Committee discussions of IDA replenishment in Bonn within the next ten days.

c.c. Mr. William Clark

JWS:jl

OFFICE MEMORANDUM

TO: Mr. Leif E. Christoffersen
FROM: Fritz Stedtfeld
SUBJECT: German Newspaper "Die Welt" - Interview with Mr. McNamara

DATE: 10 December 1970

I am referring to my telephone call of yesterday.

The correspondent of the German nationwide well-known newspaper "Die Welt" in Washington, Mr. Hartwig Meyer, has been asked by his headquarters to write an article on Mr. McNamara as President of the International Bank for Reconstruction and Development to be published in their Christmas issue. Since the readers are interested in learning about Mr. McNamara's personality and his future plans as President of IBRD, Mr. Meyer has expressed his wish of meeting Mr. McNamara. He would be very grateful if Mr. McNamara would grant him a short meeting of about ten minutes.

I am conveying Mr. Meyer's concern to you and may add that I recently arranged for Mr. Meyer to meet Mr. Clark. I would be very obliged if you could let me know whether such a short meeting could be arranged before December 18, 1970.

William Clark has already
met with this man
for 1½ hrs.
May I repeat?

Dec 12/14

11:45
10/17

OK
D. L. L.