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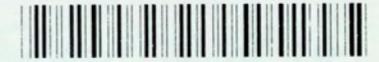
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McNamara Papers

Statements  
1979

The World Bank Group  
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Robert S. McNamara Statements / Speeches - Statements 12

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WBG Archives

STATEMENTS BY MR. McNAMARA 1979-1981

- A. Japanese TV - February 13, 1979
- B. Arrival Statements: Yugoslavia and Romania: July 1979
- C. TODAY Show - August 16, 1979
- D. NEWSWEEK (International Edition) - August 27, 1979
- E. Christmas Message - December 1979
- JANUARY 1980: Airport Statements in East Africa filed in EA Briefing Book
- F. "Into the Eighties", with Charlton, BBC - February 1980
- G. German TV - February 5, 1980
- H. Remarks to the Congressional Roundtable on World Food and Population - 3/4/80
- I. Interview with Rosemary Righter, Sunday Times of London - April 2, 1980
- J. French TV - June 9, 1980
- K. RMcN: Announcement on intention to retire - June 9, 1980
- L. ABC-TV Special "A Day in Shrishnagar" - filmed June 26, 1980
- M. North American Press Seminar - June 15, 1980
- N. Lew Simons, Smithsonian Institution - August 8, 1980
- O. Remarks to Members of Congress at Breakfast, September 10, 1980
- P. Opening Statement - Press Conference in Brussels - 11/14/80
- Q. Toast to the King of the Belgians - 11/15/80 in Brussels
- R. Toast to Chancellor Schmidt of Germany-Family of Man Award Dinner - 11/19/80
- S. Opening Statement at Press conference - Brussels, November 14, 1980
- T. Christmas Message - December 22, 1980
- U. Opening Remarks to the Development Committee, Gabon, May 22, 1981
- V. Arrival Statement, Nigeria, May 22, 1981
- W. Tribute to Lady Jackson, published in Washington Post, June 3, 1981
- X Final Statement to the Staff

A

Japanese TV - February 13, 1979

There are 2 billion people in the 100 developing countries which are assisted by the World Bank.

Approx. 40% of these people are what we have termed the "absolute poor" -- those literally living on the margin of life; trapped in conditions so limited by illiteracy, malnutrition, disease, high infant mortality, and low life expectancy as to be denied the very potential of the genes with which they were born.

Their basic needs are not being met.

They are not merely statistics. They are individual human beings.

And most tragic of all, many of them are children.

Of the total of 2 billion people, nearly 900 million are children under the age of 15.

They are our hope for the future.

And yet: over 1/3 of them are malnourished  
Almost 1/2 suffer from some debilitating disease  
300 million are not in school.

As human beings are we prepared to tolerate these conditions indefinitely.

Is this the kind of world we wish to leave to our children.

I don't believe so.

We do know how to overcome these conditions.

We need a development strategy that will both:

- . Accelerate growth in the developing countries
- . And, by raising the productivity of the poor, spread more of that growth toward meeting their basic needs.

Such a strategy will require action by governments of both the developing and developed countries.

We cannot help those who will not help themselves. But most of the developing countries are making that effort.

And, therefore, the major question today is: will the developed nations provide the necessary supporting assistance.

Will they make the modest sacrifice to increase their financial assistance. And will they act in their own interests, as well as in the interests of the developing countries, by increasing opportunities for trade.

I believe they will

If they do we can go far toward eliminating absolute poverty by the end of this century. And by so doing we will have saved the lives of literally hundreds of millions of children who are now condemned to living death.

B

ARRIVAL STATEMENT IN YUGOSLAVIA

1. I am delighted to be back in Yugoslavia, and I am grateful to the government for extending its hospitality.
2. Yugoslavia is a founder member of the World Bank. Over the last 34 years a strong partnership has grown between us. Today, Yugoslavia ranks among the five largest recipients of World Bank assistance, having received close to 60 loans totaling more than \$2 billion. We are pleased to have been so closely associated with your development efforts.
3. We are very impressed with the development record of Yugoslavia and the unique system of worker self-management. I look forward to learning how the system works during my stay here. The problems of development worldwide are reflected within Yugoslavia. Your government has recognized the disparities which exist between the Developed and Less Developed Regions. Yugoslavia's commitment to transferring resources to the poorer regions serves as an example to other developing countries with similar problems.
4. The World Bank gives priority to projects in the less-developed regions of Yugoslavia, and more than two-thirds of our current lending to your country is directed to Kosovo, Macedonia, Montenegro and Bosnia-Herzegovina.
5. We recently signed a \$148 million highway loan which is the largest loan the Bank has ever made to Yugoslavia. This project, too, will assist the Less Developed Regions, and, more specifically, the poorer people within those regions. In this, and future highway loans, each republic and autonomous province will utilize its share of the loan according to its development priorities.
6. Since the World Bank's first agricultural loan to Yugoslavia six years ago, we have made five further commitments for agriculture and agro-industries in addition to irrigation loans which have benefited farmers. The Bank has supported the growth of a partnership between the social and private agricultural sectors which has helped to bring many small farmers into the mainstream of Yugoslavia's agricultural production.
7. I am looking forward to meeting the people who have worked with us in designing these projects, as well as those who have benefited from them, during my visits to Kosovo and Macedonia.
8. I will also be discussing the nature of the Bank's continued co-operation with Yugoslavia with federal and Serbian officials in Belgrade and with the republic and provincial governments in Skopje, Pristina and Ljubljana.
9. Later this year, the governors who represent the Bank's 134 member countries will also have an opportunity to see some of the results of our 34 years of cooperation, when the World Bank and the IMF hold their annual meetings in Belegrade. I look forward to returning to Yugoslavia in October for those meetings.

C

McNAMARA INTERVIEW - TODAY SHOW - AUGUST 16, 1979

Q - Mr. McNamara, your new report on world development has just gone on sale and in it you look ahead to what things might be like for the world's poor countries in 20 years. Overall, what do you conclude?

A - Two points. I think I should emphasize first that the progress of the last 25 years has been very great, much greater than many of us realize. We are talking about a hundred developing countries that are members of the Bank, two billion people live in those countries, their incomes per capita doubled in the last 25 years; measured in even more fundamental terms, their life expectancy rose, their literacy rose, their caloric intake rose but the next 25 years are going to be much more difficult, the recession that is taking place in the industrial world today, the high rates of inflation, the energy problems, are all going to affect them and the most shocking conclusion, I think perhaps the most important conclusion of the report, is that unless the governments of those developing and the governments of the developed countries take action that does not now seem likely, six hundred million people, will be living in absolute poverty at the end of this century, in disgraceful condition.

Q - You have some other startling numbers here about population, the need for jobs and so on, let me take you through them. The need for jobs?

A - Well, in the first place, the high rates of population growth of the last two decades are going to result in additions to the labor force in these

developing countries, roughly 500 million people in the next 20-25 years, twice the number added to the labor force in the last 20, and they have to be provided jobs or they're going to die.

Q - And settings? What do you see there?

A - Well, in a sense it's even worse, not only do the cities reflect the increase in birth rates, but there is the migration from the rural areas to the towns, and the result is that the populations of the cities will grow by roughly a billion people, between now and the end of the century. At that time there'll be about 40 cities in the developing world with populations in excess of five million people, compared to 12 in the industrialized nations. A hundred and fifty percent increase in the population in the urban areas lies ahead in the next 20 years.

Q - And the biggest city in the world?

A - Probably Mexico City, perhaps with a population at the end of the century of 30 million. And bear in mind that that city is today facing serious problems in obtaining sufficient air and water for the present population.

Q - I think about massive numbers like that and I feel helpless, what do you want people in the rich countries to do?

A - Act in their own interest. In this increasingly inter-dependent world it is in our interest, in this country, in the United States, to help these people help themselves. Mao Tse Tung was right on at least one thing: don't give them a fish, give them a fishing pole, help them help themselves, help them produce more food, help them produce more energy, that's what we need to do, and we need to do it by opening our markets to their goods in our own interest. By lending them funds

to supplement the savings that they will accrue to invest to produce more. The only point I want to make is: we are living in an increasingly interdependent world and more and more the world of tomorrow. The destiny of our children is being shaped by events in these one hundred developing countries where there are two billion people.

Q - ~~Over the years in this country foreign aid kind of got a bad name.~~ A lot of projects seem to be wasteful, we are not contributing as much as we used to to other countries' development. In general, how much more do you think we should be contributing?

A - Well, first, for example, I don't think foreign aid deserves a bad name if it got a bad name. It wasn't foreign aid that created the Edsal, for example, all of human activities carry failures, but I would submit that the failures of foreign aid are less than those of most other areas of human activity. Secondly, let me speak about the foreign assistance of the U.S. It's disgracefully low. The U.S. today, in relation to income, is providing less foreign assistance than any other OACD nation other than Italy. In relation to income it's providing 90% less than it did during the days of the Marshall plan.

Q - Why? Are...

A - Explain roughly 20 dollars per person per year in this country.

Q - Are Americans less sensitive to the needs of developing countries, to the people in other countries?

A - I think they're less aware of those needs.

Q - You were Secretary of Defense, you know the need for, and the cost of military security, but you've also argued for years -- and I'm quoting

from a speech of yours last May -- excessive military spending can erode security rather than enhance it. Why? And do you think military spending around the world is now excessive?

A - Well, the answer to all those questions is YES. Military spending around the world is in excess of 400 hundred billion dollars. I mean it's gone far beyond the point where additional spending buys additional security. The very concept of security has become over-simplified, there's almost universal tendency to think that security problems is equivalent to military problems, and it is true that, up to a point, additional military hardware can actually reduce security, particularly if it's purchased at the cost of economic and social advance, and I would maintain that situation exists in many nations in the world today, both developed and developing.

Q - You presided over a lot of destruction in a poor country during the Vietnam war, now for eleven years here at the Bank you've been helping poor countries develop, do you feel at all that you are helping compensate now for things that may have been done wrong in the past?

A - No, I don't think it's compensation, I think that many of the things we tried to do while I was in Defense and in the Kennedy and Johnson's administrations were directed to advancing the welfare of human beings, and certainly that's the purpose of the Bank and I am delighted to be associated with it.

- Mr. Secretary, many thanks.

- You're welcome.

D

# 'WE HELP THEM ATTACK POVERTY'

## INTERVIEW: ROBERT S. McNAMARA

NEWSWEEK

Hundreds of millions of the world's more than 4 billion people live barely above the subsistence level. In its second annual Development Report issued last week, the World Bank urged a redoubling of efforts against unemployment, hunger and debt in poor countries. Bank president Robert S. McNamara recently spoke with NEWSWEEK'S Douglas Ramsey in Washington about current trends in trade and aid. Excerpts:

**RAMSEY:** How would you characterize the plight of the world's developing countries in mid-1979?

**McNAMARA:** Two billion people live in the 100 developing countries served by the World Bank. Their economic and social advance has been truly remarkable in the past quarter century. Incomes per capita have doubled. Illiteracy has declined by a third. But today, these countries face an exploding labor force. Their cities are growing at even higher rates. And because growth in the past was unevenly distributed, 800 million people still live in absolute poverty, so afflicted by malnutrition, illiteracy and disease as to be beneath any acceptable definition of human decency. These countries require growth. But acceptable rates of growth are more difficult to achieve in the face of recession, worldwide inflation and rising current-account deficits reflecting recent oil price increases.

**Q. Are developing countries today better able to withstand the impact of higher oil prices than they were five years ago?**

**A.** On balance, no. They have made progress in reducing their rates of population growth, increasing food production and domestic-savings rates and expanding their exports to pay for higher-priced oil. However, part of this economic advance was financed by rapidly rising external debt. It's unlikely that that debt will continue to rise as fast in the future. If the development problems are to be met successfully, it will require continued growth in exchange earnings and external financing. Both will be difficult.

**Q. There's talk of new tools to shore up the deficits of developing countries. Is a new agency in the making?**

**A.** I don't believe so. Both the World Bank and the International Monetary Fund have been increasing their financial assistance to developing countries. Whether this will be sufficient remains to be seen. If it is not, I sense a desire on the part of member governments to build on the existing institutions. We have in the last two years tried to assist developing countries that are facing problems of adjustment by program-type [rather than



Wally McNamee—NEWSWEEK

McNamara: 'Protectionism is a danger'

project-type] loans; there may well be more of that.

**Q. How has the World Bank's activity changed during your tenure?**

**A.** During the past decade, we have tried to expand the bank's activities both quantitatively and qualitatively. The lending rate has increased tenfold from \$1 billion in 1968 to \$10 billion in the year that ended last July 1. Qualitative changes are at least as important. We are today placing greater emphasis on expanding energy production in the developing countries, on expanding their exports to pay for rising import bills, on agriculture, on assistance in creating jobs and, most importantly, on helping them attack urban and rural poverty.

**Q. You mentioned energy. Should the World Bank finance oil development?**

**A.** The bank recently financed a study identifying 70 developing countries with potential for oil and gas production. Only 22 countries are currently producing either. Therefore, we've introduced a program to maximize petroleum production. Projects to be financed over the next five years should add 1.5 to 2 million barrels of oil equivalent a day to the world's production—with great benefit to those producing countries and to the rest of the world as well.

**Q. Are the less developed countries worried about protectionism in the West?**

**A.** Yes. Protectionism is rising. For example, in the past three years, the European

Economic Community imposed import quotas on textiles; the U.S. and Canada tightened controls on clothing; and so on. It's a great danger to developing countries.

**Q. Will recession in the West lead developed nations to cut back aid?**

**A.** All Western governments are likely to face a period of austerity in the immediate future. We've structured our programs so as to limit appropriations requests. For the U.S., for example, our 1980-81 requests are no more than in recent years.

**Q. But some U.S. congressmen want to cut back World Bank funding.**

**A.** The U.S. Administration has been strongly supportive of development assistance in general, and of the World Bank in particular. It justifies its support on both moral and national-interest grounds.

**Q. But do you expect a Congress-motivated cutback?**

**A.** No.

**Q. Is OPEC giving more aid?**

**A.** Many OPEC countries continue to need funds for development. There are exceptions, like Saudi Arabia, Kuwait and the United Arab Emirates. I hope and I believe that the financing from those three countries will increase in the future.

**Q. You have urged LDC's to spend less on arms. Can you elaborate?**

**A.** Yes. I believe the concept of security has become oversimplified. There has been a tendency to think of the security problem as almost wholly a military problem. But I think it's clear that force alone does not guarantee security, and a nation can reach a point where it doesn't buy more security through the purchase of more hardware—particularly if the hardware is purchased at the cost of economic and social advance.

**Q. Does the World Bank lend to Vietnam?**

**A.** We made one loan to Vietnam about a year ago. It was for investment to expand food production in a food-deficit country. Under current conditions, it would not be possible to invest funds there with a high probability that investment objectives would be realized or with assurance that the project would benefit the masses of the people. Periodically, this happens in other parts of the world. For years, we weren't able to invest in Uganda.

**Q. Are there human-rights considerations then?**

**A.** The bank, by its articles, is prohibited from taking into account any other than economic considerations.

E

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

Office of the President

December 20, 1979

Dear Staff Members:

As the new year -- and the new decade -- draw near, it is clear that the international community faces a difficult period ahead.

The global economic turbulence of the 1970s remains unresolved, and could well grow even worse in the 1980s.

One thing is certain: there will be increasing demands on our institution. As the needs of our developing member countries evolve, and their domestic and external economic relationships grow more complex, they are going to look to the Bank for assistance on a whole range of new problems.

No one can pretend that this will make our own work any easier.

Quite the contrary. It will test our initiative and flexibility, and call more urgently on our resources of creativity and professionalism. And rightly so. For that is what our membership expects of us.

What is ultimately at stake in all this is the fundamental quality of life for more than two billion individuals. And for nearly half that number, whether they can escape at last from the inhuman penalties of absolute poverty.

For us -- in the comfort of our own personal lives -- the New Year is a season of holidays and cheerful expectation. But for the absolute poor there is little cause for either. Little to hope for, and even less to celebrate.

Each one of you is helping to change that.

Your dedication, your competence, and your determination to get on with the job of development is helping to make a significant difference in the lives of millions of disadvantaged people. That is literally true.

Put quite simply: this institution is effective -- and respected around the world -- because of what you do.

I am very grateful and proud to be associated with you in that.

Mrs. McNamara joins me in extending to you and your families our warmest holiday wishes.

