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Foreign and Commonwealth Office

London SW1A 2AH

31 October 1980

Yes - I think Mr. Clausen is an excellent candidate who will do the job superbly. We always look the way that the U.S. would pick on a U.S. candidate for the Minister.

Dear Michael, my mother has been that. Ted may let you know his name has not been put forward in total meeting 31x

President of the World Bank

I have written to say that we could support Mr Tom Clausen as successor to Mr McNamara at the World Bank, but recommending that our reply to President Carter be delayed until after the US elections.

President Carter in fact announced Clausen's candidacy yesterday. George Schultz also confirmed in public that Clausen would have Republican support. The matter will be taken at the World Bank Board on 4 November. The timing still seems very hurried. We hope that the Prime Minister can agree that the UK's representative should endorse Mr Clausen's nomination at the Board meeting if our other major partners are ready to express support for him.

The Prime Minister's reply to President Carter could follow the meeting.

I am sending a copy of this letter to John Wiggins at the Treasury.

yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
No 10 Downing Street
LONDON SW1

Yes out

X |
Y |

I have spoken to Schmidt about this and he is supporting Clausen. net.

in total meeting 31x

U.S. candidate for the Minister.

his name has not been put forward

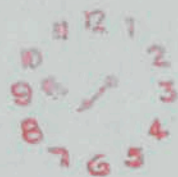
U.S. would pick on a U.S. candidate

we always look the way that the U.S. would pick on a U.S. candidate

is an excellent candidate who will do the job superbly

Yes - I think Mr. Clausen

31 OCT 1980



CONFIDENTIAL

Sam A
DH



10 DOWNING STREET

From the Private Secretary

3 November, 1980

BF 6. 11. 80

Spoken to Tom BF now clear 7/11/80.

President of the World Bank

The Prime Minister has seen your letter to me of 31 October about the nomination of Mr Tom Clausen to succeed Mr McNamara at the World Bank. The Prime Minister agrees that our representative at tomorrow's meeting should endorse Mr Clausen's appointment.

I agree that the Prime Minister's reply to President Carter should issue later this week. I should be grateful if you could let me have a draft.

I am sending a copy of this letter to John Wiggins (HM Treasury).

M. O. D. B. ALEXANDER

R M J Lyne, Esq
Foreign and Commonwealth Office

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CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

31 October 1980

M.O'D.B. Alexander, Esq.,
No.10, Downing Street,
S.W.1.

H. Hunt 31/10

Dear Michael,

PRESIDENT OF THE WORLD BANK

I reported in my letter of 30 October that the Chancellor and the Governor of the Bank of England would like to support the nomination of Mr. Clausen.

There remains the question of timing. I understand that, after considering the advice in Washington telegram No.313, the FCO will be advising that no reply should go before the result of the US Election is known. We understand that this is also the intention of the German government. As far as the Treasury is concerned, we would have no objection to delaying the reply to the Americans in this way.

yours ever

John Wiggins

(A.J. WIGGINS)

*cc GEORGE LINDEN (FCO)
TIM ACHON (R/E)*

31 OCT 1980



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CONFIDENTIAL

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Prime Minister.

Foreign and Commonwealth Office

London SW1A 2AH

(2)

I attach the FCO equivalent to the Treasury letter you have already seen together with a telegram from the UK Director of the I.T.F. I have not asked for advice on the naming of a UK candidate but I

30 October 1980

Dear Michael, I know that both Depts think it would be unwise & unlikely to succeed. We shall need to reply to Washington in due course. *hs* *mb*

President of the World Bank

In your letter of 24 October you asked for reactions to President Carter's proposal that Mr Clausen of the Bank of America should succeed Mr McNamara at the World Bank. The view of the Treasury and the Bank of England was given in John Wiggins's letter of today's date.

I have not yet consulted the Foreign and Commonwealth Secretary. However Mr Marten and FCO officials see no objection to Mr Clausen: though we think it would be awkward to endorse a candidate put forward by President Carter so soon before the Presidential elections, even though we have no reason to doubt that Mr Clausen would have bipartisan support. We would prefer that any reply be delayed until after the elections; I gather that the Germans are doing the same.

I am copying this letter to John Wiggins, the Private Secretary to the Chancellor of the Exchequer.

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
London

CONFIDENTIAL

30 OCT 1980

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APPOINTMENTS IN CONFIDENCE



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

30th October 1980

M.O'D.B. Alexander Esq.
10 Downing Street
LONDON
SW1

Dear Michael,

PRESIDENT OF THE WORLD BANK

You asked for an early assessment of Mr A.W. Clausen's suitability for appointment as President of the World Bank.

The judgment jointly reached by the Treasury and the Bank of England is that Mr Clausen is likely to have the right combination of management experience, toughness and financial expertise for the job. He should command the confidence of the American capital markets in which the World Bank has to borrow. The Chancellor and the Governor would therefore be content to accept the nomination of Mr Clausen.

I am copying this letter to George Walden (FCO) and Tim Allen (Bank of England).

Yours ever

John Wiggins

A.J. WIGGINS
Private Secretary

APPOINTMENTS IN CONFIDENCE

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TO IMMEDIATE F C O
TELEGRAM NUMBER 313 OF 29 OCTOBER
INFO PARIS, BONN AND TOKYO.

YOUR TELNO 222: SUCCESSOR TO MCNAMARA.

1. ON YOUR FIRST QUESTION, I HAVE SPOKEN TO COLBERT KING (US EXECUTIVE DIRECTOR), WHO CONFIRMED THAT CLAUSEN'S CANDIDACY HAD BEEN CLEARED WITH THE APPROPRIATE PEOPLE ON THE REAGAN SIDE, ALTHOUGH HE DID NOT KNOW HIMSELF WHETHER IT HAD COME TO REAGAN PERSONALLY. HE ALSO UNDERSTOOD THAT CLAUSEN WAS A REGISTERED REPUBLICAN. I HAVE ALSO SPOKEN TO MCNAMARA, WHO SAID THAT HE HAD NOT BEEN IN TOUCH WITH REAGAN HIMSELF, BUT HAD BEEN ASSURED THAT THE NOMINATION HAD BEEN CLEARED WITH REAGAN. AS ANY AUTHORITATIVE REAGAN SPOKESMEN WILL BE ON CAMPAIGN TRAIL BETWEEN NOW AND THE ELECTION, I THINK THIS IS PROBABLY AS MUCH ASSURANCE AS ONE CAN GET AT THIS STAGE.

2. ON THE FACE OF IT, THERE SEEMS NO REASON WHY CLAUSEN, WITH HIS BANKING BACKGROUND, SHOULD NOT BE ACCEPTABLE TO A FUTURE REPUBLICAN ADMINISTRATION UNLESS THEY HAD WANTED TO NAME ONE OF THEIR OWN POLITICAL SUPPORTERS. IF THEY HAD, HOWEVER, THEY WOULD PRESUMABLY HAVE REFUSED TO CLEAR ANY CANDIDATE AT THIS STAGE.

3. ON THE SECOND QUESTION, I ASSUME THAT THERE WOULD BE NO DIFFICULTY IN US FINANCIAL CIRCLES. AS REGARDS THE WORLD BANK, KING TOLD ME THAT THE PRESIDENT'S MESSAGE HAD ONLY GONE TO A FEW CLOSE ALLIES, BUT THAT MILLER HAD ALSO TAKEN SOUNDINGS OF SOME DEVELOPING COUNTRIES, AND KING WAS NOT AWARE OF ANY ADVERSE REACTION.

4. MCNAMARA CONFIRMED TO ME THAT HE HAD GIVEN A NUMBER OF NAMES (BOTH AMERICAN AND NON-AMERICAN) AND THAT CLAUSEN HAD BEEN AMONG HIS SHORTLIST. IN HIS VIEW, CLAUSEN WAS WELL REGARDED BOTH AS AN ABLE BANKER AND AS A SUCCESSFUL MANAGER OF A VERY LARGE BANK. AT THE SAME TIME HE HAD A REPUTATION FOR BEING SOCIALLY SENSITIVE IN A WAY WHICH SOME OTHER ABLE US BANKERS HAD NOT. WHILE CLAUSEN HAD NOT THE SAME OVERT LINK WITH DEVELOPMENT MATTERS AS SOMEONE LIKE PETER PETERSON, MCNAMARA COMMENTED THAT PETERSON HAD NOT BEEN PARTICULARLY IDENTIFIED WITH THIS FIELD UNTIL HE (MCNAMARA) HAD SUGGESTED HIS NAME TO BRANDT. THE BANK OF AMERICA OPERATED IN ABOUT 100 COUNTRIES AND A LARGE PART OF ITS PROFIT CAME FROM INTERNATIONAL OPERATIONS. IT HAD A GOOD REPUTATION IN DEVELOPING COUNTRIES WHERE CLAUSEN PERSONALLY WAS WELL KNOWN (ESPECIALLY E.G. BRAZIL, MEXICO, INDONESIA) -- PROBABLY BETTER KNOWN THAN PETERSON.

5. MCNAMARA FELT THEREFORE THAT CLAUSEN'S NAME WOULD BE WELL RECEIVED IN THE WORLD BANK BECAUSE OF THE WIDE RECOGNITION NOW THAT THE BIGGEST PROBLEM FACING THE WORLD BANK IN THE 1980S WOULD BE RAISING THE MONEY TO FULFIL ITS GROWING ROLE. HE ALSO UNDERSTOOD THAT CLAUSEN WOULD BE WILLING TO SERVE IF ASKED. MCNAMARA'S ONLY HESITATION WAS WHETHER CLAUSEN, AFTER HEADING THE BANK OF AMERICA, MIGHT BE IRKED BY THE GREATER FRUSTRATION IN GETTING THINGS DONE AT THE WORLD BANK. BUT HE BELIEVED THAT HE WOULD COPE WITH THIS, AND FIND THE JOB FULFILLING, AS HE HIMSELF HAD DONE.

6. MY OWN FEELING IS THAT, SIMPLY LOOKING AT HIS BIOGRAPHY, SOME PEOPLE MIGHT WONDER HOW CLAUSEN MATCHED UP TO THE SPECIFICATION INFORMALLY PREPARED BY EXECUTIVE DIRECTORS (COPIED TO ODA AND TREASURY) WHICH GAVE HIGH PRIORITY TO A COMMITMENT TO INTERNATIONAL ECONOMIC DEVELOPMENT AND SOCIAL PROGRESS. THAT WAS, FOR EXAMPLE, THE SNAP REACTION OF MY GERMAN COLLEAGUE. HOWEVER, THE DEVELOPING COUNTRIES HAVE NOT TAKEN A HIGH PROFILE HERE ON THIS MATTER, OR HURRIED TO PUT FORWARD A CANDIDATE OF THEIR OWN: AND THEY SEEM, LIKE US, TO HAVE BEEN CONTENT TO AWAIT A US PROPOSAL. THEY MIGHT WELL OBJECT IF A CANDIDATE WERE PUT FORWARD WHO WAS NOT TECHNICALLY COMPETENT OR SEEMED TO BE A POLITICAL PLACEMAN, BUT CLAUSEN DOES NOT SEEM OPEN TO OBJECTION ON EITHER OF THESE COUNTS. MCNAMARA'S SUPPORT IS OBVIOUSLY ALSO IMPORTANT. THERE SEEMS A REASONABLE CHANCE THEREFORE THAT THE NOMINATION WILL GET A FAVOURABLE RECEPTION. (IF YOU WANT TO DOUBLE-CHECK ON THIS, ONE WAY WOULD BE TO MAKE SOME VERY DISCREET INQUIRIES OF A LEADING DEVELOPING COUNTRY, E.G. IN NEW DELHI).

7. AS REGARDS THE TIMING OF YOUR REPLY, THE APPOINTMENT HAS TO BE MADE BY THE EXECUTIVE BOARD, AND THAT CLEARLY CANNOT NOW HAPPEN UNTIL AFTER THE ELECTION. I GATHER FROM KING THAT THE ADMINISTRATION WOULD LIKE TO MAKE PROGRESS SO AS TO FACILITATE CONTINUITY, AND THAT EVEN IF REAGAN WINS, IT WOULD BE POSSIBLE FOR A NOMINATION TO GO FORWARD WITH HIS ENDORSEMENT DURING THE "LAME DUCK" PERIOD. BUT I DO NOT SEE WHY YOU SHOULD NOT HOLD UP YOUR REPLY UNTIL AFTER THE ELECTION, IF THE GERMANS ARE GOING TO DO THE SAME. I WILL LET YOU KNOW IF I DETECT ANY EVIDENCE OF PRESSURE TO MOVE FASTER.

8. FCO PLEASE ADVANCE TO PRESTON (ODA), COUZENS (TREASURY) AND PS/GOVERNOR (BANK OF ENGLAND).

ANSON

NNNN

cc FCO

HL



Alan Pd

10 DOWNING STREET

From the Private Secretary

24 October 1980

PERSONAL AND CONFIDENTIAL

BF 29.10.80

President of the World Bank

I enclose a copy of a message which the Prime Minister has received from President Carter about the succession to Mr. Robert McNamara. I should be grateful if you could let me have an early assessment of Mr. Clausen's suitability for the Presidency of the World Bank. You may wish, before replying, to compare notes with George Walden (Foreign and Commonwealth Office) to whom I am sending a copy of this letter and its enclosure.

M. O'D. B. ALEXANDER

John Wiggins, Esq.,
H.M. Treasury.