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THE WORLD BANK

Washington, D.C.

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Operational - Development - Horowitz Proposal - Correspondence - Volume  
3

THIS FILE IS CLOSED AS OF

DECEMBER 1968.

FOR FURTHER CORRESPONDENCE SEE:

1969 - 1971.

RECORDS MANAGEMENT SECTION  
February 1969



cc -  
Gov. - Horowitz  
Proposed

## OFFICE MEMORANDUM

TO: Memorandum for the record

DATE: November 14, 1968

FROM: Maurice P. Bart

SUBJECT: ISRAEL - Meeting between Governor Horowitz and Mr. McNamara

1. Governor Horowitz, accompanied by Ambassador Rabin and Mr. Meirav from the Embassy, met with Mr. McNamara on September 27. Also present were Messrs. Knapp, Friedman, Lejeune and Bart.

2. After thanking Mr. McNamara for accepting the Government's invitation to visit Israel, Governor Horowitz said that he wanted to make two points regarding Israel and the Bank respectively. His first point was that Israel would like to be re-admitted to the list of the Bank's clients. To back this request Israel could put forward a number of achievements, especially the very good utilization she had made of Bank loans in the past and her fast economic growth which had led Mr. Woods to cite her as a success story a year earlier. Governor Horowitz thought that Israel was an example for developing nations; she was widely using her experience for technical assistance to other countries, at a rate double that of the OECD countries, was currently training 10,000 foreigners and had sent 2,500 experts abroad in the last two years. She had done particularly well in agriculture which, with one million acres, was not only feeding the population but exporting as well. However, on the negative side, the balance of payments was not in good shape and showed a current deficit of \$500 to \$600 million. While this could be overcome, Israel needed more immigration and therefore more capital input in the short run though she did not need concessionary terms. She was undoubtedly creditworthy for Bank's loans.

3. Mr. McNamara recalled that 18 months ago, the Bank had thought that it would not be justified in pursuing lending to Israel as the latter's needs could be met by normal credit channels. However, as already agreed, he was prepared to send a mission in October to review the economic situation. The Bank would reconsider its position if this were justified.

4. Governor Horowitz pursued that the second point he wanted to make derived from Israel's interest in development and related to Bank and IDA resources. He recalled that against an expected population increase from 2 to 4 billion in the present century, the rate of economic growth in countries with a per capita income below \$100 was 2 percent. In his opinion, the basic problem of the developing countries was how to get access to capital and to borrow the hard funds mostly available against their soft repayment possibilities. With capital



markets throughout the world handling some \$30 billion per year, the problem was not one of scarcity of funds but of repayment ability and he wanted to revert to what had been called the "Horowitz proposal" and to his interest equalization plan in a modified version. His suggestion was that the Bank should "go it alone" for the time being, pending the IDA replenishment, increase the scope of its own borrowings and relend in turn to IDA. In order to breach the difference between the Bank's and the IDA's interest rates, he would use the \$75 million allocated to IDA, plus some of the IDA contributions plus, in the course of time, IMF dividends in the order of \$30-\$40 million. He thought that the standing of the Bank would offer an adequate guarantee to its lenders in the first years. He concluded that Israel had no direct interest in this plan except that of promoting development in the world. He had brought with him a revised version of his plan which he was prepared to leave with the Bank.

5. Mr. McNamara suggested that it would be useful if Governor Horowitz submitted again his plan at the Annual Meeting. Mr. McNamara assumed that the Governor would mention the additional guarantees from member Governments which the Bank would require since there was a basic difference between the Bank and the Inter-American Development Bank with regard to the security of their respective bonds.

cc: Mr. McNamara (2)  
Mr. Knapp  
Mr. Friedman  
Mr. Lejeune

CROSS REFERENCE SHEET

COMMUNICATION: Memo

DATED: November 6, 1968

TO: Mr. Ugo Sacchetti

FROM: Mr. Badri Rao

FILED UNDER: IDA - Policy & Procedure

SUMMARY: IDA and the Financing of an Interest Equalization Fund.

See - Horowitz Proj.

IDA	IBRD	IFC
FORM NO. 92 (4-68) CORRESPONDENCE RECORD FORM		
FROM  D. Horowitz Bank of Israel Jerusalem		DATED Oct. 29, 1968
SUBJECT  Horowitz Plan - interest to be paid by Interest Equalization Fund.		
ADDRESSED TO and	ROUTED TO Mr. Friedman	DATE RECEIVED 11/1/68 jgv



Files

October 4, 1968

Richard H. Demuth

Meeting on Horowitz Plan

Sidney Dell, Director of UNCTAD's New York office, arranged a meeting on Wednesday, October 2, of selected members of the investment community attending the Bank/Fund meetings in order to discuss the feasibility of the Horowitz Plan in the light of present market conditions and to obtain advice as to what further steps UNCTAD should take in connection with the proposal. Only three members invited from the investment community were able to participate: Mr. Robert L. Genillard of White, Weld & Company, Mr. Paul Krebs of the Deutschebank, and Mr. Claudio Segre of Lazard Freres & Cie. Mr. Hoffman, Mrs. Boskey and I were invited to participate as observers from the Bank.

The unanimous reaction of the three investment community representatives was that the capital markets would be stretched to raise all the money needed by the Bank itself for its new lending program. They did not regard as feasible the creation by international agreement of an interest equalization fund which would require budgetary contributions for a long period of years; they also did not regard as feasible, because of the large amounts involved, the funding of such an interest equalization fund over a period of a few years. Furthermore, they regarded as essential for the Horowitz Plan a new system of joint and several government guarantees which they believed would be very difficult to negotiate as between governments and would be very complicated to explain to the market. Mr. Segre stated bluntly that, in his view, further discussion of the Horowitz scheme as such was "flogging a dead horse"; the others, while less blunt, seemed to agree.

The meeting therefore turned to the question of how the objectives of the Horowitz Plan might be achieved by other techniques. The bankers were not at all hostile to the idea of subsidized lending for development as such. It was generally agreed that one feasible device would be for national governments to borrow in their own markets at normal interest rates and then to lend to IDA on IDA terms. They pointed out that there are already public agencies in a number of Part I countries which engage in precisely this kind of transaction for purposes of domestic programs and even for overseas lending, and they felt that this would be an easier, less complicated and more feasible approach than the Horowitz Plan. It would not present the market with a new kind of credit instrument of doubtful standing.

Mention was also made of the proposal referred to by Minister Colombo in his speech at the Annual Meeting that the Part I countries might agree to turn over to IDA in their national currencies a part of their reserves equal

October 4, 1968

to a stipulated portion of SDR's received by them. It was felt that this approach, while simply a variation of the old Stamp Plan, might be psychologically more acceptable than the investment of IMF funds in IDA obligations. The bankers felt that UNCTAD, in its further study of how to finance IDA other than through budgetary provision, should concentrate on these other techniques rather than on the Horowitz scheme itself.

Mr. Hoffman and I each had a discussion with Mr. Nathaniel Samuels of Kuhn, Loeb & Company after the meeting; Mr. Samuels had been invited to attend but could not do so. He endorsed the conclusions of the other participants but added that he thought the Bank should give consideration to having a whole range of interest rates to meet the needs of different types of countries; he pointed out that, to the extent that these interest rates were below the cost of money to the Bank, this would simply reduce the profits of the Bank and in substance operate in lieu of a transfer to IDA. He recognized, however, that there were some countries to which the Bank should be reluctant to lend, even at very low interest rates.

RHD:tf

cc: Mr. McNamara  
President's Council  
Mr. Kamarek

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: September 11, 1968

TO: Mr. S. Dell  
UNCTAD

FROM: Mr. Demuth

FILED UNDER: LIAISON - UNCTAD

SUMMARY: Re: Acknowledging letter dtd September 5, 1968 inviting him to attend the informal discussion which they have arranged for October 2 in connection with the Horowitz and similar proposals, and accepting the invitation.



Dev. - Horowitz Progs  
yellow fold: 2 - UNCTAD

IDA		IBRD		IFC	
FORM NO. 92 (4-68) CORRESPONDENCE RECORD FORM					
FROM <b>United Nations New York, N.Y.</b>				DATED <b>Sept. 5, 1968</b>	
SUBJECT <b>Invitation to attend Meeting on October 2 at the Sheraton-Pak Hotel "The Horowitz Proposal: Summary of Major Issues</b>					
ADDRESSED TO <b>Mr. Demuth</b>		ROUTED TO <b>Mr. Demuthn</b>		DATE RECEIVED <b>Sept. 9, 1968</b>	

*adm, 9.11.68 (UNCTAD)*

**jad**

Files

February 29, 1968

Badri Rao

Horowitz at UNCTAD II

Addressing the Third Committee of UNCTAD in New Delhi, Mr. David Horowitz of Israel pressed again his proposal for an Interest Equalization Fund (IEF).

The proposal is well known and has been studied by the Bank staff.<sup>1/</sup> Mr. Horowitz has however now offered some rather persuasive arguments in the light of recent developments.

He remains unconvinced that world capital markets would be unable to absorb the required amounts of new issues for IEF. He argues that money is always available at a price and suggests that "the palpable correlation of accelerated economic growth and tightness of capital markets, caused by added demand for capital, results in a paradoxical situation in which we are told that the greater the prosperity and the increment of the GNP of the developed world, the more restricted the possibilities for augmenting the capital flow to the developing nations."

He proposes that part of the additional reserves created by the IMF under the new Special Drawing Rights (SDR) could be used for purchases of bonds for development purposes and even suggests that contributions to IEF could be made out of the additional reserves. "The dogma of complete separation of development from the creation of new liquidity cannot be rationally explained" he says.

Recognizing that the floating of bonds in developed countries in balance of payments difficulties might create problems for them, Mr. Horowitz suggests a method of implementation whereby the use of currencies for procurement from such countries could be so phased over time that the currencies disbursed on loans would ultimately correspond to the amounts raised by bond sales on their markets. This method would avoid the evils of tied aid. Mr. Horowitz cites the proposed plan for IDA replenishment in support of his method.

Mr. Horowitz reiterates the pressing need for an enlarged capital flow to LDCs and expresses great concern about the "new myth" that what they now need is skills and know-how more than capital. While recognizing the importance of technical assistance he urges that "it should not be used as an excuse or substitute for a diminishing capital flow."

BR  
BR/yd

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<sup>1/</sup> See "The Horowitz Proposal -- A Staff Report", IBRD, February 1965.

IDA		IBRD		IFC	
FORM NO. 92 (10-61)		CORRESPONDENCE RECORD FORM			
FROM				DATED Nov. 22, 1967	
United Nations New York					
SUBJECT					
Final draft on the Horowitz Proposal (sent under separate cover)					
Addressed <del>to</del> and					
REFERRED TO Mrs. Boskey				DATE RECEIVED Nov. 24, 1967 mpb	



CROSS REFERENCE SHEET

COMMUNICATION: **Sec 67-124**

DATED: **May 5, 1967**

TO:

FROM: **Secretary**

FILED UNDER: **UNCTAD**

SUMMARY:

**Report on the Second Session of UNCTAD Committee on Invisibles and Financing Related to Trade.**

**Extract**

**d) The Horowitz Proposal**


The report of the Expert Group set up by the Secretary General of UNCTAD to consider the problems involved in the proposal and similar schemes and possible variations formed the background for the brief discussion on this item in the Sessional Sub-Committee. Five delegations spoke. The Israeli delegate (An Economic Adviser to the Bank of Israel) urged that the proposal be placed on the agenda of UNCTAD II. The delegates of Ghana and Argentina supported the proposal and suggested further analysis of certain technical aspects - for example, possible sources of funds to meet the interest differential. The Belgian delegate emphasized the difficulties of the proposal and said that the pending replenishment exercise was the way to provide IDA with new resources. The U.K. delegate said that there was no case for further technical analysis, and proposed waiting to see the outcome of the IDA replenishment and of the supple-

mentary financing scheme. The Plenary Session adopted a recommendation of the Sub-Committee, over the objections of Lebanon, Kuwait, U.A.R., Sudan and Tunisia, that the Secretary-General of UNCTAD review the effects, if any, on the Horowitz Proposal of the longer-term trends of the capital market using such experts as he deemed fit. The dissenters stated that they agreed with the report of the Expert Group and considered any further study of the proposal superfluous.

Horowitz Prop

Mr. Mendels

June 6, 1966

Shirley E. Boskey 

Horowitz Proposal

Attached are the French and Spanish versions of the report of the Expert Group on the Horowitz proposal, which have just come in from Geneva. I assume you will make the appropriate distribution to the Executive Directors.

SEB/pnn

Horowitz Prop

May 27, 1966

Dear Arthur:

I have just received your letter of May 24 asking for a copy of the report of the Expert Group on the Horowitz Proposal. The report came down to us from the U.N. last Friday and was sent to the Executive Directors at the beginning of this week. We did a limited distribution, since the report will be available to governments through UNCTAD, and I failed to notice that the distribution did not include the European Office. Of course you should have a copy. I apologize for my oversight and hereby remedy the omission by enclosing the report, together with the covering memo to the EDs. As a lagniappe, I have added a copy of my report to Dick on the meeting.

I note that you have been told that Governor Horowitz did not much care for the views expressed by the British expert. If you look at the footnote on page 10 of the report, I think you will see why those views would have little appeal for the Governor and would, at the same time, be thought eminently sensible here.

Sincerely yours,

SB

Shirley Boskey  
Development Services Department

Attachments

Mr. Arthur Karasz  
Deputy Special Representative  
in Europe  
International Bank for  
Reconstruction and Development  
4, Avenue d'Iéna  
Paris 16<sup>e</sup>, FRANCE



HEADQUARTERS:  
WASHINGTON 25, D.C.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CABLE ADDRESS-INTBAFRAD



INTERNATIONAL DEVELOPMENT ASSOCIATION

CABLE ADDRESS-INDEVAS



EUROPEAN OFFICE:  
4, AVENUE D'ÉNA  
PARIS (16<sup>E</sup>) - FRANCE  
TELEPHONE: KLEBER 25-10

May 24, 1966

Mrs. Shirley Boskey  
Development Services Department  
International Bank for  
Reconstruction and Development  
Washington, D.C.

Dear Shirley,

I understand that you participated in the New York meetings of the banking experts on the Horowitz Proposal. I also heard in London that Horowitz, on his way back to Israel, was complaining to the British Government about the opinions expressed by the British experts (from Rotschild, London?).

Would it be too much to ask you to let us have copy of the report issued on the New York meeting, and any other document you might think useful for us to know about. The matter will probably come up in different meetings in Europe (also in the November meeting of UNCTAD Committee on Invisibles).

I was kept pretty busy here these last months. About a week ago we visited with Harry Curran in his house near Oxford. It is a most beautiful spot.

With all best wishes,

Sincerely yours,

Arthur Karasz  
Deputy Special Representative  
in Europe

*ackn. May 27, 1966*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CABLE ADDRESS: INTBFRAD

INTERNATIONAL DEVELOPMENT ASSOCIATION

CABLE ADDRESS: INDEVAS

EUROPEAN OFFICE:  
4, AVENUE D'ENNA  
PARIS (16<sup>e</sup>) - FRANCE  
TELEPHONE: KLEBER 55-10



May 24, 1966

Mrs. Shirley Boskey  
Development Services Department  
International Bank for  
Reconstruction and Development  
Washington, D.C.

Dear Shirley,

I understand that you participated in the New York meetings of the banking experts on the Horowitz Proposal. I also heard in London that Horowitz, on his way back to Israel, was complaining to the British Government about the opinions expressed by the British experts (from Rothschild, London?).

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I was kept pretty busy here these last months. About a week ago we visited with Harry Gurnan in his house near Oxford. It is a most beautiful spot.

With all best wishes,

Sincerely yours,

*Arthur Karasz*

Arthur Karasz  
Deputy Special Representative  
in Europe

1966 MAY 26 PM 1:09



SecM66-174

FROM: The Deputy Secretary

May 23, 1966

MEETINGS OF EXPERT GROUP ON HOROWITZ PROPOSAL

1. As was noted in the report on the first meeting of the Committee on Invisibles and Financing Related to Trade of the UN Trade and Development Board (SecM66-11, January 7, 1966), the Committee requested Dr. Prebisch, the Secretary-General of UNCTAD, to appoint a group of experts to consider the economic and financial problems involved in the Horowitz proposal and similar schemes and possible variations.
2. The members of the Group, each serving in his personal capacity, were Messrs. Michael Bucks, partner in Rothschild and Sons; Harold Cleveland, Vice-President, the First National City Bank of New York; Kemal Kurdas, President of the Middle East Technical University in Ankara; Yves Le Portz, Vice-President of the European Investment Bank; Obasanmi Olakanpo, Associate Professor of Economics at the University of Lagos, Nigeria; José de la Puente, Assistant Director for Economic Affairs of the Ministry of External Affairs of Peru; Kurt Richebaeher, Executive Director of the Dresdner Bank; and Sixto Roxas, President of the BANCOR Development Corporation in the Philippines. The Group met at UN headquarters from April 25 to 29, 1966 with Mr. David Horowitz, Governor of the Bank of Israel and author of the proposal, in attendance as an observer. Mrs. Shirley Boskey of the Development Services Department was present as an observer for the Bank.
3. Attached for the information of the Executive Directors is the report of the Expert Group, which has been submitted to the Committee on Invisibles. Since the report has been published as an UNCTAD document and will be distributed to governments through the Committee, one copy only is being made available to each Executive Director and Alternate for his own use.
4. The attention of the Executive Directors is drawn to the following. First, the Group was unanimous in recognizing "the need of developing countries for a major increase in development lending on concessional terms and in grants in aid", and in declaring "its strongly held belief that the way in which the really large amounts of soft aid required can be quickly provided through multilateral channels is by increased budgetary grants or by

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Executive Directors and Alternates  
President  
President's Council  
Executive Vice President, IFC  
Department Heads, Bank and IFC



governmental loans direct to IDA." Second, to the extent that the report considers the Horowitz Proposal as a technique for tapping world capital markets as a source of aid, the proposal examined is a modification of the one analyzed in the Bank staff report. The modified version was submitted to the Group, at the outset of its discussions, by Governor Horowitz. (See Annex A to the report of the Expert Group.) It differs from the original in setting no specific target for market operations and in proposing that the Bank lend to IDA without a new and separate system of government guarantees. As to the latter, the views of the members of the Group were sharply divided. Two members from developing countries supported this modified proposal. One member was opposed in principle to any transfer of Bank resources to IDA without new guarantees. Other members believed that this could be done without impairing the Bank's credit standing provided the Bank and IDA Articles imposed a specific limitation on the total amount of loans from the Bank to IDA outstanding at any time. However, these members were unable to agree on the amount of such a limitation which would be consistent with the objective of safeguarding the Bank's credit standing. The views expressed ranged from approximately \$200 million annually for a five-year period to no more than \$100 million or possibly \$200 million outstanding at any time. The comments of individual members are recorded in footnotes to the report at page 10 and in the letter attached as Annex B.



## United Nations Conference on Trade and Development

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Distr.  
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11 May 1966

ORIGINAL: ENGLISH

TRADE AND DEVELOPMENT BOARD  
Committee on Invisibles and Financing  
related to Trade  
Second session  
Geneva, 21 November-2 December 1966

### THE HOROWITZ PROPOSAL

Report of the Group of Experts

/...



We have the honour to submit herewith our report on the Horowitz Proposal and related matters which you invited us to prepare pursuant to a decision of the Committee on Invisibles and Financing related to Trade of the United Nations Conference on Trade and Development. A letter from two members of the Group to the Chairman is appended as annex B.

The terms of reference of the Expert Group as set forth by the Committee on Invisibles and Financing related to Trade (TD/B/42, annex I (c), p. 2) were as follows:

We wish to express our gratitude for the valuable assistance so generously rendered by the observers and the secretariat of UNCTAD.

Michael Buck & Son. R. Richelieu  
Joseph Delatante  
 vs. Louis Clancy  
 P. Thompson  
 Wm. B. Cleveland

United Nations, New York

/...



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## ANNEXES

- A. THE HOROWITZ PROPOSAL: Amended version submitted by  
Mr. Horowitz to the Group . . . . .
- B. LETTER DATED 29 APRIL 1966 ADDRESSED TO MR. SIXTO K.  
ROXAS, CHAIRMAN OF THE EXPERT GROUP BY MR. JOSE LE  
LA PUENTE AND MR. OBASANMI OLAKANPO . . . . .



## FOREWORD

This report deals with the utilization of capital markets for enlarging the flow of financial resources to developing countries, with special reference to the Horowitz Proposal.

It was prepared by the members of a group of experts in the field of financing and banking appointed, after consultation with Governments, to serve in their personal capacities. The members of the group were: Mr. Michael Bucks, Partner, N.M. Rothschild and Sons, London; Minister José de la Puente, Assistant Director for Economic Affairs, Ministry of External Affairs, Peru; Mr. Kemal Kurdas, President, Middle East Technical University, Ankara; Mr. Yves Le Portz, Vice-President, European Investment Bank, Brussels; Dr. Obasanmi Olakanpo, Associate Professor of Economics, University of Lagos; Dr. Kurt Richebaeher, Executive Director, Dresdner Bank, Frankfurt-am-Main; Mr. Sixto Roxas, President, Bancom Development Corporation, Makati Rizal (Manila); and Mr. H. Van Buren Cleveland, Vice-President, First National City Bank, New York. The group was assisted by the following observers: Mrs. Shirley Boskey, of the International Bank for Reconstruction and Development and Mr. David Horowitz, Governor of the Bank of Israel.

The report makes it clear that there are important difficulties in utilizing capital markets for expanding the flow of resources to developing countries. Equally it shows that there are ways of dealing with these difficulties if the necessary political will exists.

Effective use of the opportunities for mobilizing resources for developing countries in capital markets depends on the existence of credit-worthy institutions, whether national or international, capable of commanding the confidence of investors. The World Bank has a strong standing in world markets, and I share the concern of the expert group that that standing should be maintained. While this depends partly on the market's appraisal of World Bank activities and policies, it also rests in part on the degree of support afforded by member Governments. One of the methods considered by the expert group for channelling additional resources to developing countries on concessional terms calls for a system of joint and several guarantees by Governments to the International Development Association (IDA), or perhaps a system of several guarantees: and the question arises whether Governments are prepared to give such guarantees.



Even as regards the tightness of capital markets to which the expert group refers, the problem is really a question of priorities. There can be no doubt of the considerable expansion which has taken place in recent years in the over-all capacity of capital markets, notably in Europe, and prospects are for further rapid growth in future. If, therefore, conditions are tight, it is because the total demand for capital has increased even faster than the supply. If the capital requirements of developing countries are viewed as merely residual, after all other needs have been satisfied, it may indeed be regarded as very difficult or even impossible to increase the flow of resources from capital markets much above the present level. But the international community cannot regard the needs of developing countries as residual; moreover the resources involved in proposals such as that of Governor Horowitz would correspond to an extremely small proportion of the total sums raised each year on capital markets. Thus, given the necessary priorities and perhaps some flexibility in policy on the cost of borrowing, there should be no insuperable obstacle to a major expansion in the flow of resources from capital markets to developing countries. And there is therefore room for further consideration of this matter. While saying this, I associate myself fully with the views expressed by the expert group regarding the importance of Government grants or loans direct to IDA.

I believe that the expert group has made a valuable contribution to the further discussion of the issues raised by the Horowitz Proposal. I should like to express my appreciation to the members of the group, and to thank the institutions with which they are associated for their willingness to release them from their normal duties so that they might undertake this extremely important task.

Raúl PREBISCH  
Secretary-General of the United Nations  
Conference on Trade and Development



## I. INTRODUCTION

1. The Expert Group recognizes as a background to its deliberations the grave problems now facing the developing countries in their efforts to raise their standards of living. The urgency of this problem is apparent, inter alia, in the widening gap in per capita incomes between developed and developing countries. The Group also recognizes that international flows of financial resources from developed to developing countries have not been increasing either in proportion to the growth of income in the developed countries or commensurately with the capacity of developing countries to make productive use of additional resources. It is also recognized that debt service charges connected with past capital flows have become a heavy burden on the foreign exchange earnings of developing countries. In the light of these considerations, the Group accepts as a premise the need of developing countries for a major increase in development lending on concessional terms and in grants-in-aid. At the same time, the Group feels that it rests with the developing countries themselves to maximize and to make the most effective use of their own resources for development as well as any external resources made available to them.

## II. THE HOROWITZ PROPOSAL

2.. The Group had before it the development financing plan<sup>1/</sup> submitted by Mr. David Horowitz, head of the delegation of Israel, to the first session of the United Nations Conference on Trade and Development held in 1964 in Geneva. The purpose of the plan is to increase substantially the flow of financial resources to developing countries on concessional terms. The plan is based on the premise that in addition to budgetary allocations it would be advantageous to have recourse to capital markets in promoting the flow of financial resources to developing countries.

3. The proposal envisages an international institution borrowing funds in the financial markets of the world on commercial terms, and re-lending these funds, through the International Development Association (IDA), to developing countries at low rates of interest for a suggested period of thirty years. The difference between the cost to the institution and the low rates of interest would be covered

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<sup>1/</sup> E/CONF.46/C.3/2.



by an "interest equalization fund". The resources for such a "fund" could be obtained through budgetary allocations of the developed countries to IDA, through the allocation of some portion of the net income of the World Bank, or through some combination of both methods. Moreover, the proposal envisages a system of guarantees by Governments of the developed countries to back the indebtedness of IDA.

4. Mr. Horowitz submitted to the Group an amended version of his proposal, which is contained in annex A, and which was considered by the Group along with a number of other variants and alternatives referred to in the study by the staff of the World Bank dealing with this matter.<sup>2/</sup> The essential difference between the amended and original version of the Horowitz proposal is that in the amended version the scale of operations of the scheme would be reduced, in order to obviate the need for a separate system of government guarantees.

5. There follows an examination of the issues that have been raised.

### III. CAPITAL MARKETS: CAPABILITIES AND LIMITATIONS

6. Although its terms of reference are specifically directed to examining the potentialities of world capital markets as a source of aid, the Group feels it should place on record its strongly held belief that the way in which the really large amounts of soft aid required can be quickly provided through multilateral channels is by increased budgetary grants or by governmental loans direct to IDA. Notwithstanding the above, the Group recognizes the need to consider such opportunities as are presently available for borrowing in capital markets for soft aid purposes.

7. The Group is agreed that the present climate in both the North American and European markets is generally unfavourable. On the other hand, the absorptive capacity of these markets is capable of expansion and has, in fact, grown more rapidly than might have been expected in recent years. In this connexion it is necessary to take into account not merely the short-term position but also the possibility that in the longer run the situation in capital markets may improve significantly.

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<sup>2/</sup> International Bank for Reconstruction and Development, The Horowitz Proposal: A Staff Report, February 1965 (also circulated as document TD/B/C.3/1).



8. Access to markets by the World Bank is subject to the consent of Governments and it is reasonable to assume that if IDA were so constituted as to be able to borrow publicly, its access to markets would be similarly regulated. It is to be hoped that to the extent that the World Bank and/or IDA may wish to borrow for soft aid purposes amounts in excess of the World Bank's requirements for its ordinary business, the necessary access to markets will be granted.

9. The Group has considered how far the Bank might be able to raise additional funds by paying higher rates of interest. It is not clear how much of an increase in the Bank's rate would be needed to effect a substantial increase in its borrowings and only a test of the market would tell. In any event, it is not thought likely that Governments, having granted the Bank access to their markets, would permit the Bank to bid up rates of interest substantially.

#### IV. CHOICE OF BORROWER, GUARANTEES AND CREDIT

10. In the Group's view, the most basic questions raised by the Horowitz proposal are:

- (a) the choice of borrower, as between the World Bank and IDA;
- (b) the guarantees on which lenders to the World Bank or IDA would rely; and
- (c) the effect of the entire arrangement on the general credit standing of the borrowing agency.

These closely related questions are considered in paragraphs 11-15.

11. As regards the choice of borrowing agency, there are advantages and disadvantages in selecting either the World Bank or IDA. If, for example, IDA were the borrowing agency, the appearance of a new borrower would probably add significantly to the total funds that could be raised by IDA and the Bank combined. On the other hand, IDA's credit standing would not be equal to the Bank's, and it would therefore have to borrow at a somewhat higher rate of interest. Moreover, if IDA is to approach the market on its own account, it would have to be reorganized and the bondholders would have to be provided with an assurance of repayment of principal and interest comparable to that which World Bank bondholders now enjoy. The same consideration would apply to a new institution set up for the same purpose. The Group recognizes the difficulty of attaining such a position except after prolonged and perhaps difficult negotiation, but believes that Governments should give urgent consideration to the problem. As an immediate possibility, such a solution does not seem feasible.

/...



12. The Group is accordingly of the opinion that, pending the establishment of such a reconstituted IDA, the World Bank would be the appropriate borrowing agency. The Group has therefore considered in detail a procedure under which the World Bank would lend to IDA, hopefully out of increased borrowings. These funds would be made available to IDA at the World Bank's normal lending rate, but would be re-lent by IDA on concessional terms. This would require the setting up of an internal interest equalization reserve within IDA.

13. The Group would favour such a transfer of resources from the World Bank to IDA provided that steps were taken to avoid any adverse effect on the Bank's credit standing. One way of achieving this would be to provide a separate system of joint and several guarantees by Governments to IDA, as outlined in the World Bank's staff report.<sup>3/</sup> The Group is aware, however, of the difficulties that would be involved in obtaining such guarantees. As an alternative, the World Bank might consider accepting, in respect of the loans to IDA, several guarantees of the IDA Part I members in appropriate proportions. The Group feels that Governments might be more willing to provide several guarantees than limited joint and several guarantees; and the Group believes that loans made subject to several guarantees as to capital and interest could not possibly be regarded as adversely affecting the Bank's credit standing.

14. In view of the fact that the process of securing even several guarantees from IDA Part I members may present difficulties or take time, the Group has been led to consider how the same objectives could be secured without recourse to a separate system of guarantees. Some members of the Group believe that the World Bank could lend to IDA without impairment of its credit standing provided that the total amount of loans outstanding under such an arrangement at any time were restricted to a modest sum. Such loans would in any event require amendment of the IDA charter to allow it to borrow from the World Bank. Those members therefore consider that such an amendment should include a specific limitation on the total amount of IDA borrowings from the World Bank outstanding at any time. A corresponding amendment should be made in the charter of the World Bank so as to safeguard its credit standing.<sup>4/</sup>

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<sup>3/</sup> Ibid., pp. 19-24.

<sup>4/</sup> The World Bank observer expressed to the Group the Bank's strong objection to any proposal that the charter of IDA be amended to permit it to borrow from the Bank without provision for a new and independent system of government guarantees.



15. Those members have been unable to agree on the sum of World Bank loans to IDA which would be consistent with the agreed objectives of safeguarding the World Bank's general credit standing. Some members take the view that an average of approximately \$200 million annually could be lent by the World Bank to IDA for a five-year period on an experimental basis.<sup>5/</sup> These members feel that such an amount would be small in relation to the reserves of the World Bank, its unpaid capital or its loans outstanding. Other members are of the opinion that the outstanding amount of such loans permitted would have to be much more narrowly restricted to avoid serious impairment of the Bank's credit in capital markets. In the opinion of these members, the amount outstanding should be restricted to no more than \$100 million or possibly \$200 million.<sup>6/</sup>

---

<sup>5/</sup> Mr. Bucks, while recognizing that the decision as to whether or not IBRD makes loans to IDA for onlending on soft terms without acceptable guarantees was entirely a matter for the Bank (which in making its decision would no doubt consider, inter alia, whether such loans might be regarded as contrary to the spirit of the undertakings and expressions of policy made by the Bank in respect of previous bond issues), felt obliged to express his opinion that if such an operation were undertaken on the scale above contemplated, the effect on the Bank's credit standing would be adverse. On the other hand, and notwithstanding his objection in principle to the proposal, he would not go so far as to say that in the present state of the relationship of the Bank's borrowings to its uncalled capital, there was not some modest amount (to be specifically limited by the Bank's charter) which the Bank might so lend if it wished without adverse effect. He could not approve even of such a limited departure from what he regarded as sound practice and doubted in any case whether the operation on such a scale would be worthwhile. Mr. Richebaecher felt that any deviation from present lending principles of the World Bank may have disproportionate effects on the credit standing of the Bank.

<sup>6/</sup> Mr. Le Portz expressed the view that if the loans were restricted to so very limited an amount, the advantages of this procedure might be outweighed by the risk that the World Bank's credit standing would be impaired, if the IDA charter were amended so as to authorize IDA borrowings from the World Bank without guarantees.



## V. INTEREST DIFFERENTIALS

16. As noted earlier, an interest equalization reserve would have to be set up within IDA. The Group has noted with pleasure the large appropriation made by the World Bank to IDA out of its net income and takes it for granted - having regard to the urgency of the situation - that the Bank will continually have under review the possibility of increasing its allocation whenever circumstances permit it. The Group believes that these resources together with such allocations from Governments as may be forthcoming could properly be used for the purposes of financing the interest differential.



ANNEX A  
THE HOROWITZ PROPOSAL<sup>7/</sup>

It is recommended that a modified Horowitz Proposal be implemented on an experimental basis as a method of financing development on concessional terms. If successful, this method may contribute to solving the long-term problem of access of developing nations to capital markets, particularly when the present tight conditions on these markets and other unfavourable circumstances change.

It is not suggested that definite targets for the amounts to be obtained in this way for IDA be fixed in view of the uncertainties of capital markets. Rather, it is suggested that a flexible approach be adopted for testing the Horowitz Proposal as a method of financing long-term credits to developing nations on concessional terms.

With these objectives in view it is recommended that:

- (i) IDA be permitted to borrow from the World Bank;
- (ii) The World Bank continue to allocate a portion of its net income to IDA and if possible increase these allocations;
- (iii) Present budgetary allocations by Governments of Part I countries to IDA should continue and preferably be increased in view of the importance of extending long-term credits to developing nations on concessional terms;
- (iv) IDA should establish an "interest equalization fund" based on annual allocations from the World Bank and such part of the budgetary allocations as should prove necessary to cover the difference between the conventional rates of interest on loans from the World Bank to IDA and the concessional rates of interest charged by IDA on its loans to developing nations;
- (v) The World Bank should increase its borrowings on capital markets even at moderately increased rates of interest, fully utilizing such incentives and facilities as might be obtainable from Governments.

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<sup>7/</sup> Amended version submitted by Mr. Horowitz to the Group.



ANNEX B

LETTER DATED 29 APRIL 1966 ADDRESSED TO MR. SIXTO K. ROXAS,  
CHAIRMAN OF THE EXPERT GROUP ON THE HOROWITZ PROPOSAL

The document prepared by the group of experts to be submitted to the Secretary-General of UNCTAD constitutes, in our opinion, a detailed and well prepared work, but only from the standpoint of conservative and orthodox banking criteria.

Having a general reservation about the document, we wish to express our full support for the Horowitz Proposal and the modifications presented by its author.

We are thoroughly conscious of the difficulties involved in implementing the Plan especially those relating to the increase in the flow of assistance to developing countries through the capital markets, but we trust that it does offer new possibilities in the field of development financing.

Without any prejudice to the approach of our colleagues from the developed countries, it is our opinion that a more fruitful one would have been to examine ways and means of implementing more fully the Plan, even at the risk of departing from present banking traditions. The urgency of the situation of underdeveloped countries, certainly, in our opinion, warrants it.

Consequently, we beg to attach this letter as annex to the document to be presented to the Secretary-General of UNCTAD.

(Signed) José DE LA PUENTE

(Signed) Obasanmi OLAKANPO

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Howing Prop

May 4, 1966

Mr. Sidney Dell, Director  
New York Office  
United Nations Conference on Trade and  
Development  
United Nations, New York

Dear Mr. Dell:

After our conversation yesterday, I asked the Secretary of the Bank how many copies of the report of the ~~Expert~~ Group would be required for distribution to the Executive Directors, and whether it would be useful if some copies were made available in French or Spanish.

I am told that we could use a total of 100 copies (since reports which go to the Board also have a certain distribution among the staff), of which 10 should be in Spanish and 10 in French. If you can provide this number, it will expedite distribution of the report to the Board.

On a totally different subject: during the meeting last week a young man on your staff, who came to some of the meetings of the Expert Group, asked me if I could put him in touch with someone in IFC with whom he could discuss the possibility of obtaining data on the financing done by development banks in Latin America, for a study he is preparing. I undertook to do so and had him write his name and extension on a sheet of paper which I put in my case. At least I thought I put it there, but I cannot now find it, and I do not remember his name. Perhaps, if what I have said is sufficient for you to identify him, you would ask him to call or write to me, so that I can pass his request on to someone in IFC. Please apologize to him for my carelessness.

Sincerely yours,

SB

Shirley Boskey  
Development Services Department

*Horowitz prop*  
MAY 3 REC'D

## OFFICE MEMORANDUM

TO: Mr. Woods ✓

DATE: May 3, 1966

FROM: Richard H. Demuth *RDH*

SUBJECT: Expert Group on the Horowitz Proposal

Governor Horowitz has an appointment with you on Wednesday, and I thought you should know the outcome of the meeting of the Group of Experts appointed by Dr. Prebisch, at the request of the UNCTAD Committee on Invisibles, which last week considered his proposal. Shirley Boskey attended the meeting as observer for the Bank, and Governor Horowitz was present in his personal capacity.

Attached is a copy of Mrs. Boskey's report to me on the meeting. In the light of that report, I recommend that, when you meet with the Governor, you say to him something along the following lines: (a) that not one of the governments which would have to stand behind the proposal as it was first advanced has indicated to the Bank that it supported the proposal, and that the Bank therefore does not intend to urge it upon its members; (b) that we could not consider even limited lending to IDA without new governmental guarantees, as contemplated by the most recent modification of the plan, and that if this is seriously urged publicly we should have to express our opposition; and (c) that we are engaged in delicate negotiations for the next round of contributions to IDA, and his continuing promotion and modifications of a scheme which has gained no support and could not be put into effect in the near future does a disservice to the cause of getting more soft aid by distracting attention and diverting energies from the replenishment exercise proper.

Attachment



## OFFICE MEMORANDUM

TO: Mr. Demuth

DATE: May 3, 1966

FROM: Shirley Boskey *SB*

SUBJECT: Meetings of the Expert Group on the Horowitz Proposal

The Expert Group on the Horowitz Proposal, appointed by Dr. Prebisch, met at UN Headquarters from April 25-29. The UNCTAD Committee on Invisibles, which did not go into the substance of the proposal or the Bank staff report at its December 1965 meeting, defined the task of the Group as follows: "to consider the economic and financial problems involved in the Horowitz proposal, and similar schemes and possible variations, including any consequences they might have on other methods of bringing about a transfer of real resources on concessional terms to the developing countries."

The Group was composed of four bankers -- Michael Bucks, a partner in Rothschild and Sons; Van Cleveland, Vice President of the First National City Bank; Yves Le Portz, Vice President of the European Investment Bank; and Kurt Richebaeher, an Executive Director of the Dresdner Bank -- and Kemal Kurdas, President of the Middle East Technical University in Turkey; O. Olakampo, a Professor of Economics at the University of Lagos; José de la Puente, Advisor to the Ministry of External Relations of Peru; and Sixto Roxas, President of the Bancom Development Corporation in the Philippines.

The Group was obviously very uneven in its composition, and its task was not facilitated by the presence of Governor Horowitz who, after making a speech much like the one he gave at the meeting of the Executive Directors, presented a modification of his original proposal.

Although the original proposal contemplated that Part I governments would guarantee any Bank loans to IDA, Governor Horowitz now suggests that IDA's Articles should be amended to permit IDA to borrow from the Bank, and that the Bank should begin an "experimental" program of loans to IDA, without new governmental guarantees, preferably out of new borrowings above the Bank's own operational needs. He argues that if Bank loans to IDA are modest in amount, the Bank could borrow and lend against its own credit, obviating the need to approach Part I governments for a new system of guarantees. He says guarantees were necessary when he was arguing for a "tractor" (\$3 billion over 5 years); with the proposal reduced to a "perambulator", they are not necessary. If the "instrument" is found useful, and if operations are to be expanded, guarantees can then, he says, be sought. At the last Annual Meeting, Governor Horowitz urged that



transfers to IDA out of the Bank's net income be used as an interest equalization fund. Now he suggests that, if necessary, some part of new government subscriptions to IDA could also be devoted to this purpose.

I cannot say what the Group's deliberations or its report would have been like if Governor Horowitz had not been there, challenging or responding to most of the comments made. (I myself spoke more often than an observer probably should, but I tried to confine my interventions to points involving the Bank). Roxas, who was elected Chairman, was not very effective. As it was, the Group's attention focussed on the modified proposal. The report which emerged is a negotiated one, essentially a compromise between the bankers (although the four bankers were not united on all points) and the rest of the Group, with Governor Horowitz, of course, siding with the non-bankers.

The report starts off soundly, declaring that the way to provide the large amounts of soft aid required, from multilateral channels, is by increased budgetary grants or governmental loans direct to IDA. It notes that the climate in the U.S. and European capital markets is not at present favorable. It does not indicate whether or to what extent the Bank might borrow more than it will require for its own operations in order to lend to IDA, but endorses Bank-to-IDA loans if these could be made without impairing the Bank's credit standing. It says that new governmental guarantees of the loans would protect the Bank but that, since these would be difficult to obtain, the Group has considered the possibility of the Bank's lending without such guarantees.

At this point, the report begins to reflect the very different views held by various members of the Group. Bucks, the Rothschild man, was opposed in principle to any Bank lending to IDA without new guarantees. A footnote records this view and attributes it to him. Other members thought such loans could be made without harm to the Bank's credit if the Bank's Articles set a ceiling on the amount of loans outstanding. However, they could not agree on an appropriate order of magnitude for the ceiling. Kurdas thought \$200 million a year for five years would be safe, while Cleveland thought no more than \$100 million or perhaps \$200 million could be outstanding at any time without risk to the Bank's credit. (Governor Horowitz said that it would not be worth embarking on the program for this small an amount.) These two extremes are recorded in the body of the report. Richebaecher said that any departure from the Bank's present lending principles, even on a small scale, could have disproportionate repercussions on the Bank's standing. Le Portz (who had proposed during the discussions that the Bank might simply make loans directly to the stronger of the Part II countries, on terms easier than its normal terms but harder than IDA's, without the rigamarole of charter amendments or the need for new guarantees) said that if Bank loans to IDA were to be restricted to as limited an amount as Cleveland proposed, "the advantages of



this procedure might be outweighed by the risk that the World Bank's credit standing would be impaired if the IDA charter were amended so as to authorize IDA borrowings from the World Bank without guarantees". The Richebaecher and Le Portz views are also set out in footnotes. And the Group acceded to my request that still another footnote should record the Bank's strong objection to any proposal to amend IDA's Articles to allow IDA to borrow from the Bank without provision for a new system of guarantees.

Finally, the report expresses the hope that the Bank will increase its grants to IDA and says that these grants, together with resources provided by governments, could be used to finance the interest differential.

There is attached to the report a letter from the Nigerian and the Peruvian members, declaring that it would have been better if the Group had examined ways to implement the proposal, even at the risk of departing from present banking traditions. They described the report as a "well prepared work, but only from the standpoint of conservative and orthodox banking criteria."

What the Committee on Invisibles will make of the report, with all of its footnotes, I cannot imagine, especially since it is addressed to a very different proposal from the one submitted to the First UNCTAD. The UNCTAD Secretariat plans to submit it to the Committee without delay.

ROUTING SLIP

Date  
April 28, 1966

OFFICE OF THE PRESIDENT

Name

Room No.

~~Mr. Demuth for information~~

Mr. Woods on return

5/3

11 MAY 10 MAY

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

Remarks

M. Lee

From



Horowitz Prop

APR 28 REC'D

UNITED NATIONS

NATIONS UNIES

CONFERENCE ON TRADE AND  
DEVELOPMENT



CONFÉRENCE SUR LE COMMERCE  
ET LE DÉVELOPPEMENT

OFFICE OF THE SECRETARY-GENERAL  
OF UNCTAD

BUREAU DU SECRÉTAIRE-GÉNÉRAL  
DE L'UNCTAD

Télégrammes : UNATIONS, GENÈVE

Télex : 22.212 ou 22.344

Téléphone : 34 60 11 33 40 00 33 20 00 33 10 00

Palais des Nations

1211 GENÈVE 10

REF. N° : SD/abr

26 April 1966

Dear George,

Thank you for your letter of 1 April 1966 designating Mrs. Shirley Boskey, of the Development Services Department, as the Bank's observer to our expert group on the Horowitz proposal. I am sorry not to have been able to acknowledge your letter earlier, owing to my having been on a visit to the Far East.

With regard to the annotated agenda, I gather that Mr. Toren and Mr. Massaro of our New York office met with Mr. Demuth and Mrs. Boskey, and came to a general understanding on the nature of the paper to be presented to the group as a means of organizing its discussion. I understand also that your staff has been separately informed of the group's composition.

I am most grateful to you for your help and the help of Mr. Demuth and Mrs. Boskey in this matter.

With kind regards,

Yours sincerely,

A handwritten signature in blue ink, which appears to read "Raúl Prebisch".

Raúl Prebisch

Mr. George D. Woods  
President  
International Bank for Reconstruction  
and Development  
Washington, D.C. 20433  
U.S.A.

16 APR 1966 18 11 0:20

1966 APR 28 AM 8:50

U.S.A.  
Washington, D.C. 20543  
and Delegation  
International Bank for Reconstruction  
President  
Mr. George D. Moore

Very Respectfully

Yours sincerely,

With kind regards,

and Mrs. Boskey in this matter.

I am most grateful to you for your help and the help of Mr. Demuth

Group's composition.

Understand also that your staff has been separately informed of the  
presented to the Group as a means of organizing the discussion. I  
and came to a general understanding on the nature of the paper to be  
Mr. Masato of our New York office met with Mr. Demuth and Mrs. Boskey.

With regard to the annotated agenda, I expect that Mr. Doren and

on a visit to the Far East.

been able to acknowledge your letter earlier, owing to my having been  
to our expert Group on the Holowitz proposal. I am sorry not to have  
Boskey, of the Development Services Department, as the Bank's observer.

Thank you for your letter of 1 April 1966 regarding Mrs. Smith's

Dear George,

REF. No: 2D/gpl

Telephone: 34 00 11 33 40 00 33 50 00 33 10 00

Telex: 33 313 on 33 344

Telegrams: UNATIONS, GENEVE

OF UNCLAD  
OFFICE OF THE SECRETARY-GENERAL

DELEGATION  
CONFERENCE ON TRADE AND

UNITED NATIONS

SE ABUTJ 1966

1311 GENEVE 10

Bureau des Nations

DE UNCLAD  
BUREAU DU SECRÉTAIRE-GENERAL

ET LE DÉLEGATION  
CONFÉRENCE SUR LE COMMERCE

NATIONS UNIES



APR 28 REC.D



*Horowitz Prop*

INCOMING CABLE

DATE AND TIME  
OF CABLE:           APRIL 19, 1966           1014 AM

LOG NO.:           WU 16 - APRIL 16

TO:           INTBAFRAD

FROM:           NEW YORK           NY

ROUTING	
ACTION COPY:	MR. DEMUTH
	MRS. BOSKEY
INFORMATION COPY:	
DECODED BY:	

TEXT:

DEMUTH BOSKEY

FOLLOWING CONSULTATION WITH OTHER MEMBERS HAVE DECIDED THAT  
RETENTION OF ORIGINAL DATE WOULD MEET GREATEST CONVENIENCE OF  
GROUP AS A WHOLE. I WISH THEREFORE TO CONFIRM THAT MEETING  
OF HOROWITZ GROUP WILL TAKE PLACE APRIL 25 TO 29 IN NEW YORK  
AS ORIGINALLY PLANNED

PREBISCH UNITED NATIONS

NA

APR 19 2 50 PM 1966



*Horowitz Personal*

INCOMING CABLE

DATE AND TIME  
OF CABLE:

APRIL 16, 1966

118PM

LOG NO.:

WU28 - APR 18

TO:

INTBAFRAD

FROM:

NEW YORK

ROUTING

ACTION COPY:

MR. DEMUTH

INFORMATION

COPY:

DECODED BY:

MRS. BOSKEY

TEXT:

DEMUTH BOSKEY

TWO MEMBERS OF HOROWITZ GROUP HAVE NOW ADVISED ME OF INABILITY  
TO ATTEND WEEK OF APRIL 25. WOULD APPRECIATE YOU INFORM ME  
WHETHER IT WOULD BE POSSIBLE FOR YOU TO ATTEND DURING WEEK OF  
MAY 23 TO 27 INSTEAD. ON RECEIPT YOU REPLY AND THOSE OF OTHER  
MEMBERS OF GROUP WILL CONFIRM TO YOU FINAL DATES OF MEETING.

PREBISCH UNITED NATIONS

4/18/66 Called Thoren at UNCTAD, N.Y. and said week of May 23-27 was  
satisfactory for me. Learned that at least one member of group who  
had accepted for April 25 may have difficulty with new date. Possible  
that April 25 date will be retained.

  
SEB

MP

INCOMING CABLE

DATE AND TIME OF CABLE	TO	FROM	ACTION	NOTES
APRIL 18, 1966	NEW YORK	NEW YORK	ROUTING	
APRIL 18	NEW YORK	NEW YORK	ROUTING	
APRIL 18	NEW YORK	NEW YORK	ROUTING	

TO ATTEND WITH OF APRIL 22. WOULD APPRECIATE YOU INFORM ME  
WHETHER IT WOULD BE POSSIBLE FOR YOU TO ATTEND MEETING WITH OF  
MAY 23 TO 27 INSTANT. ON REQUEST YOU REPLY AND THOSE OF OTHER  
MEMBERS OF GROUP WILL RETURN TO YOU WITH DATE OF MEETING.

THOMAS J. L. UNITED NATIONS

RE: BUREAU OF INFORMATION, N.Y. and will look at my 23rd and  
24th. Learned that a letter and member of group who  
was announced for April 23 may have difficulty with new date. Possible  
that April 23 date will be retained.

42

APR 18 10 45 AM 1966

GENERAL FILES  
COMMUNICATIONS



Horowitz Proposal ~~SECRET~~

April 1, 1966

Dear Raul:

I am replying to your cable of March 29, informing me that the expert group to consider economic and financial problems involved in the Horowitz Proposal and similar schemes and possible variations will meet in New York during the last week in April, and asking me to designate an observer to participate in the meeting. In response to your request, I have designated Mrs. Shirley Boskey, of the Development Services Department, as the Bank's observer.

You also asked that I consider whether a brief annotated agenda should be prepared, in view of the desire of the Trade and Development Board that the expert group should examine variations on the Horowitz Proposal. To this I would reply that as far as the problems raised by the Horowitz Proposal itself are concerned, we see no need for an annotated agenda. The problems and issues are, we think, clearly posed by the staff report. The question whether an agenda should be prepared dealing with possible variations of the proposal is, I think, a matter for the Secretariat and would seem to depend largely on whether the Secretariat has in mind some variants to which it wishes to direct the attention of the group.

When the membership of the group has been determined, we shall be glad to be informed of the group's composition.

With kind regards,

Sincerely yours,

(Signed) George D. Woods

George D. Woods

Dr. Raul Prebisch  
Secretary-General  
United Nations Conference on  
Trade and Development  
United Nations, New York  
SEBoskey:tf

**MAR 30 REC'D**

INCOMING CABLE

DATE AND TIME  
OF CABLE:

MARCH 29, 1966

LOG NO.:

WU 21 - MAR 30

TO:

INTBAFRAD

FROM:

NEW YORK

ROUTING

ACTION COPY: MR. WOODS  
INFORMATION COPY: MR. DEMUTH  
DECODED BY:

TEXT:

09 WOODS

IN ACCORDANCE WITH DECISION TRADE AND DEVELOPMENT BOARD AM  
APPOINTING EXPERT GROUP TO CONSIDER ECONOMIC AND FINANCIAL  
PROBLEMS INVOLVED IN HOROWITZ PROPOSAL AND SIMILAR SCHEMES AND  
POSSIBLE VARIATIONS. GROUP WILL MEET NEW YORK FROM APRIL 25 TO  
29. BANK STUDY WILL BE BASIC DOCUMENT BEFORE GROUP. WOULD  
GREATLY APPRECIATE YOUR DESIGNATING OBSERVER TO PARTICIPATE  
FULLY IN GROUP DISCUSSIONS.

WOULD ALSO APPRECIATE YOUR CONSIDERING WHETHER BRIEF ANNOTATED  
AGENDA SHOULD BE PREPARED TAKING INTO ACCOUNT DESIRE OF BOARD  
THAT VARIATIONS ON HOROWITZ PROPOSAL SHOULD BE EXAMINED BY GROUP.  
WILL COMMUNICATE MEMBERSHIP OF GROUP AS SOON AS ACCEPTANCES RECEIVED

PREBISCH

Mr. Woods.

Mr. Demuth has a copy of this  
and is considering it.

*ackn. April 1*

*3/30*  
*I will expect a draft reply from Demuth*

*30 MAR*

MT



TYPED

GENERAL FILES  
COMMUNICATIONS

MAR 30 12 46 PM 1966

RECEIVED

THE COMMUNICATIONS SECTION OF THE FBI IS TOOK THE PRECAUTIONS NEEDED  
AND ADVISING ON MONITOR MONITOR SHOULD BE VIEWED BY THE  
THEIR SHOULD BE ADVISED, BEING INTO VICTIMAL DESIRE OF BOVAD  
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LACK IN THEIR DISCUSSIONS  
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MONITOR ADVISORY, MONITOR THEY MONITOR MONITOR SINCE SINCE  
MONITOR INACTED IN MONITOR MONITOR AND SIMILAR SCENES WHO  
MONITORING EXERCISE SHOULD TO CONSIDER ECONOMIC AND FINANCIAL  
IN ACCORDANCE WITH DECISION MONITOR THE MONITORING BOVAD FM  
TO MONITOR

MEMO

INVESTMENT

MR ST - MAR 30

APRIL 30 1966

DECIDED BY:  
CORA:  
INVESTIGATION MR DENNIS  
VICTIM CASE MR MOORE

MONITOR

RECEIVED

MAR 30 1966