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THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

President + Black Papers - Speeches

02

1960

DECLASSIFIED
WBG Archives

The World Bank Group
Archives
1769196
A1992-041 Other #: 3 Box # 209323B
Records of President Eugene R. Black: Speeches - Speeches 02

CHICAGO - Econ. Club.

*Spencer Black - Econ Club
- Chicago*



THE ECONOMIC CLUB
of CHICAGO

38 SOUTH DEARBORN STREET
CHICAGO 3, ILLINOIS

RAndolph 6-1628

February 22, 1960

FEB 24 REC'D

*7 les
3/14/61*

Dear Mr. Black:

May I tell you again how much the Economic Club of Chicago appreciated your stay with us on February 18. We were honored to have one of the leading world diplomats take the time to break bread with us at luncheon and talk to us at dinner. Your appearances at both occasions will long be remembered by our members.

Please be sure to have your secretary send us the items on your travel expenses. It will be our pleasure to take care of this.

The Chicago Sun-Times on Sunday carried the story of your approaching trip to Africa. This should be a most interesting trip as well as a significant one.

We hope that we may have the pleasure of having you as the guest of the Club again. Whenever you are in Chicago, you are most cordially invited to attend our meetings.

Cordially,

Robert L. Stuhr
Robert L. Stuhr

Mr. Eugene R. Black
International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.

REC'D FEB 24 1960
FEB 24 1960
RECEIVED

THE ECONOMIC CLUB
of CHICAGO

38 SOUTH DEARBORN STREET
CHICAGO 2, ILLINOIS

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Cordially,

Robert L. Stahr
Robert L. Stahr

Mr. Eugene R. Black
International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.

1960 FEB 24 AM 9:36
BANK MALL ROOM
RECEIVED

Federal Reserve Bank of Chicago

*Spencer Black
Econ Club
Chicago*

OFFICE OF THE PRESIDENT



FEB 23 REC'D

*Files
2/24/61*

2

February 19, 1960

Mr. Eugene R. Black, President
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.

Dear Gene:

Your address at the Economic Club dinner was excellent and was very well received. I heard nothing but favorable comment and plenty of that.

Thank you for taking the time and trouble to come to Chicago and address the Club. We all deeply appreciate it.

Sincerely,

Carl E. Allen

Will Clayton Lectures
Tufts Univ. Mass. Apr. '60

Spencer Blank -
Clayton L. Linton

3

April 26, 1960

Dear Mr. Ross:

David Larson at the Fletcher School asked me to send
this material to you.

Sincerely yours,

Nathaniel M. McKitterick
Room 215

Enclosures

Mr. Seton Ross
Associate Publisher
The Cotton Trade Journal
Memphis, Tennessee

NMcK:esp

INTRODUCTION TO LECTURE I

Mr. Anderson, President Wessell, Dean Stewart, Ladies and Gentlemen:

The Fletcher School does me great honor in asking me to appear on this occasion.

The name of William Clayton is synonymous with economic statesmanship. His career, as champion of liberal trade policies and as the first Under Secretary of State for economic affairs, is still the standard by which others in my business are measured. I have been privileged to be a friend as well as an admirer of Mr. Clayton for many years, so naturally it is a special honor to be asked to give the lectures which bear his name.

However, coming after Dean Acheson and Lester Pearson, the first two Clayton lecturers, is a little like appearing in the batting order after Ted Williams and Micky Mantle. It is a daring departure for the Fletcher School to include a banker in such company.

But it is, I think, quite in keeping with the aims and ideals of this school to recognize that almost any occupation these days has its application in diplomacy and that the well-rounded diplomat must be a master of many trades. It is perhaps largely because of their breadth of background that Fletcher graduates are making their mark in so many branches of American diplomacy -- public and private -- today. And, of course, it is not just American diplomacy. In opening its doors to students from many different lands and from many different foreign services, this school has taken its place alongside the growing number of international organizations.

At the ripe old age of 27 -- twice as old as the World Bank -- the Fletcher School has already established a new kind of standard in diplomatic training. It is a pleasure to be able to participate with you in your work for these few days.

INTRODUCTION TO LECTURE III

I have had so many kind introductions since I have been here that I feel a little like a debutante -- appearances to the contrary, notwithstanding. As a matter of fact, as a lecturer I am really in that class. I "came out" at Oxford last month -- my first introduction to the heady business of lecturing. On that occasion there was no public address system, and my remarks gained great stature in the academic world from the fact that nobody could hear them.

The efficiency of this fine auditorium prevents me from earning, on this occasion, such an easy reputation for sagacity and wisdom. But the generosity of the Trustees, President Wessell and Dean Stewart has, perhaps, made it unnecessary for me to worry about that. I appreciate very much all the hospitality which the Fletcher family has extended to me -- even the question and answer calisthenics to which I have been subjected by this very alert body of scholars and professors.

CROSS REFERENCE SHEET

4

COMMUNICATION: Memo

DATED: April 8. 1960

TO: Mr. Young

FROM: Mr. McKitterick

FILED UNDER: Publications - Clayton Lectures - Mr. Black

SUMMARY: Re his talk with Mr. Carroll of the Harvard Press.

TUFTS UNIVERSITY

FEB 18 1960

OFFICE OF THE PRESIDENT

MEDFORD 55, MASSACHUSETTS

February 16, 1960

5

The Honorable Eugene R. Black
President
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington, D. C.

*Please check
your information
they want*

Dear Mr. Black:

It is my happy duty as the agent of
the board of trustees of Tufts University to
inform you that the trustees would like to
confer upon you the honorary degree of Doctor of
Laws on the occasion of the annual Clayton
Lectures which you are to deliver at Tufts'
Fletcher School April 20-22. Mr. Clayton plans
to be in attendance and it is our intention to
honor him in the same way at the same time. In
this way we wish to recognize the outstanding
success which has marked your career and to express
also our appreciation for the time and effort you
are investing in the preparation and delivery of
this year's Clayton Lectures. *ENW*

If you will let us know your height and
head size we will make arrangements to have the
necessary academic garb available for the occasion.

Sincerely yours,

Nils Y. Wessell

Nils Y. Wessell

NYW:m

Ack Feb 24

FEB 18 1960

TUFTS UNIVERSITY

MEDFORD ST. MASSACHUSETTS

OFFICE OF THE PRESIDENT

February 16, 1960

The Honorable Eugene K. Black
President
International Bank for
Reconstruction and Development
1818 Street, N. W.
Washington, D. C.

Dear Mr. Black:

Handwritten note:
Wm. V. Wessell
2/1

It is my happy duty as the agent of
the board of trustees of Tufts University to
inform you that the trustees would like to
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Laws on the occasion of the annual Clayton
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If you will let us know your height and
need size we will make arrangements to have the
necessary academic garb available for the occasion.

Sincerely yours,

Handwritten signature: Wm. V. Wessell

Wm. V. Wessell

Handwritten note: At 1:15

WVW:m

RECEIVED
BANK MAIL ROOM
1960 FEB 18 AM 9:43

A Suggested Schedule for the William L. Clayton Lectures for 1960

(Based on the assumption that Mr. Black arrives late Wednesday morning.)

6

Wednesday, April 20

January 14, 1960

11:00 A.M.

Mr. Black arrives Logan Airport and drives directly to Dean Stewart's home.

1:30 P.M.

Dear Mr. Black:

Arrives at the Fletcher School, goes over arrangements and facilities at Goddard and Cohen.

3:00

I am writing on behalf of Dean Stewart who is temporarily away from his office because of illness. Conference in Faculty Lounge.

3:40

Attached is a copy of the tentative schedule we have planned from Wednesday morning, April 20 through Friday, April 22. The dinner Thursday evening and the luncheon Friday noon will be relatively small informal affairs, and you will not be expected to make a speech. However, the banking and business group might like to ask a few questions. If you have any suggestions as to some of the people we might invite to the lectures, or any other event, we would be pleased to know. We would greatly appreciate any comments or suggestions which you might have on the schedule, or any other points.

Thursday, April 21

11:00

We have been in contact with Mr. Wilson at the Harvard University Press, and he has indicated that he would like a copy of your text as soon as possible. This would enable him to have the book typeset, proofed, and published shortly after you deliver the lectures. He feels an early publication date would probably result in greater publicity and sales. If we can be of any assistance in this direction, please feel free to call upon us.

12:30

1:15

6:00

It would be greatly appreciated if you could forward us six 8 x 10 glossy prints, and the proposed title of your lectures for the purpose of publicizing the forthcoming William L. Clayton Lectures.

8:30

We are all eagerly looking forward to your visit, and the presentation of the William L. Clayton Lectures of 1960, and hope that Mrs. Black and Mr. McKitterick will be able to accompany you.

Friday, April 22

Most sincerely,

10:00 A.M.

Meeting with Fletcher faculty and selected faculty from Boston area -- Faculty Lounge.

12:30 RJB:et
Enc.

Ruhl J. Bartlett
Acting Dean

Reception with cocktail reception with national banking and business community with faculty and staff.

1:15

The Honorable Eugene R. Black
President
International Bank for Reconstruction
and Development

Luncheon in Room 102, Goddard Hall, for businessmen,

8:30

1818 H Street, N. W.
Washington, D. C.

Lecture at Cohen Auditorium.

10:00

Reception in Alumni Lounge (coffee, tea, cakes, cookies).

cc: Mr. Nathaniel McKitterick ✓

Mr. K
answered
1/27/60

A Suggested Schedule for the William L. Clayton Lectures for 1960

(Based on the assumption that Mr. Black arrives late Wednesday morning.)

6

Wednesday, April 20

January 14, 1960

- 11:00 A.M. Mr. Black arrives Logan Airport and drives directly to Dean Stewart's home.
- 1:30 P.M. Arrives at the Fletcher School, goes over arrangements and facilities at Goddard and Cohen.
- 3:00 Press Conference in Faculty Lounge.
- 3:40 Reception for Mr. Black with students, faculty, and staff in Room 102, Goddard Hall (coffee, tea, cakes, cookies).
- 6:45 Interview with Louis M. Lyons, WGBH-TV, Boston's educational channel.
- 8:30 Lecture at Cohen Auditorium.

Thursday, April 21

- 11:00 A.M. Discussion period with students in Room 102, Goddard Hall.
- 12:30 P.M. Luncheon with students, Wilson House.
- 1:15 Continuation of morning discussion with students, Wilson House.
- 6:00 Reception with cocktails and informal dinner for Tufts Administration, Trustees (2 or 3), Advisers (2 or 3), Joint Academic Council (2).
- 8:30 Lecture at Cohen Auditorium

Friday, April 22

- 10:00 A.M. Meeting with Fletcher faculty and selected faculty from Boston area -- Faculty Lounge.
- 12:30 P.M. Reception with cocktails for international banking and business community with faculty and staff.
- 1:15 Luncheon in Room 102, Goddard Hall, for businessmen, faculty, and staff.
- 8:30 Lecture at Cohen Auditorium.
- 10:00 Reception in Alumnae Lounge (coffee, tea, cakes, cookies).

cc: Mr. Nathaniel McKitterick

Handwritten notes in bottom left corner, including "Mark" and "4/22/60".

C O P Y

The Fletcher School of Law and Diplomacy
Tufts University

7
Medford, Massachusetts

August 13, 1959

Dear Mr. Black,

On behalf of Dean Stewart, who is presently touring Europe, I want to express the appreciation of The Fletcher School for your acceptance of the invitation to deliver the William L. Clayton Lectures for the forthcoming academic year.

Dean Stewart will return to The Fletcher School on September 9, and I am sure that he will contact you directly concerning the time and particulars of the Clayton Lectures. The third week of April sounds quite satisfactory as far as scheduling is concerned. We have made the appropriate arrangements and reservations to cover the entire third week of April, pending a final decision between you and Dean Stewart as to which days of the week you would like to deliver the Clayton Lectures.

Sincerely yours,

(signed) David L. Larson

Assistant Dean for Development

Mr. Eugene R. Black,
International Bank for Reconstruction
and Development,
Washington 25, D.C.

THE FLETCHER SCHOOL OF LAW AND DIPLOMACY
TUFTS UNIVERSITY

ADMINISTERED WITH THE COOPERATION OF HARVARD UNIVERSITY

DEC 22 REC'D

8

MEDFORD, MASSACHUSETTS
December 16, 1958

Dear Dr. Black:

Many times in the past few months, as this Committee has discussed competent lecturers who would be stimulating for our graduate students to hear, your name has been mentioned. Finally I reached the point of writing to invite you to speak to our students and faculty at a mutually convenient time and on a subject which already interests you and which you will be fairly free to shape.

As you may know, this is a school of international affairs where considerable attention is given to the field of international economic relations, more specifically to commercial policies and negotiations as well as to problems of economic development.

We wonder whether your busy schedule in the next few months will permit a quick trip to the Boston area and whether you could perhaps be with us on a Tuesday or a Thursday, preferably beginning at 11:00 a.m. with a forty-minute presentation, followed by discussion, then by luncheon and more intimate give-and-take afterward. Besides attending faculty members, there would be our graduate students on both the Master's and doctoral levels. These young people go into careers for the United States and other governments, the United Nations, the colleges and universities, and in businesses which have overseas operations. They are specifically motivated people who would have good backgrounds for understanding and appreciating your treatment of some significant economic problems. We hope that you can find some time between early February and early May for such a visit and address.

We should, of course, be glad to pay for your travel and lodging expenses. We do hope you can come. Kindly let me know at your early convenience.

Sincerely,

Allan B. Cole
p.c.

Allan B. Cole, Chairman
Committee on Lectures and Special Events

ABC/pc

Dr. Eugene R. Black
President, International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C.

The William L. Clayton Center for International Economic Affairs
The Fletcher School of Law and Diplomacy
Tufts University

Administered with the Cooperation of Harvard University

Medford 55, Massachusetts

Plan of the Clayton Lectures

The plan of the Clayton Lectures calls for three coordinated lectures to be given on consecutive evenings. Leading citizens of the area are invited to join the combined academic audience representing the Fletcher School of Law and Diplomacy and its cooperating institutions of Tufts and Harvard, as well as other institutions of greater Boston. Beyond this immediate audience the lectures are recorded for rebroadcast through the National Association of Educational Broadcasters with its hundred or more educational stations throughout the country. The lectures are published in book form by the Harvard University Press.

In addition to the formal lectures, the Clayton Lecturer participates in informal meetings and discussions with the students and Faculty during the days between the lectures. These meetings provide opportunity for more intimate discussion and give the individual student a closer-range exposure to the ideas, personality, and rich experience of a leading figure. These have been memorable experiences for the students, including young diplomatic officers, representing many nations and have been found stimulating by the Clayton Lecturer as well. Along with the formal lectures these informal meetings make up a full schedule for the two-and-a-half-day visit.

The stipend for the lectures is \$1500.00, plus travel and other expenses, and a sharing on an even basis with the Fletcher School of royalties from publication or other use of the lectures.

The William L. Clayton Center for International Economic Affairs
The Fletcher School - 2 - and Diplomacy
Tufts University

10

The inaugural Clayton Lectures by Dean Acheson on the subject of Power and Diplomacy were published not only in the United States but in British, Spanish, and German editions in Europe. The second series by L. B. Pearson on Diplomacy in the Nuclear Age is being published in Canada as well as the United States.

Thus through these many channels the Clayton Lectures are reaching a large audience at home and abroad and having a wide impact on public discussion and consideration of basic foreign policy issues.

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TUFTS UNIVERSITY

ADMINISTERED WITH THE COOPERATION OF HARVARD UNIVERSITY

Speeches Black Clayton
AUG 3 RECD
9

OFFICE OF THE DEAN

MEDFORD, MASSACHUSETTS

July 30, 1959

Dear Mr. Black:

We are now laying plans for the next series of William L. Clayton Lectures on International Economic Affairs and Foreign Policy, and I write for the Faculty and students of the Fletcher School of Law and Diplomacy to ask if you would be willing to deliver the next series of these Lectures at some date to be arranged next fall or winter.

Speeches PR sp. 13.
Filed P.R. Docs.

Enclosed is a brief statement on the Plan of the Clayton Lectures as well as on the broader program of the Clayton Center with which, I believe, you are already familiar. John Williams is, as you know, the principal professor in charge of the Clayton Center work. He is also writing you a note.

If you could serve as the next Clayton Lecturer it would be of very greatest assistance and encouragement in the work which the Clayton Center is endeavoring to do. And it would be a tribute which we feel sure Will Clayton himself would deeply appreciate.

The main point, however, is that we feel that you have a unique contribution to make at this particular time through this series of Lectures and the wide dissemination which they are given both in this country and in various countries abroad.

Broadly speaking, we have in mind a survey of the role of the Bank in international economic development, its past experience, its present activities and problems, and its relation to other agencies and means of development, both public and private. While making this suggestion, let me emphasize that we would wish you to choose your own subject and your own approach to it.

As you know, we have long hoped for a visit from you to the Fletcher School of Law and Diplomacy. These Lectures would provide a most propitious occasion.

1222 WTC - 3 JAN 13 20
RECEIVED

THE FLETCHER SCHOOL OF LAW AND DIPLOMACY
TUFTS UNIVERSITY

ADMINISTERED WITH THE COOPERATION OF HARVARD UNIVERSITY

OFFICE OF THE DEAN

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RECEIVED
BANK MAIL ROOM
AUG - 3 PM 12: 30 1959

THE FLETCHER SCHOOL OF LAW AND DIPLOMACY
TUFTS UNIVERSITY

- 2 -

ADMINISTERED WITH THE COOPERATION OF HARVARD UNIVERSITY

Handwritten notes: "Sincerely", "S. Reed", and a circled "2".

We would endeavor to schedule the Lectures to meet your convenience. However, the preferred dates here would be the week of November 30, 1959 or the third week in April 1960.

With best regards.

Dear Mr. Black:

Sincerely,

Robert Burgess Stewart
Dean

RBS:et
Enclosures

The Honorable Eugene R. Black
President
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C.

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As you know, we have long hoped for a visit from you to the Fletcher School of Law and Diplomacy. These Lectures would provide a most propitious occasion.

ECON & SOCIAL
Council • Apr. 7, 1960

Spencer Black.

FOR IMMEDIATE RELEASE

WORLD BANK



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

11

Address by Eugene R. Black, President of the
International Bank for Reconstruction and Development
before the 29th Session of the Economic and Social Council of the
United Nations, meeting at U.N. Headquarters, New York City

TO BE HELD FOR RELEASE UNTIL DELIVERY HAS BEGUN, EXPECTED
TO BE ABOUT 10:30 A.M. THURSDAY, APRIL 7, 1960

Mr. Chairman, Members of the Council:

This is the eleventh annual occasion on which I have had the pleasure of making a report to the Economic and Social Council of the United Nations. I always welcome this opportunity. The growth of the Bank's activities, both in magnitude and scope, makes the story constantly new and interesting, at least to me. In fact, it is difficult, within any reasonable length of time, to give you a full picture of the Bank's work over the past twelve months. I shall try, therefore, to pick out the principal events. They include a continued very high rate of new lending for development; increasing contributions to the Bank's resources by countries outside the United States; a large increase in the Bank's own capital; moves toward the establishment of a new development financing institution, the International Development Association, which it is proposed should be administered by the Bank; and further growth in the technical assistance work of the Bank, particularly in relation to the United Nations Special Fund. I shall also give you a brief account of the year's operations of the International Finance Corporation.

The first thing I must mention is a continuance of the very high level of lending which I have noted in my reports to the Council for the past two years. You will remember that there was a sharp rise in our rate of new lending in fiscal 1957-58, when it reached more than \$700 million, compared with an average rate of \$400 million for the previous three years. Fiscal 1958-59 once again saw new lending of over \$700 million, and already in the first three-quarters of this fiscal year we have made new loan commitments totaling \$560 million.

In the length of time at my disposal, I cannot go into detail about our loans in all the regions of the world. Perhaps the best way to give you a picture of the broad range of the Bank's activities is to describe what we have done in one area of the world during the past year. Let me use Africa as an illustration.

Since last April the Bank has made nine loans in Africa totaling over \$260 million. Two of these involved the mining and transportation of manganese deposits in the Gabon Republic and of iron ore in Mauritania; a third financed the construction of a pipeline to bring Sahara oil 400 miles across the desert to the Mediterranean. The sales of metallic ores and of oil will provide important new foreign exchange revenues for the countries concerned, and there are also significant indirect benefits to be realized. The Gabon manganese project, for example, calls for the building of a 180-mile railroad through the Congo Republic; this will open up hitherto inaccessible timber resources within that country. The new Sahara oil discoveries will provide a base for industrial development in the area, particularly for the chemical industry and, it has been estimated, should enable the French franc area as a whole to earn or save the equivalent of some \$200 million to \$250 million annually in foreign exchange.

Two of our African loans were for transport improvements: a loan of \$56.5 million to the Suez Canal Authority for the widening and deepening of the Canal, to enable it to accommodate the larger ships seeking transit, and another loan for the railway expansion program of the Union of South Africa.

And only a week ago the Bank approved four more loans in Africa, totaling the equivalent of \$46 million. Three of these loans were in the Belgian Congo and brought the total of our lending for the development of that territory to \$150 million. It is I think worthy of note that the Belgian Government gave its guarantee to these Congo loans despite the fact that the Congo is becoming independent during 1960. This action should not pass unnoticed. It can be regarded both as an act of faith and as realistic evidence of Belgium's continuing interest in the Congo.

Another interesting feature was that the loans to the Congo included one for African agriculture; this was also the objective of another loan of \$5.6 million, which will assist African agriculture in Southern Rhodesia. Hitherto, Bank lending in Africa has been concerned with infra-structure; power, railways, highways and so on. While these basic investments provide very real benefits to the peoples of the borrowing countries, those benefits are admittedly indirect. The agricultural loans to the Congo and to Southern Rhodesia will produce direct benefits.

African agriculture is as varied as the Continent itself, ranging from large plantations efficiently run on modern lines to the shifting and haphazard cultivation which barely provides a means of existence. Much of the cultivation is still based on traditional methods which have not changed in the memory of man. But forces are working to change the old ways. In some areas, for example, population growth has made it impossible to continue

the system based on the shifting cultivation of plots which are worked until they are exhausted and then abandoned. In such areas the solution may be to settle Africans on farms they can call their own and help them to buy tools and follow farm practices which maintain soil fertility. In other cases the movement of cattle must be restricted to prevent overgrazing, substandard animals culled and disease control enforced. The Bank is helping with these problems and we hope to be able to make other "grass roots" loans designed to have a direct effect in improving the productivity of the small and medium-sized African producers.

At the same time, we hope, too, to be able to move ahead with a number of the larger and more basic African projects, some of which are of such size and importance that they could completely transform important sectors of the economy. I have in mind, for example, the Roseires Dam and Managil extension projects in the Sudan, designed to bring large desert areas under irrigation. Then there is the case of Ghana, where the Government has asked us to join with them in studying the proposed Volta River project for the construction of a large hydroelectric station and aluminum smelter. The problems of African economic development, like those of other areas, must be attacked from both directions simultaneously: from below, at the level of the individual, whose lot may be immediately improved in some small measure, and from above, through basic development projects of some magnitude, whose benefits will ultimately be widely felt throughout the whole economy.

In addition to our loan operations, we have in the past year sent general survey missions to review the economic problems and appraise the economic potential of two African countries. The report of the Bank's mission to Libya is just about complete and has already been informally

discussed with the government; that of the mission to Tanganyika is in the final drafting stage. There is every evidence that the governments of both countries are prepared to give serious consideration to the recommendations of our missions. In each case, the recommendations are being presented at a critical time: for Libya because of the new oil discoveries, and for Tanganyika because of the approach of self-governing status. A general survey mission to Uganda is now being organized, and is expected to go out to Uganda in the fall.

African countries were recipients of still other kinds of technical assistance from the Bank. For the first time, a resident representative was stationed in an African country: Ethiopia. Bank experts advised on the proposed establishment of several African development banks, and found managerial and technical personnel for an existing bank. And through the Bank's Economic Development Institute, officials concerned with development programming in six African countries were, in the past year, given the opportunity to exchange experience and views with their counterparts elsewhere in the world.

I have dwelt at some length on our loans in Africa because these are comparatively new developments and therefore worthy of special notice. The other regions of the world have also, of course, seen important operations. Asia and the Middle East have now held first place in Bank lending for the past three years, with India as the largest borrower. Iran has also become an important borrower from the Bank, having received very large loans for road development and for the Dez multipurpose project in the past twelve months.

Bank lending in Latin America has also continued at a steady rate and has once again been devoted mainly to investment in electric power and the

improvement of transport.

We have also continued to carry out important operations in the less developed areas of Europe. It is already clear, however, that access to other sources of finance, particularly the private investment market, is going to reduce European demands for our assistance.

On that note, I should like now to turn to the steps taken to ensure that the Bank's lending resources will be equal to the continued heavy demand for development finance from our member countries. As you know, one event of great importance in this direction was the increase in the Bank's authorized capital from \$10 billion to \$21 billion in September 1959. By the end of 1959 subscribed capital was more than \$18.5 billion, compared with \$9.5 billion a year before. The great majority of the increased subscriptions of member countries was not paid in, but remained on call if required to meet the Bank's obligations. In other words, it constituted a massive reinforcement of the Bank's borrowing power in the investment markets of the world. Investors everywhere can now buy Bank bonds in the knowledge that they are backed by the guarantees of its member governments to the tune of more than the equivalent of \$16 billion.

As it happens, conditions in the world bond markets have not been very easy in the past year; indeed, in the United States market they have been the worst for thirty years. As a result, the Bank did not go to the U.S. market with any new issue in 1959, but waited until February of this year before selling an issue of \$125 million of 5% Bonds. On the other hand, we made successful approaches to several markets outside the United States, including our first public offering of Deutsche Mark bonds in Germany and of Belgian franc bonds in Belgium. We also sold new issues in Switzerland and on the London market. There is plenty of evidence that the market for

the Bank's bonds is widening, not only in the sense that new buyers are coming in all the time -- the last issue in the United States, for example, attracted 70 new institutional investors who together purchased \$25 million worth of bonds -- but also in the increasing financial support for the Bank in its other member countries.

It was inevitable that the United States should have provided most of the Bank's resources in the immediate post-war period, but this phase has now definitely come to an end. More than half the Bank's funded debt is now held by investors outside the United States, and if one takes all the Bank's resources, including funds from capital subscriptions, from sales of loans, and so on, more than 60% of the total comes from outside the United States. Indeed, the Bank's largest source of funds for the past two years has been the Federal Republic of Germany. I take great encouragement from the increased ability and readiness of the industrial countries other than the United States to provide greater funds for development purposes to and through the Bank, first because it testifies to the dramatic recovery of the Bank's European member countries from the ravages of war; and secondly because it shows their readiness to use the Bank as a channel through which their available funds can flow to the less developed countries.

While I am on the subject of financial recovery in the Bank's member countries, I should like to mention other important developments which indicate a return to healthy conditions in the countries concerned, and also to the financing of development by private investment. As you all know, one of the purposes for which the Bank was established was to encourage private investment in development financing, and the Bank consistently keeps this objective in view in all its operations.

One strong discouragement to private investment in the immediate post-war period was the widespread existence of defaults by governments on their external obligations. The last 14 years have seen a remarkable change in this situation in the Bank's member countries. In January 1946, a few months before the Bank started business, eight of the countries of Europe were in default on their publicly issued bonds. Today, apart from one or two special cases involving relatively small amounts, there is only one European member country still in default. Similarly, in 1946, eleven Latin American members were in default; today there is only one small dispute outstanding. In Asia, three member countries were in default; now there is only one, and it must be reckoned as a quite special case.

The improvement in this situation has, of course, been accompanied by a return to the bond market of many countries which were accustomed to find their development finance in that market before the war. In the past fourteen years, no less than \$3 billion of foreign bonds have been sold, foreign bonds being defined as bonds sold in the market of some other country. This figure excludes Canada and also excludes bonds of dependent territories sold in the metropolitan country, but includes the publicly issued bonds of 23 different countries. The 23 countries that have sold bonds have sold them in six markets, in Germany, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. To this extent, therefore, the borrowing countries have been able to re-establish their credit with private investors. Nor has foreign borrowing through the issue of bonds been confined to governments. The figures show that private companies from twelve different countries have been able to sell \$300 million worth of bonds in investment markets outside their own countries.

This return to classical methods of development financing is a healthy sign. The Bank has been able to play a part in the process, partly because its own record has shown that its borrowing countries do not default on their external obligations, and partly because the Bank has taken every opportunity to help its member countries return to the private investment markets for finance. The last Annual Report of the Bank noted that in fiscal 1958-59 the Bank was able to participate in five joint operations with private investors in the United States market. The fact that the Bank was making a loan was undoubtedly an encouragement to private investors to buy the borrower's bonds. In those joint operations the total amount raised was \$250 million: Bank loans contributed \$100 million, \$130 million came from the market and the European Investment Bank lent the equivalent of \$20 million.

Equally encouraging has been the progress made to mobilize additional capital resources for developmental investment through the proposed International Development Association, or IDA as it, or perhaps I should say she, has already come to be called. As you will no doubt have observed, this new concept has already been endowed with many feminine characteristics. German financial writers have been particularly imaginative, one comparing IDA to Aphrodite, and another picturing her as a lady of easy virtue drawing on herself the pained disapproval of the spinsterish World Bank. There is, of course, some basis for this, because IDA's services will be available on easier terms than those of her elder sister and IDA will have, I hope, the feminine virtues of sympathetic understanding and helpfulness. Nonetheless, she will also, I trust, prove herself a conscientious manager with a sharp eye to quality in investing the funds entrusted to her care. I have said on a previous occasion that, while IDA will make soft loans in the sense that they will not bear heavily on the

borrower's balance of payments, it will not be a soft lender. While IDA will finance a broader range of projects than the Bank, we do not intend to lower the standards against which we measure the intrinsic merits of the projects we finance and the soundness of the plans for carrying them out. Nor do we intend to lower our sights with respect to the kind of domestic performance by our member governments which we regard as essential to qualify them for assistance.

I hope and expect that IDA will come into existence some time during the fall of this year. That it will be able to play a useful role is, I think, beyond question. There are a number of countries too poor to finance a satisfactory rate of development on conventional loan terms. And there are a number of others the very vigor of whose development effort has given them an absorptive capacity for external capital greater than their ability to service fixed foreign debt on conventional terms. It is a striking fact that, during the three years 1956-1958, the public external debt of the Bank's member countries in Asia, the Middle East and Africa almost doubled. India and the United Arab Republic, which had very little external public debt at the end of 1955, were major debtors on public account three years later. In Latin America, too, public external debt increased by about 40%. Indeed, by the end of 1958, both groups of countries -- Latin America, on the one hand, and Asia, the Middle East and Africa, on the other -- had outstanding public debt of about \$5 billion, and further expansion has since occurred.

I mention these figures, not because I regard the present level of indebtedness as excessive, but because they indicate that to maintain and accelerate the momentum of development will require continued large injections of foreign capital for many years ahead. If, over that period, we

are to avoid putting an unduly high fixed-debt burden on many of the developing nations, we must extend our assistance to them on terms which alleviate, so far as possible, the burden on their balance of payments.

I am aware, of course, of the school of thought which tends to belittle IDA, even before it has begun operations, on the ground that the funds at its disposal are too small to make any sizeable impact on the problem. It is true that IDA's initial resources are modest, but the Articles of Agreement contemplate consideration of an increase in those resources when its member countries agree that this is necessary. There are, after all, advantages in not starting on too large a scale. Emphasis on huge global investment targets can be both misleading and disillusioning. What matters is not only the quantity of investment but its quality, not only the amounts of money which can be postulated as desirable, but also the amounts which can be effectively absorbed in worthwhile and well-thought-out development activities.

Let me cite the African case again as an illustration. The basic requirement for the faster development of the new nations in that Continent, I am convinced, is more education and training at all levels -- a more generally literate working force, more skilled artisans, more members of the learned professions, more entrepreneurs, more experienced government administrators. Until the human resources of the new African nations are more fully developed -- and no huge injection of money can greatly accelerate that process -- the opportunities for the wise and effective utilization of foreign investment will necessarily remain limited. And what is true of Africa is true of many of the other less developed nations as well.

IDA is not, of course, the only new international financial institution now coming into being. Only a few weeks ago, the Inter-American Bank held

its organizational meeting, and we look forward to co-operating with it in assisting the growth of the economies of Latin America. Last month also there was an important series of meetings in Washington at which the principal capital-exporting countries of the world, meeting under the name of the Development Assistance Group, discussed ways of co-ordinating their development assistance activities, increasing the flow of capital into the less developed areas, and assuring increasingly effective use of that capital. The Bank welcomes this development and has expressed its willingness to be of whatever assistance it can be to the Group.

I want to say a special word about the constructive relationship which the Bank has established with the United Nations Special Fund. The many meritorious projects which have been flowing into the Special Fund demonstrate, if proof be needed, the validity of its underlying concept. The surveys and training institutions which the Special Fund has agreed to finance should put the developing nations in a far better position than before to plan and carry out their development and a number of the surveys will, I feel sure, lead in time to Bank investment.

But let me add a word of caution. It is one thing to be clear that a survey or a training institution is needed; it is quite another to organize and then to staff and administer such a project. The Bank's own experience as Executing Agent, or prospective Executing Agent, for six Special Fund projects has brought home to us forcefully that analysis and approval of requests for financing made to the Special Fund are only the first small step. The effective administration of the projects approved requires a major expenditure of time and effort, the study and solution of numerous delicate, difficult and often novel problems, and close supervision over all aspects of the projects as they go forward. These are not tasks that can be

undertaken casually or by inexperienced hands; on their successful accomplishment depends the very success of the Special Fund itself.

Significant developments have occurred in the last few months in another important matter. Almost eight years ago I reported to this Council that the Bank had taken an initiative in seeking a solution of the Indus Waters dispute between India and Pakistan. I referred to this dispute as a "knotty" problem. This phrase turned out to be an understatement; the Bank has, in fact, been engaged in studies and discussions of the problem with the two governments ever since. Now, however, I think we are near the end of this process. The solution which the two Governments have accepted in principle includes vast engineering works to effect an equitable division of the river waters. The plan will take ten years to carry out, and will cost in all about \$1 billion. It has been clear from the outset that external assistance would be needed on a considerable scale to help to finance this plan. The Bank was therefore glad to be able to announce at the beginning of February that offers had been made by friendly governments to contribute over \$600 million, in grants and loans, toward the cost of the project. The Governments concerned are Australia, Canada, Germany, New Zealand, the United Kingdom and the United States, and the highest tribute should be paid to their generosity.

I also want to pay tribute to the man who has carried the burden of this difficult negotiation for the past eight years. He is my colleague, Mr. W. A. B. Iliff, a Vice President of the Bank. Throughout the negotiation, he has shown great understanding, patience and restraint, and I cannot praise his services too highly.

As Chairman of the International Finance Corporation, I am happy to be able to tell you that the slow and careful work of organizing that institution is now resulting in a growing number of promising investments in private industrial enterprises. Since last year the total number of commitments has nearly doubled; from 14 to 27. The net amount committed has increased from about \$13 million to over \$20 million. The number of countries in which IFC projects operate has increased in nearly the same proportion.

As noted in the Corporation's Third Annual Report, each dollar of IFC investment has been accompanied by more than \$3.50 of private capital. It seems clear that the Corporation is carrying out its basic function, that of attracting local and foreign private capital into productive private enterprise.

Argentina and Spain have now joined IFC, bringing the membership to 59 countries. IFC representatives are already studying several projects in Argentina, and some of these look promising. The United Arab Republic has succeeded to the membership formerly held by Egypt.

During the past year members of IFC's management and staff have visited some 30 countries, either to investigate specific proposals, or to explain IFC's policies and operations to private businessmen and investors. Such personal contacts have in the past proved an effective means of stimulating interest and action on the part of private capital in the countries visited.

Public knowledge of the investments which IFC has made and the continuing information program about the Corporation's activities will, I am sure, result in a continually increasing number of private investments among the developing nations of the free world.

As I said in my opening remarks, Mr. Chairman, there is a great deal to report and I have had to confine myself to the highlights in this statement. Let me only add that, although the problems of economic development with which the Bank is seeking to grapple remain immense, there are highly encouraging signs that the nature, magnitude and importance of those problems are coming to be more generally understood and are being attacked by both the less and more developed countries alike with constantly greater vigor. In my judgment, no task is more vital to our well-being than accelerating the pace of development. To the achievement of that task I pledge to this Council again, as I have before, the full energies of the Directors, management and staff of the Bank.

ENGLAND - Europe House

EUROPE HOUSE · LONDON

43 PARLIAMENT STREET · S.W.1

WHITEHALL 0522-3

Chairman: Air Marshal Sir Lawrence Darvall, K.C.B., M.C.,

Trustees: Rt. Hon. Lord Beveridge, K.C.B., Rt. Hon. Lord Pakenham, Sir Edward Hulton

Files *Speaker*
Black
Europe House

12

11th February, 1960.

Dear Mr. Graves,

I am extremely sorry not to have been able to reply to your letter of 11th December before now, as well as for the misunderstanding which seems to have arisen over the inclusion of Mr. Black's name in our programme.

This in fact arose out of some correspondence which I had with Mr. J.D. Miller in Paris, from which I gathered that there was a real possibility of Mr. Black's being able to speak at Europe House in the Autumn of 1960. Mr. Miller undertook to try to arrange this and in view of the fact that he seemed to be in agreement with the principle of Mr. Black's visiting us, and only the date remained to be settled, we took the step of including Mr. Black's name tentatively in our programme.

I am very sorry indeed if this was incorrect and particularly if it has caused any offense to Mr. Black and I would be grateful if you could give him our profound apologies in such an event. Nevertheless, we would of course be most happy if Mr. Black were in fact able to visit Europe House this year on one of his trips to London and would be grateful if you could bear this possibility in mind.

Yours sincerely,

J. Leech

John Leech
Acting Director

Harold N. Graves Jr. Esq.,
Director of Information,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.
Washington 25 D.C.

EUROPE HOUSE · LONDON

43 PARLIAMENT STREET · S.W.1 · WHITWALL 0222-3

Chairman: Air Marshal Sir Lawrence Duffell, K.C.B., M.C.
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Yours sincerely,

J. Black
John Black
Acting Director

Harold M. Graves Jr., Esq.,
Director of Information,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
Washington 25 D.C.

RECEIVED
BANK MAIL ROOM
1960 FEB 15 AM 9:52



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

TELEPHONE BABYLONE 17-10

CABLE ADDRESS: INTBAFRAD PARIS

PLEASE REPLY TO
PARIS OFFICE: 67, RUE DE LILLE
PARIS (7^e) - FRANCE

December 15, 1959

Mr. Harold N. Graves, Jr.
Director of Information
International Bank for
Reconstruction and Development
Washington, D.C.

Dear Harold:

I have sent on your letter to Europe House. I consider it entirely justified. As you know they wrote to Mr. Black in July in London. I replied that there was no chance of his being able to accept during this season, that he had two engagements for next year firm and a number of outstanding promises unfulfilled.

I ended by saying that when I was in Washington I would see whether there was any chance of the autumn of 1960. Since then, the Institute of Directors having come up for the autumn, I have done nothing.

I have by the way had good accounts of this which made me think it might be a worthwhile audience (better anyway than the Institute of Bankers) but now I suggest we do not even talk of Spring 1961.

Yours ever,

Johnnie

John Duncan Miller

1959 DEC 15 11 30 AM

RECEIVED

*Specimen Blank Eng. Europe House
Gen'l Files*

13

Dealt



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

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Cable Address: INTBARD PARIS

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PARIS OFFICE: 87, RUE DE LILLE
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Yours ever,

John Duncan Miller
John Duncan Miller

1959 DEC 17 AM 9:42

RECEIVED
BANK MAIL ROOM

Spencer Blackger

14

December 11, 1959

Dear Miss McCormack:

A copy of the leaflet on the Europe House Programme for 1959/60 has come to the Bank, and I am quite surprised to see that Mr. Black is mentioned as a speaker for the autumn on the subject of "Europe and World Finance." I hope that you understand that Mr. Black has no plans to speak at Europe House at the time or on the subject published in your leaflet.

Sincerely yours,

Harold N. Graves, Jr.
Director of Information

Miss Angela McCormack
Executive Secretary
Europe House
161 Fleet Street
London, E.C.4
England

Ack Feb 11

HNG:ap

Files

15

December 11, 1959

*Paris PR
July 23*

Dear Johnnie:

Perhaps you remember writing me a letter last July, to say that Europe House, from whom Mr. Black already had a letter in Washington, had sent a note ~~back~~ to Mr. Black in London, inviting him to speak at a later date. By that time, I had written you to ask you to look into Europe House and to tell us whether this speaking invitation was worth considering.

Your letter was the last I had heard of the matter until the other day when the attached program came in to Mr. Black. I have written a letter to Europe House, protesting against what, so far as I know, is the unauthorized use of Mr. Black's name.

I am forwarding this letter through you. If this whole thing is as mysterious to you as it is to us, would you please send the letter on to London. If you have more knowledge, however, and wish to suggest another kind of reply, please do so.

Sincerely,

Harold Graves

Enclosure

Mr. John Duncan Miller
Special Representative in Europe
IBRD
67 Rue de Lille
Paris 7e
France

HNG:ap

Lecture '60
OXFORD-Cyrril Foster

Oxford

CROSS REFERENCE SHEET

16

COMMUNICATION: Letter
DATED: June 16, 1960
TO: Mrs. Maria Felber
Paris Office
France
FROM: Mr. N. McKitterick

FILED UNDER: Art. Int. France- Centre d'Etude de Politique Etrangere

SUMMARY: The Centre d'Etude de Politique Etrangere ~~wishes~~ wants to
Publish Mr. Black's Oxford Lecture

17

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: March 5, 1960

TO: Mr. Black

FROM: Sir Roy Harrod
Royal Economic Society
Christ Church
Oxford. ENGLAND

FILED UNDER: P.R.Art. Int. England - Econ. Journal

SUMMARY: Request for publication of Mr. Black's speech at
Oxford in his Economic Journal.

Ack. by Mr. Black Letter dated Mar. 10, 1960 -
permission granted.



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

18

The Cyril Foster Lecture Delivered by
Eugene R. Black, President of the
International Bank for Reconstruction and Development
At Oxford University, Oxford, England, March 3, 1960

THE AGE OF ECONOMIC DEVELOPMENT

Ten years ago an international banker speaking on the subject of economic development might have been able to take refuge in a fairly simple brief. Then, during the Marshall Plan, a group of nations with a common heritage and a common predicament, banded together to pool their resources and resourcefulness for a limited and easily understood objective: they banded together to restore to themselves the economic strength and financial independence which had been lost in war.

Today when an international banker talks about economic development, he is expected to talk about the underdeveloped countries, which for my purposes can be taken to mean all those countries outside of Europe, North America, Japan and the old Dominions of the Commonwealth. Here there is no common heritage, and insofar as there is a common predicament, it suggests no simple, short-term escape. Here the objectives are not easy to define or to understand because the problems of development involve so many fundamentals. Here the objectives are not limited: we are talking about transforming whole societies and creating new traditions to replace traditions which have been rendered tragically inadequate by the passing of time.

I envy the man in public life today whose field of responsibility is outer space; it is such a neat and tidy field compared with economic development!

Perhaps it is because I am uninhibited by an extensive training in any academic discipline that I agreed to appear in this distinguished forum to speak on this tangled subject. Certainly I must disclaim right at the start any intention of making my mark as a theoretician -- or even as a lecturer! I am a practitioner without a professional license, a journeyman in a trade that has yet to be recognized officially as a trade.

I will preface my remarks with a journeyman's view of the nature of economic development, and then describe how the World Bank approaches development problems in practice. In stating the Bank's case I will point out where our path crosses the paths of others -- in the underdeveloped countries and in the industrialized countries -- who view economic aid in a different way. My aim is to isolate the ground of hope on which the idea of economic aid rests. Some, I am afraid, may find I have marked off a disappointingly limited ground, but I do not regard my conclusions as pessimistic. On the contrary, I believe economic aid is the best way -- probably the only really important way -- in which the rich and the poor nations today can bridge the gulf, not only in wealth, but also in communication, that separates them and poses such a threat to world comity.

* * * * *

It is very easy to forget how exceptional, historically, are the attitudes and institutions necessary for modern economic growth. There must be a willingness to work hard in a productive job and to postpone some consumption today for investment tomorrow. There must be money savings and institutions capable of investing savings productively. There must be a liberal supply of technical education, liberally spread among the population. There must be a code of laws which places contracts among producers above arbitrary political action.

People must be willing to move about to new homes and new jobs. The economy must employ the measure of profit to determine productive efficiency. Society must be willing to accord a measure of respect and reward to the innovator who is willing to devote his time and talents to producing new things.

Just to list a few of the requirements is to illustrate how ambitious is the task of those who would bring modern economic development to an underdeveloped country today. And how uncertain is the outcome in a society which sets out to absorb these very special institutions and attitudes! Savings may be put aside voluntarily, or they may be exacted by force. A code of laws may serve the aim of productive efficiency without serving the ideal of justice. Productive efficiency by itself tells nothing about the end which production is designed to serve. Profit may be regarded as the measure of a producer's success in meeting consumer demand, or as the measure of a commissar's success in meeting his assigned production target. Innovators may be rewarded with money or with power -- for enriching the lives of individuals or for strengthening the power of the state.

Economic progress, in short, is not the same thing as moral progress. Man does not come naturally by any of the attitudes and institutions necessary for economic growth; he must be driven -- even to hard work -- by need, or by the prospect of material gain, or somehow these attitudes must be made politically or religiously inspiring. Advocates of these attitudes and institutions, therefore, face great uncertainties from which no innocent optimism can protect them.

Realization of this fact came hard even to many of the Great Puritans who did so much to make thrift and hard work respectable in western society. Listen to John Wesley, speaking at the height of the Methodist revival at the end of the 18th Century: "Our religion," Wesley said, "must necessarily produce

both industry and frugality, and these cannot but produce riches. But as riches increase, so will pride, anger and love of the world in all its branches. So although the form of religion remains, the spirit is swiftly vanishing away. Is there no way to prevent this?"

To Wesley and to the other Great Puritans thrift and hard work in a productive job -- only, of course, they spoke of it as a calling -- was the very ritual of a life of service to God. We can no longer speak innocently of these attitudes as Puritan virtues now that we have seen them regarded in more than one instance as the very ritual of a life of service to an all-powerful totalitarian state.

* * * * *

If one were given the choice of starting anew a process called 'economic development' in the underdeveloped world today, one might well and prudently decline on the grounds that the whole idea was too hazardous to merit serious consideration. But of course the process has already started. Outsiders have been disturbing the peace of tradition in these parts of the world for a very long time now. First came the traders and missionaries, the doctors, investors and colonizers; then came modern transportation and communications, modern armies and modern factories. As a result of economic and political penetration and the multiple inventions of science and technology, there is hardly a human society left on earth which has not been thrown off its traditional balance by the expansion of modern economic life.

There is reason to call this the Age of Economic Development. But in these lands that we call 'underdeveloped' the impact of economic growth so far has done as much to destroy old habits and attitudes towards life and work as it has to create the new attitudes necessary for a better material life. Economic development in these lands has proved peculiarly fickle; even

now it is creating human desires much faster than it is providing means for their gratification.

And, as everywhere that it has gone before, it has left in its wake an immense increase in the sense of human power -- man's power over nature and over his fellow man. Millions in these parts of the world have been made aware that their poverty is not inevitable, not divinely ordained. And from these millions leaders have emerged, dedicated to the task of telescoping into a few short decades all the material and social change that evolved elsewhere only over a century or more. Armed with an awareness of the great store of technical knowledge available to man, they are eager to catch up, to narrow the great disparity in wealth which separates their countries from the industrialized countries. They want wealth and power, not only for its own sake, but as part of a renaissance in their own cultures.

At the same time economic development has left in its wake in the underdeveloped world tragic problems which only more economic development can solve. There is no other escape from the problems of population pressure on diminishing food supplies and living space. There is no other escape from the feelings of national and racial inferiority which have come to be associated with mass poverty. There is no other escape for those who have experienced modern education and modern living standards and who now want opportunities to practice their knowledge and to bring a better material life to their countrymen.

So we can say that without economic development there is no hope for a future in these parts of the world in which the people there can live in some decency and order. And we can say that no matter how ambitious the task or how uncertain the outcome the free world community must participate. They must participate simply to maintain the balance of hope in a future which is compatible with a respect for individual freedom and for tolerance of racial and national

diversity. For those of us born and brought up in the comforts and prosperity of the western world, there has never before been such a fundamental challenge to our beliefs.

* * * * *

If we cannot tame this fickle process called economic development, how do we deal with it in the underdeveloped world? The World Bank has one answer to this question. Let me explain it.

In the World Bank we concentrate on economic development as if its only end were higher consumption and greater comfort. We try to remove the taint of ideology from the language of economics and then relate that language solely to the end of promoting higher material living standards.

We look on ourselves as technicians or artisans, but this is by no means an innocent pretension. We look on ourselves as artisans in order to avoid seeming to make a choice for our member governments from among the various aspirations of their people. Our own vocation, as embodied in our charter, is to deal in economic facts as they relate to higher material living standards for a whole community. We recognize that our member governments must deal in all kinds of facts and often must bend economic facts to ends other than consumption and comfort -- to the demands of national security, and cultural development, for example.

Words like 'savings' and 'investment,' 'efficiency' and 'productivity' are the tools of our trade, and, like good artisans, we try to develop proper standards for their use. But again this is not an innocent pretension. We think that in administering economic aid quality is more important than quantity; even the most enthusiastic supporters of economic aid recognize that the outside world cannot provide more than a small margin of the resources

needed; the really crucial economic and human resources must come from within. Therefore, it is only realistic, we think, to try to use economic aid primarily to promote proper standards in the art of managing a country's resources. The Bank adapts its standards to special circumstances and in the light of new knowledge; but we stick to certain fundamentals, even if that means that sometimes we don't do business. We wouldn't get away with this unless we sought constantly to render the language of economics as morally antiseptic as the language the BBC announcer uses in reading the evening news.

Finally, the success of any economic aid agency -- whether it be a national, international or regional agency -- depends as much as anything on the ability of that agency to make and keep contact among its members despite the changing temperatures in the international political climate. This means the agency must have a sign on its door, "Open for Business Year 'Round." Of course, it's easier to meet this requirement in an international organization; the Bank has many disagreements with its borrowers, but they are not the kind which lead to withdrawing ambassadors or mobilizing armies. But this protection would be of little use, I think, if we couldn't also establish in our member countries continuing contacts with people who regard the promotion of economic development the same way we do -- as an end in itself, if you will. In fact there exists a very sizeable guild of artisans in economic development in the underdeveloped world today; within the guild a very healthy exchange of information on the state of our trade goes on all the time. That there are those continuing contacts with people who speak the language of economics in the same way we do is to me more encouraging than all the statistics in our annual report.

The capital at our disposal is our earnest money, the tangible evidence that we take our vocation seriously. With it the Bank has been able to operate in 50 different countries over the past 14 years, participating in some

800 development projects and programs, involving a total investment in excess of £3,500 million. This has not been a period noted for international harmony and order. Yet there has been enough order in the underdeveloped world to allow us to think of broadening our work. Our member governments are now considering the charter of a new International Development Association, to be affiliated with the Bank, which will make capital available for investment on more flexible terms than World Bank loans. This new organization, while disposing of a very modest amount of capital at the start, will enable us to expand our operations in some of the poorest countries which are now reaching the limits of their ability to repay loans extended in foreign exchange on conventional terms.

* * * * *

Now this is a rather sober and certainly not a very dramatic conception of economic aid. It may seem a considerable feat of mental gymnastics to connect what I have been saying with the noble ends of world peace and freedom. But there is a connection, and I think the best way to illustrate it is to contrast this conception of economic aid with some others which prevail both in the underdeveloped world and outside it.

As I have said my aim is to isolate the ground of hope on which the idea of economic aid rests. It is certainly not to assert any final authority for a given set of economic criteria; in fact, part of the reason for making comparisons is to illustrate the perils in asserting final authority for any one set of criteria at all when addressing the problems of the underdeveloped world.

Some economists, for example, find it a fascinating exercise to apply economics to India's famous sacred cows. One economist recently pointed out that these cows eat up in one year as much food as the United States supplies to India each year from its surplus stocks. But obviously in this and similar

circumstances in the underdeveloped world, the economic facts, however fascinating, just don't count for much. As one acute observer remarked, "Theology cannot be answered by economics; only by better theology."

Actually, we have found that it is not so much the older theologies which threaten the effectiveness of economic aid; rather it is the newer ones. We find our most serious conflicts are with those in the underdeveloped countries -- and in the industrialized countries, too -- who pursue economic development and seek economic aid for reasons which have little or nothing to do with promoting higher material living standards. And these are conflicts where economic facts do -- or should -- count for a lot. Let me examine a few -- in the underdeveloped countries first.

The governments of the underdeveloped countries today, besides having to reconcile traditional attitudes towards life and work, also have to reconcile most of the competing objectives found in richer societies. Maurice Zinkin, in his brilliant book "Development for Free Asia," puts the matter very succinctly:

"Economic progress is sought today in Asia as elsewhere for reasons which are not economic," he writes. "High cost industries are built up because they are thought to contribute to national power. Labor amenities, better than productivity justifies, are enforced so that (factory) laborers shall have a better life. High incomes are taxed almost out of existence to increase equality. Location of industry is interfered with so that every part of the country shall have its 'fair' share of development. The large farmers, who know about agriculture, have their holdings cut down so that more of the landless can enjoy the pleasures of ownership. And so on."

"The criteria applied," Zinkin concludes, "mostly have nothing to do with economics; and the result is, naturally, that though there may be more equality

or greater regional fairness or possibly fewer revolutions, there is also less development."

If I didn't know better, I would think Mr. Zinkin had been reading economic reports at the World Bank -- and not just those on Asian countries.

It is these conflicts which make economic aid to the poor countries today a delicate and at times an agonizing business. The claims of poverty appear so compelling that the outsider is tempted to conclude that all argument over the niceties of equality, or of regional 'fairness' or of national prestige is really too much of a luxury to be tolerated. But such an attitude does less than justice to the governments of these countries; the political problems they face are excruciatingly difficult; they are the primary agents of change in societies undergoing a wholesale transformation to prepare for modern economic life. In western societies the primary agents of change in the early stages of development were the entrepreneurs; governments could then confine themselves to ruling -- to maintaining law and order. Now governments in the underdeveloped world are taking most of the development initiatives themselves, either because there is no entrepreneurial class of any significance or because only the government can raise the necessary capital. They have to lead as well as rule. To help these governments perform their necessary development functions without generating extravagant forms of political injustice and cruelty is really the major objective of economic aid.

Clearly economic aid cannot escape involvement in the moral and political hazards which the choices before these governments entail. But insofar as economic aid serves directly and exclusively to promote an orderly consideration of development problems as a means to higher material living standards, it can, I think, be a most helpful and hopeful persuader. The very process of development planning requires these governments to bring together in one place

all the competing claims on the country's resources, and to decide upon a reconciliation of these claims in accordance with some set of values. And then planning brings an awareness of costs and benefits; it helps make clear that often the cost of an expensive monument to the glory of the state is to make the population poorer and weaker in the long run because of the waste of resources involved.

Orderly development procedures can help to bring about a realistic division of functions within government and between government and the private sector. They can help persuade a politician that the management of a power system is best left to a technician so that the politician can have more time to devote to the really important development decisions. They can lessen hostility to the foreigner's investment by creating more awareness of how much slower economic growth is without it. They can lessen enthusiasm to penalize the successful farmer and businessman in the name of equality by creating an awareness of how much less food, jobs and basic comforts of life there will be with such penalties.

In practice the Bank has found that these conflicts are not always as agonizing as they appear in theory. We have reason to believe that in many cases argument over the conflicts between growth and equality, growth and national security, growth and cultural development is more a symptom of frustration than its cause. Often the argument is most heated where there have been some tragically wasteful experiences with development, and where as a result order has given way to rationalization and self-justification.

There is no more certain cause of frustration than the power plant, standing like the statue of Ozymandias in the desert, with no transmission lines connecting it with reality because the money ran out. Or the industrial plant without a market or even the prospect of a market, because nobody looked for a market.

before building it. Or the brand new turbine rusting on the dockside because somebody decided to buy it before deciding what to do with it. Or the newly irrigated lands laying fallow for lack of anybody to cultivate them. Such situations exist, and they suggest to me that economic facts can be very welcome and hopeful persuaders if they are presented in the right way and with a generous hand and heart.

If these tractable problems can be tackled, there is real hope that the job of reconciling competing objectives will become more manageable with time. There is real hope that people will take ideology less seriously simply because they will be too busy. But how important it is to focus economic aid on the tractable problems, the problems of engineering a series of escapes from the worst pangs of poverty. How important it is to nourish through the thick and thin of political change every point of contact among the artisans of economic development. How important it is to develop a pride of workmanship so that every ounce of resources available for promoting higher material living standards is used as efficiently as possible. And how important it is that the free world community stand ready to pledge whatever measure of its wealth can be usefully absorbed in this endeavor.

* * * * *

I have spoken of some of the points where the Bank's path crosses with the paths of some in the underdeveloped countries who are pursuing economic development for reasons which have little or nothing to do with the aim of promoting higher material living standards. Now let me turn to the industrialized countries.

There is a tendency on the part of some in the industrialized countries to regard economic aid solely in the context of diplomatic and military policy ---

either as a weapon in the Cold War or to be used in defense of some narrower political or diplomatic interest. This is hardly surprising. Diplomats and military strategists are trained to think in terms of power; they tend to look on economic aid as nothing different from other exercises of national power -- to regard economic aid as just another means of serving narrow national interests.

Certainly I have yet to meet a political leader in the underdeveloped world who seriously thinks economic aid is offered by any sovereign nation for motives completely divorced from its own interests. But I ask these diplomats and military strategists what interests they think they are serving when they offer economic aid in exchange for a military alliance or a diplomatic concession? They are certainly not serving the interest of orderly economic development; in fact they may well be abetting and perpetuating conditions which in a short time will render their military alliances and diplomatic concessions quite hollow victories.

In these circumstances the government of an underdeveloped country is likely to feel it has fulfilled its part of the bargain when the treaty is signed or the vote in the United Nations taken. That government is not likely to take very seriously any protestations of concern about economic development -- or pay much attention to what is said on the subject. In these circumstances economic facts can hardly be very hopeful or helpful persuaders.

I sometimes wonder -- if you will pardon a digression -- what would happen if, where governments believe their interests are served by supporting foreign military establishments, some of the aid money were used to encourage soldiers to try their hand at economic development. In many underdeveloped countries a great deal of prestige is attached to life in the army; as a consequence much of the administrative and technical talent to be found in that country is found

in the army. Now armies can perform very useful development functions; the American army certainly did in the last century; in fact the United States Military Academy at West Point was founded in 1812 as a school of engineering. The American Army's Corps of Engineers opened up a good deal of the United States, building canals, roads and dams throughout the Middle and Far West. In some underdeveloped countries today there would be a radical change in the economic environment if the army were to perform such tasks. I don't mean by throwing out this suggestion to meddle in the affairs of the military strategists, but who knows: maybe if there were more corps of engineers, there would be better military alliances in the long run.

* * * * *

Of more fundamental concern is the widespread belief in the free world community that economic aid is a weapon in an ideological competition with communism. This idea of an ideological competition clearly serves the interests of the communists; but I question that it serves anybody else's interests.

The communists, of course, paint a picture of the world which has nations divided according to a label stuck on their economic system -- the one labeled 'capitalist,' the next 'socialist' and the third, 'communist.' The pattern reflects their determinist view of history and their belief that theirs is the one sure road to the Good Life. But what other ideology does this pattern fit?

In countries where individual freedom is fostered, conflicts over the use of economic power are resolved through the give and take of the democratic process. There is a continually changing emphasis with the ebb and flow of politics between the aim of an egalitarian distribution of material wealth and the kind of less equal distribution which is necessary to provide rewards in money for the successful innovator or investor. There is, similarly, a changing emphasis between the demands of growth and national security, between

the demands of growth and regional prosperity, and even between the demands of growth and ownership and control of property. It is largely by not claiming any final authority for any determinist view of economics or of history -- that is by not taking ideology too seriously -- that the western world today enjoys democracy and freedom as well as the highest material living standards.

How ridiculous, then, to accept the terms of competition laid down by ideologues who, in the first place, believe quite wrongly that all economic power is vested in the ownership of property; and who, in the second place, have fashioned the implausible theory that, simply by abolishing the institution of private property, economic development can be made into an escalator to carry society to a state where all social friction arising from the exercise of economic power has disappeared?

And how dangerous it is to encourage those in the underdeveloped world to believe that the communists' terms of competition are anything but an illusion. The leaders of these countries have often stated their determination not to repeat the mistakes which the industrialized nations made during their development. Economic aid should serve to bolster this determination -- and to point out the greatest mistake that can be made is to succumb to the illusion that the competing aims and aspirations of their people, as they concern economic development, can ever be settled once and for all.

Capitalists, of whom I consider myself one -- and may not I say socialists, too? -- have come in a great many shapes and sizes for a great many years now. Should we not be proud of this diversity and lay stress upon it? And while we are at it, cannot we say that communists, too, are beginning to appear in a few different shapes and sizes? Shouldn't we also stress this? After all, the quest for peace demands that the communists be encouraged to shed their illusions about the nature of competition among nations even as we shed ours.

There is another point of conflict between the view of economic aid as a vocation and another view found in the industrialized countries. There are some who believe that development aid to be worthwhile must have a direct and immediate economic benefit to the donor country. Usually the benefit sought takes the form of an export order or of a new source of raw materials.

The whole question of the relation between trade with the underdeveloped world and economic aid is currently being reviewed in many quarters and involves several very complex technical problems. I only want to underline one broad generalization.

The relation between trade and investment with the underdeveloped countries is a fundamentally different one today from what it was even a generation ago. Before economic development was a primary aim of the governments there, international investment in the underdeveloped world could be regarded simply as an arm of trade -- either as a source of export orders or of raw materials. Now that governments in these parts of the world are forcing the pace of development, the rate of increase in trade over the long run will depend increasingly on the development of new markets in the underdeveloped world. And when I use the word 'markets' I am talking about customers with whom it will be possible to do business over a number of years, not just on a hit and run basis.

This means that trading governments and traders alike need today an investor's outlook towards trade with the underdeveloped world. This trade cannot be financed on the old, mercantilist pattern without endangering the whole order of international financial transactions and contributing to the delinquency of the economic aid idea. Successful trading ventures with the underdeveloped world today demand that the industrialized countries give much more time than in the past to trying to calculate the real economic benefits

on both sides of the equation, not just the immediate benefits that may accrue to the exporter. Insofar as economic aid is used merely to bail out exporters who have unloaded their wares, not wisely, but too well, both the ends of aid and of trade in the long run are frustrated.

And again who is going to listen to what is said about economic development, or to think there is any serious concern with it, if the idea gets around that what is really wanted is a subsidy for an export industry?

* * * * *

As I said, I have been giving a journeyman's view of economic development, the view of one who practices economic aid as a vocation.

I have said that scientific and technical knowledge is power; that all exercise of power in international affairs -- and economic aid is one such exercise -- involves inevitably great moral and political hazards. But not to exercise this power clearly involves even greater hazards; it amounts to saying that this knowledge has no enduring worth ... or to saying that the free nations of the world have lost the courage to use the great power of their knowledge to help others to live in freedom.

Today the free nations can exercise their power constructively in the world only as part of a contract between or among sovereign equals. That is why it is as a vocation that I pledge the idea of economic aid to you today. Until governments -- in the capital exporting countries and in the capital importing countries -- decide that the primary objective of economic aid is the raising of material living standards -- until they accept this objective as something different and apart from other objectives they are pursuing -- economic aid can only generate false hopes and disillusionment both in the underdeveloped world and in the industrialized countries.

It is no mean vocation for the free nations to make sacrifices to help find an escape from poverty for those millions whose ways of life have been rendered so tragically inadequate by the recent course of history. Such sacrifices ennoble the ideals of freedom and tolerance far more than any eloquence man can muster.

And in what more practical way can the free nations demonstrate their concern for maintaining peace in the world? By applying our knowledge to specific conflicts, to specific predicaments; by borrowing from the Puritans their love of work and pride of workmanship without their innocent pretensions; by standing ready to do business with one and all who are willing to regard the pursuit of economic development primarily as a means to higher material living standards for all -- by doing all these things, we can have real hope that time is, indeed, on the side of peace and that these societies will evolve in ways which are at least compatible with a respect for individual freedom and for tolerance among nations and races.

Human progress, someone once said, is best regarded as a series of escapes from one predicament to another with the ground of hope being the measure of advance. It is very literally, very tangibly to preserve this ground that the world community should aid the economic development of the underdeveloped world as a vocation, as an end in itself.

C O P Y

From the
Assistant Secretary of Faculties

University Registry
Oxford

19

Ref: No. CFF/1

13 August 1959

Dear Mr. Black

In the absence on leave of the Secretary of Faculties, I am writing to thank you for your letter of 7 August. The Electors to the Cyril Foster Lectureship will be delighted to know that you accept the invitation to be the first lecturer and I have arranged for the appointment to be published.

The first days of March 1960 are likely to be quite suitable for the delivery of your lecture except for 1 March, on which date another lecture has already been fixed. ^{with John} 2, 3 or 4 March, however, are at present free. If you would care to fix one of these dates now so that other engagements for the one chosen could be avoided perhaps you would be kind enough to let Mr. Paterson know. If you prefer, however, the exact date could be left for later consideration and also the title of your lecture.

Yours sincerely,

(signed) R. Anson-Aven

Mr. Eugene R. Black,
International Bank for Reconstruction
and Development,
Washington, 25, D.C.
U.S.A.

20

August 7, 1959

Dear Mr. Paterson:

I am glad to accept your invitation for me to deliver the Cyril Foster Lecture at Oxford during the academic year 1959-60. If it suits your convenience, I should like to come to Oxford during the first days of March.

Sincerely yours,

(Signed) Eugene R. Black

Eugene R. Black

C. H. Paterson, Esq., M. A.
Secretary of Faculties
University Registry
Oxford
England

cc: Paris Office, Mr. Miller

HNG:ap

Ack Aug 13

Handwritten initials

July 13, 1959

Dear Johnnie:

Here is a letter inviting Mr. Black to deliver, at Oxford, something called the Cyril Foster lecture. As you can see, the letter gives us virtually no information from which to judge whether this is something that might interest Mr. Black. Could you look into this, find out who has given the lecture in the past, and so on and let me know what you find out?

The records have arrived -- just after Raymond Cope was leaving for Paris. There are a lot of them, however, and I am not sure how we are going to get them over to you. Even splitting them up into five individual packages (which is what we have so far) is not a complete solution, and of course means that getting them across will take some time. Anyway, most of them are here and we will do our best.

Sincerely,

Harold Graves

Enclosure

Mr. John D. Miller
Special Representative in Europe
IBRD
67 Rue de Lille
Paris 7e
France

HNG:ap

Secretary of Faculties.

C. H. PATERSON, M.A.

*In any reply, please quote
following Ref. and date.*

Ref. BEQ/27

JUN 25 REC'D

University Registry 22
Oxford

Tel. Oxford 48491

23 June 1959

Dear Mr. Black,

I have the pleasure to invite you on behalf of the Board of Management of the Cyril Foster Fund (the purpose of which is 'the promotion of international peace and the prevention of future wars') to deliver the first Cyril Foster lecture at Oxford during the academic year 1959-60. The lecture must be on some subject relating to 'the better understanding of the nations of the world', but within this general definition the exact choice of subject is left to the lecturer.

The lecture may be given at any time within the Michaelmas or Hilary Terms (11 October to 5 December 1959 and 17 January to 12 March 1960) and the Board of Management would leave it to you to select a date to suit your convenience within these limits. As you will I am sure appreciate, however, there are domestic considerations which are likely to make certain dates during the University terms less suitable for the delivery of an important public lecture than others, and should you be willing to accept the invitation of the Board of Management (as it very much hopes that you will) it will be helpful if you could possibly suggest one or two alternatives from which we could choose the most suitable one.

The lecturer receives a fee of £100 and the Board of Management is also empowered to make a grant towards any travelling or other incidental expenses. If there is any further information about the lecture which you would like to have, please do not hesitate to ask for it.

I look forward to hearing from you in due course.

Yours sincerely,

C. H. Paterson

Mr. Eugene R. Black,
Office of the President,
The International Bank for
Reconstruction and Development,
Washington, D.C., U.S.A.

CHP/AHP/PLBJ/am

AVD.

1959 JUN 25 10:31

UNIVERSITY OF OXFORD
RECEIVED

University Registry 25
Oxford
Tel. Oxford 46491
23 June 1959

JUN 25 RECD

Secretary of Faculty
C. H. PATERSON, M.A.
In my reply, please quote
following Ref. and date.
Ref. BEC/27

Dear Mr. Black,

I have the pleasure to invite you on behalf of the Board of Management of the Cyril Foster Fund (the purpose of which is 'the promotion of international peace and the prevention of future wars') to deliver the Cyril Foster lecture at Oxford during the academic year 1959-60. The lecture must be on some subject relating to 'the better understanding of the nations of the world', but within this general definition the exact choice of subject is left to the lecturer.

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I look forward to hearing from you in due course.
Yours sincerely,

C. H. Paterson
Mr. Eugene R. Black,
Office of the President,
The International Bank for
Reconstruction and Development,
Washington, D.C., U.S.A.
GRP/AHP/PFB/am

RECEIVED
BANK MAIL ROOM
1959 JUN 25 AM 10:31

ENG. Members of
Parliament

Speeches Black
Eng. M.P.'s

23

February 22, 1960

Dear Mr. Marquand:

Thank you for your letter of February 3rd.

I appreciate very much your invitation to address a meeting of the members of Parliament but I am afraid that I will be unable to do it on this trip as I have already accepted two invitations to speak while in England.

However, I expect to be over frequently and would like to work it out on a future trip. I appreciate very much your wanting to have me.

With best regards,

Very sincerely yours,

(Signed) Eugene R. Black

Eugene R. Black

The Rt. Hon. Hilary A. Marquand, M.A.D. Sc. M.P.
House of Commons
London, S.W. 1, England

ERB:cml

FEB 5 REC'D

HOUSE OF COMMONS
LONDON, S.W.1.

3rd. February 1960

Dear Mr. Black,

✓ filed
James Black

Many thanks for your letter
of 25th. January.

More than 50,000 people went through
our exhibition and more than 5,000 attended
meetings in connection with it. It is too early
to say exactly what the financial outcome was,
but we are confident that we have paid
our way. We hope we may have £1,000 or
so left over, which we shall use for further
propaganda.

I am glad to know that you hope to
come to London early in March. I fully
expect to be here and hope you will kindly
get in touch with me. My home telephone
is WIMbledon 6108 and the telephone here
is WHI 6240 - messages can be left, though
individual members do not have extensions.

I wonder whether you could find the
time to address a meeting of members of

Ack Feb 22

FEB 5 Rec'd

HOUSE OF COMMONS
LONDON S.W. 1



Parliament while you are here. I would
gladly arrange it at 3 or 4 days' notice.

That would be a meeting of interested
M.P.'s & might be from 50 to 100. Alternatively,
at 10 days' notice I could arrange a
meeting of about 250 or more, comprised
partly of M.P.'s & partly of business men,
voluntary workers & others who are keenly
interested in economic development of
the underdeveloped areas.

Yours sincerely,

Hilary Margand

Mr. Eugene Black.

THE LOTUS CLUB

Mr. Iliff

November 29, 1960

Harold Graves

Mr. Black's Lotos Club Talk on Indus

As he probably has told you, Mr. Black gave a brief talk on Indus last November 17 to the Lotos Club in New York. A reporter of The New York Times was present and, with Mr. Black's permission, took away a copy of the speech and wrote a story about it in late editions of the next day's Times (which we did not receive in the Bank). Last week, Lester Markel, the Sunday editor of The Times, talked to Mr. Black in Florida and got his permission to use part of the text for a feature on Indus in The Sunday Times Magazine. About 1,000 words (we do not know which) will be used, along with pictures from The Times files; we think the feature will appear in next week's issue.

A copy of the speech is attached for you to see; it was vetted by General Wheeler and Mr. Kennedy before delivery.

Attachment

HNG:ap



THE LOTOS CLUB
5 EAST 66TH STREET
NEW YORK 21, N. Y.

SEP 1 REC'D

*Speech - Black
to this Club*

26

August 30, 1960

1/2 - Copy to Mr. Black

Dear Mr. Black:

The Officers and Directors of the Lotos Club have given me the pleasurable assignment of inviting you to be the guest of honor at a State Dinner here on Wednesday, November 2. These Dinners, inaugurated in 1872 and tendered to distinguished men and women of achievement, have been traditional with the Lotos Club.

Should you find it possible to accept, as we very much hope you will, we would like you and Mrs. Black to come for cocktails at 6:30 p.m. and for an informal reception in the Library in advance of the Dinner. This, although black tie, is really kept on quite an informal basis.

We do not have a lengthy program; after the speeches in tribute to him, the guest of honor responds (fifteen to twenty minutes) and the Dinner is concluded generally around 10 p.m. Thereafter we adjourn to the Men's Grill for a nightcap.

Sincerely yours,

H. A. Bruno
President

Mr. Eugene R. Black
International Bank for Reconstruction and
Development
1818 H Street N.W.
Washington 25, D.C.

The Parlour Club
ENG. London.

LONDON WALL 2830.

8, BISHOPSGATE,

LONDON, E. C. 2.

4 March 1960.

27

Files
3/14/68

PERSONAL

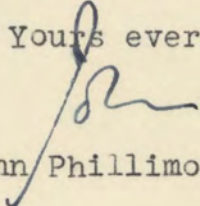
Dear Gene,

May I repeat my very warm thanks to you for having been so kind as to devote the evening before last to coming and talking to my friends at the Parlour Club. I have heard from many quarters how much my fellow members and their guests enjoyed the evening and in particular the fascinating talk you gave us. It was really good of you to come and to take so much trouble.

My only regret is that there happened to be so few of the banking fraternity present. I have made one or two enquiries and the explanation appears to be that many of them are abroad. It is really remarkable how many of our confreres manage to discover urgent banking business in the Mediterranean region or even farther south at this time of the year!

With all best wishes and sincerest thanks,

Yours ever,


John Phillimore

Eugene Black, Esq.,
Claridges,
Brook Street,
W.1.

14, Fenchurch Avenue, ²⁸
London, E.C.3.

7 Jcs
3/14/60

3rd March, 1960.

Dear Gene

As Chairman of The Parlour it falls to me to thank you, on behalf of all those present, for having given them so fascinating a bit of history last night. I felt it was a measure of their unawareness of the story you had to tell that there was an almost stunned silence at Question Time. I have never heard so few questions asked, though I am quite sure that many were buzzing about in those silent heads.

By now you will have made your Oxford speech and I hope it was as much appreciated.

Yours gratefully

Colin Anderson

Eugene Black, Esq.,
Claridge's,
Brook Street,
W.1.

FEB 12 REC'D

8, BISHOPSGATE,

LONDON, E. C. 2.

*Speakers Black -
Eng. Parlour Club*

*Files
2/24/60*

9 February 1960

29

Dear Gene,

Many thanks for your note of January 29th. It is very good news that you are going to come and dine with the Parlour on March 2nd and we are all much looking forward to it. I sent Miss Read, at your London Office, a list of the members of the Parlour, so that you could see the sort of people you were likely to meet. Each member is allowed to bring a guest, so there will be some additional fellows there as well.

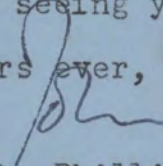
The Dinner takes place at Claridges Hotel in a private room. We aim to sit down to dinner at 8 p.m. and it would therefore be advisable that you should arrive as soon as you can after 7.30 p.m. to have a chance of being introduced to the members first. The dress is dinner jacket.

The procedure is that you, as guest of honour, will be expected to address the company at the conclusion of dinner, for not more than 30 minutes. The proceedings are pretty informal and you can speak either standing up or sitting down as you prefer. There are no Press present and all the company are sworn not to divulge anything that is spoken at these dinners, so you can be as indiscreet as you like!

After you have finished speaking, members will be invited to ask you any questions that occur to them. The maximum time allowed for this is also half an hour, so that proceedings normally terminate at about 10 p.m., which makes it a nice early evening for all concerned.

Looking forward to seeing you,

Yours ever,



(John Phillimore)

Eugene R. Black, Esq.,
International Bank for Reconstruction & Development,
1818, H. Street N.W.,
Washington, D.C.

REC'D

10th February 1960

Dear General,

Many thanks for your letter of 27th January 1960. It is very good news that you are going to visit us with the British Air Corps and we are all most anxious to forward to you a list of the members of the Air Corps who are going to the sort of people you are likely to meet. I have already allowed to bring a guest, or more, with me to the airport. I will be very glad to see you.

The dinner will take place at 7.30 on the 10th of February. It would be most desirable if you could arrive at the airport at 6.30. I will be most pleased to introduce you to the members of the Air Corps.

The dinner will be a very good one, and we are all most anxious to see you. We are also most anxious to see you at the airport. I have already allowed to bring a guest, or more, with me to the airport. I will be very glad to see you.

After you have finished speaking, you will be invited to see you at the airport. I have already allowed to bring a guest, or more, with me to the airport. I will be very glad to see you.

Looking forward to seeing you.

Yours faithfully,

RECEIVED
BANK HILL ROAD
1960 FEB 11 PM 4:06 (London)
International Development Commission
Washington, D.C.

N.Y. Southern Club.

Spencer Black
NY Southern Soc.

30

February 2, 1960

Jan 21
Dear Baxter:

Please accept my thanks for your thoughtfulness in sending me the clippings from the NASHVILLE BANNER. I am very glad to have them.

I want to tell you again how much I enjoyed being the guest of honor at the dinner of the Southern Society and how grateful I am for the courtesies you extended to my family. They all had a wonderful time and I too enjoyed myself despite the fact I had to make a speech.

Sincerely yours,

S/gene

Mr. N. Baxter Jackson
Chairman, Executive Committee
Chemical Bank New York Trust Company
165 Broadway
New York 15, N. Y.

ERB:mel

CHEMICAL BANK NEW YORK TRUST COMPANY

165 BROADWAY

NEW YORK 15, N. Y.

31

N. BAXTER JACKSON
CHAIRMAN
EXECUTIVE COMMITTEE

21 January 1960

Dear Gene:

I just received some clippings from the NASHVILLE BANNER in which appear some pictures taken on the evening of the dinner of the Southern Society. I thought maybe you might be interested in seeing them. The pictures of you and Sue I think are particularly good.

Sincerely yours,

Marv

Mr. Eugene R. Black
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington, D. C.

Ack Feb 2

BANNER, Tues., Jan. 19, 1960

NEW YORK SOUTHERN SOCIE

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Mrs. Frank K. Houston, Mr. Houston, Mrs. N. Baxter Jackson, Mr. Jackson, president of the New York Southern Society and chairman of the Executive Committee of Chemical Bank

New York Trust Co., Mrs. Harvie Branscomb, and Mr. Branscomb, Chancellor, Vanderbilt University, are pictured at the dinner dance given by the society on Friday, Jan. 15.



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

ADDRESS BY MR. EUGENE R. BLACK
PRESIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
BEFORE THE NEW YORK SOUTHERN SOCIETY, NEW YORK CITY
JANUARY 15, 1960

(Editor's Note: Mr. Black's grandfather, Henry W. Grady, editor of the *Atlanta Constitution*, and known in his time as "The Architect of the New South," addressed this Society in May of 1889. His father, Mr. Eugene R. Black, Sr., also addressed the Society as Chairman of the Federal Reserve Board in the early 1930's.)

...I am indeed happy to be asked to speak where my father and my grandfather appeared in their day...

I would like to recall tonight something of the vision which drove Mr. Grady up and down this country waving the banner of the New South in Boston and New York and challenging his fellow southerners to erase the stigma of defeat and humiliation through working hard and getting rich.

This vision was an all-consuming passion with him. He often quoted a conversation with his son -- my uncle -- which took place on the train from Washington to New York and in which his son asked, "Papa, what do you want me to do when I get grown?" "My son," Mr. Grady answered, "I want you to give your life without stint or hindrance until Georgia blooms as Pennsylvania looks today." And so did Mr. Grady, in fact, give his life.

He saw the South before the War of Secession as being enslaved by slavery -- white and black alike mired in poverty and the whole region in pawn to and dependent on others for much of the wherewithal necessary for modern economic life. He bridled under this dependence for he saw that what was good and unique in Southern traditions could not thrive unless the region achieved a

measure of self-sufficiency through keeping up with the economic development of the times.

One of his most famous stories revolved around just this point. He told of attending the funeral of a "one-gallus" friend of his in Pickens County, Georgia, and how the whole affair had upset him. "At that funeral," Mr. Grady said, "they cut through solid marble to make his grave, and yet the little tombstone they put above him was from Vermont. They buried him in the heart of a pine forest, and yet the pine coffin was imported from Cincinnati. They buried him within touch of an iron mine and yet the nails in his coffin and the iron shovel that dug his grave were imported from Pittsburgh. They buried him on the side of the best sheep-grazing country on earth and yet the wool in the coffin bands and the coffin bands themselves were brought in from Massachusetts. They buried him in a New York coat and a Boston pair of shoes and a pair of breeches from Chicago and a shirt from Cleveland. The South didn't furnish a thing on earth for that funeral but the corpse and the hole in the ground."

The New South was the title of Mr. Grady's speech, which Mr. Jackson referred to, before the New England Society at its annual banquet in 1866 -- the year the New York Southern Society was founded. Despite the profuse hospitality of his hosts, it is hard for me not to believe that my grandfather didn't feel a bit like Daniel walking into the lion's den that evening. Mr. Grady was not then a nationally known figure; he was just a newspaper editor from Atlanta who had the gift of golden words. His speech was preceded by a long, florid -- and very pious -- tribute to the "glorious Union armies" by Dr. DeWitt Talmage and his dinner partner was none other than General William Tecumseh Sherman!

But Mr. Grady warmed to his subject as was his custom, spinning out colorful figures, tendering elaborate compliments -- often with a sharp point nestled in the cotton of his words -- and digressing for a self-deprecating joke along the way. He paid a handsome tribute to Abraham Lincoln -- "That typical American, the sum of Puritan and Cavalier." He answered Dr. Talmage's tribute with a tribute of his own to the defeated armies at Appomattox, and he topped it off with a quote from an apocryphal soldier who was said to have remarked to his comrades, "you may leave the South if you want to, but I am going to Sandersville, kiss my wife and raise a crop, and if the Yankees fool with me any more I will whip 'em again."

He even tilted his lance at General Sherman who, he said, "is considered an able man in our parts, although some people think he is kind of careless with fire."

But when he reached his favorite subject -- the New South -- he pulled out all the stops. "We have sowed towns and cities in the place of theories and put business above politics," he said. "We have challenged your spinners in Massachusetts and your iron makers in Pennsylvania. We have reduced the commercial rate of interest from 24% to 4% and are floating 4% bonds. We have established thrift in the city and country. We have fallen in love with work. We have restored comfort to homes from which culture and elegance never departed. We have let economy take root and spread among us as rank as the crab grass which sprung from General Sherman's cavalry camps. Above all we know that we have achieved in these piping times of peace a fuller independence for the South than that which our fathers sought to win in the forum with their eloquence, or compel on the field by their swords."

Of course, Mr. Grady was a little ahead of himself. Perhaps he anticipated the great growth of the South a bit because J. Pierpont Morgan was in his

audience and everybody knows that an investment banker in hand is worth several in the bush.

But Mr. Grady's prophecies have, in fact, come true. If the South is still plagued with many problems as the result of its unique heritage, it has in the last 30 years become a region of great economic strength in the strongest nation in the world. There are fewer farmers and less farm land under plow in the South now than there were, say, in 1920; but half again as much is being harvested from each acre, and the income of the South's farmers today is two-thirds higher in real purchasing power than it was in 1920. The growth of manufacturing in the New South is a very familiar story to all of you; in this past year alone 1,000 new manufacturing enterprises were established in the South. But sometimes overlooked is the growth of trade and service industries -- a growth that has actually provided more new employment and new wealth in the South than has manufacturing (though much of it was, of course, dependent on manufacturing). There is a market in the South today which wasn't dreamt of even as late as 1939.

Economic development is like a breeder reactor; it produces its own fuel. This is what has been happening in the New South for three decades now.

And while the dangers of over-centralization in Washington still fire Southern politicians as they did in Henry Grady's day, who's to deny that the South is much less vulnerable, much more independent today than it was then? The unique qualities, the very special traditions which make the South the most distinctive of all American regions are much better safeguarded now in the midst of relative prosperity than they were in the very dependent days of the last century.

* * * * *

I would speak, in conclusion, of one Southern tradition which, I think, is especially important today. I refer to the South's traditional awareness of the world outside our borders. The South never succumbed to one temptation that infected most other regions of the country -- the temptation to retreat from world problems into a self-righteous isolationism.

Guided by its own self-interest at the time, it is true, the South nonetheless provided the bulk of the political opposition to the sorry policies of economic and political nationalism which disfigured the American record in the 1920's and so helped to set the stage for World War II.

In the 30's it was a Tennessean, Cordell Hull, who masterminded the enlightened Reciprocal Trade Agreements Act and it was Southerners who piloted it through Congress; today one-third of the foreign trade of the United States passes through Southern ports.

In the 40's and 50's it was the Texan, Tom Connally, the Kentuckyan, Alben Barkley, the Georgian, Walter George, and the Carolinian, Jim Richards, among others who helped lead the small group in Congress most closely identified with policies designed to deal with the realities of a world in which the United States had grown into a position of pre-eminent power. All these men, and many Southern leaders in Congress today, had the courage to realize early in the game that the United States, thanks to our ideas and achievements, had to be prepared to live with the impact of its power on the world and to try to aid others struggling to make peace with the 20th century on terms compatible with the continued growth of individual freedom and well-being.

It was logical that the South should produce leaders to match today's most exacting challenge. The South was never quite so underdeveloped a country as we use the term today; even in the low days of the early 1930's, per capita incomes

in the South were greater than such "rich" countries as France and Holland. But the South, unique even among American regions, has experienced profoundly the kind of progress that comes with "falling in love with work" and with "placing business above politics." There is no more valuable experience I know of in dealing with the problems which our country faces today.

For today all sorts of historic political problems -- problems of the relations among nations and races; of the relations between the individual and the state; -- have become inextricably enmeshed in the fact of widespread poverty which prevails over more than half the globe -- a kind of poverty that is like nothing we have ever experienced in this country. The sources of this poverty are many and varied; it is bound up in ignorance and pride; in the contrary effects of the application of a modern science which can lower a death rate by half much quicker than it can increase the volume of food available to feed exploding populations. It comes about as a result of people clinging to old habits and attitudes towards life when these habits and attitudes have been rendered inadequate by economic development that has already taken place.

Simply put, the task the United States faces today is to preserve the balance of hope at a time when the balance of power is only precariously maintained by the production of weapons capable of destroying civilization. And unless more of the world can see hope for an escape from their poverty -- an escape which does not do violence to our ideals of individual freedom and tolerance among nations -- then our own hopes for a world less threatened by war and less tempted by totalitarian doctrines are bound to go a-glimmering.

The people in these poor countries are searching for an escape from an agonizing human predicament -- one which we must share with them since it involves our own future security and well-being. We who found an escape from

our own agonizing predicament through the process of getting rich -- or at least of getting less poor -- have much to offer to these people by way of guidance and understanding.

I have met around the world hundreds of leaders who believe after the fashion of Henry Grady that they can, through hard work and sticking to business, achieve a much truer and fuller independence than they can ever achieve through international debate and international conflict. But these men and women are beset on all sides with frustrations and temptations to seek an escape from their poverty, not forward but backward into chaos or tyranny. They must have hope in order to have the courage of convictions that, by and large, they received from our ideas and accomplishments. We can, if we want, give them a crucial measure of hope, and we should do so, for these people are our natural allies.

Progress, perhaps, can best be defined as a series of escapes from one predicament to another, with the quality of hope sustaining more and more along the way. Nowhere in history has a society devised a way of life so spectacularly successful by this definition of progress as here in the United States. If this success is more than just an accident, brought about by favorable historic and economic conditions, then we can and will find ways of helping these far off people to escape their present predicament into one more hopeful and more compatible with our ideals of freedom and tolerance, and of guiding their feet, and our own, into the way of peace.