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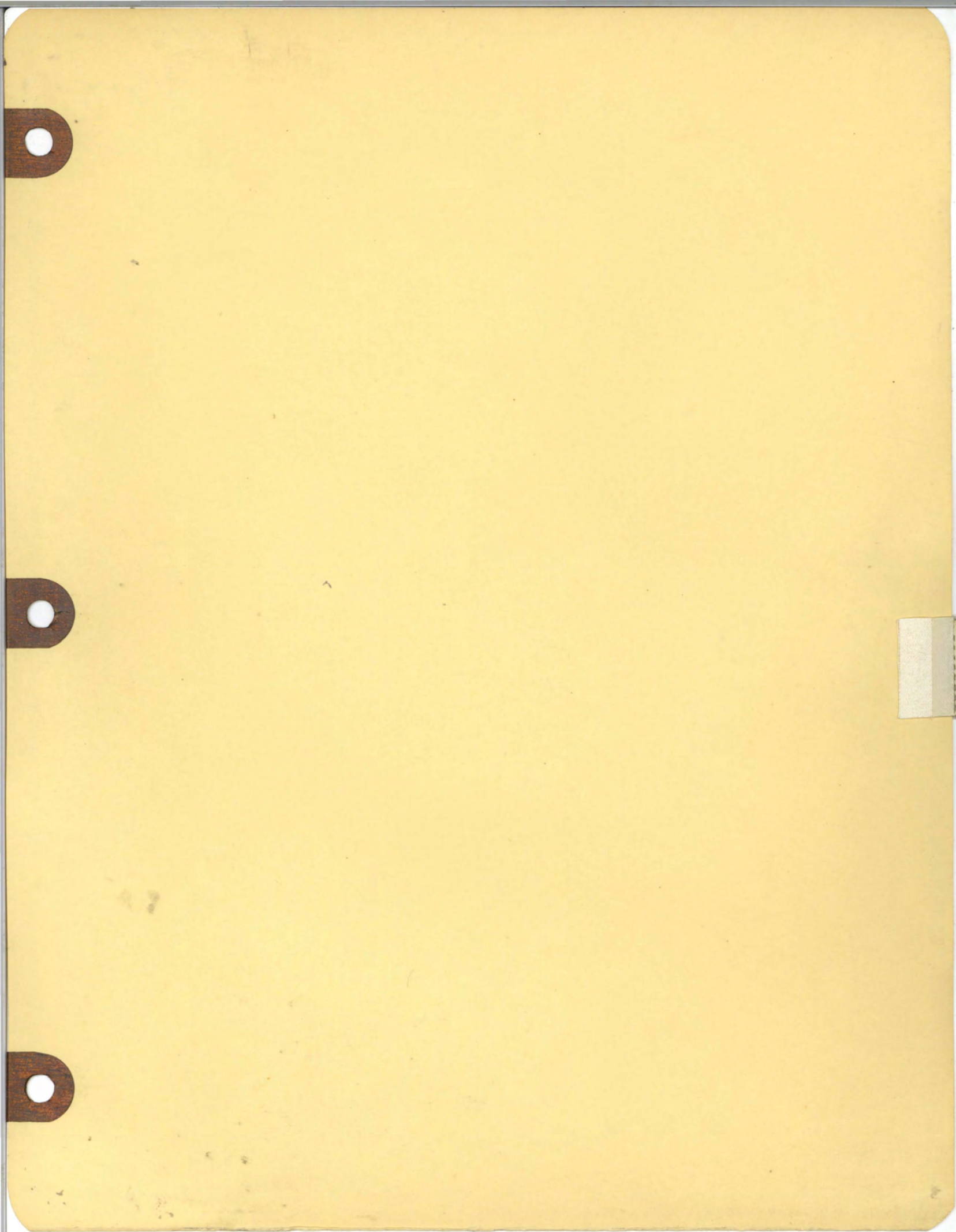
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BRUN



# INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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Speech delivered at Mount Holyoke College, South Hadley, Mass.,  
on April 9, 1963, by Miss Alice Brun, Executive Director of the  
International Bank for Reconstruction and Development

It is such a pleasure to express my sincere thanks to the management of Mount Holyoke College for having extended this very kind invitation to me as a guest speaker on this occasion. I feel it a privilege and, also, a responsibility as a foreigner to take the floor in a glorious and renowned college like this from which have graduated so many generations of distinguished American women. It certainly adds to my pleasure to see several good friends of mine among you.

The general subject of this evening's assembly speaks of conserving economic and human resources. I suppose you expect me to talk mostly about economics, a topic which is usually not easily understood by people who do not absorb economics and statistics as daily food. Banking is probably even worse unless you feel satisfied with the definition of a banker as a man who earns his living by lending somebody's money to somebody else. For myself, I long ago made up my mind not to be frightened by economics and finance, and I have worked in this field in the Ministry of Finance in Denmark for a good many years before my present position as a member of the Board of Directors of the International Bank for Reconstruction and Development which is the official full title of the World Bank. And now I'll take courage and start talking about banking.

What is the World Bank and how does it operate?

Let me try to give you a short answer to those questions.

The World Bank is a bank the shareholders of which are states all over the world. It is an investment bank which makes loans to the member states or loans to large economic bodies in those states. It borrows money from sources available all over the world. The World Bank has, at this day, 83 states as members, and its very international picture is also seen from the fact that it is served by personnel originating from about 50 of its member states.

The World Bank was created shortly before the end of World War II, and it began operation very soon thereafter. I am not going to feed you up with accounts and statistics but a few figures may help you to understand the size and the importance of the Bank's activities. Its basic capital which is now more than 20 billion Dollars has been provided from the member states each one being charged with a subscription amount related to the total annual income and other economic features of that state. Yet, this enormous amount of 20 billion Dollars never appeared in real money. Only one tenth, i.e. 2 billion Dollars has been paid in over the years, - or is due to be paid in - while the balance, 18 billion Dollars, stands as a capital guaranteed by the member states, only subject to call if needed. With the paid-in capital the Bank began its lending activity, and with the amount guaranteed by the member states as a security capital the Bank has been able to borrow money in the richer states around the world, and, thus, to lend more money to needy states. The total amount lent by the Bank has now reached almost 7 billion Dollars.

To give you an idea of what is really going on I now want to cut through the economic and financial expressions, and to deal in real terms with the work of the World Bank in conserving economic and human resources.

An American author, Robert L. Heilbroner, who is probably best known for his book on the Lives of the Worldly Philosophers, recently published another volume in which he used a vivid analogy to make people in this rich country understand what it is like to live in an underdeveloped area. He took a typical American working family, probably of what you would call the "blue-collar" variety, living in a small suburban house on a yearly income of say 6,000 Dollars a year. Let me quote from his analysis:

We Americans, looking about us at the underdeveloped areas of the World, often speak of their future "economic development" without having the slightest notion of the difficulties with which they must contend. How can we understand the problem unless we try to visualize what underdevelopment means to the two billion human beings for whom it is a living experience of daily life?

It is not easy to make this mental jump. Let us attempt it, however, by imagining how a typical 6,000-Dollars-a-year-American-family living in an ordinary and comfortable American house could be transformed into an equally typical family of the underdeveloped world.

Begin by stripping this imaginary American home of its furniture. Everything from the living quarters goes: beds, chairs, tables, television sets, lamps. Leave a few old blankets, a kitchen table, a wooden chair. For clothing each member of the family may keep his oldest suit or dress, and a shirt or blouse. Permit a pair of shoes to the head of the family, but none for the wife or children.

In the kitchen the appliances have been taken out, the water and electric power shut off, so we turn to the larder. A small bag of flour, some sugar and salt. A few potatoes, a handful of onions and a dish of dried beans. All the rest must go: the meat, fresh vegetables, canned goods, milk.

The automobile, of course, will be gone.

Next we take away the house. The family can move to the toolshed. It is crowded but much better than the situation in many places: in Hong Kong it is not uncommon for a family of four or more to live in a bedspace, in Calcutta an estimated 250,000 people simply live in the streets. In the city of Cali in Colombia on one hillside alone the slum population is estimated at 40,000 - without water, sanitation or electric light.

But we have only begun. All the other houses in the neighborhood and all the neighbors' automobiles have also been removed. Communications must go next. No more newspapers, magazines, books - not that they are missed, since most of the people are not able to read. We will allow one radio in our poor town of sheds - and that allowance is fairly generous.

Public services must go, too. No more postman or fireman. No telephone. There is a school, but it is three miles away, and only a few children are able to attend it. No hospitals or doctors nearby. There is a clinic ten miles away, and it is tended by a midwife. If you are lucky, you can go by bus, not always inside, but there is usually room on top.

Money? We will allow our family a cash hoard of 10 Dollars which won't go far.

The head of our family is probably a peasant with a few acres to tend, and he may raise the equivalent of 100 to 300 Dollars worth of crops a year. If he is a tenant farmer, a third of his crop will go to his landlord, and probably 10 percent to the local money lender. The rest may be used for food. An Indian peasant will average no more than about 2000 calories a day which is some hundred calories less than the requirement of the human body, and this is one reason why life expectancy at birth averages only 46 years in India today.

The children may help the family. If they are fortunate, they may be employed for a few coins a day, and if they cannot find work, they can always scavenge in the street or elsewhere.

When we are told that more than half the world's population "enjoys" a standard of living of "less than 100 Dollars a year" this is what that figure means.

Essentially what the World Bank is trying to do is to perform the opposite exercise from that of Mr. Heilbroner. We are trying, by the wise use of money and technical advice, to provide the family in the underdeveloped country with at least the minimum necessities of life as they are recognized in our own highly developed societies. Let me give you a few more facts. Out of the total amount of World Bank loans, which is 7 billion Dollars, about one third, or 2.3 billion, has been lent for electric power development in the less developed countries of the world. As a figure it probably does not mean much to you since you all take electric power for granted. You press a switch and on comes the light or the cooker or the washing machine or the great steel mill or all the other appurtenances of civilization. Can you imagine what it is like never to have been able to do this and then suddenly to have this facility put at your disposal?

The first thing that happens, of course, is that darkness is banished, and with darkness go many dangers.

For the first time too, when electric power comes, people can plug in a radio and suddenly be part of the world, rather than living in isolation. No wonder that small towns in Latin America hail the arrival of electric power with a special fiesta, and crown not only a beauty queen but also a queen of light, symbolizing the arrival of their community in the twentieth century.

The other effects of electricity supplies are even more far-reaching. In a little poverty-stricken village it means almost a revolution to set up some electrical machinery, to start small industry of some efficiency even on a very modest scale. The output covers an urgent demand, and other results are employment, activity, optimism, and creation of a basis for further development.

So the Bank working to finance electric power development in its member countries is transforming the lives of people. The same is also true of the very great sums of money the Bank has lent for industry, for agriculture and for transportation purposes. While one third of the total loans went for power development, another third has been lent by the Bank for roads, railroads and ports in the less developed countries of the world. The revolution that comes from the creation of an adequate highway network is of the same kind as results from electric power. For the first time communities are linked to each other. Farmers can get their produce to market and begin to earn a cash income instead of living from hand to mouth.

To give you just two examples. The first is Ecuador, where Bank loans helped to build roads through a large coastal jungle area which was virtually uninhabited.

New settlers marched in with the road-building machinery, clearing the jungle, building themselves temporary homes and planting crops. Within five years that jungle area had become the largest single banana-producing region in the world, and Ecuador had become the world's largest exporter of bananas, creating jobs all down the line from the producer to the men working to load the ships at the port.

Then take Colombia. The Bank helped to finance the first railroad to run the 500 miles down the Magdalena River to the Caribbean. This new railroad accomplished two purposes. One was to carry goods to and from the inland cities of Colombia to the coast in 12 hours instead of 12 days, the time needed by boat on the Magdalena. Secondly, and perhaps more important, the railroad cut through territories which had never been settled before. The area is of great natural fertility and it also is now being rapidly settled and developed. Although the railroad has only been open for less than two years, it is already bordered by farms in every stage of development. The hardy pioneers are the first to arrive, clearing the jungle with machetes, burning the dry foliage and planting quick crops of corn to occupy the land. After two or three years, cotton, rice and other crops can be planted, and the pioneers sell out to farmers and move on to clear other land.

With the pressure exerted everywhere by the population explosion, the opening up of these new territories and the swift access to markets made possible by the World Bank's lending for transportation, are giving millions of people a new hope and a new way of life.

I do not want you to think that I am choosing picturesque examples. What I have said about Ecuador and Colombia is equally true of Thailand, India, Australia, or any other of the 60 countries where Bank loans have been made. It is even true of the Bank's work in a developed country like Italy, where the low standards of living in the poverty-stricken south of the country have been a problem for many years.

So I hope to have illustrated how economic and human aspects are closely linked together in the operations of the World Bank, as they are in so many human activities. And this is why it is so fascinating and even exciting to witness and to take part in the economic activities of the World Bank in well-known and unknown areas of the earth. The World Bank is a unique institution, and it has walked a long step of the way which was pointed out in the imagination of its creators as "a way to help the expansion of production, employment and the exchange and consumption of goods which are the material foundations of the liberty and welfare of all peoples."