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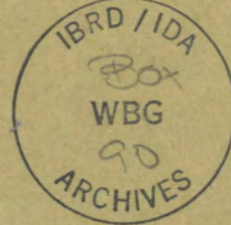
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MILLER

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ADDRESS OF JOHN DUNCAN MILLER,
SPECIAL REPRESENTATIVE IN EUROPE, WORLD BANK,
TO CENTRE D'ETUDES BANCAIRES, BRUSSELS, BELGIUM,
FEBRUARY 21, 1963

I want to talk today about the World Bank, not from the usual point of view of its work as a lender for economic development, but about the means the Bank uses to obtain the funds needed for its operations. This will involve a description of several different sources. First, there is the finance that is provided by the Bank's member countries, secondly, there are the Bank's borrowing operations, which now aggregate several thousand million dollars, and thirdly, there is the method by which the Bank revolves its funds by selling maturities of its loans. Inevitably, the story is complicated because of the widespread nature of the Bank's financial activities, and for this I ask your forgiveness in advance. But I hope that I will be able to clear up any resulting confusion in the question period which I am told will follow my talk.

The crucial period for the World Bank was in the first months of 1947, before it had even carried out its first loan operation. At that time it appeared very likely that the most critical and pessimistic views of the Bank's future would be justified. It is not easy to remember today how much pessimism there was about the Bank's prospects in its early days. We were then very much the sickly sister of the Fund. I was working in the British Embassy in Washington myself in the spring of 1946 when the Conference was held at Savannah, Georgia, at which the organization of the Fund and the Bank were decided.

I can remember the Economic Minister of the Embassy, himself a banker, coming back and giving the rest of us a gloomy picture of the Bank's chances. It was going to have twelve resident Executive Directors, he said, each paid an extravagant salary, and a staff out of all proportion to the business it could hope to do. So it could never operate at a profit. And in his view it was an illusion to believe that it would be able to borrow on the scale needed to be useful once its paid-up capital was on loan. His conclusion was that it would have a limited role for a strictly limited period.

Well we now have 18 Executive Directors instead of 12, they are paid more than twice that extravagant salary, we have borrowed on the capital markets of nine countries and we make quite a reasonable profit every year. But that pessimist was not wholly wrong because the Bank's capital was hopelessly inadequate for the financing of European reconstruction.

With views like his generally held it is no wonder that at the beginning of 1947 the Bank had been without a President for three months and that several prominent persons who had been thought of as likely candidates had declined to have anything to do with an institution whose prospects were thought to be so poor. Not only had the Bank not yet made its first loan, no policy had been chosen out of the many conflicting views about the role of the Bank which were held by its various member governments, of whom there were then 42. No operating procedures had been worked out. And above all, there still seemed little possibility that the Bank would be able to find money on the scale that was obviously needed, if it were to satisfy the intentions of its founders and the urgent financial needs of the postwar world.

In February 1947, the immediate emergency was met by the arrival of a new management team in the persons of John J. McCloy, who became President of the Bank, and Robert L. Garner, the new Vice President who was to be General Manager of its operations. Mr. McCloy was by training a lawyer who had served as Assistant Secretary of War in the U.S. wartime administration and who was later to become even better known as the first U.S. High Commissioner in Germany and as Chairman of the Chase Manhattan Bank. Even more recently, as you will remember, he has played a key part as a leader of the U.S. negotiating team in the Cuban crisis. Robert Garner came from a high position in the General Foods Corporation, and had a long experience of banking and business administration. Mr. McCloy also brought another new recruit into the Bank's affairs in the person of Eugene R. Black, who took over the post as Executive Director representing the United States. At that time Eugene Black was Vice President of the Chase Manhattan Bank and head of its Bond Department. He had the reputation of being amongst the best bond salesmen in the United States. Still another recruit was E. Fleetwood Dunstan, who became World Bank Marketing Director in New York. Like Mr. Black, he had many years experience of American finance and came to the Bank from his post as Vice President and head of the Bond Department of Bankers Trust Company.

This then was the new team which arrived at the Bank in February 1947. They were all energetic and experienced men -- as well they might be in view of the size and difficulty of the tasks which confronted them. But they had another important advantage. They had taken office with full powers to pursue the policies they thought best for the Bank, which would no longer suffer the disadvantages of divided counsel.

When they took office they were faced with loan applications totaling nearly \$2,000 million, of which three-quarters was requested for European reconstruction for rapid disbursement. As it turned out, of course, most of these loans were never made by the Bank, since the Marshall Aid program took over the load, but that could not be known at the time.

To meet these demands, the total funds available to the Bank were \$736 million, mainly consisting of the paid-in dollar subscription of the United States. It is true that the authorized capital of the Bank was \$10,000 million. But subscriptions of the 45 countries which were then members amounted to somewhat less -- around \$8,200 million, and of this 80 percent remained unpaid and could not be called for lending. And even most

of the remaining 20 percent was only to become available to the Bank in installments over the next several years, because it consisted mainly of the paid-in subscriptions, in national currencies, of member countries which were not able to allow the use of their funds. The reasons were obvious. Many of the largest subscribers to the Bank's capital were European countries which were struggling with acute postwar difficulties. It was some years before they could see their way to permitting the Bank to lend their currencies.

The new management did, however, have one very important card to play. As I have already said, 80 percent of each member country's subscription could not be called for lending by the Bank, but it could be called if needed to meet losses on the Bank's own obligations. In other words, the Bank could go to the investment market and point to these very large uncalled capital subscriptions as backing for its borrowing. As you know, such guarantees are not always sufficient to attract private investors, particularly the institutional investors who operate in the Bond Market. But the uncalled capital was nevertheless a great asset. There was, however, another difficulty. The only market where money was available was that of the United States, and one legacy of the 'thirties, that period of world depression and default, was that the American investor was very suspicious of foreign lending. Moreover, institutions in many States of the Union were legally debarred from investing their funds in obligations of a foreign character.

It was inescapable, however, that if the Bank were to have a future it would have to obtain access to the U.S. investment market. Accordingly, the new management of the Bank made this their main objective. The campaign which was instituted aimed at establishing the Bank's credit, at winning the confidence and support of the investment community. There were three principal targets: first, the investment institutions, virtually the only major purchasers of Bonds in the United States; second, the legislative and regulatory authorities which controlled investments by such institutions; and third, the investment banking houses and dealers who distribute new issues and make the secondary markets for them. Failure with any one of these groups meant failure with them all.

What Mr. McCloy and his colleagues had to face were indifference and even hostility. Many investors wondered why they should bother with the unseasoned Bonds of a new and untried organization of a kind never seen before. Others were hostile because of the memory of the many defaults on foreign bonds in the 'thirties and the widespread view that the Bank was essentially a political instrument which would soon get rid of its available government monies and relapse into obscurity. These attitudes somehow had to be replaced with interest in the Bank and its work, and willingness to support it.

I will not bother you with details of the campaign which then began. It consisted of a mixture of all the usual elements, including scores of speeches in key parts of the United States, hundreds of contacts and intensive work by the Legal and Information Departments of the Bank. The first phase of the campaign was crammed into only four months and culminated in the sale in July 1947 of two issues of World Bank Bonds totaling \$250 million. This amount, incidentally, was the same as the Bank lent to France in its first reconstruction loan in May 1947.

Thereafter, the Bank did not return to the United States Bond Market until 1950, although it did some borrowing in Switzerland in 1948. But full advantage was taken of the three-year interval to build up the Bank's reputation as a prudent lender and to establish a record of sound management and of steady earnings. The long-term campaign to bring about legislative changes in the separate States of the U.S. was also continued, with the result that at the present time World Bank Bonds are legal investments for commercial banks in 48 States, for savings banks in 31 States, for life and other insurance companies in 43 States, and for trust funds in 44 States. Given that the bulk of institutional investment is done in about a dozen States of the Union, it can be said that the World Bank is now as close to complete acceptance in that country as is necessary.

By the time the Bank made its next approach to the U.S. investment market in 1950, there had been many changes. In 1949, Eugene Black had succeeded John J. McCloy as President of the Bank. The Bank had also changed direction; instead of financing reconstruction, for which it had made five loans totaling \$500 million, the Bank had now embarked on what was to be its major task, providing long-term finance to promote the economic growth of the less developed countries in its membership. By 1950 the Bank's total lending was over \$700 million and, as I have already said, its reputation for prudence and for objectivity had already begun to make an impression on investors.

Wishing to avoid being criticized of favoring the one investment house over others, the Bank in its early years did not employ negotiated underwriting. The first issue was sold on an agency and tender basis, with the participation of about 1,700 investment banks and dealers. Our next transaction was sold to a banking group on the basis of competitive tenders and the next two issues, both in the ensuing two years, were sold under sponsorship arrangements. None of these systems worked to the full satisfaction of Mr. Black. They were very cumbersome. They involved too many firms, and left much to be desired in the way of continuity and the development of a secondary market in World Bank Bonds.

Accordingly, for the fifth offering of our Bonds in the United States, Mr. Black decided to use negotiated underwriting and appointed Morgan, Stanley & Co. and The First Boston Corporation to act as syndicate managers and marketing advisers to the Bank. This arrangement has worked very well and the success of the syndicates, which consist of about 180 investment banks, dealer houses and commercial banks, is indicated by the fact that in one year they successfully sold \$400 million of our Bonds in the U.S. market. Up to now, 17 issues have been sold in the United States, totaling almost \$1,700 million. \$1,300 million of these issues are still outstanding, of which about \$200 million in dollar Bonds are held outside the United States.

Mr. Black's energy in opening a market for the Bank's securities in the United States is only equaled by that which he showed in extending the Bank's borrowing in other countries. The first sales in Europe were small and reflected the inability of European investors to meet the many demands being made on them. For example, the first public offer outside the United States was in London in May 1951, when \$5 million of 3-1/2 percent sterling stock was sold. This was followed by other transactions in various markets,

the Bank taking advantage of every opportunity which offered. It must be remembered that for many years after the war, the cost of money in European markets was several per cent higher than in the United States. In fairness to its borrowers, who must pay a rate of interest which reflects the cost of borrowing to the Bank, the Bank could not go into European markets when it could borrow so much more cheaply in the U.S. Gradually over the years, however, this situation has changed and the Bank has always been alert to take advantage of such changes. In the past eleven years, the Bank has placed 32 issues in European currencies totaling about \$750 million equivalent. At the present time, 27 non-dollar issues are outstanding, totaling the equivalent of about \$630 million and denominated in Belgian francs, Canadian dollars, Deutsche marks, Italian lira, Netherlands guilders, Pounds sterling and Swiss francs. You will all remember the Bank's first public issue of Belgian franc Bonds was successfully offered here as recently as May 1959, when we borrowed Bf 500 million by the sale of ten-year bonds at 5 percent interest. The offering was handled by four leading Belgian banks: Banque de la Societe Generale de Belgique; Banque de Bruxelles; Kredietbank; and Societe Belge de Banque, a pattern which we have followed with most of our offerings in Europe.

An interesting example of the Bank's desire to broaden its sources of finance was given by our most recent European transaction, the first public sale of World Bank Bonds in Austria. This took place in November last in a market where the yield on Austrian schilling bonds was over 7 percent. The Bank sold \$5 million of Bonds and Notes denominated in U.S. dollars and was thereby able to borrow at $4\frac{1}{4}\%$, a rate in line with those which we can obtain in other markets. This dollar bond issue in Austria illustrates a type of marketing which the Bank has found successful. It was the Bank's experience that from 1952 onwards our U.S. dollar bonds began to move overseas in sizeable amounts. Central Banks and institutional investors all over the world were eager buyers of short-term World Bank bonds and in due course the Bank met this demand directly by offering a series of U.S. dollar issues only to investors outside the United States. Our largest single customer, of course, is the Deutsche Bundesbank. Beginning in July 1957, the Bundesbank began purchasing dollar note issues of the Bank in very substantial amounts and by now the Bundesbank's holdings of our dollar notes is over \$400 million in addition to DM 900 million of Deutsche mark notes.

So far has this broadening process gone that for the last several years the bulk of the World Bank's new funds have been raised outside the United States; there have recently been intervals of more than two years during which we have not made a sale in the U.S. market. Holders outside the United States now have a majority of the Bank's total outstanding funded debt, including the issues in non-dollar currencies as well as \$800 million of our dollar bonds. We estimate that there are important holdings of World Bank bonds in more than 40 countries.

Another important source of lending funds for the Bank is the sale of parts of its loans to other investors. Essentially, of course, these sales from portfolio amount to prepayments and serve to replenish the Bank's lending funds. This type of transaction has come to have a great deal of importance in the Bank's financing; in the past 13 years we have sold nearly \$1,400 million of our loans and thereby reduced our need to borrow in the market.

As it happens, among the first sales we made were maturities of a \$16 million loan to Belgium which was made in March 1949 to assist the development of industry and power in this country. The early maturities of this loan were eagerly sought by American institutions, and we sold those maturities, with the Bank's guarantee, at once. Thereafter, the Bank expanded the use of this technique, usually offering our guarantee. The development of the market for parts of our loans, however, was so rapid that in the middle 50s we decided to discontinue offering our guarantee and since then all sales have been made without recourse to the Bank. This has not inhibited the market. On the contrary, sales have increased year-by-year and in the fiscal year 1961/62 we disposed of \$319 million from our portfolio.

These sales are of two kinds, and by far the majority are from our portfolio of loans we have made in past years. These are bought overwhelmingly by European banks for investment purposes; as the paper matures, the same banks usually seek to replace them. The second type of sale is what we call a participation, whereby a commercial bank or insurance company will purchase part of the loan from us at the time it is made. These participations are given publicity in the press releases which the Bank issues to announce the loan and the great majority of participations are taken up by United States banks, which use them as a means of seeking deposits and letter of credit business from the borrowing country. These participations are of course open to all banks, and an increasing number have been taken by European banks in the last few years.

Naturally the market in sales of parts of the Bank's loans tends to concentrate on the best paper in our portfolio -- to such an extent that our loans to European countries are now very largely in the hands of European banks. Since all our loans are direct or indirect obligations of the government of the country in which the loan is made, they are in effect government paper and investors have been quick to see the advantage of buying maturities of such loans from the Bank. In all cases we sell maturities of our loans at prices which reflect the current yield to be obtained on such paper. This means that many of the portfolio sales are made at a discount, reflecting the fact that some loans were made by the Bank many years ago at interest rates much lower than now prevail. For example, the loan to Belgium of which I spoke a moment or two ago, was made for 20 years at 4-1/4%. Our current lending rate is 5-1/2%.

In recent times there have been interesting developments in this aspect of the Bank's marketing. In the early days the main buyers from our portfolio were commercial banks and they naturally concentrated on buying early maturities of the loans. Now, however, some insurance companies have come to see the Bank's loans as longer term investments and they have bought strips of our loans from the first maturity to the last -- which may be 20 years away. This is a very welcome tribute to the Bank's reputation for careful lending.

If I might digress for a moment, Mr. Chairman, this same reputation for prudent operation has been of value in another technique used by the Bank to assist its member governments. An important objective of the Bank is to increase the degree to which private investment finances economic growth. Clearly we attain this objective by borrowing from private investors and acting as a safe bridge over which private funds can cross into development lending. Similarly, when we are able to sell parts of our loans to private investors we are thereby involving those investors directly in development lending. There is one further step which the Bank also likes to take where

it is convenient and that is to support the credit of its member governments in investment markets. Belgium is a case in point. In 1954 Belgium came to us for finance for an important canal and port improvement program. In all, \$50 million was needed. The Bank took part in arranging a joint operation whereby \$20 million was provided by a Bank loan and simultaneously \$30 million of Belgian bonds and notes were offered in the United States by private banking houses. The sale of the bonds was greatly facilitated by the fact that the Bank was simultaneously making a loan for the same purpose. The importance of this transaction was that it marked the first public offering of Belgian securities in the United States in 28 years.

Since that time we have used the technique of the joint operation with several other countries -- Norway, Belgium again, Austria, Denmark, Italy, South Africa, Australia, the Federation of Rhodesia and Nyasaland, Air India International, Japan and two large Japanese steel corporations. In all, we have carried out 16 joint operations aggregating the equivalent of nearly \$692 million, of which the Bank provided \$352 million and the United States market \$340 million. In all these cases the offer or placement of bonds in the United States market was either the first ever or the first in the postwar period. Clearly, this technique is one which can be used only with countries reaching the point where they will be able to rely on their own credit in various investment markets. But it is a technique which will probably be useful in the future; several other countries are now nearing the point where they can be floated off on their own credit and the Bank is always alert to opportunities to assist them to do so.

The Bank also obtains important funds from its net earnings. These are now running at about \$70 million a year and are paid into the Supplemental Reserve which is used for lending -- in fact, our earnings are ploughed back into the business. Up to now the Bank has not paid any dividend to the member countries which are its stockholders. As you will realize, earnings at such a level result in a very rapid growth in our Supplemental Reserve, which now stands at over \$500 million. These accretions are another factor reducing our dependence on the market for funds.

Then there are repayments of past loans. These are bringing in about \$100 million a year, and would of course be much greater if it were not for our large sales of loans, which are tantamount to prepayment. Nonetheless, they do bring in significant funds which can again be used for lending.

Summing up the Bank's sources of funds, we find that, of a cumulative total of \$6,700 million, the largest single element has come from borrowing, about \$2,500 million. Next in order are sales of loans and repayments, which together aggregate almost \$2,000 million. Third in importance is the \$1,700 million which the Bank has been able to use from the paid-in capital of its member governments. Finally, earnings have contributed \$500 million. This pattern of financing indicates very well the character of the Bank as a development agency depending mainly on the private investor for its lending resources.

So important is this characteristic that the Bank took steps four years ago to strengthen its position vis-a-vis the investment markets. The authorized capital of the Bank was more than doubled, from \$10,000 million

to \$21,000 million. No call was made on governments in respect of the increased capital, with the result that 90 percent of their subscriptions now stand as backing for the Bank's borrowing, instead of the 80 percent originally set aside for that purpose. Furthermore, of course, the amount of this backing has greatly increased and now stands at over \$18,000 million, consisting of the unpaid subscriptions of 81 member governments. Clearly, sums of this magnitude provide the Bank with very considerable latitude as a borrower. Our present funded debt is \$2,500 million, a small amount in relation to the backing provided by the uncalled funds. It is significant that the so-called "Rating Services", the firms in the United States which set standards for securities as a guide to investors, moved Bank Bonds into the highest category only after the increase in our capital.

I am aware, Mr. Chairman, that in selecting this aspect of the Bank's affairs for my address today, I have not been able to talk about many of the other ways in which the Bank maintains relations with the investment markets and the commercial banks. These relations are of great importance. For example, commercial banks handle the disbursement of a very large proportion of the Bank's funds through letter of credit arrangements and so forth. But I believe it is best to concentrate on one aspect at a time, and I hope I have been able to demonstrate the desire, even eagerness, of the Bank to offer to commercial banks and to the financial community as broad a partnership as possible in its work.

To most people, of course, the Bank's lending is its all-important activity and that is true because that is the reason for our borrowing. But it is impossible to stress too strongly the importance we attach to being able to get the resources we need from the market.

Firstly we consider it vital that our decisions on lending should not be influenced by considerations of availability of funds - that we should not have to institute some form of rationing of resources to the underdeveloped countries. We have never had to do so yet and we hope never to have to do so.

Secondly, because the I.B.R.D. (as distinct from I.D.A., which is a different problem) has never had to call on its member governments for money since the payment of their original subscriptions, we have been able to operate very largely free of political pressures.

The result is that we have been and are able to lend for every project we think economically viable in countries which we consider credit-worthy - and for nothing else. We owe a great debt to the banks and the investing public in North America and Western Europe for making that possible. And we hope they will always be able to be as happy over their investments as they must have been up to the present.

Les ressources de la Banque Mondiale :**Intense coopération
avec les banques privées****Un intéressant exposé de M. John D. Miller, Représentant spécial
de la Banque en Europe, à la tribune du Centre d'Etudes Bancaires**

Après avoir connu des débuts difficiles, au lendemain de la guerre, la Banque Internationale pour la Reconstruction et le Développement a conquis la place d'un organisme mondial de tout premier plan. Elle s'est montrée capable d'apporter une aide efficace aux pays qui ont besoin de jeter les bases de leur industrialisation et de perfectionner leur agriculture. Elle inspire aussi sur les marchés des capitaux dans le monde entier la confiance que l'on accorde aux émetteurs de première catégorie.

C'est de tout cela qu'est venu nous parler hier, jeudi après midi, M. John D. Miller, le représentant spécial en Europe de la B.I.R.D., à la tribune du Centre d'Etudes Bancaires. M. Miller a clairement montré l'ascension de la Banque Mondiale en parlant non de ses interventions en faveur du développement économique des nations, mais en décrivant les diverses méthodes suivies au fil des années pour rassembler les fonds dont elle a besoin.

M. Miller a tout d'abord expliqué pourquoi, au début de 1947, la banque était réputée ne disposer que de ressources insuffisantes : la partie de son capital réellement versée était mince, et il était difficile pour elle de placer des obligations sur le marché américain. Une équipe dynamique a cependant été mise à la tête de l'institution : M. John McCloy et M. Robert L. Garner, puis peu après M. R. Black, qui devint plus tard président de la banque. Ces compétences personnelles ont instruit l'épargne américaine d'abord, celle des autres pays disposant de ressources financières, ensuite, de telle façon que les marchés devinrent accessibles puis friands des obligations émises par la banque.

Le principal atout de la B.I.R.D., c'était que si son capital appelé était insuffisant, le capital non appelé pouvait servir de support pour ses opérations d'emprunts.

**Premier objectif :
le marché américain.**

Néanmoins, la banque, pour survivre, devait avoir accès au marché financier des Etats-Unis. La nouvelle équipe dirigeante de la banque fit de cette introduction son principal objectif. La campagne qui fut lancée eut pour but d'établir le crédit de la banque, de gagner la confiance et le soutien de la communauté financière. Il y avait trois places à conquérir : premièrement, les organismes d'investissement qui sont pratiquement les seuls grands acheteurs d'obligations aux Etats-Unis; deuxièmement, les autorités législatives et réglementaires qui contrôlent les investissements effectués par ces organismes; et, troisièmement, les établissements bancaires d'investissement et les courtiers qui répartissent les nouvelles émissions et créent les marchés secondaires. L'échec avec l'un de ces trois groupes signifiait l'échec de tous.

Ce que M. McCloy et ses collègues devaient affronter était l'indifférence et même l'hostilité (...).

Je vous épargnerai les détails de la campagne qui suivit. Elle comprenait l'ensemble des moyens employés en telles circonstances : des dizaines de discours dans les endroits-clés des Etats-Unis, des centaines de contacts et le travail intense des services juridiques et d'information de la banque. La première phase de cette campagne fut accomplie en quatre mois seulement et aboutit en juillet 1947 à la mise sur le marché de deux émissions d'obligations de la banque se montant à 250 millions de dollars. Entre parenthèses, ce chiffre était égal au montant du premier prêt de reconstruction que la banque venait d'accorder à la France en mai 1947.

Après ces émissions, la banque ne retourna pas sur le marché financier des Etats-Unis avant 1950, bien qu'elle procéda à quelques emprunts en Suisse en 1948. Ces trois années furent mises à profit pour affirmer la réputation de la banque de prêteur prudent, et pour établir un bilan de réussites et de revenus réguliers. En même temps, la campagne à long terme pour obtenir des changements de la législation des divers Etats de l'Union fut poursuivie si efficacement que, à ce jour, les banques commerciales dans 43 Etats, les instituts d'épargne dans 31 Etats, les compagnies d'assurance sur la vie et les autres compagnies d'assurance dans 43 Etats et les fonds d'investissement dans 44 Etats, peuvent légalement investir en obligations de la banque. Etant donné que la grande masse de l'investissement est réalisée par les institutions financières d'une douzaine des Etats de l'Union, on peut dire que pratiquement les titres de la Banque Mondiale sont généralement acceptés aux Etats-Unis.

Au moment où la banque approcha de nouveau le marché financier des Etats-Unis, en 1950, elle avait connu de nombreux changements. En 1949, Eugene R. Black avait succédé à John J. McCloy comme président de la banque. La banque avait aussi changé d'orientation. Au lieu de financer la reconstruction, pour laquelle elle avait consenti jusqu'alors cinq prêts se montant à 500 millions de dollars, la banque s'était alors lancée dans ce qui devait constituer sa tâche principale : accorder les moyens de financement à long terme pour favoriser la croissance économique de ses pays-membres les moins développés. En 1950, le total des prêts de la banque dépassait 700 millions de dollars et, comme je l'ai déjà indiqué, sa réputation de prudence et d'objectivité avait commencé à impressionner favorablement les investisseurs.

Désireuse d'éviter la critique qu'elle favorisait une firme d'investissement plutôt qu'une autre, la banque, au cours de ses premières années de fonctionnement, ne négocia pas de contrats de prise ferme. La première émission fut vendue sur la base d'un accord avec une institution financière après mise aux enchères avec la participation d'à peu près 1.700 banques d'investissement et de courtiers. La transaction suivante fut accomplie par un groupe bancaire sur la base d'un appel à la concurrence et les deux émissions qui furent faites au cours des deux années suivantes furent placées sur la base de contrats de soutien. Aucun de ces systèmes ne parut pleinement satisfaisant à M. Black. Ils étaient extrêmement difficiles à manier : trop de firmes étaient en cause et la façon dont le marché secondaire des obligations

de la banque se trouvait établi laissait beaucoup à désirer.

C'est pourquoi, à l'occasion de la cinquième émission d'obligations de la banque aux Etats-Unis, M. Black décida de négocier un contrat de prise ferme et nomma Morgan, Stanley and Co et la First Boston Corporation directeurs de ce syndicat de souscriptions et conseillers de la banque pour cette opération. Ce système fonctionna à la satisfaction de tous et le succès des syndicats de souscriptions, qui comprennent à peu près 180 banques d'affaires, maisons de courtage et banques commerciales, est démontré par le fait qu'en une seule année ils placèrent pour 400 millions de dollars d'obligations de la banque sur le marché des Etats-Unis. A ce jour, 17 émissions ont été vendues aux Etats-Unis, s'élevant à près de 1.700 millions de dollars; 1.300 millions de dollars de ces émissions sont encore en cours, dont à peu près 200 millions de dollars d'obligations placées hors des Etats-Unis.

L'accès aux marchés étrangers.

L'énergie déployée par M. Black pour créer un marché des obligations de la banque aux Etats-Unis n'a d'égale que celle qu'il déploya pour accroître les emprunts de la banque dans les autres pays. Les premiers placements d'obligations en Europe furent minimes en raison de l'incapacité où se trouvaient les investisseurs européens de faire face aux nombreuses demandes qu'on leur présentait. C'est ainsi que la première offre publique hors des Etats-Unis fut faite à Londres, en mai 1951, pour un montant de 5 millions de £ 3,50 p.c., libellées en £. Cette opération fut suivie par d'autres sur divers marchés financiers, la banque s'efforçant de ne manquer aucune des occasions qui s'offraient. On doit se souvenir que longtemps après la guerre le taux de l'argent sur les marchés européens demeurait de plusieurs points plus élevés qu'il ne l'était aux Etats-Unis. C'était justice pour ses emprunteurs qui doivent payer un taux d'intérêt qui reflète le coût de ses propres emprunts que la banque n'allait pas emprunter sur les marchés européens alors qu'elle pouvait le faire à des conditions beaucoup plus favorables aux Etats-Unis. Graduellement, toutefois, cette situation a changé et la banque n'a pas hésité à tirer parti de ces changements. Au cours des dernières onze années, la banque a placé ou offert 32 émissions libellées en devises européennes se montant au total à l'équivalent d'à peu près 750 millions de dollars. A ce jour, 27 émissions en monnaies autres que le dollar demeurent en cours, représentant l'équivalent d'à peu près 630 millions de dollars; elles sont libellées en francs belges, en dollars canadiens, en marks allemands, en livres italiennes, en florins hollandais, en £ et en francs suisses. Vous vous souvenez tous que la première émission publique de la banque en obligations libellées en francs belges fut offerte avec succès, en Belgique, pas plus tard que mai 1959; nous empruntâmes alors 500 millions de francs belges par le placement d'obligations 5 p.c., à dix ans. Le placement fut confié à quatre des banques belges les plus importantes : la Banque de la Société Générale de Belgique, la Banque de Bruxelles, la Kredietbank et la Société Belge de Banque. Des groupes de ce genre ont d'ailleurs été constitués pour la plupart de nos émissions en Europe.

La Banque a récemment fait preuve de son désir d'élargir la source de ses capitaux lors de sa plus récente opération en Europe : la première vente publique d'obligations de la Banque Mondiale en Autriche. Cette opération s'est déroulée au mois de novembre 1962 sur un marché où le revenu des obligations en schillings autrichiens était supérieur à 7 %. La Banque a vendu pour 5 millions de dollars d'obligations et de bons, libellés en dollars des Etats-Unis, et de ce fait, a été capable d'emprunter à 4 1/4 %, ce qui est comparable à ce que nous pouvons

EL DESARROLLO COLOMBIANO

Venciendo Todo Factor Adverso el Valle Descubre y Ofrece su Prodigioso Destino

★ ★ Por Danilo Sanclemente Cabal, Especial para EL PAIS ★ ★

EL DESARROLLO COLOMBIANO

La visita a Santa Marta, después del largo pero ameno y cómodo viaje en autotrofeo especial, recorriendo el interesante trayecto de Barrancabermeja al Puerto capital del Magdalena, sobre el Litoral Atlántico, nos permitió un día de descanso frente a las actividades cumplidas, entre visitas y atenciones, de los ocho días anteriores.

También hacia bastante no visitábamos a Santa Marta, a la que conocimos por haber permanecido durante algunos meses en ella, recorriendo no solamente en su silente y dormido casco urbano, sino proyectando nuestras excursiones a otros sitios adyacentes, muchos fuera de la propia jurisdicción samaria, como el de Cincinato, sobre el macizo medio de la Sierra Nevada y exactamente donde está la zona cafetera del Magdalena.

Poco ha cambiado Santa Marta desde aquella época hasta ahora en su fisonomía, a no ser por algunos pocos edificios y construcciones, por la urbanización de Gaira y El Rodadero en donde la transformación arquitectónica es admirable y adecuada a las bellísimas playas, pero también donde los servicios de su gran hotel "Tamaca" dejan mucho, pero muchísimo que desear, empezando por el total aislamiento de la ciudad y la ausencia de hasta las cosas más elementales. Sin embargo, al empuje del Ferrocarril del Atlántico, de la forzosa transformación social y económica del Valle del Magdalena, de los incentivos a las industrias básicas y del incremento notable a productos como el banano, el algodón y otros, el florecimiento del intercambio portuario comercial, la adecuación y modernización del puerto y terminal marítimo que indudablemente será de gran importancia para el desarrollo general del país y las comunicaciones domésticas e interoceánicas.

Las autoridades portuarias y del terminal marítimo además de prodigarnos atenciones nos proporcionaron fácil acceso a sus dependencias y nos enseñaron su organización, lo mismo que los directivos de los Ferrocarriles Nacionales encabezados por su Gerente general el doctor Luciano Echejide y don Eddur de Camargo Gámez, Jefe de Relaciones Públicas de los mismos quienes extendieron hasta más allá sus exquisitas atenciones, después de las que fueron programadas por los primeros en el sitio de Villa Concha.

HACIA EL VALLE DEL CAUCA Emulando en entusiasmo

visión con los compañeros y colegas de viaje por llegar al Valle del Cauca, para cumplir la penúltima etapa del programa de la gira, declamamos de Santa Marta en el avión especial de "Avianca" y no obstante el cálculo anticipado de duración de vuelo, aproximadamente cuatro ho-

objetivamente su magnitud y detalles, los cuales vertimos pormenorizadamente en un aspecto especial sobre la materia y de ahí pasamos a la modernísima Planta de Tratamiento de Aguas del Río Cauca, para el Acueducto de Cali y que constituye parte de los magníficos servi-

su tipo y clase en América Latina y pudimos apreciar en todos sus detalles la magnífica organización, el orden técnico y admirar en su magnitud total y panorámica aquel conjunto, desde el salón de bombas de impulsión de agua cruda, el salón de comando de los filtros, la galería de es-

Emile Degremont, iniciándolos desde fines de 1954 y proyectadas para una capacidad de 1.250 litros por segundo o 108.000 metros cúbicos diarios, con posibilidad de ampliación en una segunda etapa.

En las horas de la noche fuimos agasajados por los participantes locales en la programación, o sean la CVC, la Central de Anchicaya, etc., con un acto social en el Club Colombia, al cual concurrieron los más conocidos personajes directivos de las entidades públicas, del gobierno, de la industria, la banca y el comercio.

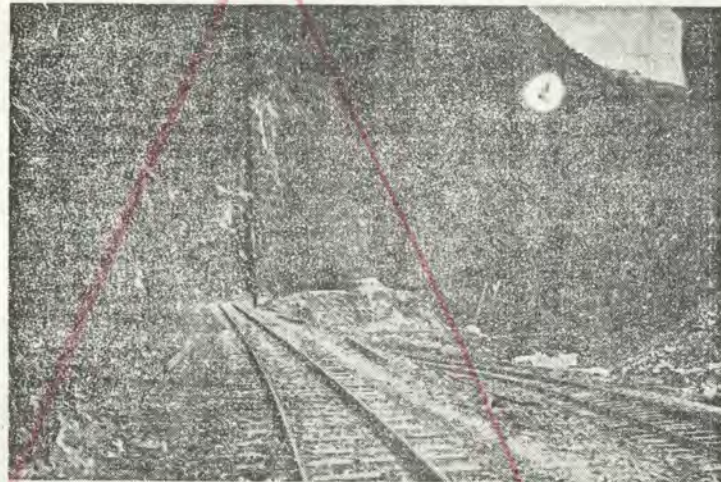
LA VISITA A LAS OBRAS DE LA CVC

EN CALIMA

Muy temprano del día siguiente y en caravana formada por los vehículos de la CVC, iniciamos el viaje hacia Calima, para visitar las obras que por cuenta de la CVC adelanta la firma "Perini & Co.", famosa por su experiencia en infinidad de obras y que consiste en el desarrollo del Programa de la Central Hidroeléctrica del río Calima, en el Valle de su nombre, la cual complementará fundamentalmente el plan de electrificación del Valle del Cauca y está calculada sobre bases técnicas y modernísimas para una generación de 120.000 kilowatts, entre cuatro unidades de 30 kw. cada una, proyectadas para servicio el año venidero de 1964.

La presa que se construye a ritmo avanzado tendrá una altura máxima de 100 metros y originará un embalse para almacenar más de 500 millones de metros cúbicos de agua, en un largo de aproximadamente 15 kilómetros de extensión. Su ubicación está a unos 45 kilómetros al norte de Cali y a 30 kilómetros al oeste de Buga, con fácil acceso por la carretera troncal que se está concluyendo y se denomina Buga-Buena-ventura, la que en esa zona bordeará el lago que, al terminarse las obras, será un extraordinario atractivo turístico y para lo cual la CVC ha previsto que la construcción de campamentos y casas para el personal de trabajo sea económica y de carácter permanente para adecuarse posteriormente al alojamiento de visitantes y turistas y dedicarse a deportes náuticos y caza y pesca.

OBRA VIAL LOBO-QUERRERO-LA DELFINA Terminada en las horas de la tarde la dispensiva e interesante visita a las obras de la presa del Calima, incluyen el recorrido de los túneles para casa de máquinas, para conducción de agua, para derivación del río, etc., y atendidos en el casino de la CVC y Perini, que nada tienen que envidiar en dotación y servi-



ARIANTE FERREA NARANJO-GALERAS.—La gráfica presenta el aspecto concluido de la variante del ferrocarril Naranjo-Galeras (entre Loboguerrero y Cisneros) con el túnel terminado al fondo —lado izquierdo— y el puente actual hacia la vía que será reemplazada por la variante, para facilidad de la carretera al mar, por Minobras.

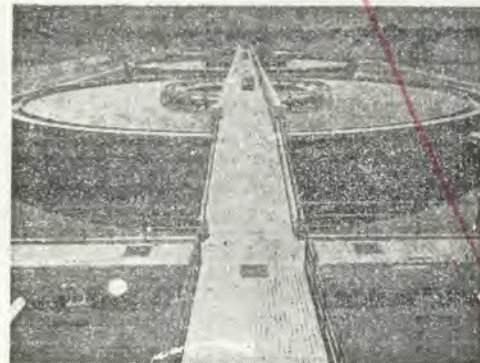
ras, las condiciones del tiempo permitieron hacerlo en tres horas largas sobre la ruta del río Magdalena hasta la confluencia del río Cauca cuya ruta seguimos lo que nos permitió volar con perfecta visibilidad sobre las obras hidroeléctricas de Antioquia, que habíamos visitado por tierra durante nuestra estada en Medellín y así apreciar panorámica la magnitud de aquellos programas.

A Calipuerto llegamos aproximadamente a mediodía y aquí recibimos las atenciones especiales de los funcionarios locales de "Avianca", empresa que nos hizo objeto de ellas en los sitios de la ruta que cumplimos por vía aérea, tanto en el vuelo como en las salidas y llegadas a los aeropuertos. A las tres de la tarde estábamos citados para iniciar el recorrido programado de la visita a Cali.

SUB-ESTACION "SAN ANTONIO" Y ACUEDUCTO DE CAUCA Acompañados y guiados por los directivos de la CVC, Dr. Bernardo Garcés Córdoba y de la Central de Anchicaya, doctor José Otoyá R., visitamos inicialmente la sub-estación de San Antonio y tuvimos oportunidad de apreciar

los del Establecimiento Público Empresas Municipales de Cali que gerencia el doctor Hernán Borrero Urrutia. Maravillados al igual que nuestros compañeros y colegas de otros departamentos recorrimos todas las dependencias de lo que es una de las obras más importantes de

tos, y los tanques circunferenciales ("cyclasures") para decantación y floculación del agua tomada del río Cauca, dada el servicio desde el 3 de julio de 1958, pero aun nueva y hasta desconocida por nosotros mismos, obras que fueron ejecutadas por la firma francesa Etablissements



PLANTA DE PURIFICACION DE CAUCA.—La gráfica presenta un aspecto panorámico de los tanques ("cyclasures") para decantación y floculación del agua del río Cauca para el Acueducto de Cali, de las Empresas Públicas de Cali.

(Continued)

February 23, 1963

obtenir sur les autres marchés. Cette émission sur le marché autrichien d'obligations libellées en dollars est un exemple d'une catégorie d'opérations sur titres que la Banque estime réussies. La Banque avait constaté que, depuis 1952, des montants importants de nos obligations libellées en dollars des Etats-Unis avaient tendance à se transférer Outre-mer. Des banques centrales et des organismes d'investissement dans le monde entier se montraient avides d'acheter des obligations à court terme de la Banque Mondiale; dès que ce fut possible, la Banque répondait à cette demande par l'offre directe d'émissions libellées en dollars des Etats-Unis aux investisseurs situés hors des Etats-Unis exclusivement. Notre client individuel le plus important est la Deutsche Bundesbank. A partir de juillet 1957, la Deutsche Bundesbank commença à acheter des montants très importants des émissions de la Banque libellées en dollars et, à ce jour, la Deutsche Bundesbank détient plus de 400 millions de dollars de nos obligations libellées en dollars, en plus de 900 millions de Deutsche Marks d'obligations libellées en Deutsche Marks.

Ce processus de diversification des sources est allé si loin qu'au cours des dernières années la plus grande partie des nouvelles ressources de la Banque Mondiale a été obtenue en dehors des Etats-Unis. Récemment, il est arrivé que deux années s'écoulaient sans que nous vendions quoi que ce soit sur le marché financier des Etats-Unis. Les porteurs établis en dehors des Etats-Unis détiennent maintenant la majorité de l'ensemble de la dette obligataire de la Banque, c'est-à-dire aussi bien les émissions en devises autres que le dollar que les 800 millions de dollars des obligations en dollars. Nous estimons que des portefeuilles importants d'obligations de la Banque Mondiale se sont constitués dans plus de quarante pays.

Vente des fractions de prêts

Une autre source notable de fonds pour les prêts est la vente de fractions des prêts de la Banque à d'autres investisseurs. Bien entendu, ces ventes de prêts en portefeuille jouent le rôle de remboursements anticipés et servent à renouveler les fonds dont la Banque dispose pour ses prêts. Ce genre de transactions tient maintenant une place importante dans le financement de la Banque; au cours des treize années passées, nous avons vendu à peu près 1.400 millions de dollars de nos prêts et, ce faisant, nous avons réduit d'autant l'obligation d'emprunter sur le marché. Il se trouve que, parmi les toutes premières ventes réalisées, se trouvaient des tranches d'un prêt de 16 millions de dollars à la Belgique, qui avait été accordé en mars 1949 pour aider au développement industriel et de l'énergie électrique dans ce pays. Les premières tranches de ce prêt intéressaient vivement les institutions américaines et nous les avons vendues immédiatement avec la garantie de la Banque. Plus tard, la Banque réalisa de plus en plus ce genre de transactions qu'elle assortissait généralement de sa garantie. Le développement du marché pour des fractions de nos prêts fut toutefois si rapide qu'au cours des années 1950 nous décidâmes de ne plus donner notre garantie; depuis, toutes les ventes ont été effectuées sans recours contre la Banque; ceci n'a pas réduit le marché; au contraire, les ventes ont augmenté d'année en année et, pendant l'exercice financier 1961-1962, nous avons vendu 319 millions de dollars de prêts en portefeuille.

Les ventes prennent deux formes. La grande majorité intéresse le portefeuille des prêts des années passées. Ces tranches sont, dans une très large mesure, achetées par les banques européennes dans des buts d'investissement; lorsque le papier vient à échéance, les mêmes banques s'efforcent en général de le remplacer par un autre. La deuxième catégorie de ventes est ce que nous appelons une participation, c'est-à-dire qu'une banque commerciale ou une compagnie d'assurance achète une partie de notre prêt au moment même où il est accordé. Ces participations reçoivent une publicité du communiqué de presse que la Banque émet pour annoncer un prêt; la grande majorité de ces participations sont acquises par des banques des Etats-Unis qui, par cette introduction, cherchent à obtenir des dépôts et des lettres de crédit dans le pays emprunteur. Ces participations, bien sûr, sont ouvertes à toutes les banques et un nombre croissant d'entre elles a été pris par des banques européennes au cours des dernières années.

Bien entendu, le marché des tranches de prêts de la Banque se concentre sur le meilleur papier en portefeuille — à tel point que les prêts que nous avons consentis aux pays européens sont maintenant en grande partie entre les mains de banques européennes. Puisque tous nos prêts con-

stituent des obligations directes ou indirectes du gouvernement du pays dans lequel le prêt est accordé, nos prêts constituent en fait des obligations de ce gouvernement; les investisseurs ont vite compris combien avantageux il était d'acheter des tranches de prêts à la Banque. Dans tous les cas, nous vendons les tranches de nos prêts à un taux qui reflète le revenu que l'on peut couramment obtenir pour de tels papiers. Ceci signifie qu'un grand nombre de ventes de nos titres comportent une ristourne. En effet, quelques prêts furent faits par la Banque, il y a de nombreuses années, à des taux d'intérêt très inférieurs aux taux actuels. Par exemple, le prêt à la Belgique dont je vous parlais précédemment fut consenti pour 20 ans à 4.25 p.c. Le taux d'intérêt actuel est de 5.5 p.c.

Récemment, des changements intéressants concernant cet aspect des opérations sur titres de la Banque sont intervenus. A l'origine, les principaux acheteurs de notre portefeuille étaient les banques commerciales et, tout naturellement, elles achetaient essentiellement les premières tranches de nos prêts. Maintenant, quelques compagnies d'assurance reconnaissent les mérites des prêts de la Banque comme investissements à long terme. Elles ont acheté des tranches de nos prêts de la première à la dernière échéance — à vingt ans peut-être. Nous apprécions l'hommage ainsi rendu à la réputation de la Banque d'être un emprunteur en qui l'on peut faire confiance.

Opérations conjointes.

Cette même réputation de prudence a été d'une grande valeur dans le cadre d'une autre technique que la Banque utilise pour aider ses gouvernements membres. Un objectif important de la Banque est d'augmenter le degré de participation de l'investissement privé au financement de la croissance économique. Cet objectif est clairement atteint lorsque nous empruntons à des investisseurs privés et lorsque nous sommes l'intermédiaire de confiance dont se servent les fonds privés pour aborder le domaine du prêt au développement. De même, lorsque nous réussissons à vendre des tranches de nos prêts à des investisseurs privés, par là même nous introduisons directement ces investisseurs dans le domaine du prêt au développement. La Banque s'efforce enfin, lorsque cela est possible, de soutenir le bon crédit de ses pays membres sur les marchés financiers. La Belgique en est un exemple. En 1954, la Belgique nous demanda de financer un canal important et un programme d'aménagement portuaire. Au total, 50 millions de dollars étaient nécessaires. La Banque mit au point une opération conjointe comprenant un prêt de la Banque de 20 millions de dollars, en même temps que l'offre sur le marché des Etats-Unis par des banques privées de 30 millions de dollars d'obligations et de bons belges. La vente des obligations fut grandement facilitée par l'octroi simultané et aux mêmes fins du prêt de la Banque. L'importance de cette transaction réside dans ce qu'elle a été la première offre publique de titres belges sur le marché des Etats-Unis depuis 28 ans.

Depuis lors, nous avons employé cette méthode de l'opération conjointe dans plusieurs autres pays — la Norvège, la Belgique à nouveau, l'Autriche, le Danemark, l'Italie, l'Afrique du Sud, l'Australie, la Fédération de la Rhodésie et du Nyassaland, le Japon, ainsi qu'avec l'Air India International et deux importantes aciéries japonaises. En tout, nous avons réalisé seize opérations conjointes se montant à l'équivalent de près de 692 millions de dollars, la Banque fournissant 352 millions de dollars et le marché financier des Etats-Unis 340 millions de dollars. Dans tous ces cas, l'offre ou le placement d'obligations était toujours soit la toute première offre soit la première offre de l'après-guerre sur le marché des Etats-Unis. Bien entendu, cette technique est l'une de celles qui ne peuvent être utilisées qu'en faveur de pays qui ont atteint le point auquel ils peuvent faire jouer leur propre crédit sur les divers marchés financiers. Mais c'est une technique qui sera probablement utile dans l'avenir. Plusieurs autres pays ne sont pas loin de ce stade où ils peuvent emprunter sur la base de leur propre crédit; la Banque est toujours prête à saisir les occasions pour les aider à le faire.

Profits et remboursements.

La Banque tire également des ressources importantes de ses profits nets qui s'élèvent maintenant à près de 70 millions de dollars l'an. Les profits sont affectés à la Réserve supplémentaire qui est utilisée pour les opérations de prêts — autrement dit, les profits de la Banque sont réutilisés dans les affaires. Jusqu'à présent, la Banque n'a servi aucun dividende aux pays membres qui sont ses actionnaires. Comme vous vous en rendez compte, des profits d'une telle ampleur ont pour conséquence une augmentation très rapide de notre Réserve Supplémentaire, qui se situe maintenant à plus de 500 millions de dollars. Cette accumula-

tion est un autre facteur qui réduit la dépendance de la Banque vis-à-vis du marché financier.

Enfin, il y a le remboursement des prêts. Les remboursements nous apportent à peu près 100 millions de dollars par an et, bien entendu, le montant des remboursements serait beaucoup plus élevé si ce n'était pour nos importantes cessions de prêts qui constituent en fait des remboursements anticipés. Toutefois, les remboursements tels qu'ils sont, constituent une source non négligeable de fonds utilisables dans de nouvelles opérations de prêts.

En additionnant les fonds que la Banque se procure à partir de toutes ces sources, nous voyons que, sur un total cumulé de 6.700 millions de dollars, la source la plus importante est constituée par les emprunts qui représentent à peu près 2.500 millions de dollars; viennent ensuite les ventes de prêts et les remboursements qui ensemble s'élèvent à près de 2 milliards de dollars. En troisième rang, sont les 1.700 millions de dollars de capital versé par les pays membres et que la Banque a été en mesure d'utiliser. Enfin, les contributions en provenance des profits se sont montées à 500 millions de dollars. Le caractère de la Banque ressort très clairement de ce schéma de financement, c'est celui d'une institution de développement qui repose essentiellement sur l'investisseur privé pour ses ressources de prêts.

Ce caractère est si net que la Banque prit des dispositions il y a quatre années pour renforcer sa position sur les marchés financiers. Le capital autorisé de la Banque a été plus que doublé; il a été porté de 10 à 21 milliards de dollars. La Banque n'a pas fait appel aux pays membres à l'occasion de cet accroissement de capital, ce qui a eu pour résultat que 90 p.c. du montant de leurs souscriptions soutiennent maintenant la Banque au lieu des 80 p.c. qui étaient à l'origine consacrés à ce soutien. De plus, bien entendu, le montant en valeur absolue de ce soutien s'est accru considérablement; il s'élève maintenant à plus de 18 milliards de dollars, qui représentent les souscriptions non libérées de 81 gouvernements membres. Il n'y a pas de doute que des montants de cette ampleur ouvrent à la Banque des possibilités considérables d'emprunt. Notre dette obligataire actuelle se monte à 2.500 millions de dollars, ce qui est un montant minime par rapport au capital en réserve non encore appelé. Il est intéressant de voir que les « Services d'évaluation », ces firmes qui, aux Etats-Unis, classent les obligations pour guider les investisseurs, n'ont placé les obligations de la Banque dans la catégorie la plus élevée qu'après l'augmentation de son capital.

J'ai négligé d'évoquer de nombreux autres domaines dans lesquels la Banque entretient des relations avec les marchés financiers et les banques commerciales. Ces relations ont une grande importance; par exemple, les banques commerciales procèdent au paiement d'une très grande partie des fonds de la Banque par l'intermédiaire de lettres de crédit ou par d'autres procédures... Mais j'ai cru qu'il était préférable de se concentrer en l'occasion qui nous réunit ce soir sur un seul aspect et j'espère que j'ai été capable de vous démontrer le désir, le très grand désir de la Banque d'associer les banques commerciales et la communauté financière à son travail aussi largement que possible.

Aux yeux de beaucoup, les opérations de prêt de la Banque constituent son activité de loin la plus importante, et c'est vrai puisque c'est la raison même de ses emprunts. Nous n'insisterons cependant jamais assez sur l'importance que nous attachons d'être à même d'obtenir les ressources dont nous avons besoin sur le marché financier.

En premier lieu, nous estimons qu'il est essentiel que nos décisions de prêt ne soient pas influencées par des considérations de disponibilité de fonds — que nous ne soyons pas dans l'obligation d'instituer une forme ou une autre de rationnement des ressources mises à la disposition des pays en voie de développement. Nous ne l'avons jamais fait jusqu'à présent et nous espérons n'avoir jamais à le faire.

Deuxièmement, parce que la B.I.R.D. (par opposition à I.D.A. qui présente un problème différent) n'a pas eu à faire appel à ses Etats membres pour des fonds supplémentaires depuis le paiement de leur souscription initiale au capital, nous avons pu fonctionner dans une très large mesure dégagés de pressions politiques.

Il en résulte que nous avons été et que nous sommes capables de prêter pour tout projet que nous estimons économiquement viable dans des pays que nous considérons capables de se libérer de leurs obligations — et dans aucun autre but que celui-là. Nous avons un sentiment de profonde gratitude à l'égard des banques et des investisseurs de l'Amérique du Nord et de l'Europe de l'Ouest qui ont permis cela. Nous espérons qu'ils demeureront toujours aussi satisfaits de leurs investissements qu'ils l'ont été, sans nul doute, jusqu'à présent.

Die Welt, Berlin
March 7, 1963

Weltbank: Vorerst keine Anleihen Entwicklungsbank will Kapital erhöhen

Kredite kamen auch der deutschen Exportindustrie zugute

Von unserem Korrespondenten

H. M. Frankfurt a. M., 6. März

Die Weltbank braucht vorerst keine neuen Anleihen aufzunehmen, da sie zurzeit recht liquide ist, erklärte J. Burke Knapp, Vizepräsident der Weltbank, vor Journalisten in Frankfurt. Mit der Deutschen Bundesbank sei daher über diese Frage nicht gesprochen worden.

Die Weltbank sei aber durchaus daran interessiert, künftig wieder Anleihen auch in der Bundesrepublik aufzulegen. Allerdings sei der Kapitalzins noch zu hoch. Die Weltbank könne keinen höheren Zinssatz als 5 Prozent akzeptieren.

Es werde immer schwieriger, erklärte Knapp, kreditwürdige Länder zu finden, an die größere Beträge ausgeliehen werden könnten. Entweder sei ein Land so gut, daß es nicht auf Weltbankkredite angewiesen ist, oder ein Land habe schon eine zu große Darlehenslast zu tragen, wie etwa Pakistan oder Indien.

Bei der Weltbank, die bisher fast 7 Mrd. Dollar an 60 Länder zur Finanzierung von Entwicklungsprojekten gegeben hat, liegen die jährlichen Ausleihungen bei etwa 700 Mill. Dollar. Im laufenden Geschäftsjahr 1962/63 (30.6.) werden sie zwischen 600 und 700 Mill. Dollar betragen.

Weltbank und International Development Association (IDA) bearbeiten gegenwärtig 97 Kreditanträge über einen Betrag von insgesamt 1,7 Mrd. Dollar. Damit ist aber noch nicht gesagt, daß alle Projekte verwirklicht werden.

Sehr groß ist vor allem die Nachfrage nach Krediten der IDA, die nur eine Provision von 3/4 Prozent kosten und eine Laufzeit bis zu 50 Jahren haben können. Das Anfangskapital der IDA — sie wurde 1960 mit einer Kapitalausstattung von 1 Mrd. Dollar gegründet —

wird am Ende des Geschäftsjahres ausgeschöpft sein. Man verhandelt daher zurzeit mit den Regierungen der beteiligten Länder über eine Kapitalaufstockung, wobei auch die anteiligen Quoten der einzelnen Länder zur Debatte stehen.

Gerade das Quotenproblem bei der IDA ist besonders schwierig, erklärte Professor Donner, deutscher Exekutivdirektor der Weltbank. Während sich manche Länder beim Internationalen Währungsfonds um eine hohe Quote bemühen, weil damit höhere Ziehungsrechte verbunden sind, wird bei der IDA eine niedrigere Quote bevorzugt. Die IDA-Quote gibt nur ein mehr oder weniger theoretisches Stimmrecht und bedeutet somit nach Meinung mancher Länder eine reine Last. Die Bundesrepublik hat an dem konvertiblen Kapital von 760 Mill. DM der IDA einen Anteil von 7 Prozent.

Knapp wies darauf hin, daß die deutsche Exportindustrie bei den von der Weltbank finanzierten Entwicklungsprojekten gar nicht so schlecht abgeschnitten habe. Den Anteil der deutschen Industrie an den vergebenen Aufträgen nannte Knapp mit über 16 Prozent. Das entspricht etwa einer Größenordnung von 4,5 Mrd. Dollar. Die Bundesrepublik ist an dem gezeichneten Kapital der Weltbank mit etwa 5 Prozent beteiligt. Sie hat außerdem von 2,5 Mrd. Dollar Weltbankanleihen Emissionen von 400 Mill. Dollar und 1 Mrd. DM übernommen.

Die Welt, Berlin
March 13, 1963

Weltbank-Vizepräsident Knapp kam nach Berlin

Von unserem Redaktionsmitglied

Wz. Berlin, 12. März

Der Vizepräsident der Weltbank, J. Burke Knapp, bezeichnete am Dienstagabend den wirtschaftlichen Aufbau in Berlin als ein erfreuliches Ergebnis der gemeinsamen westlichen Politik. Auf einem Empfang bei der Deutschen Stiftung für Entwicklungsländer in Tegel überreichte Wirtschaftssenator Professor Karl Schiller dem Vizepräsidenten eine Nachbildung der Berliner Freiheitsglocke.

Bei dieser Gelegenheit erinnerte Schiller an die zahlreichen Besuche des Vizepräsidenten in Berlin und an die aktive Rolle, die Knapp während der Beratungen um die Währungsreform und die Industrieausstellung eingenommen hat. Der Weltbank-Vizepräsident befindet sich in Begleitung von Professor Otto Donner sowie den Weltbankdirektoren S. Aldewereld, V. Christensen und N. König auf einer Informationsreise durch Europa.

Der Abend, Berlin
March 13, 1963

Weltbank zahlt 750 Millionen Dollar

Vizepräsident Burke Knapp sprach vor der Deutschen Stiftung

Als eine Art Kreditgenossenschaft auf internationaler Ebene charakterisierte der Vizepräsident J. Burke Knapp die Internationale Bank für Wiederaufbau und Entwicklung (Weltbank). In einem Vortrag über „Die Weltbank und ihre Arbeit“ gab er im Haus der Deutschen Stiftung für Entwicklungsländer einen Überblick über die Organisation und Geschäftstätigkeit dieses Instituts.

Die Weltbank hat nach seinen Worten bisher sehr erfolgreich gearbeitet. Zusammen mit ihrer Tochtergesellschaft für „weiche Anleihen“, der Internationalen Entwicklungsorganisation (IDA), werden in diesem Jahr über 750 Millionen Dollar zur Deckung von Projektkosten ausgezahlt. Die Weltbank hat von den Darlehensnehmern mehr als 2,5 Milliarden Dollar an Zinsen und anderen Beträgen zurückbekommen.

Deutschland konnte einen großen Teil der von Entwicklungsländern mit Hilfe von Weltbank-Krediten herausgegebenen Aufträge erhalten. Im Durchschnitt der letzten Jahre waren es 16 Prozent aller Aufträge dieser Art.

Der Berliner Wirtschaftssenator Professor Schiller überreichte dem Vortragenden

den in Anerkennung seiner Bemühungen um Berlin eine Nachbildung der Freiheitsglocke. Der Vizepräsident war zuvor vor Regierenden Bürgermeister empfangen worden. (DA)

Berliner Morgenpost, Berlin
March 14, 1963

Sinnvolle Hilfe

Erfahrungen der Weltbank mit Entwicklungskrediten

Eigener Bericht

Berlin, 14. März

Die Erfahrungen der Internationalen Bank für Wiederaufbau und Entwicklung, kurz Weltbank genannt, zeigen, daß Investitionen in den Entwicklungsländern auf eine gesunde finanzielle Grundlage gestellt werden können. Über die Arbeit dieser internationalen staatlichen Organisation sprach jetzt deren Vizepräsident, J. Burke Knapp, in der Deutschen Stiftung für Entwicklungsländer in Berlin-Tegel.

Nach sorgfältiger Prüfung werden von der Weltbank und ihrer Tochtergesellschaft, der Internationalen Entwicklungsorganisation (IDA), zur Zeit Darlehen von 1 Mrd. Dollar jährlich vergeben, davon 750 Mill. Dollar zur Projektfinanzierung.

Da die Darlehen auf kommerzieller Grundlage gegeben werden, erhielt die Bank, wie Knapp berichtete, bisher 2,5 Mrd. Dollar an Amortisierung und Zinsen zurückbezahlt.

Auf die ernste Lage der Entwicklungspolitik wies Knapp hin. Für die

Deckung ihres Schuldendienstes benötigen einige Entwicklungsländer heute schon 20 bis 30% ihrer Deviseneinnahmen. Alarmierend ist ebenfalls, daß die Verschuldung dieser Länder Ende 1962 auf rund 27 Mrd. Dollar gestiegen ist. Hier soll nach Ansicht Knapps durch „weiche Darlehen“ geholfen werden, da die normalen Bedingungen (Zinssatz vor 5-6% und zehn bis 20 Jahre Laufzeit) nicht erfüllt werden können.

Der Vizepräsident würdigte die Leistung der Bundesrepublik in der Weltbank, die nach den USA in der Beiträgen an zweiter Stelle steht. Davon der Bundesrepublik bei der Weltbank eingezahlte Kapital betrag 420 Mill. DM. Eine Anleihe von 200 Mill. DM sowie ein Darlehen von über 400 Mill. Dollar der Deutscher Bundesbank dienen ebenso der Finanzierung. Dafür haben die Entwicklungsländer in der Bundesrepublik für 1,7 Mrd. DM Aufträge erteilt. Das sind 16% der ausgeschriebenen Aufträge, wovon 4% in Berlin ausgeführt wurden.

Recd 9/17/63
from G. YOUNG

Mrs. Eliason

Draft of speech to be made in Turin by Mr. Miller on U.N. Day, 1963

The World Bank as a Development Agency

Oct. 24, 1963

On U.N. Day 1963, it is a great privilege for me to address your organisation. I know that it is customary for you to have as your speaker someone who can represent the entire United Nations family of organisations. You do me great honor by reserving this important anniversary for an address on the activities of the World Bank.

I want to calm your apprehensions at once by saying that I do not intend today to speak in terms of sums of money, amortization schedules, rates of interest or all the other technical lingo of banking; I want instead to try to describe the ways in which the Bank acts as a comprehensive development agency, trying to provide to its less developed member countries not only finance, but also a wide variety of other services to speed up their economic growth.

Before I embark on this, however, perhaps I should just summarize the magnitude of the Bank's financial assistance to its member countries. Since coming into operation in the middle of 1946, it has made 360 long-term loans, totalling well over \$7,000 million. These loans have been made in 65 countries of the world and have helped to lay the foundations for economic development. Millions of kilowatts of new electric generating capacity have been installed with Bank help, many thousands of kilometers of new roads have been built -- about 50,000 km in Latin America alone -- large irrigation systems have been constructed, a variety of agricultural improvements have been introduced and railroads and ports in many countries have been modernized and expanded. In addition,

the Bank has made a significant contribution to industrial growth in many countries. You have numerous examples of that here in Italy, where the Bank's lending to Cassa per il Mezzogiorno totals almost \$300 million, mostly for industry and for electric power development. These loans have had a significant impact in Mezzogiorno, providing thousands of new jobs. It can truly be said that the loans of the World Bank have had a very direct impact on raising standards of living in more than 60 countries, most of them in the less developed areas of Asia, Africa and Latin America.

Over the years, however, the Bank has been obliged to recognize that the need for money is not always or even necessarily the greatest need of the less developed countries. Some of them, of course, have a high level of skills, with well trained administrators, engineers and workpeople. But in most less developed countries modern skills and "know-how" are more scarce even than finance, and this fact has brought a gradual metamorphosis in the work of the Bank. Beginning as it did in 1946 as a purely financial institution, it has steadily developed over the years into a comprehensive development agency, providing many expert services as well as money. It is of these services that I wish to speak to you today.

Let me begin with the immediate occasion which brings me here to Turin. The library of your Association is now being enlarged by the addition of a special collection of books and articles on economic development, compiled and produced by the World Bank. This collection, which is in the French language, consists of about 400 works, many of them translated into French for the first time. Taken as a whole, the collection, though it is modest, probably constitutes the best array of

writings on the economics of development to be found anywhere in Italy today. We must recognize that it deals with facets of economic thought which have been studied seriously only for the past ten or fifteen years.

The principal purpose of compiling these economic development libraries is not, of course, primarily to supply Associations such as yours, operating in highly developed economies. The real aim is to make these works available for the first time to the less developed countries, which have often had no access to any considerable volume of literature on the economics of development, but whose need for such information is self-evident. We began the distribution of these libraries about three years ago in the English language. About 200 libraries were distributed, each of about 400 works, and the warmth of their reception convinced us that we should make the same kind of collection available in other languages. In view of the urgent development needs of African countries, many of which use French as their official language, the decision was made to move forward in the French language and the libraries in French, after two years' work, are now being distributed in installments as they come from the printers. In the meantime, the Institute, with the help of Latin American experts, has already begun on translating and printing the libraries in Spanish, with some translations in Portuguese, mainly to serve the needs of the twenty Republics of Latin America. It is the Bank's belief that these libraries can make a significant contribution to the level of economic understanding in those countries.

These libraries are also an interesting illustration of how the Bank is constantly led to extend its non-financial activities. The idea of

the libraries grew out of the work of another Bank initiative, the Economic Development Institute, which came into operation in 1956 to meet another need, that of improving the skills of those key officials, particularly in the Ministries of Finance, the Plan Organizations and the Central Banks of the less developed countries. These officials, usually in middle career, have increasingly found themselves charged with great responsibilities for directing the development plans of their countries and also for assuring that such development is carried out without damaging other parts of the economy of their countries. The officials are men of varied backgrounds. Some studied economics years ago, some never did, but in all cases their experience requires the reinforcement of broader perspectives. So the Institute was set up as a sort of "staff college" where officials of this degree of responsibility from many countries could come together from many countries for a period of six months, read, study and discuss their problems among themselves and with the best experts on various aspects of development economics. So far there have been eight of these annual courses of the Institute; about 200 officials from 64 countries have participated and the effect over the years is to build up in the less developed countries a body of persons who have had the advantage of a course of the Institute to bring to bear on their problems at home. In addition, the Institute now runs courses in French and Spanish and has also evolved special courses on such matters as the appraisal of projects. It was from the work of the Institute that the need for the economic development libraries became evident, and the usual course is for the Bank to donate the libraries to

institutions in less developed countries indicated as suitable by the Institute graduates. Many of these, incidentally, come quickly to be leaders of their countries. The Chairman of the 1961 Annual Meetings of the Bank and Fund in Vienna was Sunthorn Hongladarom, now Minister of Finance in Thailand, and a participant in the Institute's first course.

It has to be remembered, however, that in the less developed countries skill is required not only by the officials responsible for planning and administration; it is required at every level. The workpeople very often have no industrial experience and have never operated even a simple machine.

There are no trained supervisors. Industrial management is largely in the hands of entrepreneurs of very limited experience. The importance of these skills cannot be exaggerated. The backward countries cannot afford to waste their resources on ill-considered projects which come to naught. And, as Michael Shanks observed in a recent issue of "Encounter", "If management is bad, one can waste more money more quickly on capital investment than in any other way".

It should also be remembered that in many countries, World Bank loans have helped to construct the first hydroelectric power plant, the first modern port, the first highway maintenance organization, and so on. In all these cases, the success of the projects depends on the provision not only of finance, but also of the necessary experts, to make up for the lack of experience in the countries concerned.

As a result, for many years now the Bank has been helping its borrowers with the appraisal and the preparation of projects. To some extent this work is performed by our own technical staff, who are constantly visiting member countries. In addition, it is customary for the Bank to include in the amount of a loan for development the cost of employing consultants of high calibre to design the project and in many cases to supervise its execution. The Bank also likes to see that in such cases the consultants or contractors bringing the project into operation will institute training programs whereby local people can be trained in the new techniques, to take over responsibility in due course.

This kind of Bank activity has been going on for many years, but it is constantly growing. It is a fact that, in general, the amount of money lent by the Bank is not limited by the funds at its disposal, but by the number of development projects which are really ready for financing. As you will realize, bringing many development projects to this level of readiness is a long and complicated matter. The preparatory work for a new hydroelectric plant involves detailed surveys of every kind, geology, hydrology, routes for transmission lines and access roads, and many others. Five years is a short period to prepare such a scheme to the point where construction can begin -- and in less developed countries the time required is often longer.

Other projects require even more preliminary work. For example, at Mekambo, in the Republic of Gabon in West Africa, there are enormous deposits of high quality iron ore. The proving of these deposits, to arrive at a realistic estimate of their volume, has already cost about \$5 million, spent over the last several years. But there are other problems. The deposits are hundreds of miles inland. By the time they are mined and transported to the coast, will the cost of the ore still be competitive in world markets? The answer to that question in its turn will obviously depend on others. A new railroad from the coast to the deposits will inevitably be very costly, and one question is whether it will stimulate sufficient new economic activity along its length, so that part of the cost of the railroad will be borne by users other than the iron ore mines. That opens up various new fields of enquiry. I cite this example not because it is unique, but because it illustrates

very well the kind of expensive and time-consuming research and preparation which is needed in so many less developed countries before they can take even their first steps toward economic growth. In the Mekarbo case, the UN Special Fund is providing a good part of the finance needed to survey the route of the new railroad and to investigate the development potential of the territory through which the railroad would pass. The Special Fund has asked the Bank to act as Executing Agency for this enquiry, and it will be the Bank's task to engage and to supervise the various consultants to carry out the different studies.

This kind of investigation, whose cost runs into millions of dollars, is often beyond the resources of the less developed countries, and the Bank, as well as the Special Fund, is increasingly contributing funds in the form of grants, so that the studies can be carried out. In this past year alone, the Bank has undertaken to help in financing seven new project or sector studies of wide variety.

In Ecuador, the Bank is meeting the foreign exchange costs of a survey of all types of transport, and of a study to lay the basis for a national electrification program. In India, consultants are studying ways to solve the coal transport problem, both for the short and the long term. In Iran, a team of experts is to advise on the establishment and operation of an Electricity Authority. In Nigeria, a study is being made by consultants of highway needs in the northern part of the country. In Taiwan, consultants are helping the Government to prepare an investment program for improvement of transport facilities. In Tunisia, consultants will make a study of school designs and construction methods, and design three prototype schools, to assist the Government in obtaining the best

value for its investment in this sector. The direct cost to the Bank of these studies will exceed \$2,750,000; the full cost, of course, rises considerably if overheads in staff time and other services are taken into account. The local costs in each case will be met by the Government concerned.

Examples of cases where the Bank is acting as Executing Agency for the Special Fund show a similar variety -- studies of port siltation at Georgetown, British Guiana, and Bangkok in Thailand; of power and irrigation projects in Guatemala; of mineral resources in Surinam; of telecommunications needs in Central America; of coal resources in the Cauca Valley of Colombia; and of power requirements in the Sudan.

As will be realized, the outcome of all this preparatory work should be to produce a growing number of large development projects on which work can begin and which will often be fundamental to the economic growth of the countries concerned. Partly by these means the Bank hopes to open up large new areas in which its finance can be put to work.

Sometimes, of course, Bank assistance to its member countries goes even wider than the study of particular sectors of the economy or of particular large projects. More than twenty governments have asked the Bank to carry out full-scale economic surveys of the development potential of their countries and to indicate the general lines along which development should proceed, together with an approximate allocation of development funds between different sectors of the economy. These reports have in many cases had great influence in moulding government policies toward development objectives and, since they are all published, they also serve to inform the rest of the world about the development prospects of the countries concerned. Our most recently published reports dealt with countries as different as Kenya and Spain -- in Spain the report of the Bank mission sold over 25,000 copies -- and we must expect that the Bank will continue

to be asked for this kind of service. In carrying out a survey on this scale, which requires at least a year's work on the part of about twelve experts of international calibre, we cannot afford to staff the survey missions entirely from the Bank. It is our custom to call in qualified people on an ad hoc basis, sometimes on loan from Governments or other agencies.

Although I am conscious of having already spoken for quite long enough, I assure you that I have been able only to give the barest outlines of the non-financial activities of the World Bank. Indeed, I often think that the lending done by the Bank, which you read about in the newspapers in terms of hundreds of millions a year, is still only the small part of the iceberg which shows above the surface. The major part of the Bank's work is hidden from view. Behind every loan we make there has been an enormous amount of preparation and study. In addition, the Bank engages in a great deal of work which never leads directly to lending.

In the long run, probably the greatest contribution being made to development by the World Bank is in the extent to which by these other activities it is helping to develop skills at every level in the backward areas of the world. The latest development in this process is that the Bank is now embarking tentatively on the most fundamental aspect of skill, the field of education. Already it is engaged in studies to assist less developed countries to obtain the best value for the heavy investments they must make in education. In addition, the Bank has sponsored and helped to finance, jointly with UNESCO, the new International Institute for Educational Planning which was recently established in Paris. This Institute will be a centre from which the less developed countries can draw much valuable advice. I am perhaps not too bold in

foreseeing a time when World Bank loans for education will take their place along with loans for power and transport and industry. Certainly, if a real impact is to be made on the gap in living standards between the rich and poor countries, the effort must begin in the schools.

In short, sophisticated as we like to think our advisory and technical services are, they are none the less still at a very rudimentary stage in relation to the needs of the less developed world. As the United Nations family of organisations becomes, as I hope it will become, increasingly freed from immediate threats of war, it will be able to concentrate more and more on solving the world's other massive problems -- providing adequate employment, food, clothing and shelter for the peoples of the world.

BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DEVELOPPEMENT



4, AVENUE D'ÉNA, PARIS 16^e

TÉLÉPHONE : KLÉBER 25-10

TÉLEX : 27.029 PARIS

LA BANQUE MONDIALE ET
LA BATAILLE POUR LE DEVELOPPEMENT

Texte de l'allocution prononcée par Monsieur John Duncan Miller,
Directeur du Bureau Européen de la Banque Mondiale,
devant les étudiants algériens de l'Institut des Hautes Etudes d'Outre-Mer
A Paris, le 25 mai 1964

Je suis particulièrement heureux de pouvoir m'adresser aujourd'hui à un groupe d'hommes qui seront demain au service de l'Etat algérien et qui auront à se pencher sur l'un ou l'autre des aspects du développement de leur pays. Le développement est la première tâche de la Banque Mondiale et de ses filiales, et mon propos est de vous parler de la contribution qu'elles apportent à ce qu'on peut appeler à l'échelle de notre planète la bataille pour le développement. Cette contribution, si elle n'est pas négligeable, est cependant loin d'être décisive. Nul d'entre nous n'aurait la présomption de dire que nous jouons un rôle central dans la bataille pour le développement.

Évaluée en termes financiers, notre action est assez modeste par rapport au volume de l'aide internationale sous ses différentes formes et surtout, par rapport aux besoins qui sont énormes. En 1962 on a pu évaluer à 9 milliards de dollars le flux annuel net de capitaux à long terme, d'origine publique et privée, à destination des pays en voie de développement. Ce montant, outre les différentes formes d'aide, comprend les fournitures de denrées et de produits agricoles mais exclut les dépenses militaires d'équipement ou d'entretien.

Quelle a été, en regard, la part chiffrée des opérations de la Banque? Au cours de l'année 1963, la Banque et sa filiale l'Association Internationale de Développement ont effectivement déboursé quelque 680 millions de dollars de prêts et de crédits. Compte tenu des remboursements effectués au cours de l'année et des intérêts et commissions perçus sur les emprunts contractés, notre

contribution nette a été de l'ordre de 300 millions de dollars. En rapprochant ce chiffre des 9 milliards cités plus haut, vous devinez que la Banque Mondiale n'est pas une espèce de sonnette magique qu'il suffit de tirer, moyennant certaines conditions, pour voir déferler une avalanche de dollars!

Ce qui est beaucoup plus important, et qui est moins évident dans notre action, c'est son aspect proprement qualitatif. Trois constatations vous en donneront une idée plus précise.

Premièrement, nous sommes un organisme à compétence technique, une agence spécialisée associée aux Nations Unies, fonctionnant selon des critères définis de rentabilité économique à long terme et non pas en fonction d'objectifs politiques ou commerciaux, stratégiques ou militaires. Nous travaillons dans une optique de services rendus aux pays membres et non pas d'abord, comme des organismes financiers de style traditionnel, pour la recherche d'un profit.

Les critères dont je viens de parler sont clairs et bien connus de ceux qui ont l'habitude de travailler avec nous. Ils sont mentionnés dans nos publications. Ils ont le mérite de n'être pas rigides, ils évoluent dans un monde en marche, et notre dernière Assemblée annuelle, pour ne citer qu'un exemple, a eu connaissance d'un certain nombre de propositions soumises par notre Président pour élargir notre action, en faveur de l'éducation notamment, et pour assouplir nos conditions de prêt et développer notre action d'assistance technique.

Deuxièmement, le caractère technique de notre action se trouve renforcé par le fait que nous sommes un organisme international, le plus important dispensateur d'aide multilatérale, et que notre action doit être explicitement justifiée aux yeux des 102 pays qui sont aujourd'hui membres de la Banque Mondiale. Ceci nous impose une certaine prudence et en même temps un empirisme salutaire dans la conduite de nos opérations. Nous n'avons pas de doctrine, à proprement parler, nous ne sommes pas des théoriciens, mais nous avons le désir d'être efficaces avant tout. Lorsqu'on nous demande notre assistance, nous prenons la plupart du temps en considération des projets précis qui ont selon nous un caractère de priorité indiscutable, compte tenu des perspectives et des aptitudes de développement à long terme du pays considéré. Nous nous efforçons d'agir, il est inutile de le souligner, en plein accord avec les vues des autorités de ce pays. Mais il n'est pas facile, souvent, de placer les préoccupations à long terme au dessus des préoccupations à court terme. Cette difficulté se situe peut-être au centre de la bataille pour le développement; il est indispensable que les autorités de ce pays sachent ou puissent appliquer

une politique économique judicieuse. Que le gaspillage soit condamné, que les programmes d'investissement soient rationnels, que les réformes de structure nécessaires soient faites, que les hommes les plus compétents soient aux postes de commande de l'économie. On dit couramment que le problème des revenus d'exportation des matières premières ou celui de l'aménagement de la dette extérieure doivent d'abord être résolus pour que les conditions du développement soient réunies. Je crois que le problème des politiques suivies par les pays en développement a une importance au moins égale, sinon plus grande. Vous connaissez d'ailleurs le vieil adage: "Aide-toi, le ciel t'aidera"; nous ne sommes pas le Bon Dieu, mais enfin vous comprenez ce que je veux dire!

Toujours dans le cadre de cette deuxième constatation touchant au caractère multinational de notre action, je dirai encore que la Banque Mondiale remplit certainement des fonctions utiles en tant qu'organisme "pilote" ou bien coordonnateur de l'aide, par le biais, notamment, des consortiums ou des comités consultatifs créés sous notre égide, en Tunisie, au Soudan ou au Nigéria, par exemple. Nous pouvons aussi jouer dans certains cas le rôle d'un "catalyseur" des investissements et nous avons maintenant proposé la création d'un Centre International de conciliation et d'arbitrage des litiges nés à propos d'investissements privés dans les pays en développement.

Troisièmement, et ceci est une conséquence directe également de notre caractère multinational: nous sommes le plus important organisme transférant à destination des pays en développement des ressources rendues disponibles par l'épargne sur les grands marchés financiers. Il est assez frappant que des épargnants de Chicago, d'Amsterdam ou de Zurich contribuent pratiquement sans le savoir à financer, par notre intermédiaire, des travaux routiers en Yougoslavie ou la construction d'une usine de liquéfaction de gaz en Algérie. Cet aspect de nos activités montre que les marchés de capitaux, que l'on présente souvent comme des places fortes de spéculateurs, peuvent très bien contribuer au développement de pays qui ne pourraient presque jamais avoir accès à ces marchés directement. Sans avoir trop le goût des chiffres, je vais tout de même vous donner une idée du volume de ce concours de l'épargne internationale. Au 31 décembre 1963, après dix-sept années d'activité, la Banque Mondiale seule, je veux dire à l'exclusion de ses filiales, avait engagé des prêts pour un montant global de 7,6 milliards de dollars en faveur de 70 pays différents. Sur ce montant 5,7 milliards seulement avaient été déboursés. A la même date se trouvaient en circulation 2,5 milliards de dollars d'obligations émises par

la Banque en 8 monnaies différentes, sur les marchés de capitaux du monde entier, et 1,7 milliard de dollars de portions de prêt qui avaient été rétrocédées à des porteurs privés et des institutions diverses, presque entièrement sans notre garantie.

Voilà donc les trois constatations essentielles que je voulais formuler devant vous avant de vous parler plus en détail de ce que nous sommes et de ce que nous faisons. Pardonnez-moi d'avoir été si long dans cette partie introductive.

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Quand on parle de la Banque Mondiale, on parle en réalité de la Banque Internationale pour la Reconstruction et le Développement, puisque c'est le nom qui lui a été donné par ses Statuts, lors de la conférence de Bretton Woods, aux Etats-Unis, en 1944. En France on a coutume de nous désigner par les quatre initiales de cette appellation, B.I.R.D., mais on croit nécessaire de prononcer ce sigle à l'anglaise, ce qui donne "beurd" - "la beurd" - au lieu de "bird", et on nous assimile de la sorte à une espèce d'oiseau femelle, ce qui est charmant!

Le rôle de la Banque est essentiellement de consentir des prêts dans les cas où des capitaux ne sont pas disponibles à des conditions raisonnables, afin de financer des investissements productifs dans ses Etats membres. Au lendemain de la guerre, nos opérations étaient pour la plupart dirigées vers la reconstruction, mais depuis les années cinquante nous prêtons surtout dans les pays en voie de développement.

Il est important de ne pas confondre notre rôle avec celui du Fonds Monétaire International, organisme frère, comme nous issu de la Conférence de Bretton Woods. Le Fonds Monétaire, comme son nom l'indique, s'occupe avant tout des problèmes monétaires, cherchant à favoriser par là le commerce et les règlements, particulièrement en cas de difficultés dans les balances de paiement, et c'est ainsi qu'il vient également en aide aux pays en voie de développement. La Banque Mondiale, quant à elle, cherche avant tout à contribuer ou à favoriser des investissements, pour hâter le développement des pays membres.

Les souscriptions au capital de la Banque de chacun de ces pays sont proportionnelles à sa puissance économique, de même qu'au Fonds Monétaire. Un pays qui désire adhérer à la Banque doit d'ailleurs commencer par adhérer au Fonds Monétaire.

Un Gouverneur, généralement le Ministre des Finances ou le Directeur de la Banque Centrale, représente à la Banque chacun des pays membres, et le Conseil des Gouverneurs se réunit une fois par an. Les Gouverneurs délèguent cependant la plupart de leurs pouvoirs à 19 Administrateurs, qui se réunissent au moins une fois par mois et résident à notre siège, à Washington. Les Administrateurs ont un droit de vote proportionnel aux souscriptions de capital du ou des pays qu'ils représentent. Aucune proposition de prêt présentée au Conseil d'Administration par la Direction de la Banque n'a jamais été refusée. Ceci provient essentiellement du fait que chaque Administrateur est parfaitement tenu au courant des travaux de la Banque et des propositions qui vont lui être présentées, et qu'on tient le plus grand compte de ses observations ou suggestions lors des travaux préparatoires, avant que les propositions soient officiellement soumises au Conseil d'Administration.

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Il est bien évident que l'IDA, prêtant à des conditions aussi libérales, ne peut emprunter sur les marchés financiers et assurer son autonomie financière, comme le fait la Banque Mondiale. Elle est alimentée en fait par les contributions des Etats les plus industrialisés qui atteignaient 750 millions de dollars pour les cinq premières années de ses opérations. L'an dernier, il a été prévu que ce même groupe de pays accorderait de nouveau 750 millions de dollars, mais cette fois-ci pour les trois années suivantes. Dans ces conditions 1.500 millions de dollars de crédits, au total, pourraient avoir été engagés par l'IDA en 8 ans, entre 1960 et 1968.

La Société Financière Internationale est un organisme qui a essentiellement pour objet de venir en aide à des entreprises privées. Ses opérations de financement à long terme en association avec des investisseurs privés peuvent prendre des formes variées; souscriptions d'actions, combinaison de souscriptions d'actions et de prêts, prêts assortis de participation au capital.

A l'heure actuelle, comme je vous l'ai déjà dit, la Banque Mondiale compte 102 pays membres. Mais tous ces pays ne sont pas membres de l'IDA ou de la SFI. L'IDA compte 91 pays membres, la SFI 76.

L'Algérie est membre de la Banque Mondiale et de l'IDA depuis le 26 septembre 1963, mais elle ne fait pas partie de la SFI. Sa souscription à la Banque est de 80 millions de dollars, dont 10% seulement ont été versés, et sa souscription à l'IDA est de 4,03 millions de dollars.

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Après m'être étendu sur les structures de nos institutions, il me reste à dire un mot de leurs opérations, de notre politique de prêt et de nos activités d'assistance technique. La politique de prêt de la Banque est très proche de celle de l'IDA. Le personnel des deux organismes est d'ailleurs le même.

En gros, nos opérations, qu'il s'agisse de prêts ou d'assistance technique, ont pour objet de favoriser et de promouvoir, dans les meilleures conditions possibles, le développement à long terme du pays membre considéré. Un tel objectif ne peut être atteint, dans la plupart des cas, que par des changements structurels dans les secteurs productifs de l'économie. C'est ce que nous enseigne l'histoire du développement des pays industrialisés. La question importante, et très difficile à résoudre, est donc celle-ci. Quels changements structurels doit-on entreprendre, de manière à tirer le meilleur usage des ressources disponibles en hommes et en capitaux, comment agir pour atteindre ce résultat, quelle politique économique convient-il d'appliquer en conséquence?

En règle générale, la Banque n'examine le plus souvent que des demandes de prêt concernant un projet précis. C'est la règle de l'empirisme et de l'efficacité. Mais cela n'empêche pas la Banque, bien au contraire, d'effectuer des études de secteur ou des études générales de l'économie d'un pays. Il ne fait aucun doute qu'un projet revêt un intérêt beaucoup plus grand

lorsqu'il s'insère dans la ligne d'évolution optimum d'un secteur d'activité, dans un programme d'investissements ou bien dans une planification judicieusement établie. Les projets auxquels nous nous intéressons n'ont pas forcément, comme on le croit souvent, des dimensions exceptionnelles. Il nous arrive souvent de prêter des montants de 3 ou 4 millions de dollars pour une seule opération.

Mais comment les choses se passent-elles en pratique?

Avant qu'une demande de prêt ne soit officiellement présentée par les autorités d'un pays, ou par une entreprise privée située dans ce pays et pouvant offrir la garantie du gouvernement local, des entretiens ont lieu, le plus souvent au siège de la Banque et par l'intermédiaire de l'Administrateur qui représente le pays intéressé.

Le stade suivant est celui de l'étude préliminaire du prêt qui est conduite pratiquement par les deux grandes Directions intéressées. La Direction géographique compétente (il y a cinq directions géographiques) étudie la situation et les perspectives de l'économie du pays qui désire emprunter. Elle étudie également sa capacité d'endettement, qui peut constituer dans certains cas un obstacle majeur à l'intervention de la Banque, obstacle qui n'empêcherait pas systématiquement l'IDA de poursuivre l'étude pour son compte. La Direction des Etudes et Projets examine, quant à elle, les aspects techniques du projet, considéré alors sous l'angle de sa valeur "intrinsèque".

Si l'étude préliminaire conduit la Banque à des conclusions favorables, une seconde étude, plus détaillée, est entreprise. Comme je l'ai déjà dit, un projet est retenu en fonction de sa priorité et de sa rentabilité économique, ainsi que des chances qu'il a d'entraîner ou d'induire des investissements supplémentaires. L'estimation détaillée d'un projet porte sur les aspects suivants: caractéristiques économiques, caractéristiques techniques, aptitudes des dirigeants, qualité de l'organisation choisie, aspects commerciaux, aspects financiers. En règle générale, nous ne finançons jamais un projet dans sa totalité: l'emprunteur doit, pour sa part, assurer le financement d'une bonne part du coût global.

Les négociations officielles pour l'octroi du prêt ne commencent que lorsque l'étude technique détaillée du projet a été menée à bien et que les conclusions en ont été jugées favorables par la Banque.

Jusqu'à présent la Banque a surtout financé des projets d'infrastructure. Un-tiers des prêts ont servi au développement de l'énergie électrique, un-tiers

à celui des transports et le dernier tiers à celui de l'agriculture et de l'industrie. Les projets d'infrastructure ont reçu d'abord notre attention parce qu'ils permettent d'éviter de nombreux goulots d'étranglement dans le processus du développement, et puis aussi parce qu'ils sont plus facilement identifiables et que le coût des études, par rapport au montant des investissements, est plus faible. Mais nous donnons une importance de plus en plus grande maintenant, surtout dans les pays qui disposent d'une infrastructure suffisante, à des projets aux dimensions moins spectaculaires dans le domaine de l'industrie et de l'agriculture. Nous collaborons de plus en plus souvent avec des Banques de Développement qui jouent le rôle d'organismes relais et sont mieux placées que nous, puisqu'elles opèrent sur un plan local, pour identifier et étudier des projets, industriels pour la plupart, et contrôler leur exécution.

L'un des derniers prêts industriels que nous avons accordé, d'un montant de 20,5 millions de dollars, contribuera à financer une installation de liquéfaction de gaz naturel à Arzew, en Algérie. Cette opération sera certainement utile à l'Algérie. Elle permettra d'utiliser rationnellement du gaz qui, dans de nombreux pays, est brûlé en pure perte. D'autre part l'emprunteur est une entreprise privée, la CAMEL, et l'emprunt lui-même, bien que garanti par le gouvernement algérien, ne constituera pas à proprement parler une charge pour les finances publiques de l'Algérie.

Une remarque me paraît capitale. La Banque pourrait aisément financer un plus grand nombre de projets qu'elle ne le fait, et cela dans de plus nombreux pays. Mais elle se heurte souvent à une mauvaise préparation des projets qui lui sont présentés. Ceci est normal. Un pays insuffisamment développé est un pays qui manque de cadres, de techniciens, de bureaux d'études compétents. C'est pourquoi nous étendons sans cesse nos activités d'assistance technique, et c'est aussi l'une des raisons, je dis bien l'une des raisons, pour lesquelles nous commençons à accorder des prêts pour des projets concernant l'éducation et la formation professionnelle.

Nous faisons déjà de l'assistance technique lorsque nous conseillons un pays sur le choix d'un projet ou d'une politique à suivre dans un secteur, par exemple. Mais nous faisons aussi de l'assistance technique sans lien direct avec une demande de prêt. Ainsi nous avons créé à Washington un Institut pour le Développement Economique qui reçoit des hauts fonctionnaires de pays en développement pour les familiariser avec les techniques modernes de

développement. Des sessions en langue française ont été organisées par cet Institut. Nous avons créé un corps de fonctionnaires de carrière, le Service Consultatif du Développement, qui délègue des conseillers auprès des gouvernements des pays qui en font la demande. Nous faisons des études générales sur l'économie d'un pays comme celle qu'effectue en ce moment au Maroc une mission internationale d'experts. Nous faisons aussi des études pour avancer la préparation de projets jusqu'à un stade où leur financement peut être envisagé mais indépendamment de toute demande de prêt présentée à la Banque.

Ceci vous donne une idée de l'évolution de nos préoccupations. Nous avons commencé nos opérations à une époque où il était surtout question des besoins en capitaux des pays en développement. Aujourd'hui il est courant de mettre l'accent sur leurs besoins en hommes au même titre que sur leurs besoins en capitaux. Et il est encourageant de constater qu'un organisme financier comme le nôtre connaisse également une telle évolution.

De cet élargissement de notre action il ne fait aucun doute que de nombreux pays africains, particulièrement ceux qui sont des nouveaux venus à la Banque, ont déjà et vont dans l'avenir tirer profit. Cela sera vrai aussi pour l'IDA, dont les conditions de prêt conviennent à plusieurs pays africains mieux que celles de la Banque. Cela sera vrai pour nos activités d'assistance technique, pour nos actions "collectives", c'est-à-dire de coordination de l'aide étrangère ou de rapprochement des politiques économiques des pays africains quand cela sera nécessaire.

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D'un exposé assez confus, je voudrais essayer de tirer une conclusion claire. La bataille pour le développement, c'est vous qui la livrez, c'est vous qui la vivez. Vos efforts comptent et compteront toujours plus que les nôtres et nous ne sommes là, dans la mesure de nos moyens, que pour vous aider. Conservez de nous, si vous le voulez bien, l'image d'un organisme qui a un pied sur les marchés financiers de New York ou de Zurich, mais qui a aussi un pied en brousse où, chaque mois, des missions d'experts partent "en campagne". Et rappelez-vous que ce que nous cherchons avant tout c'est à établir une coopération entre des hommes en place aux postes de commande, au service des pays en développement.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DEVELOPPEMENT



4, AVENUE D'ÉNA, PARIS 16^e

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TÉLEX : 27.029 PARIS

LA BANQUE MONDIALE ET LA BATAILLE POUR LE DEVELOPPEMENT

Texte de l'allocution prononcée par Monsieur John Duncan Miller,
Directeur du Bureau Européen de la Banque Mondiale,
devant les étudiants algériens de l'Institut des Hautes Etudes d'Outre-Mer
A Paris, le 25 mai 1964

Je suis particulièrement heureux de pouvoir m'adresser aujourd'hui à un groupe d'hommes qui seront demain au service de l'Etat algérien et qui auront à se pencher sur l'un ou l'autre des aspects du développement de leur pays. Le développement est la première tâche de la Banque Mondiale et de ses filiales, et mon propos est de vous parler de la contribution qu'elles apportent à ce qu'on peut appeler à l'échelle de notre planète la bataille pour le développement. Cette contribution, si elle n'est pas négligeable, est cependant loin d'être décisive. Nul d'entre nous n'aurait la présomption de dire que nous jouons un rôle central dans la bataille pour le développement.

Évaluée en termes financiers, notre action est assez modeste par rapport au volume de l'aide internationale sous ses différentes formes et surtout, par rapport aux besoins qui sont énormes. En 1962 on a pu évaluer à 9 milliards de dollars le flux annuel net de capitaux à long terme, d'origine publique et privée, à destination des pays en voie de développement. Ce montant, outre les différentes formes d'aide, comprend les fournitures de denrées et de produits agricoles mais exclut les dépenses militaires d'équipement ou d'entretien.

Quelle a été, en regard, la part chiffrée des opérations de la Banque? Au cours de l'année 1963, la Banque et sa filiale l'Association Internationale de Développement ont effectivement déboursé quelque 680 millions de dollars de prêts et de crédits. Compte tenu des remboursements effectués au cours de l'année et des intérêts et commissions perçus sur les emprunts contractés, notre

LA BANQUE MONDIALE ET
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Tout d'abord, il est intéressant de constater que Monsieur Jean D'Amboise, Directeur du Bureau Algérien de la Banque Mondiale, a été nommé à ce poste le 15 mai 1964.

Le rôle de la Banque Mondiale est de fournir des fonds et des conseils techniques aux gouvernements des pays en développement. Elle agit à travers des équipes de spécialistes qui travaillent sur le terrain. Cette contribution est essentielle pour le développement économique et social. Elle intervient dans les secteurs de l'agriculture, de l'industrie et des services. Son rôle est de faciliter l'accès aux capitaux et de promouvoir des projets viables.

En ce qui concerne l'Algérie, la Banque Mondiale a financé plusieurs projets importants. Ces projets visent à améliorer l'infrastructure, à développer l'agriculture et à promouvoir l'industrie. La Banque Mondiale travaille en étroite collaboration avec le gouvernement algérien pour assurer le succès de ces initiatives. Elle apporte son expertise et ses ressources pour soutenir le développement durable du pays.

Quelle est la situation actuelle de la Banque Mondiale en Algérie ? La Banque Mondiale continue de soutenir le développement algérien à travers divers projets. Elle reste engagée dans la promotion de la croissance économique et de l'amélioration des conditions de vie de la population. Ses efforts sont axés sur la mise en œuvre de projets à long terme qui ont un impact positif sur l'économie et la société algériennes.

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contribution nette a été de l'ordre de 300 millions de dollars. En rapprochant ce chiffre des 9 milliards cités plus haut, vous devinez que la Banque Mondiale n'est pas une espèce de sonnette magique qu'il suffit de tirer, moyennant certaines conditions, pour voir déferler une avalanche de dollars!

Ce qui est beaucoup plus important, et qui est moins évident dans notre action, c'est son aspect proprement qualitatif. Trois constatations vous en donneront une idée plus précise.

Premièrement, nous sommes un organisme à compétence technique, une agence spécialisée associée aux Nations Unies, fonctionnant selon des critères définis de rentabilité économique à long terme et non pas en fonction d'objectifs politiques ou commerciaux, stratégiques ou militaires. Nous travaillons dans une optique de services rendus aux pays membres et non pas d'abord, comme des organismes financiers de style traditionnel, pour la recherche d'un profit.

Les critères dont je viens de parler sont clairs et bien connus de ceux qui ont l'habitude de travailler avec nous. Ils sont mentionnés dans nos publications. Ils ont le mérite de n'être pas rigides, ils évoluent dans un monde en marche, et notre dernière Assemblée annuelle, pour ne citer qu'un exemple, a eu connaissance d'un certain nombre de propositions soumises par notre Président pour élargir notre action, en faveur de l'éducation notamment, et pour assouplir nos conditions de prêt et développer notre action d'assistance technique.

Deuxièmement, le caractère technique de notre action se trouve renforcé par le fait que nous sommes un organisme international, le plus important dispensateur d'aide multilatérale, et que notre action doit être explicitement justifiée aux yeux des 102 pays qui sont aujourd'hui membres de la Banque Mondiale. Ceci nous impose une certaine prudence et en même temps un empirisme salutaire dans la conduite de nos opérations. Nous n'avons pas de doctrine, à proprement parler, nous ne sommes pas des théoriciens, mais nous avons le désir d'être efficaces avant tout. Lorsqu'on nous demande notre assistance, nous prenons la plupart du temps en considération des projets précis qui ont selon nous un caractère de priorité indiscutable, compte tenu des perspectives et des aptitudes de développement à long terme du pays considéré. Nous nous efforçons d'agir, il est inutile de le souligner, en plein accord avec les vues des autorités de ce pays. Mais il n'est pas facile, souvent, de placer les préoccupations à long terme au dessus des préoccupations à court terme. Cette difficulté se situe peut-être au centre de la bataille pour le développement; il est indispensable que les autorités de ce pays sachent ou puissent appliquer

une politique économique judicieuse. Que le gaspillage soit condamné, que les programmes d'investissement soient rationnels, que les réformes de structure nécessaires soient faites, que les hommes les plus compétents soient aux postes de commande de l'économie. On dit couramment que le problème des revenus d'exportation des matières premières ou celui de l'aménagement de la dette extérieure doivent d'abord être résolus pour que les conditions du développement soient réunies. Je crois que le problème des politiques suivies par les pays en développement a une importance au moins égale, sinon plus grande. Vous connaissez d'ailleurs le vieil adage: "Aide-toi, le ciel t'aidera"; nous ne sommes pas le Bon Dieu, mais enfin vous comprenez ce que je veux dire!

Toujours dans le cadre de cette deuxième constatation touchant au caractère multinational de notre action, je dirai encore que la Banque Mondiale remplit certainement des fonctions utiles en tant qu'organisme "pilote" ou bien coordonnateur de l'aide, par le biais, notamment, des consortiums ou des comités consultatifs créés sous notre égide, en Tunisie, au Soudan ou au Nigéria, par exemple. Nous pouvons aussi jouer dans certains cas le rôle d'un "catalyseur" des investissements et nous avons maintenant proposé la création d'un Centre International de conciliation et d'arbitrage des litiges nés à propos d'investissements privés dans les pays en développement.

Troisièmement, et ceci est une conséquence directe également de notre caractère multinational: nous sommes le plus important organisme transférant à destination des pays en développement des ressources rendues disponibles par l'épargne sur les grands marchés financiers. Il est assez frappant que des épargnants de Chicago, d'Amsterdam ou de Zurich contribuent pratiquement sans le savoir à financer, par notre intermédiaire, des travaux routiers en Yougoslavie ou la construction d'une usine de liquéfaction de gaz en Algérie. Cet aspect de nos activités montre que les marchés de capitaux, que l'on présente souvent comme des places fortes de spéculateurs, peuvent très bien contribuer au développement de pays qui ne pourraient presque jamais avoir accès à ces marchés directement. Sans avoir trop le goût des chiffres, je vais tout de même vous donner une idée du volume de ce concours de l'épargne internationale. Au 31 décembre 1963, après dix-sept années d'activité, la Banque Mondiale seule, je veux dire à l'exclusion de ses filiales, avait engagé des prêts pour un montant global de 7,6 milliards de dollars en faveur de 70 pays différents. Sur ce montant 5,7 milliards seulement avaient été déboursés. A la même date se trouvaient en circulation 2,5 milliards de dollars d'obligations émises par

la Banque en 8 monnaies différentes, sur les marchés de capitaux du monde entier, et 1,7 milliard de dollars de portions de prêt qui avaient été rétrocédées à des porteurs privés et des institutions diverses, presque entièrement sans notre garantie.

Voilà donc les trois constatations essentielles que je voulais formuler devant vous avant de vous parler plus en détail de ce que nous sommes et de ce que nous faisons. Pardonnez-moi d'avoir été si long dans cette partie introductive.

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Il est important de ne pas confondre notre rôle avec celui du Fonds Monétaire International, organisme frère, comme nous issu de la Conférence de Bretton Woods. Le Fonds Monétaire, comme son nom l'indique, s'occupe avant tout des problèmes monétaires, cherchant à favoriser par là le commerce et les règlements, particulièrement en cas de difficultés dans les balances de paiement, et c'est ainsi qu'il vient également en aide aux pays en voie de développement. La Banque Mondiale, quant à elle, cherche avant tout à contribuer ou à favoriser des investissements, pour hâter le développement des pays membres.

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Un Gouverneur, généralement le Ministre des Finances ou le Directeur de la Banque Centrale, représente à la Banque chacun des pays membres, et le Conseil des Gouverneurs se réunit une fois par an. Les Gouverneurs délèguent cependant la plupart de leurs pouvoirs à 19 Administrateurs, qui se réunissent au moins une fois par mois et résident à notre siège, à Washington. Les Administrateurs ont un droit de vote proportionnel aux souscriptions de capital du ou des pays qu'ils représentent. Aucune proposition de prêt présentée au Conseil d'Administration par la Direction de la Banque n'a jamais été refusée. Ceci provient essentiellement du fait que chaque Administrateur est parfaitement tenu au courant des travaux de la Banque et des propositions qui vont lui être présentées, et qu'on tient le plus grand compte de ses observations ou suggestions lors des travaux préparatoires, avant que les propositions soient officiellement soumises au Conseil d'Administration.

Je vais vous parler maintenant des deux filiales de la Banque. La première est l'Association Internationale de Développement, que nous désignons par ses initiales anglaises, IDA, pour éviter de la confondre avec l'Agence Internationale pour le Développement (AID) qui est un organisme dépendant du gouvernement américain. L'IDA a été créée en 1960 pour aider les pays insuffisamment développés qui ne peuvent emprunter aux conditions ordinaires sans déséquilibrer trop dangereusement leur balance des paiements. Il s'agissait donc d'accorder à ces pays des crédits à des conditions beaucoup plus avantageuses que celles de la Banque. L'IDA prête à cinquante ans, sans intérêt, en percevant une simple commission de service de 0,75% par an pour couvrir les frais d'administration. Evidemment ces conditions sont très séduisantes. Il n'y a pas longtemps, un journal européen a représenté la Banque, sur un dessin humoristique, sous les traits d'une vieille dame austère, à l'air un peu revêche, et l'IDA, sa fille, sous les traits d'une jeune pin-up très appétissante, mais chaperonnée par sa mère.

Il est bien évident que l'IDA, prêtant à des conditions aussi libérales, ne peut emprunter sur les marchés financiers et assurer son autonomie financière, comme le fait la Banque Mondiale. Elle est alimentée en fait par les contributions des Etats les plus industrialisés qui atteignaient 750 millions de dollars pour les cinq premières années de ses opérations. L'an dernier, il a été prévu que ce même groupe de pays accorderait de nouveau 750 millions de dollars, mais cette fois-ci pour les trois années suivantes. Dans ces conditions 1.500 millions de dollars de crédits, au total, pourraient avoir été engagés par l'IDA en 8 ans, entre 1960 et 1968.

La Société Financière Internationale est un organisme qui a essentiellement pour objet de venir en aide à des entreprises privées. Ses opérations de financement à long terme en association avec des investisseurs privés peuvent prendre des formes variées; souscriptions d'actions, combinaison de souscriptions d'actions et de prêts, prêts assortis de participation au capital.

A l'heure actuelle, comme je vous l'ai déjà dit, la Banque Mondiale compte 102 pays membres. Mais tous ces pays ne sont pas membres de l'IDA ou de la SFI. L'IDA compte 91 pays membres, la SFI 76.

L'Algérie est membre de la Banque Mondiale et de l'IDA depuis le 26 septembre 1963, mais elle ne fait pas partie de la SFI. Sa souscription à la Banque est de 80 millions de dollars, dont 10% seulement ont été versés, et sa souscription à l'IDA est de 4,03 millions de dollars.

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Après m'être étendu sur les structures de nos institutions, il me reste à dire un mot de leurs opérations, de notre politique de prêt et de nos activités d'assistance technique. La politique de prêt de la Banque est très proche de celle de l'IDA. Le personnel des deux organismes est d'ailleurs le même.

En gros, nos opérations, qu'il s'agisse de prêts ou d'assistance technique, ont pour objet de favoriser et de promouvoir, dans les meilleures conditions possibles, le développement à long terme du pays membre considéré. Un tel objectif ne peut être atteint, dans la plupart des cas, que par des changements structurels dans les secteurs productifs de l'économie. C'est ce que nous enseigne l'histoire du développement des pays industrialisés. La question importante, et très difficile à résoudre, est donc celle-ci. Quels changements structurels doit-on entreprendre, de manière à tirer le meilleur usage des ressources disponibles en hommes et en capitaux, comment agir pour atteindre ce résultat, quelle politique économique convient-il d'appliquer en conséquence?

En règle générale, la Banque n'examine le plus souvent que des demandes de prêt concernant un projet précis. C'est la règle de l'empirisme et de l'efficacité. Mais cela n'empêche pas la Banque, bien au contraire, d'effectuer des études de secteur ou des études générales de l'économie d'un pays. Il ne fait aucun doute qu'un projet revêt un intérêt beaucoup plus grand

lorsqu'il s'insère dans la ligne d'évolution optimum d'un secteur d'activité, dans un programme d'investissements ou bien dans une planification judicieusement établie. Les projets auxquels nous nous intéressons n'ont pas forcément, comme on le croit souvent, des dimensions exceptionnelles. Il nous arrive souvent de prêter des montants de 3 ou 4 millions de dollars pour une seule opération.

Mais comment les choses se passent-elles en pratique?

Avant qu'une demande de prêt ne soit officiellement présentée par les autorités d'un pays, ou par une entreprise privée située dans ce pays et pouvant offrir la garantie du gouvernement local, des entretiens ont lieu, le plus souvent au siège de la Banque et par l'intermédiaire de l'Administrateur qui représente le pays intéressé.

Le stade suivant est celui de l'étude préliminaire du prêt qui est conduite pratiquement par les deux grandes Directions intéressées. La Direction géographique compétente (il y a cinq directions géographiques) étudie la situation et les perspectives de l'économie du pays qui désire emprunter. Elle étudie également sa capacité d'endettement, qui peut constituer dans certains cas un obstacle majeur à l'intervention de la Banque, obstacle qui n'empêcherait pas systématiquement l'IDA de poursuivre l'étude pour son compte. La Direction des Etudes et Projets examine, quant à elle, les aspects techniques du projet, considéré alors sous l'angle de sa valeur "intrinsèque".

Si l'étude préliminaire conduit la Banque à des conclusions favorables, une seconde étude, plus détaillée, est entreprise. Comme je l'ai déjà dit, un projet est retenu en fonction de sa priorité et de sa rentabilité économique, ainsi que des chances qu'il a d'entraîner ou d'induire des investissements supplémentaires. L'estimation détaillée d'un projet porte sur les aspects suivants: caractéristiques économiques, caractéristiques techniques, aptitudes des dirigeants, qualité de l'organisation choisie, aspects commerciaux, aspects financiers. En règle générale, nous ne finançons jamais un projet dans sa totalité: l'emprunteur doit, pour sa part, assurer le financement d'une bonne part du coût global.

Les négociations officielles pour l'octroi du prêt ne commencent que lorsque l'étude technique détaillée du projet a été menée à bien et que les conclusions en ont été jugées favorables par la Banque.

Jusqu'à présent la Banque a surtout financé des projets d'infrastructure. Un-tiers des prêts ont servi au développement de l'énergie électrique, un-tiers

à celui des transports et le dernier tiers à celui de l'agriculture et de l'industrie. Les projets d'infrastructure ont reçu d'abord notre attention parce qu'ils permettent d'éviter de nombreux goulots d'étranglement dans le processus du développement, et puis aussi parce qu'ils sont plus facilement identifiables et que le coût des études, par rapport au montant des investissements, est plus faible. Mais nous donnons une importance de plus en plus grande maintenant, surtout dans les pays qui disposent d'une infrastructure suffisante, à des projets aux dimensions moins spectaculaires dans le domaine de l'industrie et de l'agriculture. Nous collaborons de plus en plus souvent avec des Banques de Développement qui jouent le rôle d'organismes relais et sont mieux placées que nous, puisqu'elles opèrent sur un plan local, pour identifier et étudier des projets, industriels pour la plupart, et contrôler leur exécution.

L'un des derniers prêts industriels que nous avons accordé, d'un montant de 20,5 millions de dollars, contribuera à financer une installation de liquéfaction de gaz naturel à Arzew, en Algérie. Cette opération sera certainement utile à l'Algérie. Elle permettra d'utiliser rationnellement du gaz qui, dans de nombreux pays, est brûlé en pure perte. D'autre part l'emprunteur est une entreprise privée, la CAMEL, et l'emprunt lui-même, bien que garanti par le gouvernement algérien, ne constituera pas à proprement parler une charge pour les finances publiques de l'Algérie.

Une remarque me paraît capitale. La Banque pourrait aisément financer un plus grand nombre de projets qu'elle ne le fait, et cela dans de plus nombreux pays. Mais elle se heurte souvent à une mauvaise préparation des projets qui lui sont présentés. Ceci est normal. Un pays insuffisamment développé est un pays qui manque de cadres, de techniciens, de bureaux d'études compétents. C'est pourquoi nous étendons sans cesse nos activités d'assistance technique, et c'est aussi l'une des raisons, je dis bien l'une des raisons, pour lesquelles nous commençons à accorder des prêts pour des projets concernant l'éducation et la formation professionnelle.

Nous faisons déjà de l'assistance technique lorsque nous conseillons un pays sur le choix d'un projet ou d'une politique à suivre dans un secteur, par exemple. Mais nous faisons aussi de l'assistance technique sans lien direct avec une demande de prêt. Ainsi nous avons créé à Washington un Institut pour le Développement Economique qui reçoit des hauts fonctionnaires de pays en développement pour les familiariser avec les techniques modernes de

développement. Des sessions en langue française ont été organisées par cet Institut. Nous avons créé un corps de fonctionnaires de carrière, le Service Consultatif du Développement, qui délègue des conseillers auprès des gouvernements des pays qui en font la demande. Nous faisons des études générales sur l'économie d'un pays comme celle qu'effectue en ce moment au Maroc une mission internationale d'experts. Nous faisons aussi des études pour avancer la préparation de projets jusqu'à un stade où leur financement peut être envisagé mais indépendamment de toute demande de prêt présentée à la Banque.

Ceci vous donne une idée de l'évolution de nos préoccupations. Nous avons commencé nos opérations à une époque où il était surtout question des besoins en capitaux des pays en développement. Aujourd'hui il est courant de mettre l'accent sur leurs besoins en hommes au même titre que sur leurs besoins en capitaux. Et il est encourageant de constater qu'un organisme financier comme le nôtre connaisse également une telle évolution.

De cet élargissement de notre action il ne fait aucun doute que de nombreux pays africains, particulièrement ceux qui sont des nouveaux venus à la Banque, ont déjà et vont dans l'avenir tirer profit. Cela sera vrai aussi pour l'IDA, dont les conditions de prêt conviennent à plusieurs pays africains mieux que celles de la Banque. Cela sera vrai pour nos activités d'assistance technique, pour nos actions "collectives", c'est-à-dire de coordination de l'aide étrangère ou de rapprochement des politiques économiques des pays africains quand cela sera nécessaire.

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D'un exposé assez confus, je voudrais essayer de tirer une conclusion claire. La bataille pour le développement, c'est vous qui la livrez, c'est vous qui la vivez. Vos efforts comptent et compteront toujours plus que les nôtres et nous ne sommes là, dans la mesure de nos moyens, que pour vous aider. Conservez de nous, si vous le voulez bien, l'image d'un organisme qui a un pied sur les marchés financiers de New York ou de Zurich, mais qui a aussi un pied en brousse où, chaque mois, des missions d'experts partent "en campagne". Et rappelez-vous que ce que nous cherchons avant tout c'est à établir une coopération entre des hommes en place aux postes de commande, au service des pays en développement.

August 5, 1964

Mr. Miller's Salzburg Speech

Les responsabilités du groupe de la Banque Mondiale

C'est un grand privilège pour moi, et je vous remercie de me l'avoir accordé, de pouvoir venir vous parler de la Banque Mondiale et des deux organismes qui lui sont affiliés: l'Association Internationale de Développement (IDA) et la Société Financière Internationale (SFI).

Puisque je m'adresse à des jeunes gens qui exerceront plus tard de hautes responsabilités en matière de relations internationales, je voudrais vous entretenir des responsabilités complexes et croissantes qui sont les nôtres, nous le croyons dans une appréciation à la fois grave et modeste, au sein de la grande communauté des nations. Comme vous le verrez, nos responsabilités ne valent que dans la mesure où les pays que nous aidons savent eux aussi apprécier et assumer leurs propres responsabilités. Plus que jamais, le monde où nous vivons est un monde de solidarité et ceci est particulièrement vrai pour la bataille du développement.

La plupart d'entre vous connaissent sans doute les traits principaux de la Banque Mondiale. Nous sommes un organisme international groupant 102 gouvernements de pays membres. Ces pays ont souscrit un peu plus de 21.000 millions de dollars au titre de notre capital autorisé, et ont effectivement versé près de 10% de ce montant, soit plus de 2.000 millions, comme nos statuts

l'exigent. Nous prêtons à des gouvernements membres ou à des emprunteurs privés pouvant offrir la garantie d'un de ces gouvernements, pour des projets de développement économique. Au 30 juin 1963 nous avons accordé à l'Autriche plus de 106 millions de dollars de prêts, pour des projets dans le domaine de l'énergie électrique et pour divers projets industriels. A la même date, nous avons accordé quelque 8.000 millions de dollars de prêts à long terme à plus de soixante-dix pays dans toutes les parties du monde.

Mais, me direz-vous, comment avons-nous pu accorder 8.000 millions de dollars de prêts tout en ne disposant que de 2.000 millions effectivement versés au titre de notre capital?

Nous avons pu le faire parce que nous avons réussi à emprunter sur les marchés de capitaux des montants assez considérables. Et vous serez encore plus surpris d'apprendre que nous l'avons fait, si je vous dis qu'à l'origine, lorsque la Banque a été créée, il n'était pas question pour elle de prêter des fonds mais seulement de garantir des prêts accordés par des banques privées!

Ceci m'amène à vous parler de l'évolution qu'a connue la Banque dès les premiers mois de son activité. D'abord nous n'avons jamais garanti des prêts consentis par d'autres organismes, parce que nous sommes arrivés très vite à la conclusion qu'offrir notre garantie à plusieurs prêts effectués à des taux différents entraînerait quelque confusion sur le marché. Il nous a paru préférable d'intervenir

directement en tant que prêteur de fonds. Dès l'entrée en fonction de notre organisme, en juin 1946, de multiples demandes de prêts nous furent présentées, pour un montant proche de 2 milliards de dollars. Les trois-quarts provenaient des pays européens dont les besoins de reconstruction étaient immenses. En fait, la Banque n'a pas eu à accorder tous ces prêts, puisque le Plan Marshall, institué peu après, s'en chargea. Néanmoins les fonds à la disposition de la Banque étaient manifestement insuffisants pour faire face à ces demandes. Ces fonds ne dépassaient pas 734 millions de dollars, montant exact de la souscription versée par les Etats-Unis, les autres pays n'étant pas à même de libérer les parts qu'ils avaient souscrites.

Au début de 1947, comme vous le constatez, la situation était préoccupante. Il faut aussi insister sur le fait que la Banque, organisme aux fonctions encore imprécises et aux ressources mal assurées, était considéré avec méfiance par la plupart des observateurs et par les milieux financiers. On estimait qu'elle était avant tout un instrument politique, qu'elle allait prodiguer rapidement les fonds gouvernementaux dont elle disposait, qu'elle ne pourrait jamais faire aucun profit et qu'elle tomberait finalement dans l'obscurité.

Il a fallu beaucoup d'habilité et de clairvoyance de la part des premiers dirigeants de la Banque pour "asseoir" son crédit aussi bien politique que financier, et amorcer avec succès une évolution qui n'avait pas été prévue par les fondateurs d'un organisme qui n'avait pas encore fait ses preuves. Pour survivre, la

Banque devait avoir accès au marché financier des Etats-Unis, où les prêts à l'étranger, depuis la grande dépression des années 30, ne bénéficiaient d'aucune faveur particulière.

La nouvelle équipe dirigeante, avec à sa tête Monsieur Eugène R. Black, qui devait occuper pendant treize ans les fonctions de Président de la Banque, s'efforça dès février 1947 de gagner le soutien de la communauté financière. Une campagne intensive fut entreprise pour obtenir la confiance des organismes d'investissement, qui sont pratiquement les seuls grands acheteurs d'obligations, aux Etats-Unis, des établissements bancaires et des courtiers qui répartissent les nouvelles émissions et créent les marchés secondaires, des autorités législatives, qui contrôlent les investissements. L'échec avec l'un quelconque de ces trois groupes signifiait l'échec avec tous. En juillet 1947, deux émissions d'obligations, d'un montant de 250 millions de dollars, furent placées sur le marché des Etats-Unis. Elles furent suivies d'autres emprunts, en Suisse notamment, où en 1951 eut lieu la première émission publique hors des Etats-Unis, ^{et puis aussi} en Grande-Bretagne. Depuis lors la Banque s'est efforcée de ne manquer aucune occasion de venir sur le marché. La dernière offre publique qui eut lieu en Europe fut organisée en Autriche, en novembre 1962, sur un marché où le revenu des obligations en shillings était supérieur à 7%. La Banque a vendu 5 millions de dollars d'obligations et de bons libellés en dollars des Etats-Unis, et, de ce fait, a été capable d'emprunter à 4-1/4%.

Au 30 juin 1963, 41 émissions publiques d'obligations avaient été lancées (16 aux Etats-Unis, 11 en Suisse, 4 aux Pays-Bas, 3 au Canada et en Grande-Bretagne, 1 en Allemagne, en Autriche, en Belgique et en Italie). Ces émissions furent faites en 8 monnaies différentes. A l'heure actuelle, nos obligations en circulation atteignent 2.500 millions de dollars. Plus de la moitié de la dette obligataire de la Banque Mondiale a été contractée envers des porteurs établis à l'extérieur des Etats-Unis. Nous pensons que des portefeuilles importants d'obligations de la Banque Mondiale sont détenus dans plus de 40 pays.

Nous avons d'autre part revendu à des banques ou à des organismes d'investissement du monde entier des portions de nos prêts pour un montant supérieur à 1.700 millions de dollars, sans notre garantie pour la plus grande part. Ce faisant, nous avons réduit d'autant nos besoins d'emprunter sur le marché. A l'origine, les principaux acheteurs de notre portefeuille étaient des banques commerciales qui se portaient naturellement acquéreurs des fractions dont l'échéance était la plus rapprochée. Maintenant, quelques compagnies d'assurance s'intéressent à nos prêts en tant qu'investissements à long terme et certaines ont acheté nos tranches de prêt de la première à la dernière échéance. En Autriche, même nous avons revendu au total à des banques quelque 2,5 millions de dollars de fractions de nos prêts.

Nous reconstituons aussi nos fonds disponibles pour de nouveaux prêts grâce aux remboursements directs du principal prêté qui ont

atteint jusqu'à présent plus de 750 millions de dollars, et aussi grâce au flot non négligeable de nos recettes nettes (qui ont atteint l'an dernier 82 millions de dollars).

Ces succès nous les devons à cette réputation de prêteur avisé et prudent que la Banque a su acquérir dès les premières années de ses activités. Cette réputation nous a permis d'associer de nombreux investisseurs privés au financement de la croissance économique. Nous avons atteint cet objectif très important non seulement en empruntant à des porteurs privés ou en leur vendant des tranches de nos prêts, mais encore en soutenant le crédit des pays emprunteurs sur les marchés financiers, par le truchement d'opérations conjointes. Par exemple, un prêt de la Banque à un pays emprunteur en même temps que l'offre par des banques privées d'obligations et de bons émis par ce même pays sur le marché des Etats-Unis. ~~Un~~ Un mécanisme^{de ce genre}/a été utilisé en faveur de l'Autriche. La Banque Mondiale a accordé le 2 décembre 1958 un prêt équivalant à 25 millions de dollars à deux sociétés d'électricité autrichiennes appartenant au secteur public. Simultanément, un groupe de banques d'affaires s'associait à cette opération pour lancer sur le marché une émission de 25 millions de dollars d'obligations libellées en dollars, au nom de la République d'Autriche. Nous avons, à plusieurs reprises, mené à bien des opérations de ce genre.

Ainsi, comme vous avez pu le constater, nos responsabilités sont d'abord des responsabilités de financier. Comme tout banquier, nous sommes comptables des fonds qui nous ont été confiés

par nos gouvernements membres ou par des investisseurs publics ou privés. Et ce n'est pas une mince affaire, croyez-moi, lorsque ces fonds sont redistribués pour venir en aide à des pays en développement, qui connaissent fréquemment de graves difficultés financières, économiques, commerciales, démographiques, sociales, voire même politiques. La difficulté même de cette tâche a conduit la Banque Mondiale, dès le début de ses opérations, à ne contribuer qu'au financement de projets précis de développement, et à n'intervenir qu'après avoir évalué très soigneusement la capacité d'endettement extérieur du pays emprunteur.

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Ces deux principes, évaluation du risque et crédit sélectif, sont aussi, bien sûr, ceux qu'observe un banquier classique lorsqu'il accorde un prêt à l'un de ses clients. Mais nos responsabilités sont beaucoup plus vastes et complexes que celles d'un banquier ordinaire. Pourquoi? Première raison, eh bien parce que notre optique n'est pas seulement une optique de profit, celle du banquier de type traditionnel, mais aussi, et de plus en plus souvent une optique de service. Nous sommes au service de nos pays membres et nous devons nous assurer que les projets que nous contribuons à financer sont "productifs", au sens économique, et servent de manière indiscutable les objectifs de développement à long terme des pays emprunteurs. Il y a peut-être une deuxième raison. Les projets que nous finançons sont d'une ampleur souvent très vaste

et requièrent des études préalables et une mise au point très soignées.

Parce qu'elle a voulu se montrer prêteur prudent et efficace, la Banque Mondiale a été amenée à intervenir de plus en plus en qualité d'ingénieur, d'expert économique, de juriste, de conseiller en matière de planification ou d'assistance technique. Nous avons multiplié les contrôles. Nous nous assurons que les ingénieurs conseils choisis par l'emprunteur, pour l'étude d'un projet, de même que les fournitures d'équipement déterminées par voie d'adjudication internationale, ont bien la qualification requise. Nous ne déboursions les montants prêtés qu'au fur et à mesure de l'exécution des travaux. Nous organisons des inspections longtemps après l'achèvement des projets.

Il nous est arrivé d'avoir à modifier entièrement des projets de barrages pour lesquels des financements de la Banque avaient été sollicités, en déplaçant le site, en modifiant les procédés de construction ou en doublant la hauteur du mur de retenue.

Dans un autre cas, pour la construction du barrage de Kariba, nous avons prêté 80 millions de dollars à la Fédération de Rhodésie et Nyassaland. La capacité de retenue de ce barrage est la plus élevée du monde et la centrale hydroélectrique est entrée en activité en 1960. Les études et la préparation du projet avaient été remarquables et nous nous en félicitons. Un point cependant avait été laissé dans l'ombre: les perspectives d'augmentation de la consommation d'électricité justifiaient-elles la capacité de

production prévue? Nous avons dû engager un bureau d'études pour faire cette enquête et ses conclusions nous ont appris qu'il fallait investir entre 10 et 15 dollars dans les secteurs utilisateurs d'énergie électrique pour chaque dollar investi dans le barrage. Nous avons ensuite estimé les perspectives d'investissement et nous nous sommes aperçus qu'elles correspondaient presque aux données retenues par l'emprunteur. Notre effort supplémentaire avait donc été inutile dans ce cas, mais neuf fois sur dix il aurait permis de mieux proportionner le volume d'investissement nécessaire.

Notre expérience nous a montré que l'on ne tenait pas assez compte, en règle générale, de l'insertion des projets dans un ensemble économique. Puis nous nous sommes aperçus que les pays en développement avaient avantage, le plus souvent, à établir des programmes de développement à long terme. Nous avons apporté notre aide à 23 pays pour la mise au point de programmes de ce genre, et la dernière mission vient de terminer ses travaux sur place, au Maroc.

Pour contribuer à améliorer la qualité de l'effort de développement, nous avons détaché dans de nombreux pays en développement certains de nos cadres les plus expérimentés. Ainsi a été créé en 1962 un corps d'experts, de carrière, le Service Consultatif du Développement, dont les membres peuvent être envoyés à la demande d'un pays, pour conseiller le gouvernement ou le service du plan. Nous avons l'intention de libérer ainsi, pour des tâches consultatives, un plus grand nombre de nos fonctionnaires

les plus expérimentés.

Mais la véritable solution, pour remédier à cette pénurie d'experts, ne peut être trouvée que dans les pays en développement eux-mêmes. La Banque a créé un Institut de Développement Economique pour organiser des stages à l'intention des hauts fonctionnaires de ces pays qui sont appelés à occuper des postes clés en matière d'économie et de finance, et qui désirent perfectionner leurs connaissances. Ces stages sont organisés sous forme de sessions en langue anglaise, française ou espagnole, selon les candidats. L'Institut a également assuré la diffusion de collections d'ouvrages sur le développement économique qu'il avait rassemblées.

La Banque étend sans cesse ses activités d'assistance technique. Par exemple, pour remédier au manque de préparation des projets, nous prenons et renforçons toutes les mesures propres à faciliter leur mise au point dans les pays qui n'ont pas suffisamment de techniciens ou qui n'ont pas les moyens financiers nécessaires pour faire appel à des techniciens extérieurs. Il nous arrive aussi de financer des études "pré-investissement", indépendamment de toute demande de prêt.

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La Banque Mondiale a également su prendre des responsabilités plus étendues, pour s'adapter aux besoins des pays en développement, en fondant de nouvelles institutions. Nous avons créé en 1956

la Société Financière Internationale (SFI) dont le rôle est d'encourager les investissements productifs en apportant son concours financier à des entreprises privées, sous forme de souscriptions d'actions, de prêts assortis de participations au capital, ou de combinaison de ces formes d'intervention. Son capital autorisé est de 110 millions de dollars, et elle peut être comparée à une banque d'affaires qui s'efforcerait, tout en investissant elle-même directement, de favoriser la création d'un marché financier, d'attirer des investisseurs nationaux ou étrangers, de mettre son expérience et ses connaissances techniques à la disposition de ses clients dans les pays en développement.

En 1960 nous avons créé l'Association Internationale de Développement (IDA) pour venir en aide aux pays que des difficultés de balance des paiements ou un niveau de développement insuffisant empêchaient d'emprunter à la Banque aux conditions habituelles. J'ai oublié de vous dire que le taux auquel prête la Banque est actuellement de 5-½ %. Il est fixé en ajoutant au taux auquel nous empruntons sur les marchés 1% pour notre réserve et 1/4% pour nos frais administratifs. Vous voyez donc que la Banque ne peut baisser le taux auquel elle prête que si des facteurs techniques le lui permettent. D'un autre côté, la Banque n'a jamais atténué ses exigences en ce qui concerne les limites d'endettement extérieur d'un pays. L'Association Internationale de Développement a donc été créée pour répondre à un besoin précis. Elle fonctionne comme un fonds alimenté en fait par les contributions des états les

plus industrialisés. Ces contributions atteignaient 750 millions de dollars pour les cinq premières années des opérations de l'IDA. De nouvelles contributions, d'un montant d'environ 750 millions de dollars, ont été accordées pour les trois années suivantes. Dans ces conditions 1.500 millions de dollars de crédits, au total, pourraient avoir été accordés par l'IDA en 8 ans, de 1960 à 1968. Les crédits de l'IDA sont remboursables en 50 ans, et portent intérêt au taux de 0,75%, qui correspond à une simple commission de service. Il est bien évident que, prêtant à des conditions aussi libérales, l'IDA ne peut emprunter sur les marchés financiers et assurer son autonomie financière, comme le fait la Banque. Elle est donc obligée de rationner ses crédits. Il est cependant possible de tourner un peu cette difficulté en combinant dans un même pays des prêts de la Banque et des crédits de l'IDA. Nous sommes cependant décidés à aller plus loin puisque notre Président a l'intention de recommander qu'une partie des recettes courantes de la Banque au cours du présent exercice financier soit transférée à l'IDA. On pourrait ainsi transférer sans risque un montant qui aurait pu faire l'objet d'une distribution au titre de dividendes.

L'IDA a, depuis sa création, exercé une certaine influence sur la Banque qui a déjà admis la possibilité, dans certains cas, d'allonger les délais de carence et la durée d'amortissement de ses prêts. Ainsi la Banque a accordé récemment un prêt avec un délai de carence de 8 ans, et un autre dont l'amortissement est

échelonné sur 35 ans. Enfin, la Banque compte étendre ses activités dans le domaine social et l'enseignement afin de les harmoniser avec celles de l'IDA.

Un autre organisme est à l'étude actuellement. La Banque, depuis de nombreuses années, est souvent priée de jouer le rôle de médiateur ou d'arbitre à l'occasion de litiges survenus dans des domaines où elle a acquis quelque expérience. Aussi avons-nous pensé à créer un Centre International de Conciliation et d'Arbitrage, placé sous l'égide de la Banque, auquel on pourrait faire librement appel pour des litiges nés entre des investisseurs privés et des gouvernements. Ce projet a été soumis cette année à l'examen de nos pays membres.

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L'évolution des responsabilités du groupe de la Banque Mondiale est en quelque sorte paradoxale. A l'origine nous n'étions que des spécialistes des questions financières internationales, et voilà que, par souci d'efficacité et d'adaptation aux besoins de nos pays membres, nous devenons des spécialistes de tous les problèmes du développement, sans oublier les problèmes humains, d'éducation ou de formation professionnelle. Mais si parfaites que puissent devenir les techniques du développement qui s'élaborent chez nous, il n'en demeure pas moins que les responsabilités des décisions, des efforts et des réalisations majeures qui conditionnent

le développement, sont et resteront au premier chef celles des états eux-mêmes. Nos responsabilités, comme je me suis efforcé de vous le montrer, sont cependant loin d'être négligeables, mais ce sont des responsabilités d'appoint. Notre effort financier est modeste en comparaison de l'effort que chaque pays doit entreprendre, et nos conseils, notre expérience, ne valent que si l'on continue à leur prêter quelque autorité.

Cette autorité, je crois que dans de nombreux cas on nous la reconnaît maintenant. Cela provient sans doute de ce que nous sommes un organisme multilatéral à compétence technique et que nous n'intervenons que dans l'intérêt du pays aidé, sans nous soucier de préoccupations d'ordre politique, stratégique ou commercial. Notre originalité, et notre responsabilité majeure, c'est de vouloir nous attaquer au problème du sous-développement à sa racine même, de façon réaliste et en plein souci d'impartialité. Un économiste français a récemment exhumé un vieux proverbe chinois qui résume bien ce que je veux dire. Ce proverbe dit:

"Si un homme a faim, donne-lui un poisson, si tu veux qu'il n'ait plus jamais faim, apprend-lui à pêcher."

Je crois qu'un organisme comme le nôtre, en raison du caractère qui lui est propre, est bien placé pour contribuer à la réalisation d'une tâche aussi noble.

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Si vous voulez bien, conservez de nous l'image d'un organisme complexe. On pourrait nous comparer à ce dieu romain, Janus, qui

était représenté avec deux visages, parce qu'il regardait à la fois le passé et l'avenir. Nous aussi, nous regardons en même temps le passé, le domaine des réalisations, et l'avenir, le domaine des promesses. Nous sommes à la fois prêteur et emprunteur, banquier et un peu philanthrope, financier et éducateur, dispensateur et coordonnateur d'aide. Ainsi, nous nous efforçons d'adapter nos responsabilités aux besoins d'un monde en mouvement.

7th International Seminar for Diplomats

Castle of Klessheim near Salzburg

July - August 1964

John Duncan Miller

Director of the European Office
of the International Bank for Reconstruction and Development
(Paris)

"The World Bank and the Assistance to Developing Countries"

5th August, 1964 - 9.30 h.

This morning, ladies and gentlemen, I shall try to tell you something about an organization with which I expect many of you will, in your future careers, have quite a lot of contact and which may well give you quite a lot of trouble. The World Bank is essentially a co-operative undertaking and, when missions from the World Bank go out into underdeveloped countries, we always ask our Executive Directors to let the embassies of their governments in that country know that our mission is coming and warn them that we shall call on them for all the help we can get.

Building up picture of the economy of a country and what is needed there is not a quick business; it is not one single photograph; it is a matter of putting together material and facts which have to be got from a number of sources over quite a long time. I won't worry you today with a great many statistics because I would much rather talk to you about the way we try to approach our problems and what we do. But in the course of giving you a little of the history of the organization a few statistics I am afraid will have to creep in.

The World Bank group, as we call it now, consists of the original organization, the International Bank for Reconstruction and Development, and the International Finance Corporation and the International Development Association, both of which are smaller and both of which were started later to undertake particular jobs which the World Bank itself was not fitted to do but which had clearly become necessary.

The World Bank with the Fund (the International Monetary Fund) were set up as a result of a conference at Bretton Woods, in the United

States, in 1944. That conference was held primarily to establish the International Monetary Fund which was considered then and some time afterwards to be much the most important of the two organizations. Indeed there were doubts as to whether there should be a Bank at all and it was left that, if the discussions on the draft statutes for the Fund were finished in time, the Conference would then consider the setting-up of a Bank for Reconstruction and Development. As it turned out, the constitution of the Fund was adopted with a day to spare and so one day could be devoted to the discussion of a Bank - something which some people have since thought to be of great value to the Bank. Instead of being tied down by a constitution which was too precise and rigid we were given a general one.

So it was as a result of the Bretton Woods conference that the Bank was set up with a prospective membership of some forty countries and a nominal capital of ten thousand million dollars. We now have one hundred and two members with a nominal capital of twenty two thousand million dollars.

After Bretton Woods, which was in July 1944, nothing more was done until the war was over and until the United Nations itself had been established. And the next step was that in the spring of 1946 a conference was held in Savannah, Georgia, at which the detailed structure of the Bank was agreed upon. This was the last conference attended by, and almost the last public appearance of, Lord Keynes before he died. The Bank was then established and began operations in Washington in the same building as the Fund in the month of June 1946.

It had a nominal capital then, as I said, of ten thousand million dollars, ten billion dollars, but the capital was divided in this way. Every member had to put up, in order to get full membership, two per cent of their subscription in gold or in dollars. At a later stage, they had to put up a further eighteen per cent in their own currency and usable by the Bank. But it was understood that, since most of the countries were only beginning to recover from the war, this eighteen per cent would only be made available to us when and if countries were in a position to make it available.

The last eighty per cent is only a guarantee and therefore is the backing for all the money we borrow on the markets of the world. With two per cent, therefore, from every member, plus the eighteen per cent of two

or three, chiefly the United States and Canada, we had a capital to work with of about six hundred million dollars. And that was almost immediately used in urgently needed loans in Europe, the largest one being one to France and others being to Denmark, the Netherlands and to Luxembourg.

I think at this point I will read you one or two extracts from our statutes, from the Articles of Agreement, which I would like to do to show you what was in the minds of the people who set up this institution. The purposes of the Bank are, the Articles of Agreement state, to assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peace-time needs and the encouragement of the development of productive facilities and resources in less developed countries. That was the prime, the first purpose.

The second one was to promote private foreign investment by guarantees or, if private foreign money was not available on reasonable terms, to supplement it by providing on suitable conditions finance for productive purposes out of our own capital. And this is in fact what we have always done; we have never guaranteed private investment; we have always raised the money ourselves and lent it.

Then we had to promote the long range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members. We had to arrange that the loans made or guaranteed by us were for the most useful and urgent projects, large and small alike, and we had to conduct our operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate postwar years, to assist in bringing about a smooth transition from a war-time to a peace-time economy. But we were told that for the purpose of facilitating the restoration and reconstruction of the economy of members whose metropolitan territories had suffered great devastations from enemy occupation or hostilities the Bank should pay special regard to lightening the financial burden and expediting the completion of such restoration and reconstruction.

And there were also two other definite instructions. Loans made or guaranteed by the Bank should be, except in special circumstances, for

the purpose of specific projects of reconstruction or development and we should make arrangements to ensure that the proceeds of any loan were used for the purposes for which the loan was granted and only for the purposes for which the loan was granted. And we must only provide the foreign exchange requirements of loans, except in exceptional circumstances when we were allowed to finance some of the local finance required.

An interesting thing, if you consider all these points, is that it is quite clear that the people who met at Bretton Woods in July of 1944 and discussed the constitution of the Bank, did not have in mind anything like the organization we have now become. The accent, as you see, was all on reconstruction. At that time our organization was one which was thought to have a limited life. Reconstruction was the main element; development was rather subsidiary. Development, economic development as we now understand it, the carrying-out of long-term programmes, was hardly known. When they spoke of development they were thinking of what one might call delayed investment - the investment that would have been made during the previous five years, had it been possible.

Of the loans we made up to 1950, our first twenty five loans, twelve were in Western Europe - two hundred and fifty million dollars to France, about one hundred and eighty to the Netherlands, other loans to Denmark and Luxembourg and then further loans to the Netherlands for rebuilding their merchant-fleet. Then there were nine in Latin America, nearly all to such organizations as the Brazilian Traction Company, Lima Light and Power, for such projects as electricity undertakings who would normally have been extending their operations and expanding regularly but would have been unable to get the equipment necessary to do so during the war.

But whatever may have been in the minds of our Founding Fathers it is certainly true that the only loans we made before 1950 of the kind we would now call normal loans - loans to underdeveloped countries for new developments - were to India, now our biggest borrower, and to Yugoslavia.

Our first President, who was only in office for about six months, Mr. Eugene Meyer, resigned largely because he felt that there was no real work for the Bank to do. It was becoming clear to everybody that the World Bank's resources were quite inadequate for the reconstruction of Europe and that some other mechanism would have to be used. He was succeeded in 1947

by Mr. John McCloy, who served two years before becoming the American High Commissioner in Germany. And it was under him that the first attempts were made to move into economic development as we now understand it. When he came in as President of the Bank he brought with him as the American Executive Director Mr. Eugene Black who two years later succeeded him and who served until the end of 1962 - for more than fifteen years in all - and who really built the Bank into the organization that it now is. And perhaps the most important thing Mr. McCloy and Mr. Black did in those first two years was not in fact their lending programme but their borrowing programme.

Mr. Black had come from the Chase Bank in New York and within a few months he had managed to persuade New York bankers to buy two hundred and fifty million dollars worth of World Bank bonds. This was something of an achievement because international organizations were not then particularly popular in Wall Street. And so successful was he that we have now had seventeen issues in the United States for a total of nearly two billion dollars. We have sold two issues in Canada for about thirty two million dollars and we have sold thirty in Europe to a total of seven hundred and fifty million. And this is what has made possible the real programme of economic development in the underdeveloped world for which we are now known. Few people realize that what we are doing today, which seems to be what we have always been doing, was not really what we were set up to do.

During the period from 1947 to 1954 when I joined the Bank I was the correspondent in Washington of the London Times and Economist and at the beginning of 1949 Mr. McCloy asked me to lunch in the Bank and talked to me for about two hours about how unsatisfactory the Bank was, how it had been set up wrongly, how its statutes were wrong. I wrote a long article about it at the time. He said that it was called a bank and it was unfortunately set up to be too much of a bank. It should have been a development company but it was not allowed to do the things it ought to do to help underdeveloped countries. It ought to be able to help them to produce projects. Countries come to me, he said, they say they have a waterfall in one part of the country and a desert in the other, and they want to get the water from A to B! And he said that he felt certain that the whole structure and the statutes of the World Bank would have to be changed.

A few months later Mr. McCloy resigned and Mr. Black took over. And not only are most of the things that he then said it was impossible to do being done, but any number of other things that nobody would have thought of suggesting at that time. Mr. Black's achievements during nearly fourteen years as President can be judged quickly by the fact that we had lent six hundred million dollars when he arrived and we had lent six thousand seven hundred million when he left, and that we had borrowed over two and a half thousand million dollars, when he left.

But he did many other things. He developed a whole system of helping our underdeveloped members with forms of technical assistance which were then almost unknown. He developed a system of training both junior and senior officials in underdeveloped countries so that they would be useful to their own countries - particularly in their dealings with us. And he developed a very useful service, which was largely a personal one, of mediation.

The first important new initiative was that in 1949, after he became President, about a month or two afterwards, the Colombian government came to us and said that they would like us to prepare a five-year development programme for them. Now this was something that we had never done; in fact I think you can say that in 1949 in Washington planning was not a particularly popular word. But we decided that we would take on the job and we put together a mission of about fifteen people including experts in every field. Most of them of course we recruited from outside the Bank and in early 1950 this mission went to Colombia. It produced a report which we were so pleased with and the Colombian government was so pleased with that it was published. And the programme which was put forward in this volume has very largely been carried out and we have ourselves lent Colombia something like four hundred million dollars for projects which are in that programme.

Even more important, other countries followed and this first published volume of a report of what we now call a survey mission has been followed by twenty two others. They are not all published yet, but the twenty third mission which spent most of the spring in Morocco, is writing its report today and towards the end of the year there will be a volume of our mission report on Morocco. Some of these reports are extremely good and have been very useful to the countries; some have been extremely good and no notice has been taken of them in the countries; others have of course been less good. You cannot always be certain because putting together missions of this kind is a very difficult business. You cannot, as we

heard yesterday from Mr. Handler, always get the man you want at the right time. When you want fifteen to twenty, the ideal men can never all be there at the same moment. But by now we have had, I think, pretty fair success and one of our greatest successes was oddly enough a mission we sent to Spain three years ago. We were very doubtful as to whether the Spanish government would really want to take the advice of an international organization if we gave it. We were also doubtful how much use we could be in as sophisticated an economy as the Spanish one.

But we sent the mission and it stayed there some months. It was perhaps the hardest report we ever had to write because Spain was the nearest to being a fully developed country of any country to which we had ever sent a survey mission. When we sent them the report, the Spanish government decided to publish it in Spanish and put it on sale to the public and thirty five thousand copies have been sold. The programme suggested in this report is very largely being adopted by the Spanish planning authorities and we have started making loans on the basis of this report. In fact only this week we lent sixty five million dollars to Spain for a programme of rehabilitation of the railways, a very urgently needed programme. And in order to make this loan possible the Spanish government has completely reorganized the administration of the railways in line with the advice that we have given.

The next thing we started, also in 1950, was a programme of taking trainees, largely from the Finance Ministries and Central Banks of our members into the Bank for six-month courses. This has proved a very successful move and has even been useful for us because we have since taken some of the trainees onto our staff, though that was not of course our original intention.

The next important move and one which has turned out to be basic to the whole success of the Bank was the establishment of a very strong technical department. This is now by far the largest department we have. It is divided into five divisions, one dealing with power, one with transportation, one with education, one with agriculture and one with industry. And every project put to us is examined in detail by our own men in this department. I am sure that it is to this department that we owe the fact that we have not had any major disasters. I do not mean to say that we have always had great and positive successes but we have not had any major disasters.

Here is an example of what I mean. You may remember that some years ago a dam in Southern France near Fréjus collapsed. This was a particular

In fact, the purpose actually was to help us in recruiting young professional staff - (1950)

I don't
think this
is accurate.
1956

kind of dam. It was a type of dam which had been evolved by a very brilliant French engineer and was coming into use all over the world and nobody knew quite at the time what had happened. It was discovered later that the local authorities had not done a thorough enough geological survey. But after that disaster we got an international group of seven engineers, one from each of seven countries and sent them to examine eight different dams of this type we were then financing. In the case of four of the seven the design was changed. This is the kind of thing I mean when I say that our technical department has, I am sure, saved us from many disasters.

The next of Mr. Black's forward steps was to set up in 1956 an Economic Development Institute which works beside the Bank. For some years it had a separate building, but, as our own building programme has at last managed to catch up with our expansion, we have now been able to house the Economic Development Institute in one of our own buildings. This is a course for very senior officials, mostly from undeveloped countries but sometimes from the departments in developed countries which are dealing with development problems. We take some twenty to twenty five people every year and the courses last seven months. We began with a course in English and we now have a course in French and a course in Spanish as well. And we have gone on from that to produce what we call a development library - also in English, French and Spanish. These libraries are given free to the underdeveloped countries and are available at nominal cost - at what they cost us - to others. Many universities in developed countries have bought them.

This Institute has now turned out about 300 graduates, and we are very satisfied with the results. In fact the Finance Minister of Thailand, who was chairman of our annual meeting when it was held in Vienna in 1961, was a graduate of the first of these courses. This is from our point of view extremely useful because it means that the high officials with whom we have to deal when we send missions to underdeveloped countries are often men who have spent six months in the Bank and know how we work.

And we have had to find, I can assure you, ways of working which are unknown to any other institutions. To give you one example, we have one hundred and two member countries which means that we have one hundred and two currencies to deal with. And although we have not been able to get the eighteen per cent subscription in the currency of every one of those, at some point or other we have had dealings with all of the one hundred and two currencies. In fact it took IBM about a year to work out a machine that will cope with our problems.

In 1956 also we established the International Finance Corporation. The reason was that loans from the World Bank had to carry a government guarantee, a guarantee of the government of the territory in which the project is located, is the exact wording. If what a country needed was a loan to a private industry, we often ran up against one of two difficulties. Sometimes the private industrialist said, if we have to get a guarantee from our government for a loan the government will be able to interfere with our business. We would rather do without the money and not be interfered with by the government. In other cases we found the government saying, well of course we would like company A to get a loan from you and we would be happy to guarantee it, but if we guarantee a loan to company A, company B will want a guarantee for a loan too. So we found that we were not able to help industry as much as we had expected to. So the International Finance Corporation was set up to be able to make loans to private industries without government guarantee.

For some years frankly we made little progress because the United States ^{Treasury} Congress insisted on putting in a clause in the statutes that the International Finance Corporation could only make loans and could not subscribe to the capital of companies. This was because they were afraid of the International Finance Corporation getting involved in management. Two years ago, however, we managed to get the statutes changed and the IFC has been able to go ahead more successfully. It is quite clear that what is needed most often by a new company in an underdeveloped country is in fact capital rather than loans, or a mixture of the two, which we can now provide. But its slow start explains why, although the IFC started with only a hundred million dollars capital, it has not used all of that yet.

One way in which it has certainly been a success is in the work it has done to establish, to encourage and to finance development banks in underdeveloped countries. During the years we have been in operation we have seen the establishment, and helped a great deal with the financing, of development banks and companies in Turkey, in India, in Pakistan, in Austria even, in a number of Latin American countries - about fifteen countries in all and there are a number more on the way. This has proved a very useful device by which we can lend to enterprises needing sums which are too small for us to handle. We do not really like handling requests for less than a million or two dollars. But through an organization in the country itself which will do the examination of projects and relend the proceeds of our loans to them to small companies, we can in fact be

responsible for loans of fifty and seventy and a hundred thousand dollars.

Over the years too we have had regular requests from governments either to send staff members or to find or recommend people from outside as advisers to whoever is responsible for development problems; sometimes it is a minister of finance, sometimes a special ministry of economic development or national economy, and sometimes the central banks. The advisers stay for two or three years. This has not usually been a continuing operation, but we have generally had half a dozen men out in different countries at any one time.

These demands became such a burden on our resources that two or three years ago we set up a special service and recruited a number of people from outside who did a period in the Bank before going out to be our resident representatives in countries. Now we have got twenty-two people in this particular branch of our activities, most of them doing a useful job.

Then Mr. Black got involved in the business of arbitration between our members and had some success, although his first effort was a failure. He offered to mediate between the Anglo Iranian Oil Company and the Iranian government when the properties of the Anglo Iranian Oil Company were seized. He got nowhere that time. But he was extremely successful in helping to get agreement in the dispute between the Suez Canal Company and the Egyptian government. And the greatest success of all was the dispute between India and Pakistan over the Indus waters which took eight years to settle. That reached a successful conclusion about two years ago. (in 1960)

As a result of this experience we came to the conclusion that there was in fact a gap in the international arbitration system. The Hague Court can only consider disputes between two sovereign governments; there is nobody who can consider a dispute between a government and a private individual or organization. So we worked out a scheme for an arbitration and conciliation service which could be run by us in the sense that we would be responsible for its establishment and administration. And this may well be set up in the next year.

During the last six months our General Counsel has had meetings in Geneva, Santiago, Addis Ababa and Bangkok - regional meetings at which all the governments in the area have been represented by their legal experts. And I think we shall manage to get a system going by which a completely voluntary service, let me stress that, of arbitration and conciliation is

established. I said voluntary, I don't mean voluntary at the time of the dispute but when the contract is signed. It is up to the government and its supplier to decide whether they put in the contract a clause that in case of dispute it shall be referred to the World Bank's conciliation service. If they so decide, it will then become binding on both parties.

Another of Mr. Black's innovations was the organization of consortia. In 1958 the Indian government was running very short of foreign exchange for its second five-year programme and an emergency threatened. We called a meeting in Washington of all the countries interested in giving aid to India and said, now here is the position: India needs x million dollars more than you have decided to provide. We would put up half of it if you would put up the other half and eventually they did.

From this emergency meeting there developed a consortium which now meets regularly and at which all countries giving aid to India decide what they will give. There are now two meetings; there is a preliminary one which is usually held in Paris, when the Indian requirements are considered, the Indian government's spokesman comes and discusses them, when our mission has been in India and has talked to the Indian government and has decided what to recommend. And then the national representatives go home and six or eight weeks later they meet again, usually in Washington, and the pledging is done. This has proved a successful method and this year, only last month, a billion dollars was produced for the year.

Soon after that we organized a similar consortium for Pakistan and we have something else which is not quite a consortium but which we call a consultative group for four other countries, Colombia and Nigeria, the Sudan and Tunisia. The difference between a consortium and a consultative group is, in a sense you could say, one of size and urgency. The consortia are for India and Pakistan, the two countries with the largest population of the underdeveloped countries who are our members. It is I think generally agreed among the developed countries that these two countries cannot be allowed to fail and that therefore the money has somehow to be found.

The consultative group countries, Colombia and Nigeria, the Sudan and Tunisia, are smaller and there are fewer developed countries who have, as a matter of policy, decided on the annual provision of money for them. What we do with them is to give general approval to their programme to pick out particular projects, examine them in some detail, cost them and give

our members a list and say now these are available for financing, these are good projects, these will help the development plans of the country. This is something we started quite recently. It is not more than eighteen months since the first of them got under way. But it shows signs of being successful and I think it may be followed by us with other countries and by the Development Assistance Committee of the OECD in Paris with others. But we do not organize one of these consortia or consultative groups unless we have examined the development programme of the country and are satisfied and are prepared to recommend it to our richer member countries.

And then the last thing that one can say about Mr. Black's reign is the establishment of the International Development Association in 1960 which was perhaps his crowning achievement. The reason for this new organization was that we had the World Bank, which had been established then for fifteen years, which made loans at commercial rates (our lending rate is at present five and a half per cent) and lends for between fifteen and twenty five years. But at that time we had the prospect of a large number of new member countries who had really no creditworthiness for the kind of loans the World Bank made. At the same time many of the countries who were already members were getting into the position where it was going to be difficult for them to undertake new loans with any hope of repaying them.

So Mr. Black suggested to the developed countries in the Bank that we should start something new, an International Development Association which would make loans on very easy terms indeed (in fact we don't call them loans, we call them "development credits") to countries who could not afford to pay normal commercial terms. The Association was established with a sum of approximately seven hundred and fifty million dollars which was to last five years. That is we had a hundred and fifty million dollars per annum to dispose of. When it came to the point where we had to discuss a renewal for the next period, we were given seven hundred and fifty dollars again but told it need only last three years. So that we have got two hundred and fifty million dollars a year to use for IDA in future.

Credits from the IDA are interest-free, though there is a small service payment, which is supposed to cover administration expenses. There is no repayment for ten years, one per cent is repaid each year from the eleventh to the twentieth and three per cent each year from the twenty first to the fiftieth. These are very easy terms indeed and they are needed for our very underdeveloped countries and for those who are no longer in a

position to shoulder new burdens. The majority of the money has gone to India and Pakistan which in terms of population is correct. But more and more the new African members will be getting some of this money. They have not had much yet because most of them have only just joined us and we have not had time to examine the situation in all of them and find out where they need the money.

At the end of 1962 Mr. Black reached retirement age and was succeeded by Mr. George Woods who is now our President and who had had a close relationship with the Bank for many years. In fact he had been one of the people Mr. Black chose to help him in the dispute between the Suez Canal Company and the Egyptian government. He was one of the first people Mr. Black sent to India to advise us on the situation in India. He had also been, in his previous capacity as Chairman of the First Boston Corporation, one of the leaders of the syndicate of New York banks who raise our money for us. So that he knew the Bank very well and he came in at a moment when a great many new policies were urgently needed because of the sudden spurt in membership.

I think I said at the beginning that we began with about forty members. There were in fact forty ^{four} five countries at Bretton Woods who signed our original statutes. One of them, the Soviet Union, has never joined, another one, New Zealand, only joined last year, so there were really forty three at the beginning. By 1962 we had climbed to seventy five and now we are a hundred and two, so that we have had twenty seven new members in the last two years or nearly as many as we got in fifteen years before. And nearly all those are of a type with which we really never had to deal before. They are poorer than anything we have had. If we look at our original membership the only country that you can say was underdeveloped in the sense in which many African countries are today, was Haiti and Haiti was a country with which we have never been able to have satisfactory relations.

Mr. Black knew the problems before he left and had started IDA but, as retiring presidents often do, he left to his successor the job of working out new policies. And at our annual general meeting last September Mr. Woods's speech was mostly devoted to this problem which he explained simply in terms of the facts - that we had a new type of membership and that therefore new policies were needed. The first new policy was that we were going to move into the field of loans for agriculture on a much bigger scale than we had

done before. We had been a little inhibited in lending for agriculture until then by the fact that there was already a United Nations organization dealing with this subject, at least dealing with it in terms of technical assistance and not in terms of capital investment, even though technical assistance automatically entails a certain amount of capital investment.

In the agricultural field, where most of the investment is bound to be in local currency, we were also hindered by the requirement in our statutes that we lend only for the foreign exchange component. So our loans for agriculture had been largely for large irrigation schemes. We had provided money for large dams and for the main irrigation canals, but we have never got down to the problems of the farmer himself. We have now decided to do this.

Mr. Woods announced the decision last year, and during the year we have made a close arrangement with FAO. We have an agreement with them, which still has to be ratified by their council and by our governors, under which they will act as our technical experts. They will find the right kind of projects, of the type that they know need doing, and we will be able to find the money.

We have come to a similar arrangement with UNESCO over education. This was if anything even newer for us because, although we had lent money for agriculture, even if only for particular types of agriculture, we had never lent any money for education. And we only decided to start doing that after the establishment of IDA because World Bank loans are always made for projects which are self-liquidating financially. A loan that has to be repayed with interest on commercial terms has to be a commercial undertaking. Education is clearly not in that class.

We have come to an arrangement, as I said, with UNESCO, by which they will find the projects and we will finance them. We will only finance the capital investment of an education programme and leave to UNESCO all the problems of teaching. We will restrict our investment to secondary education of all kinds and higher education only on the technical side. The reasoning behind this being that a first-class technician must at least have a very good general education on the secondary level, but that it is not the business of the Bank to get involved in education on the higher level in the humanities. In terms of our statutes our justification for going into education at all, is that part of the problem of development is

the lack of experts and the lack of management; therefore we feel it is up to us to do something to help.

The next problem that Mr. Woods dealt with last year in his speech was the problem of industry. He felt that the IFC, which had been set up to help industry, had not been able to do an adequate job because it had not got enough money to help really large industries while many of the larger industries, to whom we had been lending money from the World Bank, were still uneasy about the government guarantee required. The first thing Mr. Woods suggested, what he suggested at the meeting, was that the statutes of the World Bank should be changed to allow loans to industry without guarantee. The mechanism for doing this was finally changed on the insistence of many of our member governments. And now it will be the World Bank who will lend to the IFC and they who will relend without government guarantee. This means in effect that the IFC will become the arm of the World Bank which deals with loans of all kinds to industry as well as with development banks in underdeveloped countries.

And then fourthly, and this may turn out to be an extremely important new move, is the decision to lend for what we call maintenance imports. We made the first such loan to India about a month ago for ninety million dollars. This was for buying spare parts for three industries, machines, tools, heavy vehicles (commercial vehicles, earth-moving machinery and such) and the heavy electrical industry. And this was made necessary by the fact that if we continued to lend large sums of money to a country for the establishment of new industries there came a moment when the countries own resources of foreign exchange were not enough to keep the existing industries properly supplied with spare parts. This certainly proved to be the case in India. I don't think there will be many countries suitable for this type of loan but India is a particular case and it is going to be very important to India to be able to count on getting spare parts.

Since the Annual Meeting Mr. Woods has gone further and has had a look at our balance-sheet and our financial position which, to say the least of it, is strong. Under our statutes we have to charge one per cent interest on every loan to put to a special reserve. This money we have never been able to use. It is kept in United States Treasury bills and is there simply as a reserve against loss. This reserve has reached two hundred and eighty seven million dollars. But in addition there are our accumulated profits,

which we are able to use in our normal lending, and which are also called a reserve. They have now reached six hundred and fifty five million dollars. And this year, which ended June 30, we made a profit of ninety five million dollars.

It was quite clear that if we paid a dividend it would go to our richer member countries and they would not want to receive it. So it has been decided that, while we continue to add to the reserves - or rather to the accumulated profits - more than half of our earnings each year shall be transferred as a grant to IDA and increase its resources. This year fifty million dollars will be transferred to IDA and this can be taken as the minimum annual sum unless we have unforeseen losses. So this will increase IDA's resources from two hundred and fifty to three hundred million dollars for next year. At the same time we are doing away with the special reserve of one per cent, which has up to now been untouchable. This will become part of the accumulated profits and some of it will in future be available for giving to IDA too. This decision will increase the resources of IDA at the expense of an increase in the Bank's very adequate reserves.

Another new move is to give longer grace periods before capital has to start being repaid and to make our loans for longer periods. Until this year we had never made a loan for over twenty-five years and we have now made two or three for thirty five years. That is another step forward.

Then also we have got the agreement of our Executive Directors to be much more flexible in the reading of our statutes as to the "exceptional circumstances" in which we can finance the local currency requirements of projects. We shall therefore be able to do more local currency financing. This is more important than it may sound because, confined to the foreign exchange requirements of projects, our missions must naturally tend to look for projects that have a large foreign exchange component rather than perhaps for the project which is the most necessary. And so of course does the underdeveloped country itself because it wants the largest loan it can get. So it tries to find the project which needs the largest proportion of foreign exchange.

And in future we are going much more deeply into technical assistance by helping our countries to prepare projects, to find them and to prepare them, to get them up to the point where they can bring them to us for financing. To do this we are going to establish as an experiment two offices in Africa, one in the East, one in the West. We don't know the

precise positions yet because they depend on where the African Development Bank has its offices.

We shall put our offices beside theirs. We have also started in the last two years something we hope is going to be very useful to us, bearing in mind the problem we always have with recruitment - a junior training programme. Until this year, we have always had to steal people from other organizations who had trained them. We stole mostly from government departments and central banks but we are now taking something like a dozen young men every year who must not be more than thirty. They must have finished their university career of course, but two or three years of some kind of experience is all right too. They are taken into the Bank, they are paid a regular staff salary, and they are on a two years' probation. The first six months, nominally at least, we decided at first, they would spend as a group going round and learning about the Bank. After that they would go into the departments - moving from one to another - and do the normal Bank work for the next eighteen months. At the end of the two years we could offer them employment or not offer them employment as we liked; they could stay or not as they pleased. In other words if we offer them employment and they did not want to stay they need not do so. There is no obligation on either side.

The first group we had in fact turned out to be such a success that they did not stay together for the full six months. They stayed together only a month or two and then they went straight into the departments. At the end of three months one of them was already on a mission in Nepal. So they have been very successful. One of the most interesting points is the number we have had from very underdeveloped countries. They are chosen as far as we possibly can entirely on merit. This does not mean, I must admit, that if you find a man who is extremely good from Afghanistan we do not say "what a chance to get an Afghan on the staff" and we may push him a little ahead of somebody else from a developed country. In fact we did get an Afghan so good that we offered him a place entirely on his qualifications.

We had something like five hundred and twenty applicants for the last course of twelve and deciding who was the unlucky thirteenth was one of the hardest choices we ever had to make. But in the end out of the first twenty four taken, there were sixteen countries represented. So there was a good spread. The only country with more than its share was Germany with five; France had three and nobody else had more than two.

The Philippines and the U.K. had two each and no other country more than one. And we are not sorry about the five from Germany because we are very short of Germans on our staff.

That is where we have got to now and I see I am already going on for too long, but I would like now just to discuss the whole problem of staff for a few minutes before question-time. Yesterday you listened to Dr. Handler from WHO. Now when WHO started they knew precisely where their staff was to come from. They had to employ doctors. When the Bank started we had not the slightest idea. We began by employing bankers which seemed reasonable because we are called a bank, although Lord Keynes once said to somebody who asked him the difference between the Fund and the Bank, that it was quite easy, the Bank is a fund and the Fund is a bank. We soon found that was not the right answer and now, outside the technical department and the lawyers and other specialists, the general departments are some sixty per cent economists.

I said at the beginning that nobody envisaged our present role when they set the Bank up. Of course one of the reasons for this was that there was no theory of economic development in 1946 as there is today. If there had been such a theory before the war there would not have been the slump of 1929 and 1930 and if there had been such a slump it would not have lasted until 1939. Economic development, as we today talk about it, is a new, I won't call it a science, or an art; it is a sort of theory with a bit of gamble attached. We learn as we go along. If you think of the way the 1929 slump was tackled in what we today call the developed countries you will remember that there were only a few economists crying in the wilderness and who knew what to do; that was all.

So when we started we had to begin from almost nothing. We had largely to invent the practice of economic development and all we can claim today, at the end of eighteen years, is that we have learned as we went along. We have all been too busy to put much of our theory on paper but what we have got is a hell of a lot of experience. Experience being of course the sum of the mistakes which we have made or come across and must avoid in future. The kind of mistakes which now appear laughable were being made in every country in those days.

In 1948 we were asked by one Latin American country to make a loan for the purchase of a number of locomotives which they had already ordered to a particular specification. We sent a mission, we found that had the locomotives they had ordered been put to run on their rails they would have left them at the first curve because the permanent way was entirely unsuitable for such locomotives.

Another example also from Latin America. We were asked to help in the financing of a dam which was costing much more than had been intended. When we examined it we found that the river that was to fill it would never be able to do so in a hundred years. We had to work out a subsidiary programme of tunnelling through a mountain to bring in the water of another river.

And a third and very interesting example because it shows a highly sophisticated country making a mistake. Under the Marshall Plan the United States government was in 1949 trying to help Turkey to increase its production of wheat for export as much as possible, there being a shortage of wheat at that time. For that purpose under the Marshall Plan Turkey had been given a large number of tractors and money to build roads to get the wheat to the ports. We were asked simply by Turkey as a new member to send an economic mission. We discovered that if that wheat had got to the ports there were no silos in which it could be stored and that if the production of wheat and the exportable surplus was what was estimated there was no possibility of the ports being able to take the ships needed to ship it. If you look at the list of the loans we have made, you will find at the top of the list of loans to Turkey one for "grain silos" and another for "ports". And that is why. And here was the United States government making in 1949 what we now consider an elementary mistake. We have now got a list of hundreds of things like that that you have to look at before you make a loan. And that is how we have acquired our knowledge, and collected our experience.

One further thing - a short description of what happens when a country joins the Bank. First of all no country can become a member of the Bank until after it has joined the Fund. It must apply to the Fund for membership, it must agree its capital in the Fund and then having done that it comes to us and it is very simple to join the Bank. When that happens our first move is to send a general economic mission. This is really to teach ourselves a little about the country and how it works. This mission will have probably a rather experienced economist at the head of the mission, a junior economist,

and perhaps a transportation and an agricultural economist. They will have a general look at the country and its economy. Then they will report and discuss the problem back in Washington. We will then say to the country: we think that the sector of your economy that needs investment most is agriculture, or power, or whatever it might be. Have you any projects in this sector that are ripe for investment? The country will generally reply that they have a project of some kind. It is usually the biggest one and not necessarily the one that ought to be done first. But at the end of a few months we will get to the point where we can identify a project which is worth financing; we will then send a mission to work out the details of this. When they come back to Washington we have something called the Loan Committee which consists of most of the heads of the departments. This Committee passes on all loans before they are recommended to the management and ultimately to our Board of Directors for approval. And then the country is asked to send a team to Washington to negotiate the loan.

One general rule is, I think, that the first loan to a country takes about six months longer than the second and the second about three months longer than all subsequent ones. And I am afraid that many members, many countries when they first become members, get very impatient. But after they have had a relationship with us lasting a few years they begin to change their minds. One country with whom we had had a long relationship and to whom we had made a number of loans - Italy - did I know get impatient with us before we made the first loan. But I also know that by the time we had made the fifth and when we were discussing the financing of the Aswan dam with the Egyptian government, the Italian government, unknown to us and without prompting by us, sent their ambassador in Cairo to see President Nasser and to say: don't be put off by the way the World Bank behaves when you first deal with them, our relationship with them in the end has turned out to be very good.

Well, I think I have gone over my hour, but I have still got one or two things to say. I remember that one thing I did not mention was our Board of Directors, and this I should do. In addition to the staff which consists of the President, two Vice-Presidents and the rest of the staff, we have a Board of Executive Directors, who represent our member countries. Originally there were twelve, but as new countries have joined we have got up to twenty, or rather we shall have twenty this year. The voting in the

Bank and in the Fund is according to subscription. In that it is unlike the rest of the United Nations which works on the principle of one country one vote. We have two hundred and fifty votes for each country plus one vote per share. This in fact gives the developed countries an easy majority. In fact the U.S., the U.K., France, Germany together amount to about forty eight per cent and if they are joined by the Netherlands, Belgium or Canada they have got a majority. Though we of course never come to a vote of that kind.

The U.S., the U.K., France, Germany and India have a large enough number of votes to nominate a Director and those five countries each have a Director to themselves. Originally Germany was not a member and China had the fifth position. But when China which had become only Formosa had her subscription reduced, Germany took her place. The other fifteen are elected by groups of countries. Usually there are obvious groupings, such as Sweden, Norway, Denmark and Iceland and Finland. There are three Directors representing the different groups in Latin America, and two African ones. But every now and then you get a peculiar mixture; for instance, Cyprus, the Netherlands, Israel and Yugoslavia are grouped together and represented by a Dutch Executive Director with a Yugoslav alternate.

Everything we do goes for approval to this Board of Directors who are the representatives of governments. Let me make that quite clear. Our decisions, the decisions of the Bank, are made by a Board of Directors, representing our member governments, on the advice, of course, of the President of the Bank. Everything that he wants to do comes to the Board and has to be argued before the Board. They are resident in Washington and they have their offices in Washington. Some of them represent their countries on the Bank and Fund, some of them on the Bank only and have some other job such as financial attaché in their country's embassy. So all our policies, all our decisions, are argued about and discussed with the representatives of our members at all stages. Nothing that happens is a surprise.

Perhaps I should say a few words about the Geneva Conference, the UN Conference on Trade and Development which is going to make a great difference to our future and is going to result in a number of new policies. At that conference we were represented all the time; we had three people there. And as a result of that conference the Bank has been asked to make a number of studies. In fact at one time it began to look as if every proposal on which there could be no agreement in Geneva was going to end in

an agreement that the Bank should be asked to study and report. And so we are now studying and reporting on a number of proposals, some of which may result in new policies for us.

One, for instance, was a proposal made by the Governor of the Central Bank of Israel that the developed countries should subsidize the interest rate of Bank loans. In other words that the Bank could go to the market and borrow anywhere at whatever rate it had to pay. At the moment we are sometimes inhibited from borrowing by the fact that we do not want to pay more than five per cent and raise the rate our borrowers have to pay. Under Governor Horowitz' scheme we would pay six, even seven per cent, if we had to but the developing country would only have to pay, say three per cent and the developed countries would provide the difference by annual payments. This sounds attractive at first glance because instead of having to put up all the money the developed countries would only put up a portion of the interest. But if you look ahead you will find that at the end of twenty years they would be paying very large sums annually and I don't know how they will react to the prospect of doing this.

Another scheme we are studying was a proposal put up by the U.K. and sponsored also by Sweden for what is called supplementary financing. What they meant by this was that if an underdeveloped country had worked out a development programme, and we were satisfied in the Bank that the programme was a good one and that the means of financing it, according to their estimates, were there, but that, as a result of some outside accident, the most likely one being a fall in the price of the primary product on which this underdeveloped country lived, or a natural disaster of some kind which affected its export earnings, then the Bank - or IDA - would be able to come to the rescue with "supplementary financing" - that is, with long-term loans to tide them over until the situation was normal again. This proposal, or something like it, may have a future but the money will have to come from the developed countries. And there are a number of other problems such as that of suppliers' credits, that we shall have to study.

But one thing is certain. Out of this recent Geneva Conference and from its continuing organization there will be constant pressures on the Bank to further liberalize its policies.

April 7, 1967 - Transmitted to

DRAFT - Love

John Miller

for speeches to Univ
audience in Sweden
& Finland

Ladies and gentlemen:

Twenty two years ago, in the tiny mountain resort village of Bretton Woods, New Hampshire, representatives of 45 nations, including Denmark and Norway, gathered to construct an institutional framework for postwar international cooperation in monetary and financial policies. Many times before, and several times since, rather similar groups of officials and experts in their fields have been gathered together to construct a framework for international cooperation in this or that aspect of human intention or activity. Some have come to very little. Some have come to nothing at all. But a few such gatherings are endorsed by subsequent history as turning points in international endeavor. At this distance from Bretton Woods, I think it safe to mark this gathering as one of the turning points. Cooperation and construction in matters of international exchange and economic development may ebb and flow, as we well know they do. But from Bretton Woods, institutions have evolved, and from these, in turn, standards have been set, which make the prospect of a complete collapse back into autarky and beggar-my-neighbor in these fields so remote as to be almost unthinkable, no matter how great the strains at times become.

I want to talk to you today about one of the institutions given its initial spark of life at Bretton Woods. This is the International Bank for Reconstruction and Development, or the World Bank, as it is more popularly known today. At the time, and for some years thereafter, I think it is fair to say that the Bank was considered among the more mundane and less dramatic of the great conceptions at Bretton Woods. Part of the folklore which inevitably grows up, in subsequent years, around such a turning point is a remark attributed to Lord Keynes about the destiny of the Bank. Keynes is supposed to have observed that the best thing the Bank could do for the postwar

world would be to lend itself out of existence as quickly as possible after its establishment.

Of course, quite the reverse has occurred. And this is not such a reflection on the judgment of the founding fathers as it might seem. For it is more than likely that had the Bank remained passively within its initial limits, its usefulness -- and thus its meaningful existence -- may well have been short term. Instead, the Bank has evolved its function, gradually but dynamically, until today, no doubt, its operations go significantly beyond anything that was envisaged for it by the founding fathers of Bretton Woods. And yet it functions still essentially within the framework set for it there. I think a brief, historical tour of its functional growth provides a rather rare case study: one can see an institution established by multilateral international agreement emerging, at first groping, and then -- in the hands of imaginative and resourceful men -- creatively evolving by building on the lessons of experience and adapting constructively to changing circumstances.

The title of the Bank -- the International Bank for Reconstruction and Development -- gives us an idea of what its founding fathers had in mind: reconstruction and development, with reconstruction first and foremost. If you consider our statutes this becomes clear. We were to "assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in the less developed countries"

The emphasis was essentially short-term. To a significant degree, the concept of development in the Bank's charter was associated with reconstruction --

with replacing a ruined factory by a bigger and better one. And when the Bank opened its doors, nearly a year after the end of the war, practically the whole burden of international economic concern was directed toward the reconstruction of a war-devastated Europe. An international program for the relief and rehabilitation of war-damaged countries was coming to an end and, while massive United States aid was being provided, it was not certain how much longer this aid would continue. There was no question of meeting Europe's needs by private international investment.

Thus the Bank's initial function as an international lender was concentrated entirely upon European reconstruction -- a task for which it could master only limited resources. Its first loan, and still the largest single loan we have ever made, was a \$250 million general reconstruction loan to France. The next batch were to The Netherlands, Denmark and Luxemburg, and later to Belgium and Finland. And by the time these loans had been made, the supply of usable funds we had in sight, amounting to only about \$700 million and consisting mainly of the paid-in subscriptions of the United States and Canada, was almost exhausted: a useful, but quite inadequate, trickle in the bucket. It was obvious that the task of reconstructing the productive potential of Europe was vastly greater than the delegates at Bretton Woods had ever imagined -- well beyond the resources which the International Bank for Reconstruction and Development could hope to mobilize at this time. Furthermore, it was a task not suitable for handling on a "bankable" basis.

The Marshall Plan -- which was, in essence, a dramatic extension of the spirit of Bretton Woods -- took over the job of reconstruction in Europe. The Bank turned modestly from the reconstruction to the development leg of its charter. Initially, however, this involved no significant evolution in its

nature and function. The first batch of loans we made under the heading of development, most of them in Latin America, were in a sense also part of the short-term view of the Bank's role as helping in the recovery from the war years. They were loans urgently needed to expand electrical generating facilities in countries which had not been touched directly by the war, but which -- because of the war -- had been unable to get the basic equipment needed for normal expansion.

The role of the Bank in the longer-term -- beyond recovery from the direct and indirect results of a world war -- was still uncertain. I remember, early in 1949, before I had joined the World Bank, and when I was the correspondent in Washington of the London Times, Mr. John McCloy, who was then the President of the Bank, had asked me to lunch and talked to me for two hours about how unsatisfactory the Bank was as an instrument for doing the kind of job it should do, now that the United States had taken over the reconstruction of Europe. It was called a bank, he said, and unfortunately its Statutes were too much those of a bank and not enough those of a development company. It was not organized to do the kind of things it ought to do for the under-developed countries who were now calling for help.

Fortunately, however, even as Mr. McCloy spoke, efforts toward securing a more sanguine and positive long-term basis for the Bank were paying dividends. For the previous two years Mr. McCloy and the team that had come with him to the Bank in 1947 had thrown themselves with great zeal and professional competence into a campaign within the United States which was to change profoundly the Bank's ability to mobilize capital for long-term development lending. That campaign is another story, which I shall not be able to deal with here. Suffice it to say that in an effort of almost epic proportions --

involving scores of speeches in key parts of the United States, hundreds of contacts painstakingly developed, intensive work by the Bank's Legal and Information Departments -- the Bank was able to change the attitude of important segments of the American investment community from one of indifference toward it, even hostility in some cases, to one where the Bank's own bonds came to be categorized as blue chip in the capital funds market. It was against the background of increasing success in this field that the Presidency of the Bank changed hands. Mr. Eugene Black, previously an executive director representing the United States on the Bank's Board and before that Vice President of the Chase Manhattan Bank and head of its bond department, succeeded Mr. McCloy as President.

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The long-term role of the Bank as a catalyst for development in the poor and middle income countries began to evolve creatively now, without anyone changing the Statutes. The beginning of this, however, involved a great deal more than superficial observation might suggest. For it is one thing to aid the recovery of industry in communities where there has been considerable experience with the technical and managerial problems involved. It is quite another thing to help develop new industries, or, putting first things first, new infrastructure for industry and commerce, in communities which must virtually start from scratch, in some cases, in acquiring the necessary technical and managerial skills and the capacity to mobilize an essential share of the capital needed from local sources. Again, it is one thing to provide capital investment funds for countries where heritage and experience have gradually built an environment in which decision-making in the political and economic sphere can be coordinated, and in which communal priorities can be efficiently identified and pursued. It is something else again to provide efficient

capital investment assistance to newly emerging nations where basic administrative machinery and capacity are often still rudimentary; where political aspirations and economic necessities are often very difficult to reconcile.

The Bank had to protect its reputation among investors as a sound and attractive financial institution and at the same time, in its new role, it had to make the best contribution it could toward capacity for overall growth in its less developed member countries. Of necessity therefore, before making lending commitments, the Bank had to equip itself with a close and thoroughly objective view of an underdeveloped member's economy and its rational investment priorities. It had to learn to practice a new art of "development diplomacy", so that its conclusions and suggestions to a country might meet with a constructive response; so that projects might be pursued in an order of priorities which accorded as closely as possible with a setting for balanced growth.

For these broad purposes, then, the economic survey mission emerges as a basic part of the Bank's operations, and a basic element in its staffing requirements. I am not suggesting that overnight the Bank emerged as an institution capable of going into an underdeveloped economy and swiftly and efficiently constructing a framework for development which would leave no doubt as to the order in which projects should be pursued and related to one another. Experience is a large ingredient in the successful practice of the art of "development diplomacy". Even today we are still very much in the development stages of such practice. But we did begin acquiring our experience quite early on.

Now the setting of a broad framework for development is of little use unless it is accompanied by identification of specific projects which conform

with its priorities. And the identification of these projects is of little use unless the country concerned is prepared to put behind them the discipline, political support and local resources necessary to carry them through to a conclusion actually yielding a high economic return. To fulfill an effective role as a development agency, the Bank soon found that it had to back its financial and economic judgments with engineering, accounting and other technical assistance, necessary to allow its less developed members to identify and prepare sound projects and to carry these through to a final efficient operational stage, coordinated with other segments of the development pattern.

This need accounts for another landmark in the Bank's evolution: the establishment in 1952 of a Department of Technical Operations (renamed in 1965 as the Projects Department) which remains today the core of the Bank's operational organization. This Department does not attempt to carry itself a staff of sufficient size to give all the project advice necessary. In many cases it can fulfill its function more economically by advising borrowers on how to obtain the proper technical services from, say, consulting engineers, and, if necessary, drawing up terms of reference for these consultants.

Thus the Bank moved to equip itself for practice in a new field of international endeavor. In organizational structure it continued to respond to needs pointed up by experience. Its early development survey missions and technical assistance activities had demonstrated the need for more men within the government structures of the less developed countries themselves with a solid background in project work and in practical coordination of development. Accordingly, in 1955, with initial financial support from the Ford Foundation and the Rockefeller Foundation, the Economic Development Institute was established as a staff college for senior officials from less developed lands.

The idea was^{to} use the Bank's own experience in dealing with development problems in many different settings to broaden the perspective and competence of key people within administration in the less developed countries. It has worked extremely well. The Institute's courses (now offered at the rate of some six a year) are an integral part of the World Bank's development program. More than 700 officials from about 90 countries have so far participated.

Again in response to demonstrated need, in 1956 member countries of the Bank moved to create new machinery capable of fulfilling a need which the Bank was constitutionally precluded from fulfilling directly itself. To secure balanced growth in the developing countries, we were aware that enterprise and investment in the private sector should be given every assistance to move forward with the strengthening of basic infrastructure -- electric power supply, highways, railways, ports and so on. But the Bank's founders had required that its loans to borrowers other than governments should carry the guarantee of the government concerned; and the Bank's operations were confined to loans returning fixed interest and amortization payments.

These limitations restricted our usefulness as a catalyst for enterprise and growth in the private sector. The Bank could not provide the kind of venture capital needed as a base for new enterprise. Beyond this, governments were often either reluctant or constitutionally unable to bestow their guarantee on private enterprises. And the idea of government guarantee was not particularly attractive to many private entrepreneurs since to accept such guarantees might be to invite government interference in their business.

This dilemma was solved by the formation of a Bank affiliate, the International Finance Corporation (IFC), equipped to work -- as the Bank itself

could not work -- in the private sector. The Corporation has come to occupy a unique position among publicly owned international institutions: it provides venture capital in the form of equity, as well as long-term loans without guarantee; it underwrites securities offerings to assist the growth of private capital markets. Through the investment of its own funds, it helps to mobilize substantially larger amounts of capital, as well as know-how, from other sources.

* * *

I should point out that this several-pronged evolution in organization and function during the fifties tended to precede, rather than to follow, the rapid changes which have occurred in the Bank's membership. We began business in 1946 with 43 members and during the next 16 years, membership grew slowly until it reached 75 in 1962. In the five years since then, the membership trend has accelerated very rapidly indeed to reach 105 at the present time. This growth in membership from 43 nations in 1946 to 105 today encompasses a period in which the spotlight of attention to international development in the non-Communist world may be seen to have moved across three stages, the last two of which overlap.

The first was that of European recovery which, for reasons I have already outlined, required nothing more than a massive injection of capital. In the second stage international development was concerned, predominantly, with a group of countries, most of which had already advanced a considerable distance down the development road, and which had a pool -- even if an inadequate one -- of technicians and managers and some infrastructure and industry. I have in mind here such countries as those of the Mediterranean basin, much of Latin America and parts of Asia.

The spotlight has turned only recently with any intensity to the third group: these are the very much underdeveloped countries of Africa, plus a few

in Latin America and some in Asia. With these countries the development process must start largely from first principles. There are, of course, some very important overlaps between these second and third groupings, the most outstanding of which is India, a borrower from the Bank since 1949 and today, more than ever before, the greatest single point of concern for the development assistance business, both bilateral and multilateral.

The thirty odd nations which have swelled Bank membership only in the past five years fall into the third grouping. It was fortunate, indeed, that the Bank's own substantial evolution through the fifties was so largely in a direction well suited to the task of making a practical contribution to the basic development needs of these new countries. I have already indicated much of what was relevant in the Bank's own growth during this period. But let me now sketch in another line of the thinking and experience which led to a further structural departure at the end of the decade -- a departure of considerable present and future relevance to Bank members which fall within the third of the groupings I have outlined above, as well as to major overlaps, such as India.

From about the middle 1950s the Bank began to encounter the problem of countries who were unlikely to be able to service and repay all the development capital which objective assessment showed them capable of using immediately for sound-growth-accelerating projects. Their ability to make use of outside capital was increasing faster than their ability to service external loans on conventional market terms. And in some cases the balance of payments problem involved was being aggravated severely by their resort to short-term, relatively high interest, suppliers' credits to satisfy their immediate need for capital. Mr. Black and his colleagues realized that this problem would expand as more

and more ex-colonies emerged to nationhood and took up separate membership in the Bank.

Once again, this was a problem unsuitable for the Bank itself to handle. The bulk of the money the Bank mobilizes consists of market funds raised by the issue of the Bank's own bonds. It could not itself lend money for development at rates below those at which it had to service these bonds. The solution was the creation of another affiliate -- in this case, the International Development Association, called IDA for short. This institution, launched in September 1960, was to have at its disposal on behalf of the developing countries the complete staff and technical resources of the World Bank itself. But unlike the World Bank its funds were to be drawn entirely from interest free sources, predominantly contributions from the industrial countries, thus allowing it to extend development credits on terms which imposed little burden on the balance of payments of the poorer countries. In fact, its credits, amounting now to some \$1,650,000,000, carry no interest at all -- although there is a small service charge. The credits are repayable over 50 years with an initial ten year period of grace.

* * *

At a point roughly coinciding with the beginning of the upsurge in new membership, the presidency of what by now was the World Bank Group -- the Bank itself, IFC and IDA -- passed from Mr. Black to Mr. George Woods, formerly chairman of the board of the First Boston Corporation. Under new leadership, the pattern of dynamic evolution of function and organization has continued. The seasoned experience and reputation for objectivity we had acquired in pursuit of our own lending responsibilities -- plus our own desire to see the overall development job better done -- was leading us more and more into new

and broader fields of "development diplomacy". Let me illustrate this with an outline of the Bank's role in efforts to increase the effectiveness of total international development assistance by achieving a greater degree of coordination among its various sources of supply.

Multilateral development assistance, such as that provided by the World Bank, accounts for only a minor part of the total flow of official development capital: the greater part comes from bilaterally negotiated loans, grants and credits of various kinds. Loans and credits from as many as ten or eleven different countries may be involved in the pattern of official capital flow to a typical underdeveloped country. Experience has demonstrated -- rather drastically in some cases -- that unless this total flow of aid can be coordinated to correspond with an objective and unified view of a country's development possibilities and priorities, there is real danger that this hodge-podge importing of capital will result in a developing country's resources being dissipated among a variety of irrelevant and ill-founded investments.

Objective coordination of the total aid flow can save tragic waste and can extend the development mileage to be had out of each aid dollar, pound, ^{markka,} krone, / krona, ^{markka,} mark, / franc or lira available. And if you think about what I told you earlier of the Bank's own response to experience in its growth as a development agency, I think you will see the logic in the Bank itself becoming an agent for such coordination. The Bank found it had to have an objective and comprehensive view of an economy and its investment priorities as a preliminary to lending. A rational step further then was for the Bank to make its comprehensive view available as a setting not only for its own lending operations, but for total bilateral assistance as well. Diplomatically handled and given good faith from both sides, this can begin to provide the basis for aid coordinating

groups of countries, operating to the advantage of both the borrowing country and the various assisting countries.

The Bank is organizer and Chairman of 10 such groups now, operating for countries which receive more than half of all development finance from official sources. The formal beginnings of our role here go back to the summer of 1958 when a group of sympathetic governments and institutions met under the chairmanship of the Bank to consider a foreign exchange crisis in India. In such a way the Indian Consortium was born. Then, in 1960, a similar group was organized for Pakistan. More recent years, however, have seen the development of aid coordinating capacity both within these already established "assistance clubs" and within new entities known as Consultative Groups. These Consultative Groups are largely similar in function to the original Consortia, but allow more flexibility and informality in the actual negotiation of aid commitments between the developing country and each of the assistance-giving members of the group. Consultative Groups are operating now for Colombia, Malaysia, Nigeria, Sudan, Thailand, Tunisia, Peru and Korea.

Let me sketch quickly some further dimensions that stem both from the Bank's status as a kind of expert neutral and from its own continuing discovery of the sophistications of the art which it is endeavoring to practice. Some of these -- like the Consultative Groups -- have their roots in historical precedent as well as in logic and pragmatism. For example, just recently, under Bank sponsorship there has been established in Washington, D.C., an International Centre for Settlement of Investment Disputes. This will operate ^{within the Bank Group} as an autonomous international organization to which disputes between investors and governments can be submitted for conciliation or arbitration ^{on a voluntary basis} by members of an independent panel. As background to this further spinning off of new, special-purpose machinery to improve the climate for international investment one should note

the Bank's role/^{as}mediator as far back as 1952 in efforts to get the Iranian oil fields operating on a caretaker basis pending agreement between the Iranian Government and the Anglo-Iranian Oil Company; or its role, following the Suez crisis of 1956, in the settlement of a series of international claims and counter-claims arising out of that incident; or again, its role in long and delicate negotiations which finally substituted agreement for dispute between India and Pakistan on the sharing and developing of the waters of the Indus River system.

Some new departures are in response to the needs of other international organizations and initiatives which need our help in fields where the Bank's experience probably is unique. The Bank serves frequently as Executing Agency for the United Nations Development Programme (UNDP), which is concerned primarily with what is known as "pre-investment" assistance -- helping low income countries to identify projects for efficient investment and to prepare these in such a way as to attract capital for them, either from public or private sources.

We have responded, as well, to calls for practical help from the United Nations Conference on Trade and Development. At UNCTAD's request, the Bank's staff has prepared recently working drafts toward two operational schemes: one (initiated by the Swedish and United Kingdom delegations to UNCTAD) ~~the~~/is aimed at defending the growth programs of developing countries against squeezes generated by the failure of export earnings to come up to reasonable expectations; the other provides a basis for movement toward a system of multilateral insurance which would protect foreign investors in the private sector of developing countries against risks of a non-commercial nature and thus encourage a greater flow of private venture capital and know-how from the industrialized countries. At the same time, the Bank's staff has prepared for

UNCTAD an analysis of the nature, use and effect on development of credit from equipment suppliers to finance development projects.

* * *

In this outlining of new directions I hope I have not sown the impression that the Bank's predominant role has shifted during the sixties from the pursuit of investment projects, to that of a trouble shooter on behalf of all segments of the development pattern. This is not the case. Assisting underdeveloped countries to identify, prepare, finance and successfully bring to fruition priority projects remains the core of our function. For four years out of the past five, the Bank, IDA and IFC have committed between them each year more than one billion dollars toward the financing of projects and enterprises in developing countries. Compare this ^{with} the early fifties when the Bank's annual rate of new lending commitments was between \$300 and \$400 million. For the Bank itself -- and for IDA, too, in this respect -- the central function continues to be lending, under government guarantee, for comparatively large projects in power, transport, communications, industry and agriculture. Indeed, the influx into membership of a whole batch of nascent economies has tended to reinforce this role as a finder and financier of projects. This is not to say that innovation and evolution do not occur here, in what might be called the traditional dimensions of our work, as well as ^{the} in new dimensions.

Consider agriculture, the fundamental economic activity, -- seemingly a straightforward and mundane enough proposition for development activity. And yet the task of lifting the efficiency and productivity of traditional agriculture to levels at which its output is rising more rapidly than population growth has proved to be perhaps the most complex problem in the whole development brief. It is, as well, a problem of rapidly increasing urgency. Within the

spectrum of its lending and investment the World Bank is substantially increasing emphasis on agriculture, and on industrial projects in support of agriculture, such as fertilizers. This shift in emphasis encompasses a great deal more than the provision of more money: it encompasses the assembly and coordination of skills and knowledge which will allow the Bank to reach down to the traditional farmer in the field and present for his understanding and acceptance the rather sophisticated package of factors which must go together to convert traditional subsistence farming to efficient commercial enterprise.

This mention of the package of factors required to convert the subsistence agriculturalist to an efficient producer brings in a second area toward which the Bank is directing increasing attention and resources. This is the general field of education, or, more particularly, those branches of education which can be shown to contribute directly to the improvement of productivity in the developing countries. Training for agricultural research and extension services is a good case in point. If agricultural development programs are to succeed, the countries involved must have a supply of young men capable of meeting the farmer in the field and translating for him results of local research that have shown what seeds and plants will yield most in his particular soils; what type and what proportions of fertilizer should be applied; what pesticides should be used, and so on.

This need for greatly increased supplies of home-grown technological capacity and trained skill applies as much to industry as it does to agriculture. It is a basic resource as essential as power and transport. And in this field, as in the others, the Bank is financing projects, not general budget support. It wants to know the likely economic return from, say, a technical college or vocational training project before it backs it. And experience shows that

rates of return of the order of 12 per cent or more per annum on capital employed are not unreasonable expectations from the right projects. Education can be very much a bankable proposition.

It is a substantial distance, I think you will agree, from committing general reconstruction finance to France to assembling "bankable" education projects in Asia, Africa and Latin America. In terms of time, it occurs to me that the span is precisely 20 years this month since we made that first loan. In human beings hardening of the arteries is supposed to set in about the age of 40, but in institutions the danger period is probably rather earlier. Perhaps those of us who have been working in the Bank since the early years may be reaching that dangerous time when we get set in our ways and cease to be responsive to new ideas. I like to think not. I like to believe that we never shall. But there is a great danger of becoming convinced, when you get on in life, and in the service of an organization, that policies and procedures worked out when you were younger, and the organization was new, probably with little or no idea of whether they would achieve what they were intended to achieve, have reached the point of being sacred writ.

However that may be I want to conclude this review of what might be called "spontaneous evolution" in the theory and practice of development -- and of development diplomacy -- with a word of what the Bank is doing to avoid hardening of the arteries. Starting in 1963, the Bank Group has pursued a continuing plan to bring into its organizational veins each year a fresh group of exceptionally able young men and women, chosen for their potential to develop careers in economic development. This we call our Program for Selecting Young Professionals. Applicants for participation in this scheme are sought on a world-wide basis from among outstanding recent graduates. Selection is highly competitive. Once

Once selected, participants spend 18 months in different departments of the organization before receiving permanent assignments. Thus far we have appointed 106 persons from 37 nations, of an average age at the time of joining of 27 years. The quality of the inflow promises a new core of imaginative professionalism, and, with luck, it promises a continuation of the dynamism which, thus far, has allowed the Bank to respond creatively to experience and challenge.



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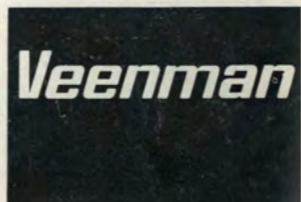
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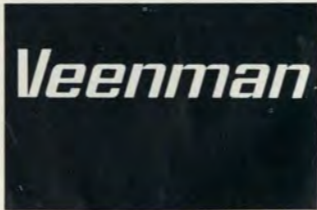
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The Financial Markets and the World Bank

John Duncan Miller

From the usual point of view, the World Bank is considered as a lender for economic development, and very little attention is usually paid to the means the Bank uses to obtain the funds needed. A short analysis of these means will involve a description of several different sources.

First, there is the finance that is provided by the Bank's member countries, secondly, there are the borrowing operations, which now aggregate several thousand million dollars, and thirdly, there is the method by which the Bank revolves its funds by selling maturities¹⁾ of its loans. Also, of course, the Bank obtains funds from net earnings and from loan repayments.

The crucial period for the World Bank was in the first months of 1947, before it had even carried out its first loan operation. At that time it appeared very likely that the most critical and pessimistic views of the Bank's future would be justified. It is not easy to remember today how much pessimism there was about the Bank's prospects in its early days. That pessimism was not wholly wrong because the Bank's capital was hopelessly inadequate for the financing of European countries.

With views like this generally held it is no wonder that at the beginning of 1947 the Bank had been without a President for three months and that several prominent persons who had been thought of as likely candidates had declined to have anything to do with an institution whose prospects were thought to be so poor. Not only had the Bank not yet made its first loan, no policy had been chosen out of the many conflicting views about the role of the Bank which were held by its various member governments, of whom there were then 42. No operating procedures had been worked out. And above all, there still seemed little possibility that the Bank would be able to find money on the scale that was obviously needed.

In February 1947, the immediate emergency was met by the arrival of a new management team in the persons of John T. McCloy, who became President of the Bank, and Robert L. Garner, the new Vice President who was to be General Manager of its operations. Mr. McCloy also brought another new recruit into the Bank's affairs in the person of Eugene R. Black, who took over the post as Executive Director representing the United States. At that time Eugene Black was Vice President of the Chase Manhattan Bank and head of its Bond²⁾ Department. He had the reputation of being amongst the best bond salesmen in the United States. Still another recruit was E. Fleetwood Dunstan, who became World Bank Marketing Director in New York.

This then was the new team which arrived at the Bank in February 1947. They were all energetic and experienced men, but they had another important advantage. They had taken office with full powers

to pursue³⁾ the policies they thought best for the Bank, which would no longer suffer the disadvantages of divided counsel.

When they took office they were faced with loan applications⁴⁾ totalling nearly \$2,000 million, of which three-quarters was requested for European reconstruction for rapid disbursement. As it turned out, of course, most of these loans were never made by the Bank, since the Marshall Aid Programme took over the load; nevertheless, our effort in Europe was quite wide: the Netherlands, for instance, received ten loans totalling \$244 million from 1947 to 1957.

In dit nummer

geeft JOHN DUNCAN MILLER, Speciaal Representatieve van de Wereld-bankgroep in Europa, een overzicht van de wijze waarop de bank aan de middelen komt teneinde de ontwikkeling te stimuleren.

De praktijk wijst uit, aldus geeft S. J. H. VAN HENGEL (Vermeer & Co) te kennen, dat het huidige systeem van kredietcontrole met een te grote vertraging werkt.

DRS. H. H. FABER (N.M.B.) gaat na welke factoren de werking van de markt in onderhandse leningen tegenzitten.

De door de Ned. Bankiersvereniging onlangs bekend gemaakte oprichting van de Bankgirocentrale en de introductie van de Betaalcheque geven DRS. W. J. DE BRUIN (N.M.B.) aanleiding aan deze ontwikkeling een beschouwing te wijden.

De Kroniek van geld en kapitaal wijst op de grote dilemma's waarvoor de nieuwe minister van Financiën staat.

N.B. De abonnementsprijs is per 1 juni 1967 verhoogd tot f 10,— per jaar.

To meet these demands, the total funds available to the Bank were \$736 million, mainly consisting of the paid-in dollar subscription of the United States. It is true that the authorized capital of the Bank was \$10,000 million. But subscriptions of the 45 countries which were then members amounted to somewhat less — around \$8,200 million, and of this 80 per cent remained unpaid and could not be called for lending. And even most of the remaining 20 per cent was only to become available to the Bank in installments⁵⁾ over the next several years, because it consisted mainly of the paid-in subscriptions, in national currencies, of member countries which were not able to allow the use of their funds.

The new management did, however, have one very important card to play: 80 per cent of each member country's subscription could not be called for lending by the Bank, but it could be called⁶⁾ if needed to meet losses on the Bank's own obligations. In other words, the Bank could go to the investment market and point to these very large uncalled capital subscriptions as backing for its borrowing. Such guarantees are not always sufficient to attract private investors, particularly the institutional investors who operate in the bond market. But the uncalled capital was nevertheless a great asset.⁷⁾ There was, however, another difficulty. The only market where money was available was that of the United States, and one legacy⁸⁾ of the 'thirties, that period of world depression and default, was that the American investor was very suspicious of foreign lending.

It was inescapable, however, that if the Bank were to have a future it would have to obtain access to the U.S. investment market. Many investors wondered why they should bother with the unseasoned⁹⁾ bonds of a new and untried organization of a kind never seen before. Others were hostile because of the memory of the many defaults on foreign bonds in the 'thirties and the widespread view that the Bank was essentially a political instrument which would soon get rid of its available government monies and relapse¹⁰⁾ into obscurity. These attitudes somehow had to be replaced with interest in the Bank and its work, and willingness to support it.

The first phase of the campaign was crammed into only four months and culminated in the sale in July 1947 of two issues of World Bank bonds totalling \$250 million. This amount, incidentally, was the same as the Bank lent to France in its first reconstruction loan in May 1947.

Thereafter, the Bank did not return to the United States Bond Market until 1950, although it did some borrowing in Switzerland in 1948. But full advantage was taken of the three-year interval to build up the Bank's reputation as a prudent lender and to establish a record of sound management and of steady

earnings. The long-term campaign to bring about legislative changes in the separate States of the U.S. was also continued, with the result that at the present time World Bank bonds are legal investments for commercial banks in all States, for savings banks in 29 out of the 35 States which have them, for life insurance companies in 46 States, and for trust funds in 44 States. As a result of a recent campaign, our bonds are now also legal investments in 31 States for public pension funds, who have been active buyers of them. Given that the bulk of institutional investment is done in about a dozen States of the Union, it can be said that the World Bank is now as close to complete acceptance in that country as is necessary.

By the time the Bank made its second approach to the U.S. investment market in 1950, there had been many changes. In 1949, Eugene Black had succeeded John J. McCloy as President of the Bank. The Bank had also changed direction; instead of financing reconstruction, for which it had made five loans totalling \$500 million, the Bank had now embarked¹¹⁾ on what was to be its major task, providing long-term finance to promote the economic growth of the less developed countries in its membership. By 1950 the Bank's total lending was over \$700 million, and its reputation for prudence and for objectivity had already begun to make an impression on investors.

Wishing to avoid being criticized for favouring one investment house over others, the Bank in its early years did not employ negotiated underwriting.¹²⁾ The first issue was sold on an agency and tender basis,¹³⁾ with the participation of about 1,700 investment banks and dealers. Our next transaction was sold to a banking group on the basis of competitive tenders and the next two issues, both in the ensuing two years, were sold under sponsorship arrangements. None of these systems worked to full satisfaction. They were very cumbersome.¹⁴⁾ They involved too many firms, and left much to be desired in the way of continuity and the development of a secondary market for World Bank bonds.

Accordingly, for the fifth offering of our Bonds in the United States, Mr. Black decided to use negotiated underwriting¹²⁾ and appointed Morgan, Stanley & Co. and The First Boston Corporation to act as syndicate managers and marketing advisers to the bank. This arrangement has worked very well and the success of the syndicates, which consist of about 180 investment banks, dealer houses and commercial banks, is indicated by the fact that in one year they successfully sold \$400 million of our bonds in the U.S. market. Up to now, 19 public issues have been sold in the United States, totalling \$2,060 million. \$1,609 million of these issues are still outstanding, of which \$313 million in dollar bonds are held outside the United States.

Mr. Black's energy in opening a market for the Bank's securities in the United States is only equalled by that which he showed in extending the Bank's borrowing in other countries. The first sales in Europe were small and reflected the inability of European investors to meet the many demands being made on them. For example, the first public offer outside the United States was in London in May 1951, when £5 million of 3-1/2 per cent sterling stock was sold. This was followed by other transactions in various markets, the Bank taking advantage of every opportunity offered. It must be remembered that for many years after the war, the cost of money in European markets was several per cent higher than in the United States. In fairness to its borrowers, who must pay a rate of interest which reflects the cost of borrowing to the Bank, the Bank could not go into European markets when it could borrow so much more cheaply in the U.S. Gradually over the years, however, this situation has changed and the Bank has always been alert¹⁵⁾ to take advantage of such changes. Taking public and private issues together, the Bank has now placed a total of 39 issues in European currencies totalling about \$1,000 million equivalent. At the present time, 33 non-dollar issues are outstanding, totalling the equivalent of about \$740 million and denominated in Belgian francs, Canadian dollars, German marks, Italian lire, Netherlands guilders, Pounds sterling and Swiss francs. The Bank's first public issue of Guilder bonds was offered in 1954. We borrowed f.11.6 million by the sale of 15-year bonds carrying interest of 3-1/2 per cent. The total participation of Dutch finance to our efforts reads as mentioned at foot.

An example of the Bank's desire to broaden its sources of finance was given by the first public sale of World Bank bonds in Austria in November 1962. At that time the yield¹⁶⁾ on Austrian shilling bonds was over 7 per cent. The Bank sold \$5 million of bonds denominated in U.S. dollars and was thereby able to borrow at 4-1/2 per cent, a rate in line with those which we could obtain in other markets.

This dollar bond issue in Austria illustrates a type of marketing which the Bank has found successful. It was the Bank's experience that from 1952 onwards our U.S. dollar bonds began to move overseas in sizeable¹⁷⁾ amount. Central banks and institutional investors all over the world were eager buyers of short-term World Bank bonds and in due course the Bank met this demand directly by offering a series of U.S. dollar issues only to investors outside the United States.

So far has this broadening process gone that for the last several years the bulk of the World Bank's new funds have been raised outside the United States. Recently the Bank has successfully arranged the sale, entirely outside the United States, of a further \$100 million issue of United States dollar bonds. These bonds, which bear interest at 6 per cent, were sold to central banks and other government institutions in 43 countries and to one international organization. Holders outside the United States now held more than half of the Bank's total outstanding funded debt and over \$900 million or about 41 per cent of its dollar debt. We estimate that there are important holdings of World Bank bonds in more than 50 countries.

Another important source of funds for the Bank has been the sales of parts of its loans to other investors. Essentially these sales from portfolio amount to prepayments and serve to replenish the Bank's funds. This type of transaction has come to have a great deal of importance in the Bank's financing; in all we have sold nearly \$2,000 million of our loans and thereby reduced our need to borrow in the market.

At first the Bank gave its guarantee when selling these loans. But the development of the market for our bonds was so rapid that in the middle 'fifties we decided to discontinue offering our guarantee and since then all sales have been made without recourse¹⁸⁾ to the Bank. This did not inhibit the market. On the contrary, sales increased year-by-year and in the fiscal year 1961/62 we disposed of \$319 million from our portfolio.

WORLD BANK BONDS ISSUED IN THE NETHERLANDS

	Principal outstanding		Annual sinking fund requirement (1)
3-1/2 % Fifteen Year Bonds of 1954, due 1969 (f 40 mln)	\$ 3,194,475	1967	f 3,564,000
3-1/2 % Twenty Year Bonds of 1955, due 1975 (f 40 mln)	6,626,519	1968-69	f 4,000,000
		1967	f 2,468,000
		1968-74	f 2,640,000
		1975	f 3,040,000
4-1/2 % Twenty Year Bonds of 1961, due 1981 (f 50,000,000)	13,812,155	1972-81	f 5,000,000
4-1/2 % Twenty Year Bonds of 1962, due 1982 (f 40,000,000)	11,049,724	1973-82	f 4,000,000
Total	\$ 34,682,873		

(1) Each issue is subject to redemption prior to maturity at the option of the Bank at the prices and upon the conditions stated in the respective bonds. The amounts shown as annual sinking fund requirements are the principal amounts of bonds to be purchased or redeemed to meet each year's requirements.

Sales of loan maturities, however, have declined over the past four years. Last year they totalled \$ 82 million. The fall has been due to rising yields on other securities, the Bank's policy of not selling in the United States market portions of loans to countries whose securities are subject to the United States Interest Equalization Tax, and the guidelines of the U.S. balance of payments programme.

Loan sales are of two kinds. By far the majority are from our portfolio of loans we have made in past years. These are bought overwhelmingly by European banks for investment purposes. The second type of sale is what we call a participation,, whereby a commercial bank or insurance company will purchase part of the loan from us at the time it is made. These participations are given publicity in the press release which the Bank issues to announce the loan and the great majority of participations are taken up by United States banks, which use them as a means of seeking deposits and letter of credit business from the borrowing country.

Naturally the market in sales of parts of the Bank's loans has tended to concentrate on the best paper in our portfolio — to such an extent that substantial amounts of our loans to European countries are now in the hands of European investors. Since all our loans are direct or indirect obligations of the government of the country in which the loan is made, they are in effect government paper and investors have been quick to see the advantage of buying maturities of such loans from the Bank.

In recent times there have been interesting developments in this aspect of the Bank's marketing. In the early days the main buyers from our portfolio were commercial banks and they naturally concentrated on buying early maturities of the loans. Over the past few years, some insurance companies and trust funds have come to see the Bank's loans as longer term investments and they have bought strips of our loans from the first maturity to the last — which may be 20 years away. This is a very welcome tribute to the Bank's reputation for careful lending.

This same reputation for prudent operation has been of value in another technique used by the Bank to assist its member governments. An important objective of the Bank is to increase the degree to which private investment finances economic growth. Clearly we attain this objective²⁰⁾ by borrowing from private investors and acting as a safe bridge over which private funds can cross into development lending. Similarly, when we are able to sell parts of our loans to private investors we are thereby involving those investors directly in development lending. There is one further step which the Bank also likes to take where it is convenient and that is to support the credit of its member governments or the agencies of member governments in investment markets.

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We have used the technique of the joint operation with several countries — Norway, Belgium, Austria, Denmark, Italy, South Africa, Australia, the Federation of Rhodesia and Nyasaland, Air India International, Japan and two large Japanese steel corporations.

In all these cases the offer or placement of bonds in the United States market was either the first ever or the first in the postwar period. Clearly, this technique is one which can be used only with countries reaching the point where they will be able to rely on their own credit in various investment markets. Recently the scope for joint operations has declined because of the difficulties of entering the New York market. But in September 1966, a loan by the World Bank of \$ 18 million for the expansion of electric power in Iceland was instrumental in enabling the National Power Company in Iceland to raise \$ 6 million on long-term almost entirely from private sources in the United States.

The Bank also obtains important funds from its net earnings. These are now running at about \$ 140 million a year. Up to now the Bank has not paid any dividend to the member countries which are its stockholders. Earnings at such a level result obviously in a very rapid growth in our Supplemental Reserve, which now stands at over \$ 740 million. These accretions²¹⁾ are another factor reducing our dependence on the market for funds.

Then there are repayments of past loans. Last year they brought in about \$ 160 million, and would of course have been much greater if it were not for our large sales of loans.

Summing up the Bank's sources of funds, we find that, of a cumulative total of \$ 8,622 million, the largest single element has come from borrowing, about \$ 2,972 million. Next in order are sales of loans which total \$ 1,978 million. Third in importance is the \$ 1,828 million which the Bank has been able to use from the paid-in capital of its member governments, and fourth repayments amounting to \$ 1,099 million. Finally, earnings have contributed \$ 745 million. This pattern of financing indicates very well the character of the Bank as a development agency depending mainly on the private investor for its lending resources.

So important is this characteristic that the Bank took steps to strengthen its position vis-à-vis the investment markets. The authorized capital of the Bank has been more than doubled, from \$ 10,000 million to \$ 24,000 million. No call was made on governments in respect of the increased capital, with the result that 90 per cent of their subscriptions stood as backing for the Bank's borrowing, instead of the 80 per cent originally set aside for that purpose. Furthermore, of course, the amount of this backing greatly increased. It now stands at just over \$ 20,000 million consisting of the unpaid subscriptions of 105 member governments. It is significant that the

so-called „Rating Services”, the firms in the United States which set standards for securities to guide investors, moved Bank bonds into the highest category only after the increase in our capital.

The relations the Bank maintains with the investment markets and the commercial banks are of great importance. For example, commercial banks handle the disbursement of a very large proportion of the Bank's funds through letter of credit arrangements and so forth. As Mr. George Woods, the Bank's President, pointed out at our last Annual Meeting in Washington and on several other occasions, we are facing a serious problem. With the present widespread shortage of capital, it is becoming more difficult every month for the Bank to raise the money it needs.

During its last fiscal year, the Bank sold \$ 288 million of bonds — but of this \$ 164 million was to refund outstanding debt. Tight money conditions disappointed our expectation that we would make issues on several European markets last year. We hope to do better in the coming months but we shall of course have to pay higher interest rates than we ever paid in the past. The cost of money, anyway, seems to drop slightly after the peaks reached at the end of 1966.

After twenty years during which we have been able to lend for every project we think economically viable²¹⁾ in any country we consider creditworthy without having to worry about the availability of funds, it would be a tragedy if we now had to start rationing our poorer members. It is not easy to explain to them with any conviction why the economic troubles of countries many times richer than they are making it impossible to provide help — even at current interest rates.

- 1) vervallende termijnen
- 2) obligatie
- 3) uitvoeren
- 4) aanvragen
- 5) afbetalingstermijnen
- 6) opvragen
- 7) actief
- 8) legaat, erfenis
- 9) onervaren, weinig aantrekkelijk
- 10) terugvallen
- 11) ging zich inlaten met
- 12) emissie via garantiesyndicaat. Dit betekent, dat de leiders van het syndicaat — The First Boston Corporation en Morgan Stanley & Co — niet alleen zelf de verschillende emissies garandeerden doch ook een verkooporganisatie bestaande uit effectenhandelaren door geheel Amerika opbouwden. Het grote aantal institutionele beleggers en het feit dat de Bank veelvuldig een beroep op de markt wilde doen maakte dat dit het meest aan te bevelen systeem was.
- 13) op commissie en inschrijvingsbasis
- 14) lastig
- 15) waakzaam, oplettend
- 16) opbrengst
- 17) vrij groot
- 18) krap, streng
- 19) regres
- 20) doel
- 21) toeneming, groei
- 22) uitvoerbaar



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Wij kennen kantoren waar ze de kleur van andere boekhoudmachines mooier vonden, en toch de Ascota namen. (en heus niet omdat ze òns nu zo aardig vonden).

Het kan maar om één ding zijn. Namelijk: om wat de Ascota in de praktijk betekent.

Want, waar is een boekhoudmachine voor? Om mee te werken. Heel erg goed mee te werken. Veel mee te kunnen doen. Zelfs geld te verdienen door een nieuwe dimensie van orde en overzicht.

Dit is de opvatting van Ascota. Een nuchter en verstandig systeem dat opvalt door veelzijdigheid en lenigheid.

Waar men voor Ascota



besluit, komt hij op maat ingepast, om méé 'groter' te worden als de administratieve taken groter worden.

Hij is pasklaar uit te rusten met 2 tot maximaal 55 telwerken. Naar wens te 'verlengen' met ponskaart-apparatuur of een elektronische rekeneenheid voor tijdloos vermenigvuldigen.

Hij offreert logische automatisering van vele functies. En maakt - dat vooral! - van mechanisering wat het zijn moet: rationalisering.

Vandaar misschien dat wij bij Ascota zelden een punt maken van de glamour. Wat niet wegneemt dat hij gezien mag worden.

Ook in uw bedrijf - dachten wij.

Veenman

Veenman kantoormachines n.v.

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 Amsterdam Keizersgracht 480 Tel. 248565
 Eindhoven Smalle Haven 1a Tel. 62558
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Kredietbeperking: de praktijk

S. J. H. van Hengel

Sedert medio 1963, gedurende ruim 3 jaar, zijn thans de tussen De Nederlandsche Bank en de handelsbanken overeengekomen kredietbeperkingsregelingen van kracht. In de aanvang van 1966 zijn deze regelingen verscherpt in het licht van de toen bestaande — en mogelijk nog in de toekomst te verwachten — doorbrekingen van de vastgestelde plafonds.

Voor hen die in de praktijk met deze regeling te maken hebben, doen zich twee vragen voor:

1. Is de Nederlandsche Bank er nu middels deze regelingen in geslaagd de haar opgedragen taak n.l. de handhaving van de stabiliteit van de geldcirculatie te vervullen?
2. Hebben deze regelingen voortgekomen uit de Wet Toezicht Kredietwezen, waarvoor in 1952 en 1955 met zoveel warmte en vuur door de regering is gepleit, beter voldaan dan de daarvoor gehanteerde discontopolitiek?

Presidenten van nationale banken zijn vaak in een moeilijke positie als het er om gaat een onomwonden mening te uiten. Theoretisch zijn zij geheel onafhankelijk van de regering en hebben zij, met hun directie, een taak die los staat van, of soms wel staat tegenover, de regeringspolitiek.

Sedert evenwel in de meeste landen de circulatiebanken zijn genationaliseerd, is het maar de vraag of er van die theoretische onafhankelijkheid in de praktijk wel voldoende overblijft. Men ziet dan ook wel eens, dat bij het afscheid van een dergelijke autoriteit door deze enige zeer duidelijke opmerkingen worden gemaakt.

De scheidende gouverneur van de Bank of England, bijvoorbeeld, zei tijdens een toespraak tot de Confederation of British Industry in mei 1966 het volgende:

„We unfortunately have a system under which Exchequer financing can, and does, lead to the creation of money quasi-automatically to the extent that the requirements of the Exchequer are not met by genuine savings or taxation”.

In het jaarverslag van De Nederlandsche Bank over 1965 kan men opmerkingen van dezelfde strekking vinden, zij het dat deze daar niet zo geprononceerd worden uitgesproken.

Het leek nuttig deze situatie voorop te stellen. Discontopolitiek en kredietbeperking zijn middelen tot het doel neergelegd in artikel 9 lid 1 van de Bankwet van 1948, waarin te lezen valt:

„De Bank heeft tot taak de waarde van de Neder-

landse geldeenheid te reguleren op zodanige wijze als voor 's lands welvaart het meest dienstig is, en daarbij die waarde zoveel mogelijk te stabiliseren.” Vóór 1952 had De Bank daarbij hoofdzakelijk de beschikking over de discontopolitiek en daarnaast over de „open markt” politiek. In 1952 kwam een voorlopige Wet Toezicht Kredietwezen tot stand en in 1955 de definitieve, waarin de mogelijkheid tot het opstellen van kwantitatieve kredietbeperkingsregelingen zijdens de Bank werd geschapen. Stellen wij nu de kredietbeperkingsregeling tegenover de discontopolitiek dan voeren de vóórstanders van de invoering van de mogelijkheid van directe kwantitatieve controle de volgende argumenten aan:

1. Tegenover de indirecte kwantitatieve controle van de discontopolitiek bood het nieuwe systeem een directe controle die naar men verwachtte ook sneller effect zou sorteren;
2. de kredietbeperking borg niet het gevaar in zich van een toevloed van zgn. „hot money”, die mogelijk het gevolg van een verhoging van het disconto zou kunnen zijn;
3. bepaalde voorstanders van het nieuwe systeem meenden dat de kostprijsverhogende invloed die het hanteren van de discontopolitiek met zich medebrengt, niet met een kredietbeperkingsregeling gepaard zouden gaan. De mening zat daarbij voor dat de liquiditeiten bij de banken bij vermindering van de kredietverleningsmogelijkheden zouden toenemen en daardoor een rentedaling mogelijk zouden maken.

Bezien wij thans de praktijk:

ad. 1. De Wet Toezicht Kredietwezen voorziet in raadpleging door de centrale bank van representatieve organisaties voordat beperkende maatregelen van kracht kunnen worden.

Overleg kost tijd. Hangende het overleg zijn de banken niet in staat veel nuttigs op dit gebied met hun cliënten te bespreken, daar het resultaat van het overleg dient te worden afgewacht alvorens het effect daarvan op de afzonderlijke kredieten kan worden beoordeeld. Is de regeling eenmaal tot stand gekomen, dan wil dit geenszins zeggen dat zij ook ineens effect begint te sorteren. Wij zijn thans op het moment aangekomen, waarop wij stil dienen te staan bij de financiële ontwikkeling van het bedrijfsleven na de tweede wereldoorlog. De zelffinan-

ciering van bedrijven is in de afgelopen jaren veel minder groot geweest dan vóór 1940. Primair wordt dit verklaard door de thans veel grotere belastingdruk op het bedrijfsresultaat.

Daarnaast is evenwel ook de door de voortschrijdende technische ontwikkeling veroorzaakte versnelde *investeringsnoodzaak*, een factor van belang. In feite is uit hoofde van deze ontwikkelingen het bedrijfsleven méér dan voorheen afhankelijk geworden van bankkrediet. Ons beperkende tot het zogenaamde korte handelskrediet dat door de centrale bank als het meest gevaarlijke gedeelte van een te snel uitzettende geldschepping wordt aangemerkt, kunnen wij constateren dat, om het even of het nu gaat over voorschotten in rekening-courant of disconto van handelspapier, de dagelijkse opzegbaarheid van dergelijke faciliteiten van de kant van de banken niet veel meer is dan een papieren tijger. Wij zagen reeds dat het bedrijfsleven sterker dan vroeger aangewezen is op het handelskrediet en uit dien hoofde een langere liquiditeitsplanning pleegt te hebben dan voorheen.

Efficiënte bedrijfsvoering heeft bovendien geleid tot planning van produktie en omzet op lange termijn. Het zal duidelijk zijn dat ingrepen op korte termijn van de handelsbanken in de liquiditeitsplanning zéér ernstige consequenties voor het bedrijfsleven kunnen hebben.

Al met al dient ook de aanpassingsperiode, welke door de banken aan hun cliënten moet worden toegestaan teneinde ernstige moeilijkheden te vermijden, nog te worden geteld bij het tijdsverloop dat ligt tussen de constatering van de noodzaak van kredietbeperking bij de centrale bank en effectieve praktische werking daarvan.

Bij al deze overwegingen is nog één belangrijke onbekende buiten beschouwing gebleven. Wij doelen hier op de zogenaamde *dispositieruimte*.

Faciliteiten van handelsbanken voor hun debiteuren worden beschikbaar gesteld tot een overeengekomen maximale hoogte. Deze hoogte wederom wordt in onderling overleg gefixeerd op de optimale behoefte die een bepaalde debiteur, alle omstandigheden in aanmerking genomen, kan hebben. In het licht van het hierover besprokene zou het logisch kunnen worden geacht, indien de handelsbanken op het moment van van kracht worden van een kredietbeperkingsregeling de dispositieruimte wegnemen, teneinde verdere uitzetting van de kredietverlening te verhinderen. Eveneens in het licht van het voorgaande zal het de lezer duidelijk zijn dat dit zonder meer niet mogelijk is, althans niet zonder dat dit voor het bedrijfsleven vergaande consequenties zal hebben.

De dispositieruimte is vrij groot; de seizoenbeweging buiten beschouwing gelaten, bedraagt zij vaak meer dan 50 % van de beschikbare krediet-limites. Gevoegelijk kan worden gesteld dat de handelsbanken in de aanvang van een kredietbeperkingsregeling

in ernstige verdrukking komen tussen de gerechtvaardigde eisen van de centrale bank enerzijds en de even reële eisen van het bedrijfsleven anderzijds.

Het lijkt voorts, gezien de opgedane ervaring, niet ongemotiveerd te stellen dat de in het kader van de kredietbeperking ontworpen maatregelen, na verloop van 6 maanden à 2 jaar resultaten beginnen te tonen. Nu is het zeer wel mogelijk dat het verloop van de conjunctuur deze effecten op dat tijdstip allang weer ongewenst maakt.

Deze merkwaardige situatie deed zich nog niet zo lang geleden in Engeland voor. De banken daar, die er, onder zware druk van de centrale bank, met moeite in waren geslaagd, de kredieten binnen de vereiste grenzen te krijgen, zagen kort daarna dat het verdere kredietverloop, zonder enige moeite ruimschoots onder de plafonds bleef. Op dat ogenblik ontvingen zij een verontrust schrijven van de Bank of England, teneinde hun aandacht op die situatie te vestigen! Krediet is evenwel geen water in de waterleiding. Het is niet met het open en dicht draaien van een kraan afdoende en snel te regelen. Het is hier niet de plaats om een discussie uit te lokken over de vraag of er in Nederland nu eigenlijk sprake is van een recessie of niet. Politici en economen zijn het daar niet erg over eens. Wanneer er geen sprake is van een recessie dan behoeven wij ons ook niet te verdiepen in de wenselijkheid van verruiming van de kredietpolitiek. Voor onze praktische beschouwing kunnen wij ons beperken tot hetgeen te verwachten valt, indien de kredietbeperkingsmaatregelen worden opgeheven.

Wanneer de centrale bank in Nederland op een bepaald ogenblik zou besluiten het stelsel van kredietbeperkingen op te heffen, is het zeer de vraag of het handelskrediet onmiddellijk daarna weer snel zal oplopen. De kredietinstellingen plegen de faciliteiten voor hun debiteuren mede vast te stellen in het licht van de toekomstverwachtingen van die kredietnemers. Aangezien deze verwachtingen tijdens een recessie niet al te rozig zullen zijn, dient men omtrent het snel oplopen van de geldschepping in de sector, waarop de Wet Toezicht Kredietwezen van toepassing is, geen al te overdreven voorstellingen te hebben. Tenslotte zullen ook de kredietnemers zelf bij een dalende conjunctuur — terecht — aarzelen hun crediteurenpositie te vergroten. De gehele werking in de praktijk van de uit de Wet Toezicht Kredietwezen voortgekomen regelingen bezien doet de situatie zoals deze zich bij de handelsbanken manifesteert, enigszins denken aan die, waarin een deftige wandelaar met een keurig opgerolde paraplu zich bevindt, wanneer hij wordt overvallen door een regenbui. Tegen de tijd dat hij de paraplu in bruikbare staat heeft, is hijzelf doornat, terwijl hij na het ophouden van de bui vrij lang nodig heeft om zichzelf droog en de paraplu weer in zijn oorspronkelijke vorm te krijgen.

Tot zover de *effectiviteit*.

De vraag dringt zich op hoe een en ander zou zijn verlopen indien in plaats van met kredietrestrictie met discontoverhoging zou zijn gewerkt. Hier stuiten wij op het probleem dat hierover niets vast te stellen is, daar de vergelijkbare ervaring ontbreekt.

Wij kunnen constateren dat de verhoging (en de verlaging) van het disconto een zuiver interne zaak van de Bank is. Hantering van het discontowapen had dus snel kunnen geschieden. De uitwerking van de verhoging was elastischer geweest dan de kredietrestrictie, ook al vallen de pogingen van de Bank om in de beperkingsregelingen enige elasticiteit in te bouwen, te waarden.

Wij komen thans bij het tweede vergelijkingspunt uit de aanhef van deze beschouwing: „Hot Money” en zijn invloed op de betalingsbalans. Deze zou alleen ontstaan bij een volkomen vrij deviezenverkeer. Hiervan is evenwel in ons land geen sprake. Door bepaalde ingrepen in de omvangrijke reglementering op dit terrein kan de invloed van hot money vrijwel geheel te niet worden gedaan.

Blijft nog over punt 3: *de kostprijs*.

Wat betreft de kostprijsverhoging kan worden gesteld dat de kredietbeperkingsregelingen verhoging van de rentetarieven ook niet hebben kunnen voorkomen. De boosdoeners waren hier de overheidsorganen die, buiten het raam van de beperking vallend, steeds hogere rente gingen aanbieden om haar inflatoire financieringsbehoefte te dekken. De overige rentetarieven zijn toen — ondanks het laag gebleven disconto — met de rentetrend meegegaan.

Er is op deze wijze een wat ongewoon beeld ontstaan. Door het niet aanpassen van het disconto aan de markttarieven (slechts in het voorjaar van 1966 vond een verhoging met 1/2 % plaats, die meer een kwestie van de markt volgen dan van leiding aan de markt geven was) belaadde zelfs onze centrale bank zich met de schijn dat zij de geldschepping bij de handelsbanken eerder gemakkelijker wilde maken dan moeilijker.

De in Nederland van oudsher heersende gewoonte van de handelsbanken om een groot deel van hun debetrentetarieven te koppelen aan het officiële disconto, had voor de centrale bank vroeger het voordeel dat zij middels dit disconto een directe greep op de tarieven had. Toen bleek dat de discontopolitiek geheel was losgelaten, is door de banken, uit noodzaak, tot ontkoppeling overgegaan. Een stuk van het oude discontomechaniek is hiermede vervallen.

Samenvattend kan worden gesteld dat vervanging van de discontopolitiek door de quantitative kredietbeperking kostprijsverhoging niet heeft kunnen voorkomen, doch wel heeft geleid tot minder directe samenhang van de tarieven voor handelskrediet en het officiële disconto. (Overigens zijn deze kostprijsverhogingen in een groot aantal sectoren van het bedrijfsleven vrij gering).

Verhoging van het disconto heeft van oudsher een sterke psychologische invloed ook op overheidsorganen. Wellicht was de rentestand bij het hanteren van de discontopolitiek niet tot dergelijke recordstanden gekomen, als in de praktijk het geval is geweest. Het voor het eerst hanteren van een quantitative kredietrestrictiepolitiek heeft overigens ook in Engeland record hoogtestanden van de rentetarieven met zich mede gebracht.

Laten wij constateren dat de Nederlandsche Bank binnen het haar toegewezen raam (de Wet Toezicht Kredietwezen) in de achter ons liggende jaren heeft gedaan wat mogelijk was. Doordat de financieringspolitiek van de overheid buiten dit raam valt en deze politiek tegengesteld gericht was aan het streven van de centrale bank is het oogmerk van deze laatste niet — althans grotendeels niet — bereikt. Vervolgens dient het redelijk te worden geacht op te merken dat dóór deze tegengestelde richting een aantal bijverschijnselen bij de kredietbeperkingsregeling wellicht scherper zijn opgetreden dan anders het geval zou zijn geweest. Niettemin, de praktijk was nu eenmaal zó. Het is goed hier nog op een ander bijverschijnsel te wijzen. Door de lange duur van de regeling zijn geldgevers en geldnemers gaan zoeken naar wegen die om het obstakel van de regeling heen leidden.

Deze wegen zijn vele. Er is op den duur een vrij groot volume van kredietverlening ontstaan dat zijn weg vond langs de handelsbanken heen. In de op deze wijze tot stand gekomen onderhandse markt worden de traditionele en voorzichtige criteria van kredietwaardigheid, zoals deze door de banken worden gehanteerd, niet gebezigd. Het gevaar van een kettingreactie bij déconfiture van een debiteur in deze markt is verre van denkbeeldig.

Tenslotte kan worden gesteld, dat onder de thans vigerende wetgeving de regering, indien zij tot een inflatoire politiek overgaat, daarmede maatregelen van de centrale bank uitlokt, die zéér ernstige consequenties voor het bedrijfsleven en in ruimere zin voor de handels- en betalingsbalans hebben. Deze gevolgen worden eerst geruime tijd na het begin van de regeringspolitiek zichtbaar. Deze maatregelen kunnen, daar zij slechts een gedeelte van de inflatoire stroom bedijken, onvoldoende effect sorteren. Hierdoor kunnen zij, ten nadele van één bepaalde groep genomen, niet altijd als redelijk worden gekwalificeerd. De veronderstelling dat in de toekomst de discontopolitiek weer meer in de belangstelling zal komen te staan lijkt dan ook niet al te boud.

Opgemerkt zij nog dat de „open markt” politiek bij het voorgaande buiten beschouwing is gebleven. In beide besproken gevallen kan zij als aanvulling worden gezien en derhalve buiten beschouwing worden gelaten. De situatie op de Nederlandse markt maakt trouwens, ipso facto, het hanteren van deze politiek verre van eenvoudig.

De handel in onderhandse leningen

Dr. H. H. Faber

Onder deze aanhef is in het oktober-nummer van de jaargang 1964 van Bank- en Effectenbedrijf een artikel verschenen van de hand van de heer J. M. G. van Lanschot. De publicatie is daardoor ongeveer verschenen ten tijde van het aangekondigde begin van de Markt voor Onderhandse Leningen op 1 november 1964, welke start uiteindelijk echter op 3 december 1964 is geschied.

Het bestaan van deze beurs in meer concrete zin — er zijn reeds jarenlang koop- en verkooptransacties gesloten op het gebied van bestaande onderhandse leningen — is kortstondig geweest. Op 13 januari 1966 heeft de noteringscommissie de publikatie van de weekberichten gestaakt. In totaal is over 58 weken een marktbericht verschenen. Het totaalbedrag van op deze markt afgesloten transacties is f 8.950.000,— in 4 posten. Buiten de markt om is volgens opgave gesloten voor f 14.076.684,— in 15 transacties. In totaal zijn derhalve 19 transacties voor f 23.026.684,— aan de noteringscommissie gemeld. Gedurende 15 weken werd noch vraag noch aanbod geregistreerd. Bepaalde posten hebben weken achtereen op de overzichten gestaan.

Al met al een weinig imponerend geheel, hoewel de indruk bestaat dat verscheidene transacties niet opgegeven zijn.

Ter vergelijking van de relatieve marktomvang kan nog worden opgemerkt dat volgens gegevens van de Vereniging voor den Effectenhandel in de periode december 1964 - 13 januari 1966 de omzet ter beurze in obligaties en pandbrieven f 1.331,— miljoen heeft bedragen.

In het februari-nummer van de jaargang 1966 van dit blad heeft Dr. K. W. A. Bervoets enige indrukken weergegeven over de mogelijke oorzaken van het kortstondige bestaan van deze beurs. Zijns inzien zijn de kraamvaders geen van allen enthousiast geweest — men heeft medegewerkt om althans niet de schijn op zich te laden dat men zou willen tegenwerken — mede hierdoor is niet aller sympathie verkregen, terwijl de procedure bij de handel nogal omslachtig is gebleken. Verder blijft door de zich intussen voltrekkende rentestijging rente-arbitrage door handel in koppen en staarten praktisch onmogelijk geworden.

Verdere commentaren zijn tot nu toe achterwege gebleven. Met het onderstaande zal worden getracht de discussie over deze materie voort te zetten.

Voordelen van de onderhandse lening

Ten einde na te gaan wat de oorzaken van het niet aanslaan van de markt voor Onderhandse Leningen zijn geweest, is het allereerst gewenst na te gaan

welke voordelen kleven aan de financieringsvorm onderhandse geldlening.

Dr. K. W. A. Bervoets geeft in het kwartaalbericht 3e kwartaal 1962 (nr. 138) van de Amsterdamsche Bank N.V. in een artikel getiteld: „De onderhandse geldlening op de Nederlandse kapitaalmarkt” een uitgebreide beschouwing over de grote vlucht van de onderhandse lening.

De onderhandse lening heeft namelijk in de loop der jaren duidelijk terrein gewonnen op speciaal de obligatie-lening. De eerste factor ter verklaring van de groei van de toepassing van de onderhandse lening is de aanpassingsmogelijkheid aan de wensen van geldnemer en geldgever. De leningsvoorwaarden kunnen daarbij in direct onderling overleg afwijkende modulaties vertonen ten aanzien van de storting, aflossing, looptijd en zekerheden. Dit onderling overleg is tussen de partijen bij het afsluiten van een onderhandse lening gemakkelijk mogelijk, zodat het resultaat zekere „maatwerk”-aspecten vertoont.

Een obligatielening, die gezien de haalbaarheid voor een breder publiek van verschillende categorieën beleggers aan de veilige kant moet liggen, heeft daarentegen duidelijk „confectie”-aspecten. Hetzelfde gaat trouwens op voor een hypothecaire geldlening.

In de tweede plaats kan een transactie in het geval van een onderhandse lening snel en met een betrekkelijk eenvoudige overeenkomst geregeld worden. Bij een obligatie-emissie kan de tijd tussen afsluiten en de datum van inschrijving nogal aanlopen.

Verder betekent een onderhandse lening een besparing aan kosten en arbeid in vergelijking tot een obligatielening in verband met het knippen, verzilveren en administreren van de coupons en de controle op het al dan niet betaalbaar gesteld zijn van coupons en lossingen.

De kosten van een onderhandse lening bedragen alleen het $\frac{3}{4}$ % evenredig zegelrecht te vermeerderen met in het algemeen een bescheiden bemiddelingsprovisie. In vergelijking tot de kosten van een obligatie-emissie is dit bepaald goedkoop.

De onderhandse lening heeft een exacte contractueel vastgelegde aflossing. Bij grote posten effecten gaat

de wet van de grote getallen voor de uitloting — zij het niet volkomen — op. Bij de kleine posten is op de uitloting minder peil te trekken.

Nadeel van de onderhandse lening

Als wezenlijk nadeel voor de belegger van de onderhandse lening dient de verminderde verhandelingsmogelijkheid te worden genoemd. De onderhandse lening is namelijk geen toonderpapier. In de praktijk is door enkele belangrijke geldgevers ter verruiming van de verhandelingsmogelijkheid in het leningscontract het beding opgenomen dat op kosten van de geldgeefster omwisseling van de onderhandse lening in obligaties mogelijk zal zijn. Alsdan is introductie ter beurze mogelijk. De te maken kosten zullen door verwachte koerswinst bij de introductie goedgemaakt dienen te worden. Een omslachtige en speculatieve methode derhalve.

Nu blijkt de verhandelbaarheid ter beurze van grote pakketten obligaties zonder koersbederf evenwel ook slechts gering te zijn. Zo bestaat er voor de grote belegger realiter weinig verschil in verhandelbaarheid tussen obligaties en onderhandse leningen.

Bovendien heeft zich allengs in verschillende onderhandse leningen aan overheidsdebiteuren met een niet te lange restant-looptijd handel ontwikkeld. Bij de oprichting van de Markt voor Onderhandse Leningen heeft de gedachte voorgezet deze bestaande handel te stimuleren, waardoor het bezwaar van de geringere verhandelbaarheid van onderhandse leningen (althans gedeeltelijk) weggenomen zou worden.

De bestaansgronden voor de Markt voor Onderhandse Leningen

In de aankondiging van de instelling van de Markt voor Onderhandse Leningen is terecht verwezen naar het grote bestand van onderhandse leningen, dat zich reeds in de portefeuilles van institutionele beleggers bevindt. Zo is gememoreerd dat de totale beleggingen van de institutionele beleggers per ultimo 1961 f 39.561 miljoen beliepen. De onderhandse geldleningen bereikten per die datum een bedrag van f 17.739 miljoen.

Het introductiebericht van de Markt voor Onderhandse Leningen gedateerd augustus 1964 vermeldt bovendien de verschillende soorten marktpersoneel. In principe beleggen op langere termijn pensioenfonds, levensverzekeringsmaatschappijen, de Postcheque- en Girodienst, spaarbanken en landbouwkredietinstellingen.

Spaarbanken en landbouwkredietinstellingen plegen bovendien een zeker deel van hun obligo in de geldmarktsfeer te beleggen. In die geldmarktsfeer opereren verder sociale omslagfondsen, industriële en scheepvaartondernemingen en algemene banken. (Merkwaardig is dat disconto- en geldmakelaars niet worden genoemd.) Voor de verhandelbaarheid

zal de grootste belangstelling bestaan voor de zogenaamde standaardleningen met gemeenten en provincies en de affaires in leningen onder garantie van de lagere en centrale overheid. Afwijkende leningen maken de overdrachtsprijs moeilijker te berekenen, zij zullen derhalve minder gewild zijn. Overeenkomsten met andere debiteuren dan de centrale of lagere overheid (of garanties van dezen) zijn nog moeilijker overdraagbaar.

De interesse voor verhandelbaarheid van langlopende leningen of gedeelten daarvan met een langere looptijd werd volgens het introductiebericht niet groot geacht. Veel meer mogelijkheden leken aanwezig voor de verhandelbaarheid van kortlopende leningen of gedeelten van langlopende leningen met een kortere restant-looptijd. Hierbij is verwezen naar het veelal bestaande verschil in de hoogte van de rente op de geld- en kapitaalmarkt.

Bij de mogelijkheden voor het succes van de Markt voor Onderhandse Leningen is volgens het introductiebericht speciaal gekeken naar de restantleningen — de zogenaamde staarten — en de eerste aflossingstermijnen van langlopende leningen — de zogenaamde koppen.

Genoemde koppen en staarten zijn in normale marktomstandigheden gewild als hoogrentend geldmarktpapier voor de categorie institutionele beleggers, die door beleggingsvoorschriften gebonden is aan een maximale gemiddelde looptijd van 5 jaar van een onderhandse lening en voor de banken. Tijdens de periode van voorbereiding van de beurs lag de rente voor kortlopende leningen lager dan die van langlopende leningen met 25 à 30 jarige looptijden. In deze situatie is bijvoorbeeld het boekverlies op een kortlopende restantlening rentende 4 % met een gemiddelde looptijd van 3 jaar bij een (geld)marktrente van ongeveer 4 % gering of te verwaarlozen. Indien de uit verkoop vrijkomende middelen worden gebruikt voor het verstrekken van een nieuwe lening met een looptijd van 25 à 30 jaren op een hogere kapitaalmarktrente van $4\frac{3}{4}$ % dan is het eventuele boekverlies snel ingelopen, terwijl voor de portefeuille onderhandse leningen sneller een rendementsverbetering mogelijk wordt dan bij het normale herbeleggen van de te ontvangen aflossingen op de desbetreffende restantlening.

Belemmerende factoren

Ondanks de belangstelling, die door de grote institutionele beleggers voor de nieuwe beurs aan de dag is gelegd, lijken factoren aanwezig, die deze groepering niet tot aanhangers door dik en dun hebben gemaakt. In de eerste plaats rijst ten aanzien van de balanswaardering van de totale portefeuille onderhandse leningen bij een geanimeerde en wat omzetten betreft belangrijke markt voor bestaande onderhandse leningen met gemiddelde restant-looptijden van 5 à 10 jaren een problematiek. Waardering tegen beurskoersen zou namelijk voor het

oudere (dus laagrentende) bestand aan onderhandse leningen met nog relatief lange gemiddelde looptijd tot geweldige boekverliezen leiden. Ongeacht de nominale rente, looptijd en debiteur wordt thans immers tegen parikoers gewaardeerd. Ter illustratie zij hierbij gemeld dat het totale bedrag aan onderhandse leningen van de Nederlandse levensverzekeringsmaatschappijen per 31 december 1965 volgens het Verslag van de Verzekeringskamer f 6.153,6 miljoen bedraagt, terwijl de gemiddelde rente van dit deel der portefeuille per diezelfde datum 4,44 % belooft. Bestudering van de waarderingsmaatstaven van enkele grotere levensverzekeringsmaatschappijen voor effecten leert dat geen uniform beleid inzake de waardering van effecten wordt gevoerd. Voor het door ons gestelde bij de waardering van onderhandse leningen is echter van belang dat de post effecten bij enkele maatschappijen niet tegen verkrijgingsprijs maar tegen de (lagere) beurswaarde wordt gewaardeerd. De verwachting lijkt gewettigd dat bij de waardering van onderhandse leningen een soortgelijke gedragsregel zou moeten worden gevolgd. Zodra de restantlening geldmarktpapier is geworden zal men hier haast niet onderuit kunnen.

Door de Markt voor Onderhandse Leningen wordt verder een tipje opgelicht van de sluier van een zekere mate van ondoorzichtigheid, welke de onderhandse markt in het algemeen kenmerkt. Deze ondoorzichtigheid maakt een bepaalde marktbeïnvloeding door de grotere markt-partijen mogelijk, zonder dat evenwel van een marktbeheersing of zelfs van een evident prijsleiderschap kan worden gesproken. De handel in koppen en staarten vond in de regel juist plaats tussen de grotere marktpartijen. Deze handel geschiedde dus op een kleine markt, waarop de marktbeïnvloeding door één partij bepaald groter is dan op de onderhandse markt in het algemeen. Grotere partijen zouden weleens niet zonder meer dit ongrijpbare en ongetwijfeld boeiende aspect van het werken op de onderhandse markt uit handen kunnen en willen geven aan een instituut dat schriftelijk werkt en dus met een bepaalde vertraging.

Voor de categorie tussenpersonen ligt in de relatieve ondoorzichtigheid van de onderhandse markt de mogelijkheid toch partijen bijeen te brengen door een zekere dosis marktgevoel, geluk en volharding. Het Instituut Markt voor Onderhandse Leningen heeft dit persoonlijke aspect en de rol van de tussenpersoon, die vaak transacties maakt, min of meer buitenspel willen zetten.

Een vlotte gang van zaken op de beurs is voorts door een paar technische factoren bemoeilijkt. Zo heeft de ietwat omslachtige schriftelijke marktprocedure ongetwijfeld remmend gewerkt. Verder bevordert de weinig frequente (wekelijkse) marktnotering het begrip courante handel niet erg. Indien echter de markt een succes ware geworden dan zou

door een frequentere (dagelijkse?) marktnotering een deel van deze bezwaren weggenomen zijn.

Standaardaktes voor de verstreking van onderhandse leningen en voor cessie- en retro-cessie-affaires kunnen in de toekomst enkele technische problemen vereenvoudigen. Pogingen om tot standaardisatie op dit punt te komen zijn ondernomen. Tot concrete resultaten hebben zij evenwel nog niet geleid.

Incidentele factoren

Het zijn echter vooral de incidentele factoren met een economische achtergrond geweest die de Markt voor Onderhandse Leningen de wind uit de zeilen hebben genomen. Deze factoren houden een zeker verband met de belangrijke stijging van de rentestand, welke zich in de loop van 1964 openbaarde en die thans mogelijk een hoogtepunt heeft bereikt.¹⁾ Het boekverlies op laagrentende restantleningen zal dientengevolge oplopen, waardoor verkooptransacties worden uitgesteld. Een belangrijker aspect evenwel is de extra ongewisheid in een stijgende markt ten aanzien van het moment, waarop men voor het verstrekken van nieuwe langlopende leningen in de markt zou moeten stappen. Iedere transactie is in deze situatie in wezen op een te vroeg moment afgesloten. Voor het doen van extra affaires door middel van verkoop van laagrentende restantleningen is dan ook weinig aanleiding.

Bovendien is door de aanhoudende rentestijging een marktwijziging tot stand gekomen doordat verscheidene geldnemers als nutsbedrijven en grote industriële ondernemingen geïnteresseerd bleken in kortlopende geldleningen, waardoor men niet voor langere tijd aan een hoge rente geklonken zit. Speciaal favoriet zijn in deze categorie kortlopende leningen de zogenaamde 23-maandsleningen, waarvoor nog niet het evenredig zegelrecht van $\frac{3}{4}$ % betaald hoeft te worden. Voor vele beleggers in de geldmarktsfeer bleken aantrekkelijke mogelijkheden aanwezig om op kasgeldlooptijden en eventueel looptijden tot 5 jaar lucratieve transacties te sluiten, speciaal door de toenemende liquiditeitsspanningen als gevolg van de dalende nationale liquiditeitsquote en het effectief worden van de kredietplafondregeling, die het bankwezen in zijn uitzettingen beperkt. Een deel van het marktpersoneel — voornamelijk de niet-financiële instellingen — heeft aldus de cessie- en retrocessie-markt verlaten.

Een ander deel van het marktpersoneel, te weten de bankinstellingen, heeft dit om andere redenen ook gedaan. De Nederlandsche Bank N.V. heeft de bankinstellingen in juli 1964 verzocht geen wederinkoop- en termijnaffaires o.a. in onderhandse geldleningen af te sluiten met instellingen behorende tot de particuliere sector voorzover de omvang van deze transacties het niveau per ultimo

¹⁾ artikel geschreven ultimo december 1966

augustus 1963 overschreed. De cessie-transacties in leningen aan de lagere overheid zijn hieronder begrepen. In de zomer van 1965 is dit verzoek ingetrokken en zijn de cessie- en retrocessie-affaires door de bepaling, dat niet de aard van de tussen-transacties, maar de looptijd van de onderliggende lening maatstaf is voor de beoordeling van de transacties onder het nieuw ingevoerde zogenaamde lange bedrijf der banken gevallen.

De cessie- en retrocessie-affaires zijn door de bovengenoemde maatregelen van De Nederlandsche Bank N.V. alternatieve toepassingen geworden van middelen, welke in het kredietbedrijf kunnen worden ondergebracht op (doorgaans) gunstiger voorwaarden. De hieruitvolgende vermindering van het volume der transacties heeft de markt geen goed gedaan.

Interessant is hier de vraag of het uitvallen van de vóórfinancieringstransacties door de banken in de zomer van 1965 de sedert dien waargenomen rentestijging niet extra in de hand heeft gewerkt. Cijfermateriaal op dit punt ontbreekt evenwel.

De uit vorenstaande oorzaken resulterende marktwijziging ten ongunste heeft ook voor de verkoop van onderhandse leningen met een langere looptijd gevolgen gehad. De mogelijkheid van rente-arbitrage tussen de onderafdelingen van de deelmarkt valt praktisch weg, immers de rente op het voor de cessie- en retrocessie-transacties relevante deel der markt (tussen 12 en 24 maanden) is niet onbelangrijk boven de kapitaalmarktrente op leningen met langere looptijd komen te liggen. De geïnteresseerde voor een cessie van een langer lopende lening kan niet op een rendementsverbetering uit dezen hoofde rekenen.

Hier komt nog een punt bij in verband met de essentiële bepaling van de mogelijkheid van vervroegde aflossing na 10 jaren, die in de meeste leningsovereenkomsten is opgenomen. De verkoopbaarheid van een bestaande hoogrentende onderhandse lening ligt namelijk minder gemakkelijk, nadat van de looptijd reeds $1\frac{1}{2}$ jaar of langer is verstreken. De interesse voor overname vermindert sterk zodra de maximale tijd, waarin vervroegde aflossing is uitgesloten, wordt aangetast. Hoe hoger de nominale rente oploopt des te meer zal om deze reden de verkoopbaarheid van reeds ingegane leningen bemoeilijkt worden. Slechts wanneer de periode van hoge(re) rente langdurig is, zal de kans op vervroegde aflossing na verloop van de termijn van 10 jaren minder waarschijnlijk worden. De eventueel te converteren bedragen worden dan van een zodanige absolute grootte dat een sterke marktbeïnvloeding in de richting van rentestijging het eventuele voordeel wegneemt, zodat conversie minder zin krijgt. Gedurende de resterende looptijd evenwel blijft de vervroegde aflossingsmogelijkheid met $1\frac{1}{2}$ of 1 % boete een hoogrentende lening meer bedreigen dan een laagrentende.

Toekomst voor de Markt voor Onderhandse Leningen?

De Markt voor Onderhandse Leningen is door verschillende factoren, die wij in het voorgaande getracht hebben te analyseren, niet goed van de grond gekomen. Voor een hernieuwde poging om deze markt eventueel opnieuw leven in te blazen, is het belangrijk te weten hoe deze factoren naar verwachting in de toekomst zullen liggen.

De onderstaande factoren van permanente aard zullen de beurs ook in de toekomst niet meezitten:

1. De balanswaardering van onderhandse leningen tegen parikoers ongeacht het rendement zal bij een toenemende markt in onderhandse leningen een moeilijkheid blijken. Waardering tegen beurskoers zal een groot (boek)verlies betekenen. De grotere institutionele beleggers kunnen om deze reden weleens niet willen meewerken.
2. Voor transactie-mogelijkheden op de Markt voor Onderhandse Leningen is typisch gekeken naar een deel van het totale bestand aan onderhandse leningen, te weten de restantleningen aan of onder garantie van de overheid. In dit beperkte deel kijkt men dan ook nog naar een deel, namelijk dat van de zogenaamde standaardleningen met een maximale gemiddelde looptijd van 5 jaar. Het is verder de vraag of de toekomst van de figuur onderhandse lening wel ligt in de toenemende standaardisatie, waardoor „confectie“-aspecten de overhand krijgen. „Maatwerk“-aspecten van de onderhandse leningen zullen juist in de richting werken van nieuwe vormen, zoals de in de V.S. gehanteerde Incentive Loans.
3. Noch grote beleggers noch tussenpersonen lijken er belang bij te hebben om de relatieve ondoorzichtigheid van de onderhandse markt op te heffen en daarmede hun manoeuvreerruimte op te geven.
4. De marktprocedure blijkt omslachtig te zijn. Ook de na te noemen factoren van incidentele aard schijnen niet begunstigend te werken:

1. De rentestijging heeft de geld- en kapitaalmarktconstellatie zodanig beïnvloed dat de beoogde rente-arbitrage thans niet mogelijk is.
2. De thans geldende centrale financiering voor de lagere overheid bij de Bank voor Nederlandsche Gemeenten N.V. maakt juist nieuwe transacties in de meest gangbare categorie leningen in de komende tijd onwaarschijnlijk.

Het ziet er naar uit dat handel in bestaande onderhandse leningen slechts bij bepaalde renteverhoudingen succesvol kan zijn. Het is echter de vraag of voor dergelijke intermitterende verhandelingsmogelijkheden het instituut van een min of meer officiële beurs nodig is. Of inschakeling van de beurs bij het onderbrengen van nieuwe leningen goede mogelijkheden lijkt op te leveren is onzeker. Men heeft dit facet van de onderhandse markt nadrukkelijk niet op de beurs willen brengen.

Ontwikkelingen rond de Bankgiro

Drs. W. J. de Bruin

Op 5 april jl. werd door de Nederlandse Bankiersvereniging en de beide centrales van de Landbouwkredietinstellingen een persconferentie gehouden, waarin de oprichting van de Bankgirocentrale werd bevestigd en tevens de Betaalcheque werd geïntroduceerd.

De belangrijkste reden voor het op één persconferentie brengen van deze twee nieuwe ontwikkelingen ligt in het feit dat deze beide nieuwe diensten van het bankwezen niet los van elkaar gezien kunnen worden, omdat zij beide deel uitmaken van een systematische ontwikkeling waardoor het Nederlandse bankwezen zich aanpast aan de na-oorlogse maatschappelijke ontwikkeling naar meer welvaart voor meer mensen, speciaal wat betreft de weerslag van deze grotere welvaart op het betalingsverkeer. Door de welvaartstijging in de laatste twintig jaar en door de spreiding van die welvaart over bredere lagen van de bevolking, zijn er belangrijke wijzigingen gekomen in de wijze waarop de geldstromen zich door de volkshuishouding bewegen. Eén van die wijzigingen is de aanzienlijke verbreding van de chartale geldstroom naar de werknemers. Dit heeft tot gevolg dat wekelijks en maandelijks grote bedragen aan bankbiljetten en muntgeld in de vorm van loonbetalingen in omloop worden gebracht. Deels stromen deze bankbiljetten en munten via de kassen van de winkeliers weer terug naar banken en giro-instellingen, deels worden zij zelf door de werknemers gestort op giro- en spaarrekeningen. De totale hoeveelheid geld, bankbiljetten en giraal geld groeit mee met de groei van het nationaal inkomen, maar in de afgelopen jaren is het bedrag aan bankbiljetten relatief meer gestegen, dan de girale geldhoeveelheid.

Gezien de hoge kosten van kastransacties voor de banken — voor het grootste deel handwerk — en bovendien omdat een voldoende stroom van girale gelden voor het bankwezen als geheel een levensvoorwaarde is, was er alle reden zich te bezinnen over methoden te trachten deze ongewenste ontwikkeling om te buigen. Ook zonder dat hierbij nog een extra impuls uitging van het feit, dat de modernisering van het systeem van de Postcheque en Girodienst de banken voor de noodzaak stelde hierop aansluitende voorzieningen te treffen.

Ook van de zijde van het bedrijfsleven, met name de grotere bedrijven, waar het probleem van de maandelijks of wekelijkse contante loonbetaling gelijksoortige complicaties teweegbracht, werd aandrang uitgeoefend om de mogelijkheid te onder-

zoeken van het massaal verwerken van girale loonbetaling.

Om tot een oplossing van deze problemen te komen, diende een aantal in elkaar sluitende voorzieningen te worden getroffen. Het is bijvoorbeeld niet voldoende, om de salarissen op een bank- of girorekening te storten, als daartegenover de werknemer de gewoonte blijft houden de melkboer, de slager en de kruidenier contant te betalen. Het probleem wordt dan alleen maar verplaatst van de werkgever naar de bank- of giroinstelling, die nu wordt geconfronteerd met een massa van kleine disposities aan de kas. Ook kan van de winkelier niet worden verwacht, dat hij aan elke willekeurige klant krediet geeft, die hem toezegt het bedrag over te maken op zijn rekening. Afgezien nog van het risico, dat de winkelier hiermee zou lopen van klanten, die niet kredietwaardig zijn, ligt voor hem het probleem in de eerste plaats in het feit dat hij de gelden, benodigd voor het verlenen van krediet aan zijn afnemers, vaak zelf ook zal moeten lenen.

Sluitend systeem

Nodig was dus het ontwerpen van een systeem van girale voorzieningen, waardoor snelle afdoening van schulden mogelijk is en waarbij bovendien, speciaal voor de kleinere transacties, geen noodzaak bestaat om zich af te vragen of „het wel goed zit” met de betaling. Om een dergelijk systeem op efficiënte en voor het publiek aanvaardbare wijze door te voeren, is het noodzakelijk dat voor het gehele Nederlandse bankwezen één systeem geldt, waarbij het publiek zich niet hoeft af te vragen hoe dat nu wel werkt bij een willekeurige andere bank omdat de banken voor elkaar garant staan in deze.

Dat vereiste dus een gezamenlijk initiatief van het gehele Nederlandse bankwezen. Een eerste stap in de richting van samenwerking op administratief terrein was de invoering van het uniforme bankgiroformulier. Een volgende stap is nu de oprichting van de N.V. Bankgirocentrale, een instelling voor het centraal gemechaniseerd verwerken van giroopdrachten. Als nieuwe ontwikkelingen die mogelijk worden door de Bankgirocentrale werden op de pers-

conferentie onder meer genoemd de acceptkaart, de regelrechte invoer van salarisgegevens van grote bedrijven die zelf over een computer beschikken met als bijkomend voordeel, door het rechtstreeks verzenden van de giro-opdrachten naar de centrale, een tijdwinst door het wegvallen van een of meer tussenschakels. Van de Bankgirocentrale zal de cliënt in het algemeen niet zoveel merken; afgezien van de grote cliënten die magneetbanden rechtstreeks naar de centrale kunnen sturen, zenden de overigen gewoon hun opdrachten naar hun eigen bank en hebben dus met de centrale niets te maken; het enige is dat de cliënt nu een landelijk bankgironummer krijgt.

Acceptgiro

Het bankgiro-accept zal in grote trekken eruit zien als de reeds wel bekende postgiro-acceptkaart. Dit is een ponskaart waarop de gegevens van de begunstigde al zijn ingevuld en ingeponst, evenals — in geval van abonnementen of met mechanische apparatuur vervaardigde nota's (gas en elektra) — het bedrag en het nummer van de tegenrekening. In dat geval hoeft de schuldenaar dus alleen nog maar te tekenen. Deze accepten die rechtstreeks voor mechanische verwerking bruikbaar zijn, zijn de eerste stap.

Betaalcheque

Waren de hiervoor besproken ontwikkelingen voornamelijk een kwestie van een verder stroomlijnen van het giroverkeer tussen de banken onderling — overigens toch voor de gebruiker van het bankgirosysteem van het grootste belang — met de introductie van de betaalcheque wordt de cliënt direct benaderd. De betaalcheque vormt in dit geheel de sluitsteen. Een eenvoudig hanteerbaar betaalmiddel dat alle voordelen van bankpapier heeft en een aantal nadelen ervan mist.

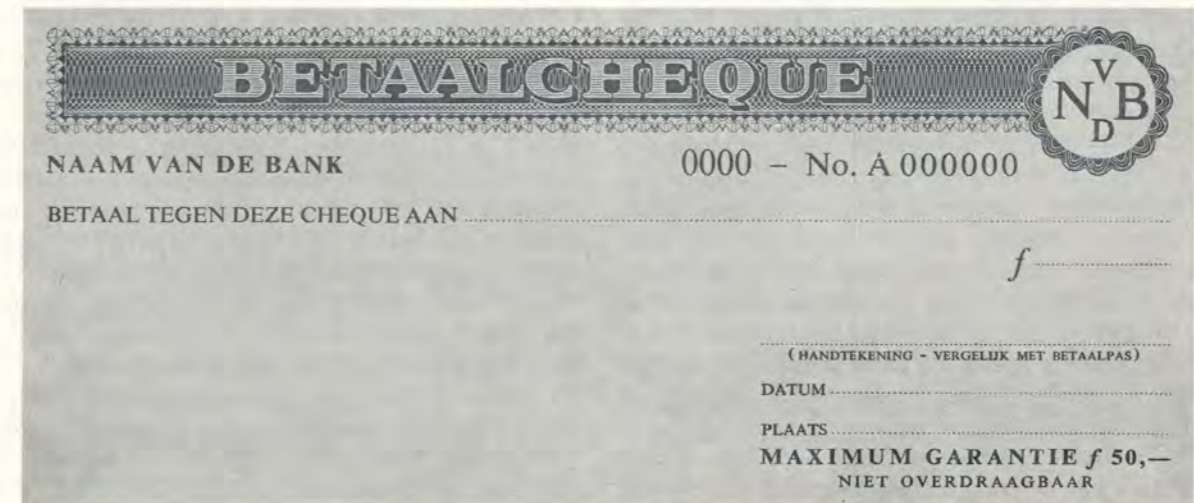
De betaalcheque is een op naam gestelde niet-over-

draagbare cheque waarvan de betaling — tot een maximum van f 50,- per cheque — gegarandeerd wordt door de gezamenlijke uitgevende banken. Deze cheque kan alleen worden gebruikt samen met de erbij behorende betaalpas, waarop de handtekening van de houder staat, en die dus dienst doet als identificatie. In het algemeen zullen per cliënt maximaal dertig cheques, dus f 1.500,— tegelijk ter beschikking worden gesteld. Indien de uitgevende bank dit raadzaam oordeelt, eventueel minder.

In principe is het niet de bedoeling, dat de ontvanger deze cheque gaat verzilveren, hoewel de mogelijkheid daartoe wel wordt opengelaten. De normale gang van zaken is, dat de winkelier, die betaalcheques ontvangt, deze naar zijn bank zendt ter bijschrijving op zijn rekening.

In het overleg tussen de banken over deze materie moest een keuze gemaakt worden tussen het chequestelsel en het credit-cardsysteem. Dit laatste heeft voor de cliënt de plezierige bijkomstigheid van een ingebouwde kredietfaciliteit. Hij hoeft pas te betalen nadat hem de rekening wordt gepresenteerd. Dit betekent dan wel dat voor elke cliënt naast zijn normale rekening een credit-cardrekening moet worden gevoerd. Bovendien houdt het systeem van de credit-card in principe een onbeperkt krediet in.

Men koopt, identificeert zich met de credit-card en



laat de rekening opsturen.

Een dergelijk systeem vereist dus een vrij sterke selectie, waardoor het gebruik beperkt zal blijven tot een vrij kleine groep. Daarbij komt nog dat — om de kosten van kredietverstrekking aan de cliënt te dekken — de handelaar een behandelingsprovisie of een z.g. „discount” van drie à vijf procent in rekening wordt gebracht.

Dit zou, mede gezien de vrij krappe marge in diverse branches, een te zware belasting voor de middenstand hebben betekend. Dit is één van de belangrijkste redenen geweest, waarom men heeft gekozen voor het cheque-systeem.

Men kon, zo meende men, moeilijk de middenstand belasten met de kosten van krediet dat aan de consument zou worden verstrekt.

Gebruik in ruime kring

Daarnaast was een belangrijke overweging, dat, om een effectieve aflichting van chartale lekken in het girocircuit te bereiken, een zo ruim mogelijk gebruik vereist was. Door beperking van het bedrag waarover risico wordt gelopen tot maximaal f 1.500,— is het mogelijk een veel ruimere kring van cliënten hiervoor te benaderen. In principe wordt de vraag nu omgekeerd: niet „Wie komt er in aanmerking?” maar „Wie vertrouwen we zelfs voor dit bedrag niet?” Door het kredietverleningsaspect principieel los te zien van het betaalsysteem zijn bovendien de kosten lager. Men hoopt ongeveer de helft van de kosten te kunnen dekken uit valuterings; de cliënt wordt belast twee dagen voor de dag van boeking van de betaalcheque, de handelaar wordt twee dagen daarna gecrediteerd. De andere helft van de kosten zal moeten worden goedge maakt door grotere girale tegoeden bij de banken als gevolg van de ruimere aanwendingsmogelijkheden van het rekening-courantsaldo en lagere kosten van het kasapparaat.

Bij het ontwerpen van het betaalchequesysteem is gestreefd naar een zo groot mogelijke eenvoud in de behandeling gepaard gaande aan een zo groot mogelijke zekerheid. De cliënt krijgt een betaalpas waarop hij zijn handtekening moet zetten. Deze betaalpas is twee jaar geldig; na twee jaar wordt hij opgeroepen om een nieuwe pas op te halen. De eerste betaalcheques worden gelijk met de pas uitgereikt; als deze op zijn worden hem volgende zendingen op aanvraag toegestuurd. Betaalcheques zonder betaalpas en pas zonder cheques zijn waardeloos. Als dus de cliënt zijn cheques en de pas niet tegelijk verliest, loopt hij geen enkel risico. Bij het betalen in de winkel wordt een cheque uitgeschreven tot het bedrag van de aankoop, ten hoogste f 50,—. Als het bedrag hoger is, moet men meer dan één cheque uitschrijven. De winkelier vergelijkt de handtekening op de betaalpas met die op de betaalcheque en is daarmee verzekerd van de identiteit. Tevens verifieert hij, of de betaalpas nog niet verlopen is.

Door deze controle verzekert de ontvanger van een betaalcheque zich van de garantie, dat de cheque zal worden gehonoreerd. De cheques kan de ontvanger inleveren bij elke bank in Nederland, bij voorkeur ter bijschrijving op zijn rekening.

Als de ontvanger geen rekening heeft bij een bank, zal de bank, waar hij de cheques ter betaling aanbiedt, deze contant uitbetalen onder inhouding van een behandelingsprovisie van f 0,25 per cheque. Bovendien, omdat in het contant opnemen van gelden het meeste risico van fraude schuilt, zal de betalende bank dan meestal eerst de cheque ter incasso aan de uitgevende bank toezenden en pas nadat deze de cheque heeft gehonoreerd, uitbetalen. Dit betekent, dat pas na enige dagen wordt uitbetaald.

Voor contante disposities van rekeninghouders gelden deze bepalingen niet. De winkelier, die een rekening onderhoudt bij een bank kan, tegelijk met het inleveren van een aantal cheques, zonder meer een bedrag van zijn rekening opnemen. De particulier, die een betaalpas heeft, kan, zonder formaliteiten, tot maximaal f 500,— opnemen bij elke bank in Nederland tegen afgifte van betaalcheques.

Wijziging in betalingsgewoonten

De gezamenlijke Nederlandse banken hebben getracht, met betaalcheques, giro-accept, girale loonbetaling en centrale girobehandeling te komen tot een gesloten giro-circuit, waarin de noodzaak van kasbetalingen zo veel mogelijk is ondervangen. Dit systeem van op elkaar aansluitende componenten is het instrument, waarmee het Nederlandse bankwezen hoopt, haar bijdrage te kunnen leveren tot het op efficiënte wijze beïnvloeden van de groeiende geldstroom, het levensbloed van de banken. Als de banken hun taak in het economisch leven op bevredigende wijze willen blijven vervullen, is het nodig dat zij hun aandeel in de geldstroom tenminste handhaven. Wil het behoud van dit aandeel niet een zware druk op de rentabiliteit leggen, dan moet het grootste deel van deze geldstroom in de girale sfeer komen te liggen, waar rationalisering mogelijk is. Dit afbuigen van een deel van de betalingen naar de girale sector betekent een verandering in de betalingsgewoonten van het publiek, die zich slechts langzaam zal voltrekken. Van belang voor het welslagen is in de eerste plaats een gecoördineerde presentatie, waarbij het gehele systeem vrijwel gelijktijdig aan het publiek wordt aangeboden. Daarnaast is van belang de medewerking van alle participanten: werkgevers, werknemers, winkeliers. Door een gerichte voorlichting in de komende maanden kan hier in belangrijke mate worden bijgedragen tot het verzwakken van irrationele weerstanden.

De banken hebben een eerste presentatie gemaakt. In de komende maanden zullen zij in advertenties, publikaties, folders hier nog op terugkomen. Het antwoord is dan aan het publiek.

Kroniek van geld en kapitaal

Zowel de beleidsverklaring die onze nieuwe regering voor de volksvertegenwoordiging aflegde bij het aanvaarden van haar taak, als de reactie daarop van de Kamer zijn van vele zijden flets, vaag, lauw en in het algemeen weinig sensationeel genoemd. Inderdaad, het uitspreken van grote bezorgdheid over de betalingsbalans, het voorspellen van nog gigantischer tekorten in de Schatkist dan de argeloze burger zelfs maar had kunnen bijeenfantaseren, het aankondigen en aanprijzen van soberheid — dit alles hoort er hier te lande zo bij dat het een regering bepaald nog geen eigen gezicht verleent.

Opmerkelijker is echter de bevestiging van het voornemen om de begrotingstekorten niet in de eerste plaats door belastingverzwaring te dekken, wat o.m. inhoudt dat de eerder toegezegde verlaging (beter ware: correctie) van de loon- en inkomstenbelasting per 1 juli a.s. zal doorlopen. Omdat het geld er toch komen moet, en de vlottende staatsschuld al enige tijd aan het oplopen is terwijl de geldmarkt tarieven sinds Checkers wat ontzien moet worden, heeft de Minister van Financiën een obligatielening van f 300 miljoen uitgeschreven en meteen te kennen gegeven dat hij dit jaar nog wel een verder beroep op de publieke markt zal moeten doen.

Het opnemen van leningen als alternatief voor het

verhogen van belastingen kan soms lichtzinnig beleid genoemd worden. Niet aldus in Nederland, waar de groei der Staatsbezittingen die van de Staatsschulden verre (met iets in de orde van f 1 miljard per jaar) pleegt te overtreffen. Waar voorts de ontwikkeling van de Staatsschuld de laatste 12 à 15 jaren ver achterblijft bij die van het nationale inkomen, nog verder bij die van het staatsbudget en het verst bij de belastingopbrengsten.

Ja, zal men zeggen, maar hoe staat het met de deflatoire, althans anti-inflatoire werking van de belastingenschroef? Valt die ook te verwachten van lenen op de kapitaalmarkt? Tot op zekere hoogte, ongetwijfeld. De lening absorbeert geld dat besparingen vertegenwoordigt en onttrokken wordt aan alternatieve beleggingen, dus bijvoorbeeld in het investerende bedrijfsleven. Laat ons maar even aannemen dat dit bedrijfsleven het niet gebruikt zou hebben voor aflossing van bankschulden, of voor betaling van importen; dat is in de wirwar van geldstromen toch niet met zekerheid te constateren. Globaal gesproken vermindert de inschrijving op een staatslening door sparende burgers en instellingen de bestedingsmogelijkheden voor anderen dan de Staat.

Het lassen van papier

— de duurzame verbinding van alle soorten papieren bescheiden.

Uit losse stapels papier ontstaan stevige boeken, die vlak opengeslagen kunnen worden; losse bij elkander behorende vellen papier worden tot vaste banden. Veiligheid, snelheid en netheid zijn de daadwerkelijke voordelen van de ALPINA-methode.

En daarbij geen omslachtig en vervelend droogproces, geringe materiaalkosten en veel, veel ruimtebesparing.

Het ALPINA Papierlasapparaat model 511 dient tot het lassen van stapels papier: model 512 last losse vellen papier. Het gehele proces is telkens in één apparaat verenigd, dat niet meer ruimte inneemt dan een schrijfmachine.



Ter oplossing van Uw problemen, hetzij in de zakelijke of technische sector, in de boekhouding of rekeningconrole, of waar ook in Uw bedrijf, met het voor U passende apparaat, worden U gaarne alle gewenste inlichtingen vrijblijvend verstrekt door

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Belastingheffing maakt een meer gerichte deflatie-politiek mogelijk: zo zullen de loon- en inkomstenbelasting overwegend voor verbruik bestemde gelden absorberen en maar voor het kleinste deel spaargelden. Ook hier zijn de vragen van binnen- of buitenlandse besteding, al dan niet compensatie door consumptief krediet-uitbreiding, belangrijk en niet goed te beantwoorden op grond van exacte waarneming.

Maar wat wel met een zeer grote mate van waarschijnlijkheid aan te nemen valt, is dat belastingverhoging gevolgd zal worden door verhoging van de nominale lonen en sommige andere inkomens, kostenstijging en hogere prijzen van goederen en diensten. Dus tot een duurder leven, en dat is nu precies wat vrijwel iedereen onder „inflatie” verstaat en wat wij allen pretenderen te verafschuwen. Dit afwentelingsproces laat zich het vlottst realiseren in een situatie van full employment voor de arbeid en de produktie-capaciteit, een situatie die in sommige bedrijfstakken en sommige streken van ons land niet meer bestaat. Maar in het toonaangevende Westen wèl, en het schijnt als axioma te gelden dat de gelegenheid tot werken en investeren aangevuld moet worden juist in dezelfde streken waar leegloop ontstaan is. Dus geen doorstroming naar het Westen, gelukkig maar, want zo worden misschien tussen Den Helder en Vlissingen nog een paar stukjes weiland gespaard.

Misschien vindt ook onze nieuwe regering dat belastingverhoging, al verkapt zij het geld, toch de „inflatie” eerder versterkt dan bestrijdt. Dat de privé-bestedingen in 1967 toch wel besnoeid worden, ondervindt de winkelstand maar al te duidelijk. Nog steeds moet men afwachten, hier en vooral ook in Westduitsland, of de wat verslachte hoogconjunctuur zonder verdergaande stimulansen weer op gang zal komen. Dat de overheden dit allerwege voor wenselijk houden, is intussen geen vraag meer.

Maar nu nog even de Staatslening. Theoretisch zou zij renteverhogend moeten werken, dus in zekere zin ook kostenverhogend. Maar, merkwaardig genoeg, was eerder het tegendeel te constateren: haar aankondiging accentueerde even de rijzing der obligatiekoersen. Moet men aannemen dat het nieuwe tender-systeem van inschrijving, dit contraire effect verwekt? Dat men hierin een middel zag om de debiteur zo goedkoop mogelijk aan geld te helpen, dus een rentedrukkende factor?

Zeker is, dat direct na de aankondiging op de beurs al over tenderen en zelfs toewijzen a pari gesproken werd, terwijl enkele dagen tevoren de gedachte aan een 6 percents emissie zonder disagio nog absurd gevonden zou zijn. Wij schrijven dit een week vóór de inschrijvingsdatum, en over de gedragslijn der institutionele beleggers valt nog weinig te zeggen.

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In die kringen hoort men nog niet van pari gewagen, maar het is al vaak vertoond dat het ware optimisme aldaar pas op de inschrijvingsdag uit de knop sprong. Een pikante bijzonderheid: een 40 jaar lang is het tender-systeem bestreden met het argument dat het in het voordeel van de grote banken zou werken, die immers door hun kennis van het emissie-verloop het best de meest efficiënte tenderkoers zouden kunnen kiezen. Nu het eindelijk — en bepaald niet tegen de gebleken opinie uit bankkringen in — zover gekomen is, konden wij in de kranten lezen dat het nieuwe systeem door de beurs verwelkomd werd omdat het een eind zou maken aan de voorsprong van de grote banken bij inschrijving en dus toewijzing op leningen. En zo zijn we dus allemaal tevreden, geen gering succes voor een nieuwe minister.

CANDIDE

VERBETERING

In het artikel „Nieuwe regels op de Effectenbeurs” in het vorige nummer leze men op blz. 25 tweede kolom, vierde alinea „de wijzigingen in het Reglement voor den Effectenhandel hebben...”, i.p.v. Reglement voor de Notering.

Nieuws uit de Bankwereld

Bank voor Handel en Scheepvaart N.V.

De Bank voor Handel en Scheepvaart deelt naar aanleiding van het artikel „Penetratie van buitenlandse banken in Nederland” in het vorige nummer mede, dat de aandelen dezer bank zich niet in handen van Duitse ondernemingen bevinden.

Nederlandsche Middenstands Factoormaatshappij Heller.

De Nederlandsche Middenstandsbank en Walter E. Heller & Company in Chicago hebben de Nederlandsche Middenstands Factoormaatshappij Heller opgericht met een maatschappelijk kapitaal van f 5 miljoen. Daarvan is f 1 miljoen geplaatst en volgestort. Beide oprichters nemen voor de helft in het kapitaal van N.M.B.-Heller Factoring deel. Met de oprichting van deze dochterinstelling wil de Middenstandsbank het midden- en kleinbedrijf als het ware de drempelvrees naar de export helpen te overwinnen. Factoring is te beschouwen als een moderne visie van een heel oude dienstverlening. Het is het overnemen van de debiteurenadministratie, incasso's en risico's.

Sallandsche Bank.

1966 is voor de N.V. Sallandsche Bank een bevredigend jaar geweest, aldus het verslag. Dit vindt zijn oorzaak in de hogere rentebaten, speciaal in de tweede helft van het jaar. De winst op rente, provisie en vreemde wissels steeg tot f 1,01 (v.j. f 0,92) miljoen. De nettowinst liep op tot f 0,42 (f 0,38) miljoen. Voorgesteld wordt over het verhoogde kapitaal 9 % dividend, waarvan 5 % naar keuze in agioaandelen (onveranderd).

Amerikaanse banken

Aan het bedrag dat een Amerikaanse bank aan een met haar geaffilieerde instelling in het buitenland mag lenen, is nu geen grens meer gesteld. Voortaan mogen de banken een belang van 25 % in plaats van 20 % nemen in buitenlandse banken. Ook mag een Amerikaanse bank thans meer dan 10 % van haar kapitaal en reserves in één buitenlandse bankinstelling investeren.



Coöperatieve Centrale Boerenleenbank.

Wij geven hierbij enkele foto's van het bijzonder mooie gebouw dat deze bank onlangs te Eindhoven heeft betrokken.

Banque Parisienne pour l'Industrie.

Tussen l'Union Européenne Industrielle et Financière en de Banque Parisienne pour l'Industrie, beide gevestigd te Parijs, is een overeenkomst tot fusie tot stand gekomen. De fusie zal vóór 30 juni 1967 verwerkelijk worden.

Société Financière Européenne.

De Algemene Bank Nederland, de Banca Nazionale del Lavoro (Italië), de Banque Nationale de Paris, Barclays Bank (Londen), de Dresdner Bank en de Bank of America hebben opgericht de Société Financière Européenne. De instelling zal bestaan uit 2 vennootschappen met eenzelfde naam, waarvan een te Parijs en de ander te Luxemburg wordt gevestigd. De Société wil in Europa gevestigde ondernemingen behulpzaam zijn bij het zoeken naar een oplossing van problemen, die voortvloeien uit de steeds gecompliceerder wordende internationale marktverhoudingen. Zij zal financiële en banktechnische bijstand verlenen in de meest ruime zin, in het bijzonder in de vorm van middellange en lange kredieten alsmede door rechtstreekse deelnemingen.

Moscow Narodny Bank.

Volgens een bericht in „Le Monde” van 7 april 1967 zal binnenkort in Frankfurt een Russische bank geopend worden. Besprekingen hierover worden thans gevoerd tussen vertegenwoordigers van de Moscow Narodny Bank, Londen, de diplomatieke vertegenwoordiging in West-Duitsland van Rusland en vertegenwoordigers van de ministeries van West-Duitsland.



Financieuzen in cijfers

Handels- en betalings- verkeer met het buitenland ¹⁾	1966					1967		
	Mrt	Juni	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.
Invoer	2.749	2.475	2.520	2.424	2.416	2.491	2.462	2.314
Uitvoer	2.069	2.216	2.287	2.163	2.226	2.148	2.174	1.927
Invoersaldo	680	259	233	261	190	343	288	387
Invoerdekking	75,3	89,5	90,8	89,2	92,0	86,2	88,3	
Ruilvoet ²⁾	105	103	102	104	104	105	103	103
Betalingsbalans ³⁾ (per kw.)								
Saldo lopende rekening	-4487	-234	141			267		
Kapitaalverkeer	-297	102	111			-91		
Saldo totale rekening	-784	-132	252			176		
Goud- en dev. positie Ned. Bank: ⁴⁾								
Goudvoorraad	6.328	6.232	6.233	6.233	6.234	6.234	6.234	6.235
Netto-deviezenreserve	885	689	933	994	1.111	1.172	883	984
Totaal	7.213	6.921	7.166	7.227	7.345	7.406	7.117	7.219
Percentage goud- en deviezen ⁵⁾	88,94	81,50	85,73	81,84	85,57	85,50	81,92	84,65
Netto-buitenl. actief handelsbanken ⁶⁾	597	646	562	444	421	631	777	

Financieuzen ¹⁾

Rijksbelastingontvangsten	1.411	1.287	1.554	2.429	1.621	1.483	1.535	
Tegoed Schatkist bij Ned. Bank ⁴⁾	409	132	103	669	373	197	608	381
Staatsschuld:								
Gevestigde binnenl. schuld	15.679	15.545	16.238	16.224	16.166	16.104	16.883	
Vlottende binnenl. schuld	6.248	7.314	6.708	6.344	6.225	7.118		
Gevestigde buitenl. schuld	367	345	345	345	345	345	345	
Totaal nationale schuld	22.294	23.204	23.291	22.913	22.736	23.567		
Netto totale schuld lagere overheid (per kw.)	19.497	20.001	20.625			21.356		
Geldhoeveelheid:								
Chartaalgeld (binnenl.)	7.889	8.516	8.373	8.300	8.283	8.551	8.183	8.262
Giraalgeld	9.133	10.056	9.599	9.466	9.749	9.784	9.707	9.708
Totaal	17.022	18.572	17.972	17.766	18.032	18.335	17.890	17.970
Binnenlandse liquiditeiten:								
Primaire liquiditeiten ⁷⁾	17.022	18.572	17.972	17.766	18.032	18.335	17.890	17.970
Secund. liquiditeiten ⁸⁾ (per kw.)	7.257	7.062	7.571					
Spaaractiviteit (tegoed per ultimo):								
Rijkspostspaarbank	4.254	4.276	4.323	4.320	4.318	4.491	4.507	4.528
Spaarbanken	5.579	5.706	5.780	5.780	5.813	6.044	6.078	6.149
Boerenleenbanken	8.234	8.325	8.601	8.662	8.735	9.043	9.090	9.140
Handelsbanken	2.381	2.523	2.552	2.536	2.538	2.534	2.598	2.666
Rentestand: %								
Officieel disconto	4½	5	5	5	5	5	5	5
Daggeld ⁹⁾	4,05	4,87	3,89	4,70	5,22	3,68	4,31	5,04
3-maands kasgeld	5¾	7½	6¾	6¾	7¼	6¾	6	5¾
Marktdisconto 3-maands								
schatkistpapier	4,48	4,95	4,73	4,96	5,00	4,90	4,87	4,78
Prolongatierente	4,50	5	5,50	5,50	5,50	5,50	5,50	5,50
Rendement perp. staatsleningen	5,87	5,89	5,91	5,83	5,92	5,93	5,71	5,65
Rendement 3½ % particuliere obligaties	6,40	6,12	6,65	6,34	6,52	6,50	6,43	6,07
Hypotheekrente onroerend goed	6,29	6,28	6,35	6,57	6,61	6,54	6,61	6,40
Officiële buitenl. discontotarieven:								
België	4¾	5¾	5¾	5¾	5¾	5¾	5¾	5
Engeland	6	6	7	7	7	7	6½	6½
Frankrijk	3½	3½	3½	3½	3½	3½	3½	3½
Italië	3½	3½	3½	3½	3½	3½	3½	3½
West-Duitsland	4	5	5	5	5	5	4½	4
Ver. Staten (New York)	4½	4½	4½	4½	4½	4½	4½	4½
Notering Euro-dollars in Londen	5-5½	5¾-5¾	6¼-6¾	6¾-6¾	6¾-6¾	6¾-6¾	5¼-5¾	5-5½

Handelsbanken ¹⁾

Kas, kassiers, daggelden	668	894	804	583	948	815	620	669
Nederlands schatkistpapier	2.763	2.619	2.865	2.766	2.787	2.892	3.175	3.146
Bankiers binnen- en buitenland	2.280	2.697	2.596	2.688	3.041	3.328	3.150	3.061
Credietverlening lagere overheid	1.601	1.661	1.714	1.606	1.686	1.748	1.783	1.726
Overige debiteuren ¹⁰⁾	11.571	11.577	11.584	11.746	11.551	11.688	11.796	11.922
Deposito's en spaargelden	9.822	10.209	9.954	10.224	10.522	10.734	10.796	10.871
Creditsaldi van banken	985	897	998	868	985	908	803	867
Creditsaldi van cliënten	6.637	7.127	7.302	6.834	7.143	7.299	7.370	7.367

1966

Mrt

Juni

Sept.

Oct.

Nov.

Dec.

1967

Jan.

Febr.

Kapitaal, reserves en op lange termijn aangetrokken gelden	2.403	2.596	2.681	2.674	2.661	2.692	2.708	
Balanstotaal	21.321	22.135	22.380	22.166	22.755	23.200	23.320	23.377
Kasreservepercentage	0	0	0	0	0	0	0	0
Tegoed van banken bij Ned. Bank	116	244	358	21	104	60	27	32

Landbouwcredietbanken ¹⁾

Credietverlening lagere overheid	934	942	1.079	1.116	1.100	1.068	1.005	937
Overige debiteuren ⁹⁾	6.863	7.047	7.189	7.295	7.373	7.409	7.546	7.628
Deposito's en spaargelden	8.299	8.403	8.672	8.729	8.801	8.830	9.145	9.191
Creditsaldi van cliënten	1.005	1.071	1.158	1.147	1.224	1.082	1.063	1.054
Balanstotaal	9.945	10.181	10.623	10.693	10.745	10.849	10.903	10.903

Emissie- en effectenmarkt ¹⁾

Obligatie-emissies (reële bedragen):								
Overheidssector	248,7	—	199,0	—	—	—	250,0	—
Bank voor Ned. Gemeenten	—	11,5	199,0	—	200,0	25,0	148,5	297,5
Private sector	1,3	15,8	16,7	91,7	12,7	113,2	—	4,9
Buitenland	—	—	—	—	—	—	—	—
Totaal obligatie-uitgiften	250,0	27,3	414,7	91,7	212,7	138,2	398,5	302,4
Aandelenemissies (reële bedragen):								
Koersind. ANP-CBS (1953 = 100) ¹¹⁾		1,9	—	—	49,5	—	—	—
Internationals	463	412	369	370	356	353	354	386
Industrie	306	282	261	269	260	263	280	298
Scheepvaart	132	116	105	107	102	106	109	114
Banken	167	149	144	144	142	149	166	173
Handel, enz.	159	149	135	139	135	135	143	149
Algemeen	335	301	273	278	267	268	277	297
Koerswaarde gewone aandelen te Amsterdam	33.093	31.055	28.159	28.923	27.267	27.690	29.678	29.591
Beursomzetten (nominaal):								
Aandelen	53	44	55	38	41	41	55	65
Obligaties en pandbrieven	85	75	87	81	104	113	151	131
Cert. Am. aandelen (x 1.000 stuks)	25	19	18	16	19	19	27	34
Koersindices buitenl. beurscentra								
New York (Dow-Jones Ind.)	925	870	774	807	792	786	850	839
Londen (Ind. 1-7-'35 = 100, Fin. Times)	345	372	305	293	303	310	318	309
Brussel (1962: 9-5-'40 = 100, 1966: 1963 = 100, Fin. Times)	94	86	75	77	76	74	78	78
Parijs (2-1-'62 = 100, Agefi)	76	66	64	62	64	62	62	62
W.-Duitsland (uit. 1953 = 100, D. Bundesbank)	494	442	429	420	408	411	410	433
Milaan (2-1-'60 = 100, Agefi)	96	90	91	94	92	90	90	85

¹⁾ In miljoenen gulden, tenzij anders vermeld; m.i.v. januari 1966 worden gecombineerde balanscijfers van alle handelsbanken gepubliceerd, niet alleen van de representatieve.

²⁾ Basis 1958 = 100.

³⁾ Op kasbasis.

⁴⁾ Volgens laatste weekstaat in de betreffende periode.

⁵⁾ Direct opeisbare verplichtingen Centrale Bank, gedekt door goud en convertibele valuta.

⁶⁾ Saldo van deviezen en overige buitenlandse vorderingen enerzijds en vrijwel uitsluitend kortlopende verplichtingen tegenover het buitenland anderzijds.

⁷⁾ Identiek aan totale binnenlandse geldhoeveelheid.

⁸⁾ Alle vorderingen op de overheid en vorderingen op geldscheppende instellingen (termijndeposito's en daggelden, valutategoeden van ingezetenen en tegoeden op spaarrekening) — in handen van andere houders dan geldscheppende instellingen —, welke op vrij korte termijn, zonder veel kosten en zonder belangrijk koersverlies en masse kunnen worden omgezet in geld dan wel à pari in betaling kunnen worden gegeven ter voldoening van lopende belastingaanslagen.

⁹⁾ M.i.v. januari 1965 is overgegaan tot publikatie van de niet-officiële notering.

¹⁰⁾ Wissels, voorschotten tegen effecten en schatkistpapier; credietverlening onder garantie van Nederlandse overheidslichamen; voorschotten aan credietinstellingen; credietverlening aan ondernemingen, waarin is deelgenomen; credietverlening aan anderen.

¹¹⁾ Maandgemiddelden.

BANK- EN EFFECTENBEDRIJF

Tweemaandelijks tijdschrift

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Recd. June 1967

Norris' files

SPEECH FOR MR. MILLER IN STOCKHOLM

I want to talk today about the World Bank, not from the usual point of view of its work as a lender for economic development, but about the means the Bank uses to obtain the funds needed for its operations. This will involve a description of several different sources. First, there is the finance that is provided by the Bank's member countries, secondly, there are the Bank's borrowing operations, which now aggregate several thousand million dollars, and thirdly, there is the method by which the Bank revolves its funds by selling maturities of its loans. Also, of course, the Bank obtains funds from net earnings and from loan repayments. Inevitably, the story is complicated because of the widespread nature of the Bank's financial activities, and for this I ask your forgiveness in advance.

The crucial period for the World Bank was in the first months of 1947, before it had even carried out its first loan operation. At that time it appeared very likely that the most critical and pessimistic views of the Bank's future would be justified. It is not easy to remember today how much pessimism there was about the Bank's prospects in its early days. We were then very much the sickly sister of the Fund. I was working in the British Embassy in Washington myself in the spring of 1946 when the Conference was held at Savannah, Georgia, at which the organization of the Fund and the Bank were decided.

I can remember the Economic Minister of the Embassy, himself a banker, coming back and giving the rest of us a gloomy picture of

the Bank's chances. It was going to have twelve resident Executive Directors, he said, each paid an extravagant salary, and a staff out of all proportion to the business it could hope to do. So it could never operate at a profit. And in his view it was an illusion to believe that it would be able to borrow on the scale needed to be useful once its paid-up capital was on loan. His conclusion was that it would have a limited role for a strictly limited period.

Well we now have 20 Executive Directors instead of 12, they are paid more than twice the salary thought extravagant twenty years ago, we have borrowed on the capital markets of nine countries and we make quite a reasonable profit every year. But that pessimist was not wholly wrong because the Bank's capital was hopelessly inadequate for the financing of European reconstruction.

With views like his generally held it is no wonder that at the beginning of 1947 the Bank had been without a President for three months and that several prominent persons who had been thought of as likely candidates had declined to have anything to do with an institution whose prospects were thought to be so poor. Not only had the Bank not yet made its first loan, no policy had been chosen out of the many conflicting views about the role of the Bank which were held by its various member governments, of whom there were then 42. No operating procedures had been worked out. And above all, there still seemed little possibility that the Bank would be able to find money on the scale that was obviously needed, if it were to satisfy

the intentions of its founders and the urgent financial needs of the postwar world.

In February 1947, the immediate emergency was met by the arrival of a new management team in the persons of John J. McCloy, who became President of the Bank, and Robert L. Garner, the new Vice President who was to be General Manager of its operations. Mr. McCloy was by training a lawyer who had served as Assistant Secretary of War in the U.S. wartime administration and who was later to become even better known as the first U.S. High Commissioner in Germany and as Chairman of the Chase Manhattan Bank. Even more recently, as you will remember, he has played a key part as a leader of the U.S. negotiating team in the Cuban crisis. Robert Garner came from a high position in the General Foods Corporation, and had a long experience of banking and business administration. Mr. McCloy also brought another new recruit into the Bank's affairs in the person of Eugene R. Black, who took over the post as Executive Director representing the United States. At that time Eugene Black was Vice President of the Chase Manhattan Bank and head of its Bond Department. He had the reputation of being amongst the best bond salesmen in the United States. Still another recruit was E. Fleetwood Dunstan, who became World Bank Marketing Director in New York. Like Mr. Black, he had many years experience of American finance and came to the Bank from his post as Vice President and head of the Bond Department of Bankers Trust Company.

This then was the new team which arrived at the Bank in February 1947. They were all energetic and experienced men -- as well they might be in view of the size and difficulty of the tasks which confronted them. But they had another important advantage. They had taken office with full powers to pursue the policies they thought best for the Bank, which would no longer suffer the disadvantages of divided counsel.

When they took office they were faced with loan applications totaling nearly \$2,000 million, of which three-quarters was requested for European reconstruction for rapid disbursement. As it turned out, of course, most of these loans were never made by the Bank, since the Marshall Aid program took over the load, but that could not be known at the time.

To meet these demands, the total funds available to the Bank were \$736 million, mainly consisting of the paid-in dollar subscription of the United States. It is true that the authorized capital of the Bank was \$10,000 million. But subscriptions of the 45 countries which were then members amounted to somewhat less -- around \$8,200 million, and of this 80 per cent remained unpaid and could not be called for lending. And even most of the remaining 20 per cent was only to become available to the Bank in installments over the next several years, because it consisted mainly of the paid-in subscriptions, in national currencies, of member countries which were not able to allow the use of their funds. The reasons

were obvious. Many of the largest subscribers to the Bank's capital were European countries which were struggling with acute postwar difficulties. It was some years before they could see their way to permitting the Bank to lend their currencies.

The new management did, however, have one very important card to play. As I have already said, 80 per cent of each member country's subscription could not be called for lending by the Bank, but it could be called if needed to meet losses on the Bank's own obligations. In other words, the Bank could go to the investment market and point to these very large uncalled capital subscriptions as backing for its borrowing. As you know, such guarantees are not always sufficient to attract private investors, particularly the institutional investors who operate in the Bond Market. But the uncalled capital was nevertheless a great asset. There was, however, another difficulty. The only market where money was available was that of the United States, and one legacy of the 'thirties, that period of world depression and default, was that the American investor was very suspicious of foreign lending. Moreover, institutions in many States of the Union were legally debarred from investing their funds in obligations of a foreign character.

It was inescapable, however, that if the Bank were to have a future it would have to obtain access to the U.S. investment market. Accordingly, the new management of the Bank made this their main objective. The campaign which was instituted aimed at establishing the Bank's credit, at winning the confidence and support of the

investment community. There were three principal targets: first, the investment institutions, virtually the only major purchasers of Bonds in the United States; second, the legislative and regulatory authorities which controlled investments by such institutions; and third, the investment banking houses and dealers who distribute new issues and make the secondary markets for them. Failure with any one of these groups meant failure with them all.

What Mr. McCloy and his colleagues had to face were indifference and even hostility. Many investors wondered why they should bother with the unseasoned Bonds of a new and untried organization of a kind never seen before. Others were hostile because of the memory of the many defaults on foreign bonds in the 'thirties and the widespread view that the Bank was essentially a political instrument which would soon get rid of its available government monies and relapse into obscurity. These attitudes somehow had to be replaced with interest in the Bank and its work, and willingness to support it.

I will not bother you with details of the campaign which then began. It consisted of a mixture of all the usual elements, including scores of speeches in key parts of the United States, hundreds of contacts and intensive work by the Legal and Information Departments of the Bank. The first phase of the campaign was crammed into only four months and culminated in the sale in July 1947 of two issues of World Bank Bonds totaling \$250 million. This amount, incidentally, was the same as the Bank lent to France in its first reconstruction loan in May 1947.

Thereafter, the Bank did not return to the United States Bond Market until 1950, although it did some borrowing in Switzerland in 1948. But full advantage was taken of the three-year interval to build up the Bank's reputation as a prudent lender and to establish a record of sound management and of steady earnings. The long-term campaign to bring about legislative changes in the separate States of the U.S. was also continued, with the result that at the present time World Bank Bonds are legal investments for commercial banks in all States, for savings banks in 29 out of the 35 States which have them, for life insurance companies in 48 States, and for trust funds in 47 States. As a result of a recent campaign by our legal experts, our bonds are now also legal investments in 35 States for public pension funds, who have been active buyers of them. Given that the bulk of institutional investment is done in about a dozen States of the Union, it can be said that the World Bank is now as close to complete acceptance in that country as is necessary.

By the time the Bank made its second approach to the U.S. investment market in 1950, there had been many changes. In 1949, Eugene Black had succeeded John J. McCloy as President of the Bank. The Bank had also changed direction; instead of financing reconstruction, for which it had made five loans totaling \$500 million, the Bank had now embarked on what was to be its major task, providing long-term finance to promote the economic growth of the less developed countries in its membership. By 1950 the Bank's total lending was

over \$700 million, and, as I have already said, its reputation for prudence and for objectivity had already begun to make an impression on investors.

Wishing to avoid being criticized of favoring the one investment house over others, the Bank in its early years did not employ negotiated underwriting. The first issue was sold on an agency and tender basis, with the participation of about 1,700 investment banks and dealers. Our next transaction was sold to a banking group on the basis of competitive tenders and the next two issues, both in the ensuing two years, were sold under sponsorship arrangements. None of these systems worked to the full satisfaction of Mr. Black. They were very cumbersome. They involved too many firms, and left much to be desired in the way of continuity and the development of a secondary market in World Bank Bonds.

Accordingly, for the fifth offering of our Bonds in the United States, Mr. Black decided to use negotiated underwriting and appointed Morgan, Stanley & Co. and The First Boston Corporation to act as a syndicate managers and marketing advisers to the Bank. This arrangement has worked very well and the success of the syndicates, which consist of about 180 investment banks, dealer houses and commercial banks, is indicated by the fact that in one year they successfully sold \$400 million of our Bonds in the U.S. market. Up to now, 20 public issues have been sold in the United States totaling \$2,310 million of which more than \$300 million is held outside the United States. As you may know, our biggest U.S. issue to date, of \$250

million, was offered for sale in March and went extremely well.

Mr. Black's energy in opening a market for the Bank's securities in the United States is only equalled by that which he showed in extending the Bank's borrowing in other countries. The first sales in Europe were small and reflected the inability of European investors to meet the many demands being made on them. For example, the first public offer outside the United States was in London in May 1951, when \$5 million of 3-1/2 per cent sterling stock was sold. This was followed by other transactions in various markets, the Bank taking advantage of every opportunity offered. It must be remembered that for many years after the war, the cost of money in European markets was several per cent higher than in the United States. In fairness to its borrowers, who must pay a rate of interest which reflects the cost of borrowing to the Bank, the Bank could not go into European markets when it could borrow so much more cheaply in the U.S. Gradually over the years, however, this situation has changed and the Bank has always been alert to take advantage of such changes. Taking public and private issues together, the Bank has now placed a total of 47 issues in European currencies totaling about \$1,090.0 million equivalent. At the present time, 36 non-dollar issues are outstanding, totaling the equivalent of about \$738 million and denominated in Belgian francs, Canadian dollars, Deutsche marks, Italian lire, Netherlands guilders, Pounds sterling and Swiss francs. We have not so far made an issue in Sweden. The possibility of making one here was discussed in 1963, but market conditions deteriorated

and nothing came of it. Nonetheless, it is quite possible that the Bank will seek to make an issue here some time in the future.

An example of the Bank's desire to broaden its sources of finance was given by the first public sale of World Bank Bonds in Austria in November 1962. At that time the yield on Austrian schilling bonds was over 7 per cent. The Bank sold \$5 million of Bonds denominated in U.S. dollars and was thereby able to borrow at 4-1/2 per cent, a rate in line with those which we could obtain in other markets. This dollar bond issue in Austria illustrates a type of marketing which the Bank has found successful. It was the Bank's experience that from 1952 onwards our U.S. dollar bonds began to move overseas in sizeable amounts. Central Banks and institutional investors all over the world were eager buyers of short-term World Bank bonds and in due course the Bank met this demand directly by offering a series of U.S. dollar issues only to investors outside the United States. Our largest single customer is the Deutsche Bundesbank. Beginning in July 1957, the Bundesbank began purchasing dollar note issues of the Bank in very substantial amounts and by now the Bundesbank's holdings of our dollar notes is 307 million in addition to 1,207.0 million of Deutsche mark notes.

Recently the Bank has successfully arranged the sale, entirely outside the United States, of a further \$100 million issue of United States dollar bonds. These bonds, which bear interest at 5-3/8 per cent, were sold to central banks and other government institutions in 43 countries and to one international organization. Purchasers outside

the United States now hold \$1.8 billion or more than one-half of the Bank's total outstanding funded debt. We estimate that there are important holdings of World Bank bonds in more than 50 countries. Swedish holdings of the Bank's bonds are estimated at \$4 million. We hope they will increase.

Another important source of funds for the Bank has been the sales of parts of its loans to other investors. Essentially these sales from portfolio amount to prepayments and serve to replenish the Bank's funds. This type of transaction has come to have a great deal of importance in the Bank's financing; in all we have sold nearly \$2,000 million of our loans and thereby reduced our need to borrow in the market.

At first the Bank gave its guarantee when selling these loans. But the development of the market for our bonds was so rapid that in the middle 'fifties we decided to discontinue offering our guarantee and since then all sales have been made without recourse to the Bank. This did not inhibit the market. On the contrary, sales increased year-by-year and in the fiscal year 1961/62 we disposed of \$319 million from our portfolio.

Sales of loan maturities, however, have declined over the past four years. Last fiscal year they totaled \$82 million. The fall has been due to rising yields on other securities, the Bank's policy of not selling in the United States market portions of loans to countries whose securities are subject to the United States Interest Equalization Tax, and the guidelines of the U.S. balance of payments program.

Swedish participation in our loans has been small. At the moment only about \$100,000 of the Bank's loans are held in Sweden by one commercial bank.

Loan sales are of two kinds. By far the majority are from our portfolio of loans we have made in past years. These are bought overwhelmingly by European banks for investment purposes. The second type of sale is what we call a participation, whereby a commercial bank or insurance company will purchase part of the loan from us at the time it is made. These participations are given publicity in the press release which the Bank issues to announce the loan and the great majority of participations are taken up by United States banks, which use them as a means of selling deposits and letter of credit business from the borrowing country.

Naturally the market in sales of parts of the Bank's loans has tended to concentrate on the best paper in our portfolio -- to such an extent that substantial amounts of our loans to European countries are now in the hands of European investors. Since all our loans are direct or indirect obligations of the government of the country in which the loan is made, they are in effect government paper and investors have been quick to see the advantage of buying maturities of such loans from the Bank.

In recent times there have been interesting developments in this aspect of the Bank's marketing. In the early days the main buyers from our portfolio were commercial banks and they naturally

concentrated on buying early maturities of the loans. Over the past few years, some insurance companies and trust funds have come to see the Bank's loans as longer term investments and they have bought strips of our loans from the first maturity to the last -- which may be 20 years away. This is a very welcome tribute to the Bank's reputation for careful lending.

If I might digress for a moment, Mr. Chairman, this same reputation for prudent operation has been of value in another technique used by the Bank to assist its member governments. An important objective of the Bank is to increase the degree to which private investment finances economic growth. Clearly we attain this objective by borrowing from private investors and acting as a safe bridge over which private funds can cross into development lending. Similarly, when we are able to sell parts of our loans to private investors we are thereby involving those investors directly in development lending. There is one further step which the Bank also likes to take where it is convenient and that is to support the credit of its member governments or the agencies of member governments in investment markets. Italy is an interesting case in point. When the Bank lent \$20 million to the Cassa per il Mezzogiorno in 1959, the Cassa at the same time also borrowed \$20 million from the European Investment Bank and raised \$30 million by an issue of bonds on the New York market. The sale of the bonds, and also the arranging of the loan from the European Investment Bank, was greatly facilitated by the fact that the World Bank was simultaneously making a loan for the same purpose.

We have used the technique of the joint operation with several other countries -- Norway, Belgium, Austria, Denmark, South Africa, Australia, the Federation of Rhodesia and Nyasaland, Air India International, Japan and two large Japanese steel corporations.

In all these cases the offer or placement of bonds in the United States market was either the first ever or the first in the postwar period. Clearly, this technique is one which can be used only with countries reaching the point where they will be able to rely on their own credit in various investment markets. Recently the scope for joint operations has declined because of the difficulties of entering the New York market. But in September, a loan by the World Bank of \$18 million for the expansion of electric power in Iceland was instrumental in enabling the National Power Company in Iceland to raise \$6 million on long-term almost entirely from private sources in the United States.

The Bank also obtains important funds from its net earnings. These are now running at about \$150 million a year. Up to now the Bank has not paid any dividend to the member countries which are its stockholders. As you will realize, earnings at such a level have resulted in a very rapid growth in our supplemental reserve, which now stands at over \$730 million. These accretions are another factor reducing our dependence on the market for funds.

Then there are repayments of past loans. Last year they brought in \$166 million, and would of course have been much greater if it were not for our large sales of loans.

Summing up the Bank's sources of funds, we find that, of a cumulative total of \$8,800 million up to last February, the largest single element has come from borrowing, about \$2,970 million. Next in order are sales of loans which total \$1,990 million. Third in importance is the \$1,860 million which the Bank has been able to use from the paid-in capital of its member governments, and fourth repayments amounting to about \$1,190 million. Finally, available earnings have contributed almost \$790 million. This pattern of financing indicates very well the character of the Bank as a development agency depending mainly on the private investor for its lending resources.

So important is this characteristic that the Bank took steps to strengthen its position vis-a-vis the investment markets. The authorized capital of the Bank has been more than doubled, from \$10,000 million to \$24,000 million. No call was made on governments in respect of the increased capital, with the result that 90 per cent of members' subscriptions now stand as backing for the Bank's borrowing, instead of the 80 per cent originally set aside for that purpose. Furthermore, of course, the amount of this backing greatly increased. It now stands at just over \$20,000 million, consisting of the unpaid subscriptions of 105 member governments. It is significant that the so-called "Rating Services", the firms in the United States which set standards for securities as a guide to investors, moved Bank Bonds into the highest category only after the increase in our capital.

I am aware, Mr. Chairman, that in selecting this aspect of the Bank's affairs for my address today, I have not been able to talk

about many of the other ways in which the Bank maintains relations with the investment markets and the commercial banks. These relations are of great importance. For example, commercial banks handle the disbursement of a very large proportion of the Bank's funds through letter of credit arrangements and so forth. But I have chosen to talk this evening about the ways in which the Bank gets its funds rather than about the way it uses them because for the first time, as Mr. George Woods, the Bank's President, pointed out at our Annual Meeting in Washington last September, we have been facing a serious problem. With the recent widespread shortage of capital, it has been difficult for the Bank to raise the money it needs. Fortunately, the position has now improved and including the \$250 million issue in the United States in March the World Bank has raised a total of about \$370 million of new money -- that is, excluding refunding operations.-- in the current fiscal year which ends on June 30. This is near our target of \$400-\$450 million for the period and it is possible that before June 30 we will have made one or more issues in Europe.

Our new money target for the next fiscal year is slightly higher. We aim to raise, again excluding refunding, about \$450 million to \$500 million. We are hoping therefore that there will be no recurrence of the exceptionally tight money conditions which were experienced during 1966. After twenty years during which the Bank has been able to raise all the money it required and has been able to lend for every project we think economically viable in any country

we consider creditworthy without having to worry about the availability of funds, it would be a tragedy if we now had to start rationing our poorer members. It is not easy to explain to them with any conviction why the economic troubles of countries many times richer than they are make it impossible to provide help.

We in the Bank realize the debt we owe to the banks and the investing public in North America and Western Europe for making our present rate of lending possible. We hope that they will be able to continue and increase their effort and that they will always be as happy over their investments as they must have been up to the present.

(Ekonomisk Revy, Stockholm

*#6 1967 (June) - article by Mr Miller
in Swedish ^{wise} - appears to be "Where Does
the World Bank obtain its Capital?"*

Recd. June 1967

Speech for Mr. Miller

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I want to talk today about the World Bank, not from the usual point of view of its work as a lender for economic development, but about the means the Bank uses to obtain the funds needed for its operations. This will involve a description of several different sources. First, there is the finance that is provided by the Bank's member countries, secondly, there are the Bank's borrowing operations, which now aggregate several thousand million dollars, and thirdly, there is the method by which the Bank revolves its funds by selling maturities of its loans. Also, of course, the Bank obtains funds from net earnings and from loan repayments. Inevitably, the story is complicated because of the widespread nature of the Bank's financial activities, and for this I ask your forgiveness in advance.

The crucial period for the World Bank was in the first months of 1947, before it had even carried out its first loan operation. At that time it appeared very likely that the most critical and pessimistic views of the Bank's future would be justified. It is not easy to remember today how much pessimism there was about the Bank's prospects in its early days. We were then very much the sickly sister of the Fund. I was working in the British Embassy in Washington myself in the spring of 1946 when the Conference was held at Savannah, Georgia, at which the organization of the Fund and the Bank were decided.

I can remember the Economic Minister of the Embassy, himself a banker, coming back and giving the rest of us a gloomy picture of the Bank's chances. It was going to have twelve resident Executive Directors, he said, each paid an extravagant salary, and a staff out of all proportion to the business it could hope to do. So it could never operate at a profit. And in his view it was an illusion to believe that it would be able to borrow on the scale needed

to be useful once its paid-up capital was on loan. His conclusion was that it would have a limited role for a strictly limited period.

Well we now have 20 Executive Directors instead of 12, they are paid more than twice the salary thought / ^{extravagant twenty years ago,} we have borrowed on the capital markets of nine countries and we make quite a reasonable profit every year. But that pessimist was not wholly wrong because the Bank's capital was hopelessly inadequate for the financing of European reconstruction.

With views like his generally held it is no wonder that at the beginning of 1947 the Bank had been without a President for three months and that several prominent persons who had been thought of as likely candidates had declined to have anything to do with an institution whose prospects were thought to be so poor. Not only had the Bank not yet made its first loan, no policy had been chosen out of the many conflicting views about the role of the Bank which were held by its various member governments, of whom there were then 42. No operating procedures had been worked out. And above all, there still seemed little possibility that the Bank would be able to find money on the scale that was obviously needed, if it were to satisfy the intentions of its founders and the urgent financial needs of the postwar world.

In February 1947, the immediate emergency was met by the arrival of a new management team in the persons of John J. McCloy, who became President of the Bank, and Robert L. Garner, the new Vice President who was to be General Manager of its operations. Mr. McCloy was by training a lawyer who had served as Assistant Secretary of War in the U.S. wartime administration and who was later to become even better known as the first U.S. High Commissioner in Germany and as Chairman of the Chase Manhattan Bank. Even more recently, as you will

remember, he has played a key part as a leader of the U.S. negotiating team in the Cuban crisis. Robert Garner came from a high position in the General Foods Corporation, and had a long experience of banking and business administration. Mr. McCloy also brought another new recruit into the Bank's affairs in the person of Eugene R. Black, who took over the post as Executive Director representing the United States. At that time Eugene Black was Vice President of the Chase Manhattan Bank and head of its Bond Department. He had the reputation of being amongst the best bond salesmen in the United States. Still another recruit was E. Fleetwood Dunstan, who became World Bank Marketing Director in New York. Like Mr. Black, he had many years experience of American finance and came to the Bank from his post as Vice President and head of the Bond Department of Bankers Trust Company.

This then was the new team which arrived at the Bank in February 1947. They were all energetic and experienced men -- as well they might be in view of the size and difficulty of the tasks which confronted them. But they had another important advantage. They had taken office with full powers to pursue the policies they thought best for the Bank, which would no longer suffer the disadvantages of divided counsel.

When they took office they were faced with loan applications totaling nearly \$2,000 million, of which three-quarters was requested for European reconstruction for rapid disbursement. As it turned out, of course, most of these loans were never made by the Bank, since the Marshall Aid program took over the load, but that could not be known at the time.

To meet these demands, the total funds available to the Bank were \$736 million, mainly consisting of the paid-in dollar subscription of the United

States. It is true that the authorized capital of the Bank was \$10,000 million. But subscriptions of the 45 countries which were then members amounted to somewhat less -- around \$8,200 million, and of this 80 per cent remained unpaid and could not be called for lending. And even most of the remaining 20 per cent was only to become available to the Bank in installments over the next several years, because it consisted mainly of the paid-in subscriptions, in national currencies, of member countries which were not able to allow the use of their funds. The reasons were obvious. Many of the largest subscribers to the Bank's capital were European countries which were struggling with acute postwar difficulties. It was some years before they could see their way to permitting the Bank to lend their currencies.

The new management did, however, have one very important card to play. As I have already said, 80 per cent of each member country's subscription could not be called for lending by the Bank, but it could be called if needed to meet losses on the Bank's own obligations. In other words, the Bank could go to the investment market and point to these very large uncalled capital subscriptions as backing for its borrowing. As you know, such guarantees are not always sufficient to attract private investors, particularly the institutional investors who operate in the Bond Market. But the uncalled capital was nevertheless a great asset. There was, however, another difficulty. The only market where money was available was that of the United States, and one legacy of the 'thirties, that period of world depression and default, was that the American investor was very suspicious of foreign lending. Moreover, institutions in many States of the Union were legally debarred from investing their funds in obligations of a foreign character.

It was inescapable, however, that if the Bank were to have a future it would have to obtain access to the U.S. investment market. Accordingly, the new management of the Bank made this their main objective. The campaign which was instituted aimed at establishing the Bank's credit, at winning the confidence and support of the investment community. There were three principal targets: first, the investment institutions, virtually the only major purchasers of Bonds in the United States; second, the legislative and regulatory authorities which controlled investments by such institutions; and third, the investment banking houses and dealers who distribute new issues and make the secondary markets for them. Failure with any one of these groups meant failure with them all.

What Mr. McCloy and his colleagues had to face were indifference and even hostility. Many investors wondered why they should bother with the unseasoned Bonds of a new and untried organization of a kind never seen before. Others were hostile because of the memory of the many defaults on foreign bonds in the 'thirties and the widespread view that the Bank was essentially a political instrument which would soon get rid of its available government monies and relapse into obscurity. These attitudes somehow had to be replaced with interest in the Bank and its work, and willingness to support it.

I will not bother you with details of the campaign which then began. It consisted of a mixture of all the usual elements, including scores of speeches in key parts of the United States, hundreds of contacts and intensive work by the Legal and Information Departments of the Bank. The first phase of the campaign was crammed into only four months and culminated in the sale in July 1947 of two issues of World Bank Bonds totaling \$250 million. This amount, incidentally, was the same as the Bank lent to France in its first reconstruction loan in May 1947.

Thereafter, the Bank did not return to the United States Bond Market until 1950, although it did some borrowing in Switzerland in 1948. But full advantage was taken of the three-year interval to build up the Bank's reputation as a prudent lender and to establish a record of sound management and of steady earnings. The long-term campaign to bring about legislative changes in the separate States of the U.S. was also continued, with the result that at the present time World Bank Bonds are legal investments for commercial banks in all States, for savings banks in 29 out of the 35 States which have them, for life insurance companies in 46 States, and for trust funds in 44 States. As a result of a recent campaign by our legal experts, our bonds are now also legal investments in 31 States for public pension funds, who have been active buyers of them. Given that the bulk of institutional investment is done in about a dozen States of the Union, it can be said that the World Bank is now as close to complete acceptance in that country as is necessary.

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By the time the Bank made its / approach to the U.S. investment market in 1950, there had been many changes. In 1949, Eugene Black had succeeded John J. McCloy as President of the Bank. The Bank had also changed direction; instead of financing reconstruction, for which it had made five loans totaling \$500 million, the Bank had now embarked on what was to be its major task, providing long-term finance to promote the economic growth of the less developed countries in its membership. By 1950 the Bank's total lending was over \$700 million, and, as I have already said, its reputation for prudence and for objectivity had already begun to make an impression on investors.

Wishing to avoid being criticized of favoring the one investment house over others, the Bank in its early years did not employ negotiated underwriting. The first issue was sold on an agency and tender basis, with the participation of about 1,700 investment banks and dealers. Our next transaction was sold to a banking group on the basis of competitive tenders and the next

two issues, both in the ensuing two years, were sold under sponsorship arrangements. None of these systems worked to the full satisfaction of Mr. Black. They were very cumbersome. They involved too many firms, and left much to be desired in the way of continuity and the development of a secondary market in World Bank Bonds.

Accordingly, for the fifth offering of our Bonds in the United States, Mr. Black decided to use negotiated underwriting and appointed Morgan, Stanley & Co. and The First Boston Corporation to act as syndicate managers and marketing advisers to the Bank. This arrangement has worked very well and the success of the syndicates, which consist of about 180 investment banks, dealer houses and commercial banks, is indicated by the fact that in one year they successfully sold \$400 million of our Bonds in the U.S. market. Up to now, 19/^{public} issues have been sold in the United States, totaling \$2,060 million. \$1,609 million of these issues are still outstanding, of which \$313 million in dollar Bonds are held outside the United States.

Mr. Black's energy in opening a market for the Bank's securities in the United States is only equaled by that which he showed in extending the Bank's borrowing in other countries. The first sales in Europe were small and reflected the inability of European investors to meet the many demands being made on them. For example, the first public offer outside the United States was in London in May 1951, when £5 million of 3-1/2 per cent sterling stock was sold. This was followed by other transactions in various markets, the Bank taking advantage of every opportunity offered. It must be remembered that for many years after the war, the cost of money in European markets was several per cents higher than in the United States. In fairness to its borrowers, who must pay a rate of interest which reflects the cost of borrowing to the Bank,

the Bank could not go into European markets when it could borrow so much more cheaply in the U.S. Gradually over the years, however, this situation has changed and the Bank has always been alert to take advantage of such changes. Taking public and private issues together, / the Bank has now placed a total of 39 issues in European currencies totaling \$1,000 million equivalent. At the present time, 33 non-dollar issues are outstanding, totaling the equivalent of about \$740 million and denominated in Belgian francs, Canadian dollars, Deutsche marks, Italian lire, Netherlands guilders, Pounds sterling and Swiss francs. You will no doubt recall the Bank's first public issue of Italian lire bonds, which was offered during the summer of 1961. We borrowed Lit 15,000 million by the sale of 15-year bonds carrying interest of 5 per cent. The offering was handled by a syndicate of Italian banks headed by Banca d'Italia. The other banks in the syndicate were Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Banca Commerciale Italiana, Credito Italiano, and Banco di Roma.

An example of the Bank's desire to broaden its sources of finance was given by the first public sale of World Bank Bonds in Austria in November 1962. At that time the yield on Austrian schilling bonds was over 7 per cent. The Bank sold \$5 million of Bonds denominated in U.S. dollars and was thereby able to borrow at ^{4-1/2%} / a rate in line with those which we could obtain in other markets. This dollar bond issue in Austria illustrates a type of marketing which the Bank has found successful. It was the Bank's experience that from 1952 onwards our U.S. dollar bonds began to move overseas in sizeable amounts. Central Banks and institutional investors all over the world were eager buyers of short-term World Bank bonds and in due course the Bank met this demand directly by offering a series of U.S. dollar issues only to investors outside the United States. Our largest single customer is the Deutsche Bundesbank.

Beginning in July 1957, the Bundesbank began purchasing dollar note issues of the Bank in very substantial amounts and by now the Bundesbank's holdings of our dollar notes is 313 million in addition to 1,183 million of Deutsche mark notes.

So far has this broadening process gone that for the last several years the bulk of the World Bank's new funds have been raised outside the United States. Recently the Bank has successfully arranged the sale, entirely outside the United States, of a further \$100 million issue of United States dollar bonds. These bonds, which bear interest at 6%, were sold to central banks and other government institutions in 35 countries including Italy, and to one international organization. The issue was oversubscribed despite the present tight credit condition throughout the world. Holders outside the United States now have/about \$1,670 million or 56 per cent of the Bank's total outstanding funded debt and/about \$900 million or 41 per cent of its dollar debts.

We estimate that there are important holdings of World Bank bonds in more than 50 countries. Italian holdings of the Bank's dollar bonds are estimated at \$45 million. The total value of Bank bonds of all kinds held in Italy at the present time is estimated at \$69 million.

Another important source of funds for the Bank has been the sales of parts of its loans to other investors. Essentially these sales from portfolio amount to prepayments and serve to replenish the Bank's funds. This type of transaction has come to have a great deal of importance in the Bank's financing; in all we have sold nearly \$2,000 million of our loans and thereby reduced our need to borrow in the market.

At first the Bank gave its guarantee when selling these loans. But the development of the market for our bonds was so rapid that in the middle 50s we decided to discontinue offering our guarantee and since then all sales

have been made without recourse to the Bank. This did not inhibit the market. On the contrary, sales increased year-by-year and in the fiscal year 1961/62 we disposed of \$319 million from our portfolio.

Sales of loan maturities, however, have declined over the past four years. Last year they totaled \$82 million. The fall has been due to rising yields on other securities, the Bank's policy of not selling in the United States market portions of loans to countries whose securities are subject to the United States Interest Equalization Tax, and the guidelines of the U.S. balance of payments program.

At the moment about \$84 million of the Bank's loans are held in Italy. The great bulk of these are held by the Government and in effect represent early repayment of the Bank's loans to Italy. Between 1951 and 1965 the Bank made eight loans totaling almost \$400 million to Cassa per il Mezzogiorno for the development of Southern Italy. Of these loans, a total of \$189 million were sold, \$137 million to the Italian Government and most of the remaining \$52 million to investors outside Italy.

Loan sales are of two kinds. By far the majority are from our portfolio of loans we have made in past years. These are bought overwhelmingly by European banks for investment purposes. The second type of sale is what we call a participation, whereby a commercial bank or insurance company will purchase part of the loan from us at the time it is made. These participations are given publicity in the press release which the Bank issues to announce the loan and the great majority of participations are taken up by United States banks, which use them as a means of seeking deposits and letter of credit business from the borrowing country.

Naturally the market in sales of parts of the Bank's loans has tended to concentrate on the best paper in our portfolio -- to such an extent that substantial amounts of our loans to European countries are now in the hands of European investors. Since all our loans are direct or indirect obligations of the government of the country in which the loan is made, they are in effect government paper and investors have been quick to see the advantage of buying maturities of such loans from the Bank.

In recent times there have been interesting developments in this aspect of the Bank's marketing. In the early days the main buyers from our portfolio were commercial banks and they naturally concentrated on buying early maturities of the loans. Over the past few years, some insurance companies and trust funds have come to see the Bank's loans as longer term investments and they have bought strips of our loans from the first maturity to the last -- which may be 20 years away. This is a very welcome tribute to the Bank's reputation for careful lending.

If I might digress for a moment, Mr. Chairman, this same reputation for prudent operation has been of value in another technique used by the Bank to assist its member governments. An important objective of the Bank is to increase the degree to which private investment finances economic growth. Clearly we attain this objective by borrowing from private investors and acting as a safe bridge over which private funds can cross into development lending. Similarly, when we are able to sell parts of our loans to private investors we are thereby involving those investors directly in development lending. There is one further step which the Bank also likes to take where it is convenient and that is to support the credit of its member governments or the agencies of member governments in investment markets. Italy is an interesting

case in point. When the Bank lent \$20 million to the Cassa per il Mezzogiorno in 1959, the Cassa at the same time also borrowed \$20 million from the European Investment Bank and raised \$30 million by an issue of bonds on the New York market. The sale of the bonds, and also the arranging of the loan from the European Investment Bank, was greatly facilitated by the fact that the World Bank was simultaneously making a loan for the same purpose.

We have used the technique of the joint operation with several other countries -- Norway, Belgium, Austria, Denmark, South Africa, Australia, the Federation of Rhodesia and Nyasaland, Air India International, Japan and two large Japanese steel corporations.

In all these cases the offer or placement of bonds in the United States market was either the first ever or the first in the postwar period. Clearly, this technique is one which can be used only with countries reaching the point where they will be able to rely on their own credit in various investment markets. Recently the scope for joint operations has declined because of the difficulties of entering the New York market. But in September, a loan by the World Bank of \$18 million for the expansion of electric power in Iceland was instrumental in enabling the National Power Company in Iceland to raise \$6 million on long-term almost entirely from private sources in the United States.

The Bank also obtains important funds from its net earnings. These are now running at about \$140 million a year.

Up to now the Bank has not paid any dividend to the member countries which are its stockholders. As you will realize, earnings at such a level result in a very rapid growth in our Supplemental Reserve, which now

stands at over \$740 million. These accretions are another factor reducing our dependence on the market for funds.

Then there are repayments of past loans. Last year they brought in about \$160 million, and would of course have been much greater if it were not for our large sales of loans.

Summing up the Bank's sources of funds, we find that, of a cumulative total of \$8,622 million, the largest single element has come from borrowing, about \$2,972 million. Next in order are sales of loans which total \$1,978 million. Third in importance is the \$1,828 million which the Bank has been able to use from the paid-in capital of its member governments, and fourth repayments amounting to \$1,099 million. Finally, earnings have contributed \$745 million. This pattern of financing indicates very well the character of the Bank as a development agency depending mainly on the private investor for its lending resources.

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So important is this characteristic that the Bank took steps to strengthen its position vis-a-vis the investment markets. The authorized capital of the Bank has been more than doubled, from \$10,000 million to \$24,000 million. No call was made on governments in respect of the increased capital, with the result that 90 per cent of their subscriptions stood as backing for the Bank's borrowing, instead of the 80 per cent originally set aside for that purpose. Furthermore, of course, the amount of this backing greatly increased. It now stands at just over \$20,000 million, consisting of the unpaid subscriptions of 105 member governments. It is significant that the so-called "Rating Services", the firms in the United States which set standards for securities as a guide to investors, moved Bank Bonds into the highest category only after the increase in our capital.

I am aware, Mr. Chairman, that in selecting this aspect of the Bank's affairs for my address today, I have not been able to talk about many of the other ways in which the Bank maintains relations with the investment markets and the commercial banks. These relations are of great importance. For example, commercial banks handle the disbursement of a very large proportion of the Bank's funds through letter of credit arrangements and so forth. But I have chosen to talk this evening about the ways in which the Bank gets its funds rather than about the way it uses them because for the first time, as Mr. George Woods, the Bank's President, pointed out at our Annual Meeting in Washington last month, we are facing a serious problem. With the present widespread shortage of capital, it is becoming more difficult every month for the Bank to raise the money it needs.

During its last fiscal year, the Bank sold \$288 million of bonds -- but of this \$164 million was to refund outstanding debt. Tight money conditions disappointed our expectations that we would make issues on several European markets last year. We hope to do better in the coming months but we shall of course have to pay higher interest rates than we ever paid in the past.

After twenty years during which we have been able to lend for every project we think economically viable in any country we consider creditworthy without having to worry about the availability of funds it would be a tragedy if we now had to start rationing our poorer members. It is not easy to explain to them with any conviction why the economic troubles of countries many times richer than they are make it impossible to provide help -- even at current interest rates.

We in the Bank realize the debt we owe to the banks and the investing public in North America and Western Europe for making our present rate of lending possible. We hope that they will be able to continue and increase their effort and that they will always be as happy over their investments as they must have been up to the present.

STATEMENT

to be delivered by

Mr. John D. Miller

Special Representative in Europe of the World Bank Group

to the

Plenary Meeting of the International Symposium on Industrial Development,
sponsored by the United Nations Industrial Development Organization (UNIDO)

Panteios Building, Athens, Greece

November 29, 1967



Mr. President, Gentlemen:

I am very happy to have this opportunity to address, for the first time, a Plenary Meeting of the International Symposium for Industrial Development. And I am grateful for the opportunity you have given me to convey to you the views of the World Bank Group on the vital subject of Industrial growth in the developing countries.

We have made available here two papers on the activities of the World Bank Group in support of industrial development. One, prepared especially for this meeting, is called "A Summary of Activities of the World Bank Group in the Industrial Field". The other is a slightly different version titled "A Summary of the World Bank Group Financing of Industrial Development 1965-1966". These papers were sent to you in advance of the meeting. If you have not read them, I commend them to your attention. I will not try to summarize them here, I will only cite a few of the principal facts and figures they contain.

The World Bank is a three-member organization, and we refer to all three members as the World Bank Group. The parent organization, the World Bank, makes government-guaranteed long term loans at conventional interest rates. The World Bank lends for many kinds of projects and its loans have the common characteristic of being large in scale. The average bank loan is of about 20 million United States dollars.

The second institution, and the older of the Bank's two affiliates, is the International Finance Corporation, which I shall refer to as IFC, or as the Corporation. It began operations in 1956. The Corporation's particular mission in the Bank Group is to further the growth of the developing countries among its 84 members by encouraging the development of productive private enterprises in those countries. IFC is thus the member of the world Bank Group chiefly concerned with industrial promotion.

IFC makes investments in the form of share subscriptions and long term loans. It also makes stand-by and underwriting arrangements, and it provides financial and technical assistance to privately controlled development finance companies. IFC neither seeks nor accepts government guarantees in its operations. A vital aspect of IFC's work is the mobilization of private investment funds together with its own for the expansion of

local private capital in the low income country. It has concentrated its efforts on the development of manufacturing and processing industry, but has increasingly, in recent years, diversified its activities, to comprise also ventures connected with tourism, public utilities, and large-scale agriculture.

The newest of the World Bank Group is the International Development Association, known for short as IDA. IDA lends for much the same purposes as the Bank, but deals with a rather different group of customers; its particular mission is to lend to countries not fully able to bear the burden of loans made on conventional terms, and its credits are made at very long term -- so far they have been 50 years -- and free of interest.

Expansion of the responsibilities and the activities of IFC has been a notable feature of the expansion of the World Bank Group in recent years. IFC is now responsible for the technical and financial appraisal and for the supervision of all projects of any member of the Group concerned with manufacturing industry, mining, and development finance companies. Let me give you one or two figures.

The total amount of all loans, credits and investments made by the World Bank Group until now comes to about 12,700 million dollars. Of this total, about one-fifth, or 2,400 million dollars, is now outstanding for various kinds of industrial development. Of this about 670 million dollars, or more than

one-fourth of the total, consists of loans and credits to, and equity investments in, national development finance companies.

IFC does not undertake, alone, to finance the total investment cost of projects. It always joins with other investors, so that the total value of projects in which IFC invests is many times the amount of the IFC funds involved.

Overall, every dollar invested, in any form, by the World Bank Group has been followed by three dollars from other sources. In other words, the 2,400 million dollars invested in industry by the Group have been responsible for bringing another 7,000 to 7,500 million dollars of new industrial investment in the low income countries. Indeed, we believe that most of these investments could not have been made, or would have been substantially delayed, without this support from the World Bank Group.

If you want any further information on IFC, I would like to refer you to our booklet "IFC General Policies" which is available here, and to another special paper we have prepared for this Symposium, entitled "The Role of National Development Finance Companies in Industrial Development".

Moreover, although I personally have unfortunately to leave tomorrow morning, there will be other representatives of our institutions here who will be glad to answer questions regarding the work of the World Bank Group in

field of industry. (Mr. Prado, of IFC, is here now and will stay until December 11th, and Mr. Sekse, also from IFC, and particularly familiar with the activities concerning development finance companies, will arrive later).

We in the World Bank Group look forward to a close, productive and continuing relationship with UNIDO. We will work together for the reason that our objectives are the same. However, because our roles in the pursuit of those objectives are not identical, our limited resources will be best used if we supplement each other. This will call for close consultation, and knowledge of each other's activities. For the present, no doubt this consultation and collaboration is best carried out informally, except in special cases. As a step along that path, let me say a few words, in closing, about our views on the promotion of industrial development, as we practise it through the activities of the IFC.

First of all, of course, there is a need for general survey of a geographic area, to determine what opportunities exist there for sound industrial enterprise.

The World Bank has, over the years, organized general survey missions in over 20 countries at the request of our member governments. The reports of these missions have been published and they naturally include an assessment of

the opportunities that exist for Sound Industrial Enterprise.

The IFC has a more restricted function - that of dealing with the specific problems of Industrial Development, of the Establishment or Expansion of Industrial Enterprises.

IFC therefore interests itself in two very concrete types of promotion. Looked at together, these may appear to be somewhat incompatible objectives, and, indeed, there are circumstances in which both cannot be achieved. If such is the case, IFC cannot participate because we require both objectives to be satisfied.

Our first objective is that the particular industry to be established or expanded it fills a gap in the developing country's economic structure. The second is that it should pay its way.

The promotion of a project to fill an obvious gap in the economy offers certain special problems of its own. If the project is obviously needed in the economy, it is likely to be a big one -- requiring the investment not of two or three million dollars, say, but more likely of 15 or even 50. If the project is a big one, then a whole range of other problems is likely to exist. For example, a big undertaking in these circumstances is probably going to have both foreign capital and foreign management, and one or

the other of these may not be welcome. A big project may also require a good deal in the way of power and transportation facilities, and these may be inadequate. Or the project may involve a major natural resource, title to which is vested in the government. In any case, the project may be of such size as clearly to involve the public interest, and thereby to raise the question of what interest the government ought to take in it. It often happens that the government wants a strong role, but in fact may not have the capital or the technical assistance to offer which would entitle it to that role.

The second objective in which we are interested leads us to make an assessment of the kind that would be carried out by any investment concern. This consists in examining a project, and modifying it if necessary so that it makes sense from the point of view of profits.

The appraisal of projects consists principally in investigating four main aspects -- economic, technical, managerial and financial -- and the investigation in each of these fields can lead to substantial modifications in project proposals. Experience has taught us in IFC that weakness of management is the most common cause of failure in both new and existing companies. And one aspect of management to which we attach great importance is that of having an experienced technical partner in new projects, particularly in those

industries using advanced technological processes.

We believe, therefore, that a complex industrial undertaking requires a technical partner, from abroad if necessary, and that the partner must participate in providing part of the share capital of the company, thus identifying itself with the fortunes of the project. It is not enough to have technical assistance arrangements or simply a profit-sharing basis. The partner should therefore be prepared to accept a position where it loses money if the venture fails and not merely one from which it profits if the venture succeeds. Where necessary, an industrial financing company, with its wide foreign and domestic connections, should be prepared to give assistance in finding such a partner.

Similarly, the technical evaluation of projects often leads to substantial revisions of original proposals. These revisions may arise, for example, from decisions on the appropriate scale of operations of the proposed project, or from measures necessary to give the project proper technical balance and operating efficiency, or from improvements in the proposed technical processes to be employed in the project. Such modifications must be properly reflected in the estimated capital costs of the project and the financial structure of the company.

Invariably they require extra money and sometimes the finding of an additional technical partner. In assisting in this work, the financing institution is engaging in a practical, and important, field of industrial promotion.

I would add that IFC is constantly stressing the importance of such activities in the operations of other development finance companies with many of which it is in close and continuous contact. Proper promotional activity directed to practical ends and kept under careful control can help to break down many of the obstacles in the path of industrial progress.

This has necessarily been, Mr. President, a very brief description of how we in the World Bank Group try to encourage industrial development. May I close by welcoming this newest member of the United Nations family, which is concerned exclusively with this problem, and promising our co-operation with the U.N.I.D.C.

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