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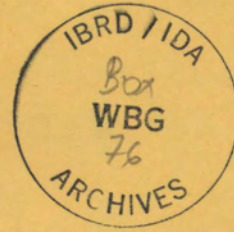
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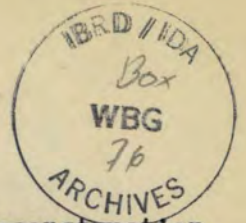


ATERS

Special Bank

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Remarks by William L. Ayers, Public Relations Director, over
Station WIDO, Miami, Florida, December 7, 1949.



The correct name of the World Bank is the International Bank for Reconstruction and Development but that proved too long for most people, particularly the newspaper headline writers, and they very quickly coined the more popular title that is shorter and easier to remember.

The International Bank was formed in Bretton Woods, New Hampshire in July, 1944 although it did not officially begin operations until June 25, 1946. It was formed by the nations represented at that world monetary conference in 1944 and now has 48 members. These members are 48 different countries which bought stock in the Bank, thereby furnishing its initial capital. They are stockholders in the Bank and therefore they are its owners.

The Bank was formed to assist in financing the reconstruction and development of its member countries and to promote foreign investment in those countries. It was necessary because private capital was not available. It has various ways of assisting the member countries but the best known is by making loans. So far it has made a total of \$731,000,000 loans in twelve countries, including France, Luxembourg, the Netherlands, Mexico, Belgium, Chile, Denmark, Colombia and India.

These loans have financed the building of steel mills, railroad locomotives, hydro-electric plants, docks, ships, and other industrial or public works projects either to replace similar plants and structures destroyed in the war or necessary to the development of a nation's resources.

It should be noted that we speak always of member countries. No nation can obtain a loan from the Bank unless it is a member, or stockholder in the Bank, and therefore each one provides a part of the capital of the Bank. The United States government, by Act of Congress, provided about 33% of the capital. Since the initial capital was provided the Bank has obtained its funds primarily by selling bonds in the investment market and these have been bought by savings banks, insurance companies and similar investing institutions. It also has obtained some from its earnings. The Bank operates at a profit and also is building up a substantial reserve fund against future obligations. Since its organization earnings have amounted to around \$16 million dollars and reserves about \$9,000,000.

The Bank does not grant every loan applied for and it does not turn over cash to its borrowers. The Articles of Agreement under which the Bank operates provide that only loans can be made which are for productive purposes, which means usually on specific projects, such as hydro plants or similar undertakings, and also loans which it is expected will be repaid. It must, in short, act prudently and not loan recklessly, and this is one of the reasons why its outstanding bonds are regarded so highly; these bonds are selling at premium prices in the New York money market.