International Bank for Reconstruction and Development

SUMMARY PROCEEDINGS

TENTH ANNUAL MEETING OF THE BOARD OF GOVERNORS

ISTANBUL
SEPTEMBER 12-16, 1955

WASHINGTON, D.C.
NOVEMBER 15, 1955
INTRODUCTORY NOTE

These Summary Proceedings cover the Tenth Annual Meeting of the Board of Governors of the International Bank for Reconstruction and Development, which was held in Istanbul, Turkey, under the Chairmanship of Ahmed Zaki Saad, Governor of the National Bank of Egypt.

In addition to committee meetings, there were five plenary sessions, two of which were held jointly with the Board of Governors of the International Monetary Fund; and one informal session on the subject of the International Finance Corporation.

M. M. MENDELS
Secretary
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D. C.
November 15, 1955
TENTH ANNUAL MEETING

FINAL SCHEDULE

SUNDAY  September 11—5:00 p.m.—Joint Procedures Committee

MONDAY  September 12—10:00 a.m.—Opening Ceremonies
            Opening Session (Joint)
            —12:00 noon—Bank Board—Annual Address—
                 President of Bank

TUESDAY  September 13—10:00 a.m.—Fund Board—Annual Address—
                 Managing Director of Fund
            —11:00 a.m.—Bank Board—Annual Report Discussion

WEDNESDAY  September 14—9:30 a.m.—Bank Committee on Finance and Organization
            —10:00 a.m.—Fund Board—Annual Report Discussion
            —1:00 p.m.—Fund Committee on Finance and Organization

THURSDAY  September 15—10:00 a.m.—Bank Board—Informal Discussion
            —12:00 noon—Bank Board—President's Comments
                Committee Reports
            —1:00 p.m.—Joint Procedures Committee

FRIDAY  September 16—10:00 a.m.—Fund Board—Managing Director's Comments
            Committee Reports
            —11:00 a.m.—Closing Session (Joint)
## CONTENTS

Message from Adnan Menderes, Prime Minister of Turkey, to the Boards of Governors of the Bank and Fund, at the Joint Opening Ceremonies, September 12, 1955 ............................... 1

Address by the Chairman, Ahmed Zaki Saad, Governor of the National Bank of Egypt, to the Boards of Governors, at the Joint Opening Session, September 12, 1955 .......................... 2

Annual Address by Eugene R. Black, President of the Bank, to the Board of Governors, September 12, 1955 .................................................................................................................. 5

Address by the Chairman at the Joint Closing Session, September 16, 1955 ................................................................................................................................. 11

Committee Reports:

Joint Procedures Committee Report No. 1 .............................................................................. 13
Annex I — Agenda .................................................................................................................. 15
Annex II — Committee on Finance and Organization ......................................................... 15
Annex III — Committee on Finance and Organization—Terms of Reference ..................... 16
Annex IV — Informal Discussion—“International Finance Corporation” ............................ 16
Annex VIII 1— Provisional Schedule .................................................................................. 17
Annex IX — Provisions Relating to the Conduct of the Meeting ........................................ 18

Joint Procedures Committee Report No. 2 ......................................................................... 19
Report of Committee on Finance and Organization ............................................................. 20
Report on Marketing Activities of the Bank ........................................................................ 22

Resolutions Adopted by the Board of Governors at the Tenth Annual Meeting:

No. 93— Financial Statements and Budget ......................................................................... 25
No. 94—Resolution of Appreciation to the Turkish Government ....................................... 25

Comments of President of Bank on Discussion of Annual Report, September 15, 1955 ................................................................. 26
Informal Discussion—“International Finance Corporation”— Statement made by Robert L. Garner, Vice President of the Bank, September 15, 1955 ...................................................... 29
Accredited Members of Delegations at Tenth Annual Meeting ........................................ 34
Observers at Tenth Annual Meeting ...................................................................................... 39
Officers of Board of Governors and Procedures Committee for 1955-56 .......................... 40

---

1 Annexes V-VII related to business of the Fund.
MESSAGE FROM ADNAN MENDERES, PRIME MINISTER OF TURKEY, TO THE BOARDS OF GOVERNORS OF THE BANK AND FUND, AT THE JOINT OPENING CEREMONIES, SEPTEMBER 12, 1955

Mr. Chairman, Honorable Members of the Boards of Governors:

It gives me pleasure to convey to you the great happiness which the Turkish people and the Government of Turkey share with the residents of Istanbul that the Tenth Annual Meeting of the International Bank for Reconstruction and Development and the International Monetary Fund is held in Istanbul with the participation of such distinguished personalities.

While endeavoring to prepare the necessary basis for the propagation of peace, nations of the world which emerged exhausted from the calamities of the war have dwelt with emphasis on the past and prospective role of international economic and social solidarity, and they have formed the conviction that it is only through such solidarity that peace could be established and that humanity could attain prosperity and happiness. The twin institutions of the International Bank for Reconstruction and Development and the International Monetary Fund are the fruits of these thoughts and the best means for their implementation.

Thanks to the display of solidarity and mutual aid, the nations of the free world, which were delivered from a great catastrophe only ten years ago, have experienced a great measure of relief and development within a short period of time. Obviously, it is proper that we should all take great pride and pleasure in the results that have been achieved.

However, there is much ground to be covered and many a task to be performed to bring prosperity and happiness to the suffering humanity.

In order to reach our objectives it is required that we should greatly accelerate our efforts at solidarity and that we should endeavor to overcome with greater courage the difficulties confronting us.

The member nations of these two institutions whose Boards of Governors are now meeting here are convinced of the necessity for joint action in the solution of their common problems. This conviction is the greatest assurance that the difficulties, regardless how great they are, will be gradually overcome and that the nations through their joint effort will realize a brighter future.

With this belief, I wish that the Tenth Annual Meeting of the Boards of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund will be even more successful than in previous years and that the sojourn of our guests in Istanbul will be profitable and pleasant.
ADDRESS BY THE CHAIRMAN, AHMED ZAKI SAAD, GOVERNOR OF THE NATIONAL BANK OF EGYPT, TO THE BOARDS OF GOVERNORS AT THE JOINT OPENING SESSION, SEPTEMBER 12, 1955

It is my privilege and that of my colleague, Dr. Kaissouni, to welcome you most cordially to this Joint Session of the Tenth Annual Meeting of the Boards of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund. In particular, I am happy to welcome the honorable representatives of Afghanistan and the Republic of Korea which joined the Bank and the Fund during the year.

On behalf of all the Governors, I wish to extend warm greetings to the Turkish people and the Turkish Government. We thank our host country for the arrangements they have made and for the opportunity afforded us to meet in this historic crossroads between the East and the West.

I am particularly happy that this meeting is being held in this great and beautiful city of Istanbul which symbolizes the rich and glorious history of the past together with the achievements and aspirations of modern Turkey. This meeting offers a unique opportunity to many of the Governors to visit some of the many historic places in Turkey, and also to visit some of the neighboring countries of the Middle East, the birthplace of many great civilizations. I can assure you of the welcome and hospitality which is our tradition. We want you to know these countries, to understand their problems, and to realize their prospects.

Our two institutions are approaching the end of their first decade. With this anniversary in mind, and from the vantage point of this meeting place, I want to say something about economic development, and about the role of the Bank and the Fund in connection with it.

There is no country in the world whose people and government do not recognize that orderly and continuous economic growth is the indispensable basis of welfare. This is true of countries in all stages of development, from the greatest industrial power to the smallest so-called "underdeveloped" country. If the advanced industrial countries fail to maintain a substantial rate of growth of the economy, the results will appear in declining employment and a lower standard of life. In the case of France, for example, a recent estimate is that one and a half million jobs must be created in the next ten years if the economy is to keep pace with population growth. But the underdeveloped countries are goaded by an even sharper necessity to attain and maintain a satisfactory rate of growth. Starting as they do from a lower standard of living, they must find ways of increasing production not only to deal with annual population growth, but to augment consumption per capita.

Economic development is, then, the universal need. But it presses most urgently for satisfaction in the underdeveloped countries. The reasons are clear—they arise from the characteristics of the economies of these countries, and from the special difficulties confronting economic development in them.

First, the underdeveloped countries are under intense social and political pressures to speed up their economic growth. Direction and momentum are even more urgently needed in these countries than in the industrially-advanced countries. If these countries are to develop integrated and diversified industry and agriculture within any reasonable period of time, they must find ways of accelerating the building of the basic physical plant of a modern economy, particularly in the fields of communications and power.

Second, the mobilization of domestic savings is no less essential in underdeveloped
countries than in industrially-advanced countries, and yet is much more difficult. It is no less essential because every country must rely primarily on its own savings for economic development. Let me cite one example of this. Canadian economic expansion in the last ten years has been so dramatic in speed and scope as to attract wide interest. Foreign capital has shared in this expansion; but the striking fact is that about 95 per cent of net capital formation in Canada since the war has come from domestic savings. To mobilize savings in most underdeveloped countries is difficult, and if the country is poor, the total savings will be disappointingly small in any event. But to induce these savings and to make them available for national economic development, it is necessary to change investment habits, to improve and even to establish financial institutions, to reform the fiscal system, and to perfect and safeguard the currency and the foreign exchange system.

Finally, foreign capital must be encouraged because it is a vital element in economic development. Even though chief reliance must be placed on domestic savings, imported capital is an essential supplement. To cite again the case of Canada, only a small part of total investment since the war has come from abroad, but this imported capital has helped to accelerate Canadian development. It has provided funds for industries such as petroleum and iron ore, where large amounts of capital are needed for a single investment, and it has given Canada access to foreign technology on a wider scale. Of course, it is not enough for the underdeveloped countries to provide opportunities for foreign capital. The developed countries on their part must continue their efforts to facilitate the flow of capital to other parts of the world.

I should now like to comment on the contributions which the Bank and the Fund have made in instituting a concerted attack upon these problems. I attended the Inaugural Meeting of the Boards of Governors of the Bank and Fund in Savannah in 1946, and have attended all of the Annual Meetings since then. Moreover, I have been in a position to observe closely the concrete assistance rendered by these two institutions over the past decade, in their day-to-day consideration of specific problems confronting individual member countries.

I have pointed out that economic development requires financing, technical skills, and stable economies. The Bank and Fund have been able to make notable contributions toward all three.

As regards financing, the main responsibility lies with the Bank. In the past decade the Bank has made loans totaling over $2 billion to some 40 member countries. It has provided an important instrument by which underdeveloped countries can tap the savings of the industrial countries. The Bank has in the past year achieved new successes in its drive to enlist private capital in development work. It raised almost $100 million through sales of its borrowers' obligations. Even more striking was the development by the Bank of a new way of making external government bonds suit the taste of investors in major capital exporting countries. By linking loans to public bond offerings in the United States, the Bank helped to add $45 million to the international flow of capital. Let us turn for a moment to the Bank's lending. Since the close of the financial year, a further $112 million has been lent—all of it in the underdeveloped regions. But, in the future to which we may look forward we hope to see the Bank playing in the Middle East countries and other underdeveloped countries a more active role as lender and technical adviser—and perhaps, also as borrower.

The Fund has had transactions, with 27 member countries, exceeding one billion dollars. These transactions, while not directly related to specific development projects, have helped to provide the stability of international trade and payments which is necessary for progress in development.

The loans of the Bank and the transactions of the Fund are published facts and
are well known throughout the world. I should like, therefore, to lay particular emphasis on the contribution which these institutions make in the field of technical knowledge. As an integral part of pursuing its objectives each institution has, of necessity, mobilized a vast store of technical ability which is constantly available to member countries.

Member countries have found the Fund an unfailing source of sound technical advice in the financial field. This advice has dealt with matters such as public finance, central and commercial banking, and foreign exchange matters. I know that many of you present today have, during the course of the past few years, consulted personally with the Fund’s experts on these matters. From my contacts and conversations with you I know, too, that the Fund’s advice, given during these consultations, has been of considerable assistance to you. The Fund’s chief intent has been to help members to achieve and maintain sound currencies, and to deal effectively with inflation, particularly under the stress of aggressive development programs. As to foreign exchange, the Fund has continuously sought to advise members how best to maintain, or to work toward, a convertible unitary exchange rate which is the core of the exchange system envisaged in the Fund’s Articles. The remarkable improvement in international payments that has taken place in recent years has, in large part, been the result of the sounder monetary policies pursued in many member countries. The Fund has been unremittently urging such policies on its members; and in many instances, the measures that were taken are the direct consequence of the technical knowledge made available by the Fund.

The Bank, on its part, has brought to member countries a great store of technical knowledge, otherwise not likely to be available to the country concerned, in its consideration of specific projects and over-all development programs. It has made broad development surveys. It has brought international experience to bear on the complex problems of development, recruiting experts from many member countries. Not only in large missions, not only in providing experts for special problems, but also in the course of its day-to-day lending problems, the Bank has taken the opportunity to give specialized technical help where it has been needed.

I should now like to look forward a moment to our second decade, which is about to begin. If we approach the future with aggressiveness and diligence, tempered by prudence, there can be large advances in economic development in the next ten years, and the Bank and Fund can be of great assistance. Both of our institutions are well prepared to make continuing and expanding contributions to development, and thus to the general welfare of all members.

The Bank is already giving increasing attention to underdeveloped countries, as the period of postwar reconstruction draws to an end. A new institution, the International Finance Corporation, is also being formed under the supervision of the Bank. This should help to make a modest beginning in making new types of investment, and also facilitate the flow of private capital to desirable projects. I hope that the Bank will continue to seek out new ways in which it can be of assistance to its members, and particularly those in the most urgent need of economic development.

The Fund is similarly well prepared to be of continuing assistance in the future. It is in a very liquid position. There will be many times in the future when member countries will need to draw on the Fund, and I am sure that under its present policies as described in the Annual Report the Fund can take care of all appropriate requests.

But in my view the consultative and advisory services of the Fund promise even more benefit. This is true of most countries which have so much yet to do to perfect their financial institutions and to strengthen their currencies so that there may be success in the task of economic development. The
Fund's trainee program has already proved a success and should be augmented. As a logical extension of its training activities, the Bank is starting an institute for training senior officials of member countries in the problems of development.

The Bank and Fund are ideally placed to help members. They can send missions quickly—whether one expert or several. They can give their advice quietly and without publicity—which is often an absolute necessity in the financial field. I hope the Bank and Fund will be vigilant and energetic to maintain their staffs large enough in numbers and high enough in capability and experience so that they can be prepared to give even greater and more effective service to their members.

As we begin this meeting which brings the Bank and Fund close to the end of their first ten years, I wish them a vigorous and courageous and effective second ten years.

ANNUAL ADDRESS BY EUGENE R. BLACK, PRESIDENT OF THE BANK, TO THE BOARD OF GOVERNORS, SEPTEMBER 12, 1955

Let me begin by expressing my thanks for the hospitality being shown to us by our host, the Government of Turkey. And next, may I join your chairman in extending a cordial welcome to the Governors of Afghanistan and the Republic of Korea, representing the two newest members of the Bretton Woods institutions.

We stand here between two continents, and I think that we stand at a kind of bridge in time as well. The postwar era, characterized by emergency and crisis, lies behind us. Looking back on it, we can see that it was, after all, a period of great accomplishment. Looking ahead, despite many stubborn difficulties that are all too apparent, we have reason to think that patience and persistent effort can make the coming years a time of new well-being.

The Bank, as it enters its tenth year, is going forward in the same spirit of exploration and innovation that has marked its life up to now. Against the always pressing problem of how to raise production and standards of living, we are moving in new, and we hope, constructive ways. I shall mention four of them:

Since we last met, long strides have been taken toward the establishment of the International Finance Corporation, an affiliate of the Bank, which will work to promote the growth of private enterprise and investment. We will be discussing IFC informally later in this meeting; but let me report now that the establishment of the Corporation is clearly in sight. After examining the charter the Bank submitted to your governments earlier this year, some 50 countries have expressed their intent to join IFC. The two largest prospective stockholders—the United States and the United Kingdom—have already completed the legislative action required; and other countries are taking action.

Our hope is that we can bring the new institution into being by the first of next January. But the timing, as I am sure you realize, will depend on your own governments. Further steps are needed to attain the necessary minimum of membership and capital—that is to say, 30 countries and subscriptions amounting to $75 million. Let me urge you, who have spoken for the Corporation so eloquently at these Annual Meetings in the past, to work with equal zeal at home for early action by your governments. Once the necessary action has been taken, the Bank, I can assure you, will for its own part move to put IFC into operation without delay.

Let me next mention a familiar and fundamental problem—the problem of how
to increase the skill and efficiency with which available resources are applied to economic development. This is a matter with which the Bank is constantly concerned. It is one to which we are now taking another and new approach through the Economic Development Institute, a staff college for senior officials, which we have established with financial assistance from the Ford and Rockefeller Foundations. The task of the Institute is of real importance: it is to help the less developed countries to improve the management of their economic affairs by affording top administrators an opportunity to broaden their knowledge of economic development.

Our ambition is for these officials to return to their posts with new appreciations of what kinds of policies and programming, what kinds of practical action, are likely to make the best contribution to the economic development of their countries. We hope, too, that the Bank itself will benefit from the interchange of ideas and experience that will take place between the Bank staff and the participants in the Institute.

The Institute is now getting ready to offer its first course of study in Washington. We received many more excellent nominations for it than we had places available. Of the 16 candidates selected, nearly all have had wide experience in dealing with economic policy, and all hold important positions in their governments.

As you can see from the prospectus we have issued, we are asking to have nominations for the second course by the end of this year, so that candidates can be chosen well in advance of the start of that course in October 1956. This time, we hope to take a larger number of officials, possibly twenty-five. How useful this new Institute will be in any particular country, I want to emphasize, will depend largely on the caliber of the candidate put forward. These nominations are therefore an important matter, and one in which I urge the Governors to take a direct interest.

The third development in the Bank that I want to mention is an effort to develop an information service which we hope will help both lending and borrowing countries to make better use of international credit. The increased availability of international credit is a highly welcome development of the past few years—especially welcome, I may say, when it has resulted in private capital going abroad. Up to now, part of the credit extended has been offered, not primarily at private risk, but at the risk of governmental institutions established to promote exports.

This year, as I did last year, I want to express to you my concern over instances in which the use of medium term capital has been pressed beyond its proper limits. In fact, as you know, under the goal of export competition, there have been too many cases in which credit has been offered at medium or even short term to induce purchases of capital goods which can only be amortized at long term, and for projects whose economic merit has not been carefully appraised by either the lender or the borrower. As a result, some countries have so heavily committed their foreign exchange to medium and short term debt as to seriously diminish their capacity to attract the long term investment needed for steady and successful economic development.

The extension and acceptance of credit obviously demands the exercise of prudence on the part of both the lender and the borrower. One thing that makes the exercise difficult, as I mentioned last year, is a vacuum of information about how much indebtedness is outstanding. In these circumstances, neither the prospective lender nor the prospective borrower can assess the capacity to service new loans.

The Bank is now engaged in an effort to fill this vacuum at least partially. The Governments of 14 major exporting countries have agreed to communicate to us, every three months, information about medium term transactions to which they are a party—loans, guarantees, insurance, funding arrangements and the like. On the
basis of this information, the Bank will be able to total at least these categories of medium term debt, where the risk of lending was considered too great for private interests to carry without governmental assistance.

This collection of data is by its very nature experimental. The information obviously will not cover all capital transactions, and experience will be required in interpreting it. It will not be published; nor will it be divulged except to the governments concerned. It will enable the Bank, on a confidential basis, to provide information from which creditor governments may be able to gauge trends in the medium term obligations of borrowing countries and from which the government of a borrowing country can itself make a better assessment of the medium term demands facing its own resources of foreign exchange. In short, it is my hope that the Bank’s collection of information can help improve judgments about whether it would be wise to extend or accept new credit in the amount, on the terms and for the purposes suggested. If it can do this, it will be performing a service of great importance to lending and borrowing countries alike.

Finally, let me mention that the Bank is watching the subject of atomic energy with interest. From last month’s United Nations atomic conference at Geneva, the world caught a glimpse of the work being done to turn this awesome force to peaceful and constructive use. This was a startling and exciting glimpse; at the same time, I think it taught us that the atomic revolution is by no means just around the corner. The Bank believes, however, that it should keep itself informed of developments even in this pioneering stage. For that reason, we have recently appointed an atomic energy adviser, who is present at this annual meeting. He was among the staff members who represented the Bank at the Geneva conference, and he will continue to keep us acquainted with progress in what has been well called “the pacification of the atom.”

These are new developments in the Bank. I certainly do not mean, however, that this account of them should obscure the operations we have been carrying out in the past year. The Annual Report you have before you covers one of the most active periods in the Bank’s history; and one in which some of the encouraging trends I mentioned when we last met have continued to run strong and deep.

The Annual Report records more lending than in any other fiscal year—$410 million equivalent. Since the end of the year, this pace has been more than maintained. We have made 12 additional loans, amounting to $110 million. Our gross total of commitments, since we began operations, now amounts to something over $2,400 million in 40 countries and territories.

One of these latest loans, I am happy to say, was made in Lebanon—the first to be made in a Middle Eastern country since 1950. The difficulties of developing and financing projects in the Middle East have long been a source of concern to the Bank; but they have not kept us from working in the area as helpfully and as persistently as we can. I am distinctly hopeful that this recent loan will be followed by others in the area: in fact, we have now informed the Government of Syria that we are ready to discuss the financing of several projects in their country.

Disbursements to borrowers amounted during the year to $274 million. The growth in funds available for lending exceeded disbursements by more than $100 million, and was greater than in any fiscal year since 1947.

Repayments, and especially prepayments, of loans accounted for more of this than any other single source. The Netherlands made two prepayments totaling nearly $110 million; and Iraq repaid in advance some $6 million, the entire balance due.

Nevertheless, we continued to rely on the capital market for most of our acquisition of new loan funds. A striking feature
of the year was that the Bank, for the first time, raised more funds through the sale of borrowers' obligations than it did from the issue of its own bonds.

We sold nearly $100 million of maturities from our loans—some $70 million from portfolio, another $29 million through the direct participation of private investors in our loans at the time they were made. The total was nearly three times the amount of any previous year; and 99 per cent of it was sold without our guarantee.

This greatly increased investment demand for parts of the Bank's loans was accompanied, I am glad to say, by willingness of purchasers to buy longer maturities than in the past. Investments of five-year maturity have become increasingly common, and in the year just closed we sold maturities up to 10 years. Still more encouraging was the fact that we were able to inaugurate a new kind of operation in combination with the capital market. We made loans to Belgium and Norway at the same time that Belgian and Norwegian bonds were being successfully offered to the public through groups of underwriters in the United States. We are looking forward, I may say, to further joint operations of this kind.

Record repayments and sales of loans made it correspondingly less necessary for the Bank itself to go to the market, so that we offered fewer of our bonds—some $88 million equivalent—than for some years past. All of this was sold outside the United States. During the year, we made our first offering in the Netherlands, our second in the United Kingdom and our third in Canada. In an unprecedented operation which I mentioned at our last meeting, we placed $50 million of our dollar bonds in 23 countries outside the United States. And in the last month, we have sold a second successful guilder issue in the Netherlands.

The availability of funds borrowed in member countries, however, does not lessen the importance to the Bank of having the full use of its paid-in capital. Nor does it relieve our member governments of any of their obligation to let us use that capital for the purposes for which it was paid in. Up to now the full 18% of only two countries, the United States and Canada, has been made freely available for loans to any borrower and for purchases anywhere. Many members, including some who have released their 18% "in principle," have imposed conditions which prevent its effective use. For example, some members have put conditions on the rate of disbursement of their releases or on the countries to which their releases could be lent, or—most commonly of all—have limited the use of their releases to purchases of their own products.

Tied releases, in my opinion, have the same defects as tied loans. They are certainly contrary to the spirit of the Articles of Agreement. The Articles did recognize that the rate at which releases were made available might have to be regulated, to prevent an undue impact on the balance of payments and exchange reserves of the releasing member. But it was certainly never contemplated that the releases would be used as an instrument of commercial policy.

The Bank is entering its tenth year of operations. Production and income in many countries are at record levels; the reserves situation has substantially improved; international credits of one kind or another are being extended by member countries with increasing freedom. Surely the time has come for member countries to give the Bank effective use of its paid-in capital.

There is one other financial aspect of our operations that I should like to report to you. At the end of the 10th year of Bank operations next June, the Articles of Agreement, as you know, give the Bank the option of raising, lowering or even of abolishing the commission that so far has been required on the outstanding part of Bank loans. This matter has been carefully considered by the Executive Directors, and they have decided to leave the commission charge where it is, at one per cent. At this stage of the Bank's
own development this decision, in my opinion, was undoubtedly right.

While I have spent some time here discussing the Bank's financial resources, the Bank believes as strongly as ever that economic development and the raising of living standards do not depend simply on the availability of capital, still less of capital from abroad. Economic progress depends on the effectiveness with which nations use all their available resources; and the Bank has therefore continued, at the request of its members, to give advice on many different aspects of development.

In fact, this kind of collaboration with our members was greater in extent and variety this past year than ever before. Three general survey missions finished their work, on Nigeria, Malaya and Syria; and their recommendations for the formulation of programs of development were given to the governments concerned.

A general survey mission was organized and sent to Jordan; it has now returned to Washington and is preparing its recommendations. To give continuing advice on development programming, the Bank increased the number of resident representatives it maintains in member countries; it added representatives in Guatemala and Honduras. In Ecuador, the Bank helped to organize and recruit staff for the National Planning and Economic Coordination Board. Staff members also assisted the work of the Plan Organization in Iran, and the Bank agreed to recruit experts for employment by the Organization.

In a number of countries, we began or continued assistance on more specialized problems. At the request of the Government of Japan, a mission studied the Government's agricultural program and made suggestions designed to lead to further increases in production. Another agricultural mission is now preparing recommendations for the Government of Colombia. In Ceylon, a member of the Bank's staff helped to organize an Institute of Scientific and Industrial Research to improve production techniques, and the Bank made this staff member available to serve as the Institute's first director. In Mexico, we continued to give assistance to a study of future electric power needs and of the ways in which the required expansion of power supplies can best be financed and carried out. To Colombia, we sent a mission to study the development possibilities of the upper valley of the Cauca River.

The Governors will recall the circumstances in which the Bank became associated with the delicate and complicated question of the irrigation use by India and Pakistan of the Indus system of rivers. The initial discussions between the two parties, in which the Bank participated, were held at the technical level. Much valuable work was done, but no real progress could be made towards a settlement of the main question involved. The Bank, therefore, felt it incumbent to put forward, itself, a proposal for a division of the waters on which a comprehensive irrigation plan could be based. In the autumn of last year, both Governments agreed to a resumption of discussions, with Bank participation, on a without prejudice basis, and taking as a starting point the division of the waters proposed by the Bank. These discussions are continuing, and continuing, I am happy to say, in a spirit of cooperation and goodwill. A modest success has already been achieved: the two Governments, with the good offices of the Bank, were able to work out earlier this year an agreement governing the use of the waters during the current crop season. I am sure that all of you share my hope that this activity, on which we and the two Governments have spent so much time and effort, will bring about an agreed settlement of this issue, not only because the issue is of vital importance to the economic future of the people of these two member countries, but also because a settlement would remove one of the most serious causes of friction between the two new nations on the sub-continent.

In all, it was an eventful and productive year in the work of the Bank. The years ahead, I believe, can be even more productive
for the Bank and its member countries. At the opening of these remarks, I mentioned to you the progress that has been made since the end of the war. The decade, we can now see, has been more than a period of recovery, more than a time of reversion to what was normal before the war. For much of the world, it has been a time of great economic expansion—greater, in all probability, than any 10 years of the past half-century.

Progress, I grant you, is never fast enough, but we can take encouragement from the results achieved since the end of the war. And there are reasons to believe that progress can continue. While there certainly will be fluctuations, the amount of capital available for investment will, I think, over the long run continue to grow appreciably; and the Bank itself has seen many instances of the quickening interest of investors, both domestic and international, in development opportunities.

The peoples of the underdeveloped countries will continue to press more and more strongly for better ways of life. Clearly, what was tolerable in the past can no longer serve the needs of the present. This is manifestly true for techniques of factory and farm production; but it is no less true for the way that individuals and groups of individuals think and act. Those persons favored by wealth, for instance, will have to recognize more and more that position brings with it responsibility, and that the ways immediately at hand for discharging that responsibility are to open their own lands to the plow or to invest their own capital in production rather than speculation. Among political leaders in power and out, there needs to be a growing willingness to put economic development above the level of factional and partisan politics.

On the governments of the less developed countries, the times exert pressures that are particularly great. Standstill governments in the past were both a cause and a result of standstill economies. But today, to achieve a rising standard of living also requires a rising standard of government. While much more remains to be done, many countries have begun long-range efforts to increase the competence with which public affairs are administered, and to establish or improve essential public services.

The very urgency of their task has also sometimes driven governments into errors. One of the commonest of these is the failure to reconcile the conflict between the demand for a rising standard of living and the necessity for reasonable economic stability. Economic expansion can all too easily bring about monetary inflation that is fundamentally the enemy of economic development, and in too many countries, unwise economic policy has allowed it to do so.

Urgency also drives governments to try to carry out activities that could more usefully be performed by private hands. I have especially in mind the ventures that many governments are trying to carry out in the field of industry. Industrialization is an essential part of economic development; but in underdeveloped areas, it is handicapped by a weakness of entrepreneurial tradition, by a lack of operating experience and by a shortage of private capital willing to invest in industry. These circumstances, understandably enough, have led governments themselves to establish and operate industrial enterprises.

Yet if the real benefits of industrialization are to be obtained, I think that governments should undertake such ventures, if at all, only as a last alternative and only after a full examination of other alternatives that exist. And even in cases where a government may go so far as to start an industrial enterprise, I think every effort should be made to put the venture into the hands of private capital and private management as quickly as possible.

For rare exceptions do not disprove the often illustrated rule that it is not in the nature of government to act with the flexibility or the attention to business considerations that is required of good industrial management. And—successful or not—so long
as the enterprise stays in government hands, it does not stimulate the growth of similar enterprises, because private investors who could finance them are not willing to try to compete with government. The net result of these state ventures, more often than not, is to restrict the growth of production—or in other words, to defeat the very purpose they seek.

There are many useful alternatives between the government doing too much and the government doing too little. Attention to research in industrial techniques, studies of the industrial market, tax incentives, the promotion of a capital market, the extension of credit, or even a willingness, if necessary, to participate on a minority basis with private investors in founding new enterprises—all these may be useful without being self-defeating.

The leading alternative, in any case, is to see whether private capital and private management can be found. In the experience of the Bank, governments all too frequently underestimate, and often neglect to explore, the potential of private investment that exists in their countries. The Bank has sometimes encouraged and helped governments to prospect for private capital, and on these occasions capital has been found in more than sufficient amounts. If one can justify government ventures on the basis of the maxim, “Nothing ventured, nothing gained,” the same maxim is an even stronger justification for a conscientious effort to find private resources.

Perhaps the greatest disadvantage from state ventures into industry is that they will divert resources and attention from fundamental tasks which, in the underdeveloped countries for the most part, are either going to be carried out by the government or are not going to be carried out at all. Government investment in industry means correspondingly less investment in the basic services—roads, schools, power, transportation, hospitals and the rest—that I spoke of a moment ago. Now these services are fundamental not only to industrial development but to all development. They can open the opportunities that eventually will call into play more effort, more investment and a greater amount and variety of production than any government could possibly finance.

The fact that our times are complex, and that the responsibilities of government have grown, should not obscure the truth that economic progress can continue with full momentum only if individuals and groups of individuals have the greatest possible opportunity to make their own successes, and for that matter, to make their own mistakes. The elevation of living standards has properly become a task of first importance to which governments throughout the world are applying their energies and for which they are mobilizing their resources. It would be a sad circumstance if they should neglect to exploit to the full that most productive attribute of the human race, the spirit of individual enterprise.

ADDRESS BY THE CHAIRMAN AT THE JOINT CLOSING SESSION,
SEPTEMBER 16, 1955

Before bringing the Tenth Annual Meeting to a close, I should like to say that it has been a great pleasure for Dr. Kaissouni and me to serve as Chairmen of this meeting. It has been an enjoyable duty to perform, and we thank you for making it so pleasant and easy.

I would like to thank the Executive Directors of the Bank and the Fund for their
excellent Annual Reports. These Annual Reports have been the basis for useful discussions in this meeting.

I compliment the Executive Directors of the Bank for increasing its loans to the countries that need them most, and the Executive Directors of the Fund for the liberal policy they followed in the use of the resources of the Fund.

I am confident that you all join me in thanking the President of the Bank, Mr. Black, and the Managing Director of the Fund, Mr. Rooth, for carrying out, with the help of their able staffs, those policies. While congratulating the two institutions on their achievements, we do look forward to the adoption, wherever possible, of more liberal policies and more flexible procedures so that a larger portion of their assets will be put to productive use.

At this point, I should like to make mention of our efficient Secretariat and especially the two Secretaries. The tireless efforts of Mr. Mendels and Mr. Horne and their splendid group of assistants are deeply appreciated.

I am sure we all agree that much of the credit for the success of this Tenth Annual Meeting must go to our gracious Turkish hosts. In this historic meeting place they have received us with all their traditional hospitality and have spared no effort to care for us. They have shared with us the best of their glorious past and the impressive achievements of modern Turkey. I am sure you all join me in extending our sincere thanks to our colleague, the Governor for Turkey, and, through him, to his Government and his people.

Our exchange of views in this meeting has been useful. But even more important in my view have been the opportunities that we who are concerned with the economics and finances of our countries have had here to know each other and to share at first hand our problems and our thoughts. I am sure that we will all go away richer in friends and in ideas. When we return to our homes we shall remind our peoples that, in planning the development programs, we should utilize the technical facilities offered by the International Bank. In the formulation and the application of the monetary and fiscal policies it would be to our utmost advantage to avail ourselves of the long experience and technical abilities of the staff of the International Monetary Fund. No development program can have any hope of survival unless it is coupled with sound monetary and fiscal policies.

And now that our meeting is over and we begin our separate ways home, allow me to bid you all bon voyage and au revoir. Thank you.
COMMITTEE REPORTS

JOINT PROCEDURES COMMITTEE

Chairman ................................................... EGYPT
Vice Chairman ............................................... COSTA RICA
Reporting Member ........................................... GERMANY

Other Members: CHINA, FRANCE, INDIA, JAPAN, PARAGUAY, TURKEY, UNION OF SOUTH AFRICA, UNITED KINGDOM, UNITED STATES

Report No. 1

September 12, 1955

The Joint Procedures Committee, at its first meeting at 5:00 p.m., on September 11, 1955, considered the matters of business which had been proposed for the Tenth Annual Meeting of the Boards of Governors of the Bank and the Fund.

I have the honor to submit the following recommendations of the Committee:

I. Business of the Board of Governors of the Bank

A. Agenda

The committee recommends:

1. That the agenda attached as Annex I\(^1\) be adopted.
2. That, after the adoption of the initial agenda, proposed additions to the agenda be submitted in writing to the Joint Procedures Committee, through the Chairman, for its recommendations.

B. Committee

The Committee recommends:

1. That a Committee on Finance and Organization be established as shown in Annex II.\(^2\)
2. That the items shown in Annex III\(^2\) be referred to the Committee on Finance and Organization for report to the Board of Governors.

C. Bank Discussions

The Committee recommends:

1. That there be a discussion by the Governors on the Annual Report and on the activities of the Bank.

---

\(^1\) See page 15.
\(^2\) See page 15.
\(^3\) See page 16.
2. That there be an informal discussion on the subject of the "International Finance Corporation," as described in Annex IV.

II. Business of the Board of Governors of the Fund

III. Procedural Matters of Joint Concern to the Bank and the Fund

A. Order of Business

The Committee recommends:

1. That the order of business tentatively scheduled in Annex VIII be adopted.
2. That the Secretaries of the Bank and Fund, in consultation with the Chairmen, may change the schedule as necessary.

B. Conduct of Meeting

The Committee recommends that the provisions relating to the conduct of the Meeting, as contained in Annex IX, be approved.

C. Procedural Items

A later report of this committee to the Joint Boards of Governors will deal with:

1. Place and date of Eleventh Annual Meeting.
2. Election of Officers and Joint Procedures Committee for 1955-56.

Approved:

/s/ A. KAISSOUNI                        /s/ VON MANGOLDT
          (EGYPT)                        (GERMANY)
/s/ A. Z. SAAD                          Reporting Member
 (Chairman)

This Report was approved and its recommendations were adopted by the Boards of Governors at the Joint Session on September 12, 1955.
ANNEX I

AGENDA

1. Tenth Annual Report
2. Financial Statements and Annual Audit
   *(Appendices A - H of Tenth Annual Report)*
3. Administrative Budget for Fiscal Year ending June 30, 1956
   *(Appendix K of Tenth Annual Report)*
4. Allocation of Income to Reserve
   *(Bank Document No. 2)*
5. Loan Regulations Nos. 3 and 4
   *(Bank Document No. 3)*
6. Place and Date of Eleventh Annual Meeting
7. Election of Officers and Procedures Committee for 1955-56

ANNEX II

COMMITTEE ON FINANCE AND ORGANIZATION

Chairman ........................................ LUXEMBOURG
Vice Chairman ................................... PANAMA
Reporting Member ................................. BURMA

AUSTRALIA       GREECE       NORWAY
CHILE           INDIA        PAKISTAN
CHINA           IRAQ         UNITED KINGDOM
DOMINICAN REPUBLIC JORDAN     UNITED STATES
FRANCE          MEXICO       YUGOSLAVIA
ANNEX III

COMMITTEE ON FINANCE AND ORGANIZATION

Terms of Reference

For consideration and report to the Board of Governors:

1. Financial Statements and Annual Audit  
   (Appendices A - H of Tenth Annual Report)
2. Administrative Budget for Fiscal Year ending June 30, 1956  
   (Appendix K of Tenth Annual Report)
3. Allocation of Income to Reserve
4. Loan Regulations Nos. 3 and 4

ANNEX IV

INFORMAL DISCUSSION

Subject of Discussion

International Finance Corporation

Program

1. Presentation: ROBERT L. GARNER  
   Vice President of the Bank
2. Questions and Discussion
ANNEX VII

PROVISIONAL SCHEDULE

Monday, September 12—Friday, September 16
(Sunday, September 11—5:00 p.m.—Joint Procedures Committee)

MONDAY  September 12—10:00 a.m.—Opening Ceremonies
         Opening Session
         —12:00 noon—Annual Address—President of Bank

TUESDAY  September 13—10:00 a.m.—Annual Address—Managing Director of Fund
         —11:00 a.m.—Bank Annual Report Discussion
         —1:00 p.m.—Bank Committee on Finance and Organization

WEDNESDAY  September 14—10:00 a.m.—Fund Annual Report Discussion
            —1:00 p.m.—Fund Committee on Finance and Organization

THURSDAY  September 15—10:00 a.m.—Bank Informal Discussion
            —12:00 noon—Bank Board
            President’s Comments
            Committee Reports
            —1:00 p.m.—Procedures Committee

FRIDAY  September 16—10:00 a.m.—Fund Board
         Managing Director's Comments
         Committee Reports
         —11:00 a.m.—Closing Session

1 Annexes V-VII related to business of the Fund.
2 The Provisional Schedule was subsequently amended; for final schedule see page ii.
ANNEX IX

PROVISIONS RELATING TO THE CONDUCT OF THE MEETING

Attendance

1. All sessions of the Boards of Governors of the Bank and the Fund, including joint sessions and the informal discussions, shall be open to the press and invited guests, unless otherwise decided. Committee meetings shall be closed.

2. Meetings of the Joint Procedures Committee shall be open only to the Governor and Alternate Governor and one adviser for each member country on the Committee.

3. Committee meetings, with the exception of Joint Procedures Committee Meetings, shall be open to Delegations who are not Committee members.

4. Accredited observers may attend all sessions of the Boards of Governors and their committees, other than the Joint Procedures Committee, unless decided otherwise. Observers wishing to speak at a meeting are requested to consult the Secretaries in advance.

5. Sessions of the Boards of Governors and committee meetings shall be open to such members of the joint secretariat and the technical staffs as may be necessary.

Public Information

6. The Chairmen of the Boards of Governors, the President of the Bank and the Managing Director of the Fund are authorized to communicate to the press such information concerning the proceedings of the Tenth Annual Meeting as they deem suitable. Copies of such communications shall be available to any Governor on his request.

Records

7. The Secretaries of the Bank and the Fund are authorized to prepare verbatim transcripts of the proceedings of sessions of the Boards of Governors and their committees, and of informal discussions. The transcripts of committee proceedings, and any summary records thereof, will be confidential and available only to the Chairmen, the President of the Bank and the Managing Director of the Fund, unless otherwise decided.

8. Reports of committees shall be signed by the Committee Chairman and the Reporting Member.
I have the honor to submit the Report of the Joint Procedures Committee on its second meeting which was held at 1:00 p.m. on September 15, 1955.

I. Place and Date of Eleventh Annual Meeting

The Committee considered the place and date of the Eleventh Annual Meeting.

The Committee recommends that the standing invitation of the United States be accepted and that the Eleventh Annual Meeting be convened in Washington, preferably in the second half of September 1956.

II. Officers for Ensuing Year

The Committee next considered the question of officers of the Boards of Governors for the Bank and the Fund for the ensuing year, and recommends that the Governor for Mexico be elected Chairman and the Governors for China, France, India, the United Kingdom and the United States be elected Vice-Chairmen of the respective Boards, to hold office until the election of officers at the close of the next annual meeting.

III. Joint Procedures Committee for Ensuing Year

The Committee then considered the question of the composition of the Joint Procedures Committee for the ensuing year.

The Committee recommends that a Joint Procedures Committee be established to be available after the termination of this Meeting, and until the selection of a new Joint Procedures Committee at the next annual meeting, for consultation at the discretion of the Chairman, normally by correspondence, and also if occasion requires by convening immediately before the Annual Meeting of the Boards. The Committee further recommends that the Joint Procedures Committee shall consist of the Governors for Mexico, Chairman; Iraq, Vice-Chairman; Denmark, Reporting Member; and Australia, Bolivia, Burma, China, France, Greece, India, the United Kingdom and the United States.

/s/ A. KAISSOUNI
/s/ A. Z. SAAD (EGYPT) /s/ J. VON SPINDLER (GERMANY)
Chairman Reporting Member

This Report was approved and its recommendations were adopted by the Boards of Governors at the final Joint Session on September 16, 1955.
REPORT OF
COMMITTEE ON FINANCE AND ORGANIZATION

September 14, 1955

Chairman ............................................ LUXEMBOURG
Vice Chairman ........................................ PANAMA
Reporting Member ................................. BURMA

Other Members: AUSTRALIA, CHILE, CHINA, DOMINICAN REPUBLIC,
FRANCE, GREECE, INDIA, IRAQ, JORDAN, MEXICO, NORWAY,
Pakistan, United Kingdom, United States, Yugoslavia.

I have the honor to report that the Committee on Finance and Organization met at 9:30 a.m. on Wednesday, September 14, 1955, and considered the following Agenda items:

1. Financial Statements and Annual Audit
2. Administrative Budget for Fiscal Year ending June 30, 1956
3. Allocation of Income to Reserve
4. Loan Regulations Nos. 3 and 4

The Committee also had before it a statement by the Director of Marketing on the marketing activities of the Bank.¹

The President of the Bank commented briefly on several of the matters before the Committee.

Financial Statements, Annual Audit and Administrative Budget

The financial statements and annual audit attached as Appendices "A" to "H" inclusive, to the Tenth Annual Report, were then considered.

The Committee also considered the Administrative Budget for the fiscal year ending June 30, 1956, attached as Appendix "K" to the Annual Report, and a supplemental Report, dated August 22, 1955, giving additional information concerning the Budget. The Budget was prepared in accordance with Section 19 of the By-Laws and approved by the Executive Directors.

The Governor for India again expressed his concern that the Bank should increase the representation of Asia on the staff of the Bank, in order to assure first hand knowledge of that area and urged that this point be kept in view if and when additional staff is recruited for the International Finance Corporation.

In the name of the Committee, I have the honor to recommend to the Board of Governors the adoption of the draft resolution on the Financial Statements and Budget attached hereto as Annex 1.²

¹ See page 22.
² See page 25.
Allocation of Income to Reserve

The Committee considered the Report of the Executive Directors, dated July 14, 1955, on the allocation of income to reserve and concurs in the recommendations of the Executive Directors.

The Governor for Jordan, supported by the Governor for Pakistan, stated that in his view the revenues of the Bank are more than adequate in view of the present size of the Bank's reserves, which amount to more than 8% of loans, and he proposed that the Committee recommend to the Board of Governors a reduction in the 1% commission charged by the Bank.

The Governor for the United States, supported by the Governors for the United Kingdom and France, expressed the view that the 1% commission should be continued unchanged pending further experience in order to assure the financial stability of the Bank and a favorable market for its obligations. He also indicated that if subjects of this nature were to be explored, consideration might well be given to other dispositions of the Bank's net revenues.

In the name of the Committee, I have the honor to recommend that the Board of Governors note with approval the allocation of the net income of the Bank for the fiscal year ended June 30, 1955, to the reserve against losses on loans and guarantees, in accordance with resolutions previously adopted by the Board of Governors and by the Executive Directors.

Revised Loan Regulations Nos. 3 and 4 of the Bank


The Committee recommends that the record of the Proceedings of the Tenth Annual Meeting state that the revised Regulations have been reviewed and noted by the Board of Governors.

/s/ PIERRE WERNER (LUXEMBOURG) /s/ U HLA MAUNG (BURMA)  
Chairman Reporting Member

This Report was approved by the Board of Governors on September 15, 1955.
REPORT ON
MARKETING ACTIVITIES OF THE BANK

Statement submitted by the Director of Marketing of the Bank to the Committee on Finance and Organization, September 13, 1955

The past fiscal year of the Bank was a period of high economic activity and expansion not only in the United States but also in most other parts of the free world.

In the United States, housing construction continued at an intensified pace; capital investment in new plant and equipment broke previous records; and public expenditures on new roads, schools, hospitals and the other needs of an expanding economy were at a high level. All of this had its repercussions on the capital market.

The two principal sources of long-term investment capital in the United States have traditionally been the life insurance companies and the savings banks. During the fiscal year there were unprecedented demands on these institutions for mortgage funds and for long-term capital needed for the expansion of industry which was provided by loans negotiated directly with the borrowers. The consequence was that these institutions became factors of diminished importance in the market for public bond issues, and, for the first time since the original issue of Bank securities in the United States market more than eight years ago, the holdings of its bonds by these institutions declined from the previous year.

This trend might have carried unfortunate consequences, but it was completely offset by the development of a strong demand for Bank securities from non-United States investors, and from pension, retirement and similar funds in the United States itself.

For some time, these United States pension funds have been an important factor in the market for publicly offered issues, and it is believed that they have now displaced the life insurance companies and the savings banks as the largest investors in the Bank's bonds in the United States.

This significant shift in holdings of the Bank's bonds has had no regrettable results. The relative market position of our bonds has never been more satisfactory. While, during the past year, there have been some periods of indigestion in the general market, the sustained demand for the Bank's bonds, both inside and outside the United States, has prevented any accumulation of unsold offerings in the market, and has made possible the transfer of large holdings without unfavorable effects on their price level.

These developments have pointed up the value of our past efforts in striving continually for the broadest market for our securities in all our member countries, and underlined the need for continuing those efforts.

For some years we had anticipated the significance of pension funds in the United States capital market, and have spared no efforts to develop a favorable attitude towards the Bank's securities on the part of those responsible for the management of these funds. The attraction of these funds into Bank securities, however, presented us with a problem somewhat different from that presented by the funds of the other two principal sources of long-term capital, the life insurance companies and the savings banks.

There are two types of pension funds—those of the private corporations, and those of the public authorities, namely, the states and the municipalities.
The private corporations with pension funds are found throughout the United States. Some of the larger pension funds are managed by the corporations themselves. Management of others is farmed out to insurance or trust companies. The investments of some of these funds are governed by insurance or trust investment restrictions; the investments of others are not subject to these restrictions, and they are free to, and do, invest heavily in common stocks and in property as well as in bonds. The generally favorable attitude of investment institutions towards Bank bonds, and the clear investment status of the bonds in most jurisdictions in the United States, has stimulated the rapid growth of holdings of Bank bonds by the pension funds of private corporations. The aggregate amount of these pension funds is not known but it must reach an impressive total. Moreover, the annual accruals are substantial, and increasing, so the importance of these funds to the capital market will grow with the passage of time.

The public pension and retirement funds are accumulated for the benefit of the employees of the states and municipalities. They, likewise, are of great size, and it is estimated that they amount to a total of $10-12 billion with annual accruals of nearly one billion. In most states and municipalities these funds are managed by the state and municipal officials themselves. In the past, for various reasons, the investment of these funds has, in general, been much restricted; mostly, investments have been limited to obligations of the United States Treasury and to state and local government issues. But as the states and municipalities themselves are tax-exempt, they could derive no advantage from the tax exemption feature of local government issues—a concession which is of great value to the ordinary investor. Consequently, their investments were, in practice, virtually restricted to United States Treasury obligations. The desire for greater income has forced many of the states to liberalize the investment policies of the pension and trust funds to allow more diversification of investment and so to increase returns. We have consistently sought to have the Bank's securities added to the list of approved investments, by administrative discretion when this was possible, and, where legislation was necessary, we have sought to have the legislation enacted. During the past fiscal year two of the largest public trust funds in the United States made their first purchases of Bank bonds. In one case, this was made possible by enabling legislation and, in the other, by an enabling ruling of the authorities.

With regard to holdings of Bank securities by non-United States investors, we estimate that the equivalent of about $375 million of the Bank's outstanding obligations on June 30, 1955, was held by investors outside the United States. This represents more than 43% of our total outstanding obligations, and an increase of more than $93 million over the year before. Of this increase, more than $54 million was in obligations payable in United States dollars. It will be recalled that about a year ago, an entire issue of $50 million was placed by the Bank with investors outside the United States. We estimate that on June 30, non-United States investors held about $225 million of the Bank's dollar obligations, or about 32% of the total outstanding, and, in addition, the equivalent of about $146 million of obligations denominated in other currencies. The importance to the Bank of the capital markets outside the United States cannot be overemphasized.

We have continued our efforts to secure enabling legislation and administrative rulings in our member countries to facilitate the sale of Bank securities to the investing public, and, especially, to make the Bank's bonds eligible for major institutional investors, particularly insurance companies and public funds.

We were gratified that, in a recent statement, the Government of the United Kingdom announced its intention to introduce legislation to include the Bank's sterling securities in the select list of trustee securities.
In the important Canadian Province of Ontario, legislation was recently enacted making bonds of the Bank legal investments for insurance companies, loan corporations and trust companies.

In several important states of the United States legislation was also passed during the year making the bonds eligible for investment by insurance companies, trust funds, and certain public funds.

In addition, we consider especially significant from a marketing standpoint recent legislation in Belgium and a recent ruling from Mexico according bonds issued by the Bank important exemptions from income tax in those countries.

The participation by private capital in loans made by the Bank and in the purchase of portions of loans from the Bank's portfolio has become a source of funds to the Bank of increasing importance. These participations and sales take place without the Bank's guarantee. The Bank is therefore able to reduce or eliminate its charge for special commission and, consequently, substantial savings in loan charges accrue to the borrower.

In the past fiscal year there was private participation in 13 of the 20 loans made by the Bank.

Participations in loans by private capital and sales from the Bank's portfolio without the Bank's guarantee totalled the equivalent of $98 million during the last fiscal year. Of these sales and participations $47 million were taken up by United States investors, and $51 million by investors outside the United States.

The funds accruing from this direct association of private capital with Bank operations, together with large prepayments of loans by borrowers during the fiscal year, greatly reduced the necessity for new borrowing by the Bank. In the year ended June 30, 1955, the Bank borrowed the equivalent of only $88 million as against the equivalent of about $221 million for the previous fiscal year. This year's borrowings consisted of $50 million payable in United States dollars, and the equivalent of Canadian $13.6 million, $10.5 million in Dutch guilders, and $14 million in pounds sterling.

In the course of the year, the Director of Marketing carried on his program of visiting member countries to study and advise on the development of local capital markets. He paid several re-visits to observe the progress that had been made since his initial visit in previous years. In some cases, notable progress had been achieved while in others little had been accomplished. A capital market takes time to develop. In some cases, legislation is necessary; in others, there is little chance of success until inflationary conditions have been corrected; in others, what is needed is the establishment of an appropriate organization for the development of the market. On the whole, however, the Bank is encouraged by the growing realization of the need to develop the local capital market for the mobilization of local investment resources, and we shall continue our efforts to bring this about.
RESOLUTIONS ADOPTED BY THE BOARD OF GOVERNORS AT THE TENTH ANNUAL MEETING

Resolution No. 93

FINANCIAL STATEMENTS AND BUDGET

RESOLVED:

THAT the Board of Governors consider the Financial Statements and Auditors' Report, included as Appendices "A" to "H" inclusive of the Tenth Annual Report, and the Administrative Budget, included as Appendix "K" of the Tenth Annual Report, as fulfilling the requirements of Article V, Section 13, of the Articles of Agreement and of Section 19 of the By-Laws.

Resolution No. 94

APPRECIATION

RESOLVED:

THAT the Governors of the International Bank for Reconstruction and Development and the International Monetary Fund express their sincere appreciation to the Government and people of Turkey for their gracious hospitality; and

THAT they express their particular appreciation to the Governor and Alternate Governors for Turkey and their assistants for their outstanding contributions to the success of this Tenth Annual Meeting.

Resolution No. 93 was adopted by the Board of Governors on September 15, 1955; Resolution No. 94 was adopted on September 16, 1955.
COMMENTS OF PRESIDENT OF BANK ON DISCUSSION OF ANNUAL REPORT, SEPTEMBER 15, 1955

On behalf of the Executive Directors and the Management of the Bank, I would like to express our sincere thanks to the Governors for their kind and sympathetic reception, during the discussion which we had, of the account of our stewardship of the Bank during the year under review. I am grateful, not only for the Governors' expressions of appreciation of what the Bank has been able to accomplish, but also for their indulgence and understanding of the difficulties and hazards which the Bank, which is still a young institution, must take into account in formulating its operational and financial policies and procedures.

I have been especially impressed by the acknowledgements that have been made of the value of the Bank's activities in the field of technical assistance. For a good many years now it has been my theme that in this enterprise of economic development, money—and especially money in the form of foreign capital—cannot do it all. Money is an indispensable ingredient. But money must have with it technical and, above all, managerial competence, if the fruits of financial investment are to ripen and to be plucked from the tree.

A considerable and increasing part of the Bank's annual budget is devoted to Special Services to Member Countries, outside the field of the normal lending operations of the Bank. I make no apology for this. I welcome the readiness of our members to avail themselves of these services. I look on the expansion of these services as an indispensable supplement to the lending operations of the Bank, and I want to take this opportunity of appealing to those of our member countries who possess resources of manpower in the economic, technical and managerial fields to do their utmost to spare men of the right calibre to help out those of our members who, in this respect, are less well endowed.

The support of the International Finance Corporation voiced by a number of Governors is highly gratifying. I particularly appreciate the fact that so many of you have expressed yourselves as believing that IFC's affiliation with the Bank is a reason for confidence in the new institution. As Mr. Garner has explained, IFC will not have an easy road to travel; it will be breaking new and difficult ground. I am personally convinced, however, that IFC can be an important new financial weapon in the widespread attack on underdevelopment in which we are all engaged. The evidence I have heard during this meeting indicates every likelihood that IFC will come into existence, we hope, by January 1, but certainly by the early part of next year. We will, therefore, be starting our preparations shortly so that IFC may be in a position to grapple with its problems promptly after its creation.

I want to say a few words now about the matter of the 1% commission rate. I sympathize with those Governors who have emphasized the importance of keeping charges on Bank loans at as low a level as possible, consistent with financial prudence. That is the objective of the Executive Directors and of the Management too; and in carrying out that objective we initially fixed the statutory commission at the lowest rate permitted by the Articles and have adjusted downward both commitment charge and interest rate when circumstances permitted. But financial prudence has its demands, too, particularly in the case of a still young institution operating in a difficult field where the extent of the risk we are taking is hard
to estimate. No one can say with assurance what the precise level of the Bank's reserves should be; but this very uncertainty emphasizes the need for caution. I am personally convinced that the conservatism shown by the Executive Directors in the matter of the 1% commission was wise and in the best long-term interests of our member countries.

During the Annual Report discussion on Tuesday, several of the Governors made reference to a proposal of mine for "a pool of 18% currencies." I would like to be able to give the Governors, as a body, an explanation of that proposal.

Several months ago, I addressed a letter to the Governors of the Bank for Austria, Belgium, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom, proposing a first step in the direction of a complete liberalization of the Bank's use of its 18% paid-in capital.

I proposed the establishment of a pool of 18% currencies in an amount of the equivalent of $50 million, to be subscribed by each of the member governments I have mentioned in proportion to their total capital subscriptions to the Bank. The funds in this pool were to be available to the Bank for lending to any borrower, and to be expendable anywhere within the EPU area.

A substantial majority of the member governments that I approached have informed me of their readiness to participate in this pool. I have, however, been unable to get unanimous consent, and, as my proposal and as the acceptance of every government was dependent on unanimity, I regret that I am not able to inform the Governors, as I hoped to do, that my proposal would be put into effect.

I have, however, been much encouraged by the attitude adopted by several of the Governors in their reference to the Bank's use of its 18% paid-in capital, especially with regard to the undesirability of "tieing" the use of it to purchases in the releasing country, and to making it an instrument of commercial policy.

I intend to continue to lose no opportunity to press for more liberal releases of this part of our capital, and for the removal of any restrictions on the Bank's use of it. I am glad to have these indications that my efforts in the future may meet with increasing success.

Several of the Governors in their talks referred to the Bank's thorough appraisals of loan projects. They remarked that, although initial delays had sometimes given rise to impatience, subsequent events had usually proved that the time devoted to preliminary investigations had been well spent. It was gratifying to hear these understanding comments of the Governors. I feel strongly that these preliminary investigations and preparations, which are obviously important to the Bank as a prudent lender, are still more important in the interests of the borrowing country itself.

The Bank's business does not consist of small inconsequential transactions. Its loan projects involve large expenditures and long periods of repayment. The success of these projects will bring permanent benefits, but their failure would impose burdens extending over ten, twenty or thirty years or even longer. Therefore, transactions of this kind are not to be entered into casually or lightly. Time wisely invested at the outset will pay dividends over a quarter of a century or more. We in the Bank are convinced that hasty preparation of loan projects does not pay in the long run.

As a matter of fact, hasty and slipshod preparation is not worthwhile even in the short run. Our experience is, as one or two Governors remarked, that, on well prepared projects, loans can be quickly negotiated; and that the omission of necessary steps in the early stages only serves to postpone the time when the project will begin to produce benefits.

As a practical matter we have learned that usually the first loan or two loans in
any country takes much longer to conclude than subsequent loans. This is natural, as time is needed for the Bank and the borrower to get to know each other. Now that we have several years behind us we are learning more and more about the needs and problems of our members, and they are becoming better acquainted with our standards and procedures. The result is that projects are now coming to us in a more finished state, and in view of that we are able to deal with them more expeditiously. I think a large share of the credit for the Bank's increased rate of lending, on which so many Governors have commented favorably, is due to member governments themselves because of their growing appreciation of the value of thorough preliminary preparation of loan projects.

The Bank is now entering the second decade of its operations. In the ten years behind us we have learnt many lessons—and acquired, I hope, much useful experience. Our task is not a simple one. While we must not overlook the lofty principles underlying our Charter, we must also not forget that we are enjoined by that same Charter to conduct our operations with prudence, and in the interests of all of our member countries, borrowers and non-borrowers alike.

In our efforts to discharge these responsibilities, we may sometimes frustrate hopes and disappoint expectations, even our own.

But the reception accorded to the Annual Report by the Governors will be a source of inspiration and encouragement to the Executive Directors, to the Management, and to the Staff of the Bank, to continue to apply their energies, their ingenuity and their imagination to the very worthwhile task that has been entrusted to us.

This will be the last opportunity which I shall have to address the Governors at this Annual Meeting, and it is a fitting occasion for me to express my thanks to the Government of Turkey for all that they have done to make our stay in this historic city so comfortable, so interesting and so entertaining. The arrangements for our meetings have worked smoothly, and the hospitality extended to us on every hand has, of course, been the traditional hospitality of the Turkish people.
INFORMAL DISCUSSION
INTERNATIONAL FINANCE CORPORATION

Statement Made by Robert L. Garner,
Vice President of the Bank, September 15, 1955

I am very pleased that we have this opportunity today to discuss together some of the more important aspects of the new International Finance Corporation. I would first like to tell you about some of the thinking that lay behind the original proposal for the Corporation, and then to describe briefly what we hope the Corporation may be able to achieve and how we think it is likely to go about its task.

We must all recognize that views differ greatly in various countries as to the precise role of governments in the whole process of economic development, and as to the appropriate line which should be drawn between governmental activities on the one hand and private enterprise on the other. But despite the wide differences on this point, there is common agreement, I think, except in those few countries which have prohibited private ownership of productive facilities as a matter of national policy, that there are broad sectors of any economy in which private enterprise is the most effective agent in furthering economic development. Indeed, the experience of the Bank has made very clear that in most countries the pace of economic growth depends in large measure upon the degree of private initiative and the extent of private investment.

The reasons why this should be so are not obscure. Public funds and public effort can and must provide many of the necessary tools for development, particularly in the fields of education, health and basic public service facilities, but from an economic standpoint these tools are largely means to an end—the increased production of goods and services, with its consequent effect on living standards. And in the field of production, particularly of industrial production, many of the essential ingredients for effective performance can usually best be obtained, and sometimes can only be obtained, from private enterprise.

What are these ingredients? First, entrepreneurship—that elusive combination of the imagination to see an opportunity and the ability to mobilize the necessary resources to seize it. Second, venture capital—capital whose owners are ready and willing to accept substantial risks in return for the opportunity to realize substantial profits. Third, technology—by which I mean not only the availability of modern machines and of rights to use modern productive processes, but also research facilities and a continuing access to new technological developments. Fourth, a labor force which can be trained to accept the disciplines involved in industrial employment, and to develop adequate technical and supervisory skills. And fifth, and often the most important, management—that compound of institutional continuity and experience, on the one hand, and of personal qualifications, on the other, which alone can successfully transmute machines, labor and capital into a dynamic going concern producing at a competitive cost goods of a quality that the market will accept.

Because private investment and, in the case of underdeveloped countries, private international investment, is usually the best agency for supplying these essential ingredients, as well as being the largest continuing source of funds, it has seemed to us in the Bank of the greatest importance to encourage a greater flow of private capital, both domestic and foreign, into productive private enterprise. Yet the mechanism for this
has not been readily at hand. In the case of the Bank itself, the requirement of a government guarantee, taken together with the fact that the Bank does not provide venture capital, has greatly limited the amount of financing we have been able to extend to private industry and other private endeavors. Funds from other public institutions, primarily governmental, have similarly been concentrated very largely on the same type of public projects as those normally financed by the Bank—power, transport and other public utility facilities. But while this public investment has opened up new opportunities for private initiative and effort, the flow of private capital to take advantage of those opportunities has been disappointingly small.

Many factors account for this: political tensions; the competing demands for investment in the capital-exporting countries themselves; fears on the part of the investors of discrimination or nationalization; fears of exploitation on the part of countries of investment; lack of communication as to investment opportunities between private interests in capital-importing and capital-exporting countries; and in addition all those other intangible elements that go to make up the "investment climate." A number of efforts have been and are being made to improve the situation, through statements of governmental policy, revision of regulatory and fiscal laws, guarantee programs, and the negotiation of tax and investment treaties; and through these and many other devices, progress is being made. Yet the flow of private capital, and particularly of foreign private capital, into productive investment in the underdeveloped areas is still far from sufficient to take advantage of existing attractive opportunities.

It is to increase that flow, by helping to remove or lower some of the barriers obstructing it, that the International Finance Corporation is now being created. And it is being created at what seems to be a very opportune time. On the one hand, returns on investments in many of the capital-exporting countries are diminishing somewhat and the investors in those countries are therefore showing new interest in overseas opportunities. On the other hand, many of the underdeveloped countries are coming to have a greater appreciation of the advantages they can secure from an inflow of private capital, and they are therefore extending to it a heartier welcome.

How will IFC go about its task? The charter wisely tells us only in broad outline, leaving the detail to be filled in on the basis of actual operating experience. Nonetheless I think it may be useful to discuss briefly a few of the more important features of the charter, which will necessarily shape the fundamental character of the new institution.

Basically, of course, as its name implies, IFC is to be a financing agency, but it is to be a financing agency which operates under a number of specific restrictions which are essential to its purpose of stimulating the flow of private capital from other sources. Let me mention several of these restrictions.

In the first place, IFC is required to limit its financing to investment in productive private enterprises. While a government interest in the enterprise will not necessarily preclude an IFC investment, the test will be whether, despite that interest, the enterprise is essentially private in character. For IFC to invest its funds in enterprises which are government owned and operated or which have an essentially public character would be contrary to the basic concept underlying its creation.

In the second place, the charter specifically provides that IFC may use its resources only in association with private investors. Thus, IFC will never provide the entire capital for any enterprise and, indeed, it is hard to foresee a situation where the private participants should not put up the major share of the capital.

Thirdly, IFC is not to undertake any financing for which, in its opinion, sufficient private capital could be obtained on reason-
able terms. On the contrary, it will be a principal function of IFC to try to bring together potential investors and business interests seeking capital; and IFC will not in any event make an investment unless it is satisfied that its private partners are bearing a full share of the financing burden. I would personally regard IFC as making a much greater contribution to the flow of private capital through participating modestly in a substantial number of investments rather than making large investments in a relatively few individual projects.

A fourth restriction to which I would call your attention is the specific injunction in the charter that IFC shall not assume responsibility for managing any enterprise in which it has invested. The whole concept of IFC is that management should be provided by private interests which IFC will support with its funds where necessary; IFC will expect to protect itself through a judicious choice of its partners, not through interfering with private operation of the concerns which it helps to finance. For that reason, IFC will have to associate itself, not with mere promoters, but with experienced business interests who are risking their own capital.

The charter also makes clear that IFC’s investments are not to be on bargain terms or at cut rates. On the contrary, in fixing the terms and conditions of its financing, IFC is specifically required to take into consideration the risks involved in the enterprise being financed and the terms and conditions normally obtained by private investors for assuming similar risks. Moreover, since IFC is intended to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms, it will have to make its investments on terms which will make them attractive to potential purchasers.

The final restriction which I want to mention is the absolute prohibition in the charter against IFC ownership of capital stock, a prohibition which extends both to common and preferred stock. It should be emphasized that this prohibition does not preclude IFC from operating primarily as a supplier of venture capital, nor require it to confine its financing to conventional fixed-interest loans. To the contrary, IFC’s investment authority, apart from the prohibition against ownership of capital stock, has intentionally been cast in broad terms in order to enable IFC to tailor each investment to the requirements of the particular case and to permit it to contract for financial returns appropriate to the risks undertaken. For example, in situations in which private investors would normally insist on an equity participation, IFC might well require a participation in the profits of the enterprise financed and a right, exercisable by any purchaser of the investment, to subscribe to or to convert the investment into capital stock. Through investments of this type, providing for participation in the profits and conversion into stock when sold, IFC will be able to satisfy the need for venture capital without at the same time assuming ownership or management responsibilities inconsistent with the private character of the enterprises which it seeks to assist.

The provisions I have reviewed are well adapted, I think, to enable IFC to play its intended role not merely as a supplier of capital but as a catalytic agent to stimulate investment from other sources. There are, I am convinced, many enterprises, particularly smaller and medium-sized firms, which have held back from international investment either because they lack the resources to investigate opportunities abroad or because they fear to embark alone on the unfamiliar and therefore somewhat frightening seas of foreign operations. For enterprises of this type, IFC’s knowledge of investment opportunities and its proffer of partnership may often be a persuasive inducement to go abroad. It may often happen, too, that IFC’s participation, even though it will not give the enterprises financed any special status, may still serve to alleviate the fears of investors that those enterprises may not receive fair and equitable treatment. I mention these points because, in the last analy-
sis, IFC’s success must be measured, not so much by the amount and profitability of its own investments as by the amount of additional investment it succeeds in stimulating from other sources.

In this connection, it is worth emphasizing that IFC will necessarily pay close attention to the general climate for private investment in the countries in which it operates. It will do so as a matter of principle, since it can scarcely succeed in promoting the productive investment of private capital in an environment that is hostile to such investment. And it will do so as a matter of necessity, too, since IFC can only invest in association with private interests and the climate must therefore be such that private capital, both foreign and domestic, will find it congenial.

Let me add my hope that IFC, because of its international cooperative character, may in time come to be regarded by both investors and countries of investment as an agency whose views on private investment problems are objective, unbiased and informed, and whose advice on those problems is therefore freely sought and seriously attended. If this occurs and IFC is thus able to contribute to a constructive change of attitude to the whole problem of private capital movements, the benefits of IFC will extend far beyond the effects of its immediate investment activities.

Let me now turn briefly to some of the financial and organizational aspects of IFC. As you know, the initial authorized capital of the Corporation is $100 million, but the Corporation will come into existence when 30 members, whose subscriptions aggregate at least $75 million, have joined. IFC’s entire capital will be paid in gold or United States dollars, with the contribution of each member based on its subscription to the capital stock of the Bank.

IFC will have authority to borrow funds and in that connection to issue its own securities, but it is not expected that it will do so in the early years of its operations. Until it proves itself, IFC will have to operate solely with the funds subscribed by its members. Through revolving those funds by portfolio sales, however, and through securing the association of private capital, the effective contribution of IFC will, we hope, be many times the size of its own capital. In this connection, we have been encouraged by a number of recent indications that substantial amounts of investment capital will be available to help finance projects in which IFC participates.

In framing the organizational sections of the charter, we have been careful to avoid the creation of a large new international staff. Instead, IFC will be set up in such a manner that it can take full advantage of the services and facilities of the Bank. I want to stress, however, that, except in connection with payment for services, there will be no financial relationship whatever between IFC and the Bank. The two institutions will be closely affiliated in their operations; but their assets will be kept entirely separate and IFC is expressly prohibited from borrowing from the Bank.

IFC’s affiliation with the Bank will be secured in several ways. In the first place, membership in IFC will be open only to members of the Bank, and each member will be represented by the same Governor in the two institutions. Secondly, the Board of Directors of IFC will consist of those Executive Directors of the Bank who represent at least one country that joins the IFC. And thirdly, the President of the Bank, who is at the same time, Chairman of the Bank’s Executive Directors, will also serve as Chairman of IFC’s Board of Directors. Through the existence of this common Chairman and common Governors and Directors, assurance will be provided that the activities of IFC will always be consistent with the general approach and policies of the Bank.

On the other hand, IFC will be dealing with private businessmen and investors and its operations will be of quite a different sort than those of the Bank. It will, therefore, have to conduct its operations quite sepa-
rately from the conduct of the Bank’s business and, to carry on those operations, it will have its own President and staff.

The management of the Bank has high hopes for IFC—not simply as a financing agency but as a developmental agency that, for reasons I have already touched upon, may be in a position to do much, beyond just the provision of money, to promote the growth of private enterprise throughout the underdeveloped areas. But at the same time we are fully aware that the new institution will be faced with many difficult policy and operational problems which will not be easy to resolve. IFC will have to move cautiously in approaching these issues for its initial decisions may have a pervading influence on the whole pattern of its future operations.

Let me mention some of these problems that we see lying ahead.

For one thing, there will be the need to devise some effective means of sifting out, from the mass of financing applications that I expect IFC will receive, a reasonable number of projects worthy of serious investigation. In the case of the Bank, the requirement that all loan requests must be presented either by a member government or with an indication of government support automatically provides for at least some screening and in actual practice has kept the number of projects before the Bank within manageable limits. IFC will not have the advantage of any similar automatic screening process; and so its administrative resources and ingenuity are likely to be taxed just to sort out initially the financing applications it should consider. This task will be the more complicated because it will involve checking on the standing and reliability of applicant firms from many different parts of the world.

Difficult questions will be involved too, in the determination, implicit in every case, that IFC participation in a project will stimulate and not be a substitute for the investment of private capital. This involves, among other things, deciding whether the applicant for financing really wishes to use IFC funds simply as a convenient replacement for his own. No rule of thumb will be of use here; the matter is one of judgment and evaluation.

Another problem which IFC will have to resolve is the extent to which it should seek to safeguard, by covenant or otherwise, the funds which it invests. The issue in this connection is essentially one of drawing that fine line between safeguards designed to protect IFC's investment and restrictions which interfere with the prerogatives and management responsibilities of its private partners. This is not a new problem for financing institutions; but its resolution is the more difficult for a public international agency.

IFC will not find it easy, either, to reconcile the objective of revolving its funds as rapidly as possible with the objective of assuring that it secures a fair price for its portfolio sales. Clearly, IFC must not hold on to profitable investments simply because they are profitable; it is equally important, however, that portfolio sales be so timed that IFC will realize appropriate gains from successful ventures in order to offset losses on less favorable investments.

These are but a few of the problems I see ahead; there are obviously many more. We will only find the answers gradually, as we come to look at the specific facts of actual cases presented for decision. But although the careful resolution of these issues will doubtless absorb much time and attention, they emphasize the challenging nature of the whole IFC venture. Surely if IFC is successful in stimulating the vigorous expansion of private investment within the underdeveloped areas, it will amply justify all the efforts which the undertaking will demand.
ACCREDITED MEMBERS OF DELEGATIONS
AT TENTH ANNUAL MEETING

AFGHANISTAN
Governor
ABDUL MALIK
Alternate Governor
ABDUL KARIM HAKIMI
Advisers
MOHAMMAD NASIM
ABDUL H. TABIBI

AUSTRALIA
Governor
SIR ARTHUR FADDEN
Alternate Governor
SIR ROLAND WILSON
Advisers
L. H. E. BURY
(Executive Director)
B. B. CALLAGHAN
(Alternate Executive Director)
ROY DANIEL
DONALD HUNTER
H. R. WOODROW

AUSTRIA
Governor
REINHARD KAMITZ
Alternate Governor
WILHELM TEUFENSTEIN
Advisers
HANS KLOSS
(Alternate Executive Director)
EDOUARD SCHMIDT

BELGIUM
Governor
HENRI LIEBAERT
Alternate Governor
MAURICE FRERE
Advisers
THOMAS BASYN
(Executive Director)
CECIL DE STRYCKER
MAURICE TOUSSAINT
ANDRE VAN CAMPENHOUT

BOLIVIA
Governor
AUGUSTO CUADROS SANCHEZ
Alternate Governor
FERNANDO FOU MUNT

BRAZIL
Governor
EUGENIO GUDIN
Temporary Alternate Governor
HERCULANO BORGES FONSECA
Adviser
J. C. GOUEVA, F.O.

BURMA
Temporary Alternate Governors
U HLA MAUNG
BOH KIN MAUNG

CANADA
Alternate Governor
A. F. W. PLUMPTRE
Advisers
LOUIS RASMINSKY
(Executive Director)
J. H. WARREN
(Alternate Executive Director)
ROSS CAMPBELL
D. J. R. HUMPHREYS

CEYLON
Governor
M. D. H. JAYAWARDENE
Temporary Alternate Governor
WILLIAM TENNEKOON
(Alternate Executive Director)
Advisers
PETER P. ABEYSEKERA
GAMANI COREA
PONNA WIGNARAJA

CHILE
Alternate Governor
FELIPE HERRERA
CHINA
Alternate Governor
Tse-Kai Chang
Advisers
Kan Lee
(Executive Director)
Ching-Yao Hsieh
K. H. King
C. P. Liu
Beue Tann

COLOMBIA
Governor
Carlos Villavecinos
Alternate Governor
Eduardo Arias-Robledo
Adviser
Jorge Mejia-Palacio
(Executive Director)

COSTA RICA
Alternate Governor
Mario Fernandez
Temporary Alternate Governor
Jose Antonio Castro

CUBA
Luis Machado
(Executive Director)

DENMARK
Governor
Sven Nielsen
Alternate Governor
Hakon Jespersen
Temporary Alternate Governor
S. Hartogsohn
Adviser
Torbens Friis

DOMINICAN REPUBLIC
Governor
J. J. Gomez

EGYPT
Governor
Ahmed Zaki Saad
Alternate Governor
Albert Mansour
Advisers
Hamed A. El-Sayeh
Hussein Fahmy

EL SALVADOR
Governor
J. Mauricio Duke
Alternate Governor
Luis Escalante-Arce
Adviser
Jorge Sol

ETHIOPIA
Alternate Governor
Walter H. Rozell, Jr.

FINLAND
Alternate Governor
Ralf Torngren
Temporary Alternate Governor
Eero Asp

FRANCE
Governor
Pierre Pflimlin
Alternate Governor
Pierre Mendes-France
Advisers
Roger Hoppenot
(Executive Director)
Maurice Perouse
(Alternate Executive Director)
Joseph Pierre Barre
Jean Cottier
Daniel Dommel
Jean Gibert
Julien Pierre Koszul
Jean de Largentaye
Guy de Lavelrigne
Rene J. Larre
Jean Sadrin
Hubert Saint-Bris
Jean Saltes
Pierre-Paul Schweitzer
GERMANY
Governor
LUDWIG ERHARD
Temporary Alternate Governors
ARNOLD KRAMER
JOACHIM VON SPINDLER
Advisers
OTTO DONNER
(Executive Director)
KARL-HEINZ DRECHSLER
OTMAR EMMINGER
KURT ERBSTOESSER
GRAF HARDENBERG
HEINRICH HARTLIEB
ALFRED MUELLER-ARMACK
HANS RANNOw
DANKMAR SEIBT
FRITZ STEDTFELD

Greece
Temporary Alternate Governor
BYRON THEODOROPOULOS

GUATEMALA
Governor
GUSTAVO MIRON
Alternate Governor
GABRIEL ORELLANA
Adviser
MARIO ASTURIAS

Haiti
Governor
CLEMENT JUMELLE
Adviser
JOSEPH CHATELAIN

HONDURAS
Governor
GUILLERMO LOPEZ RODEZNO
Alternate Governor
RAFAEL CALLEJAS

ICELAND
Governor
JON ARNASON
(Executive Director)
Alternate Governor
THOR THORS
Advisers
SVANBJORN FRIMANNSON
VILHJALMUR THOR

INDIA
Alternate Governor
B. RAMA RAU
Temporary Alternate Governor
B. K. NEHRU
Advisers
G. R. KAMAT
(Executive Director)
V. G. PENDHARKAR
(Alternate Executive Director)
P. N. KAUL
P. S. N. PRASAD

INDONESIA
Alternate Governor
LOEKMAN HAKIM
Advisers
SOETIKNO SLAMET
(Executive Director)
BIAN TIE KHOUW

IRAN
Governor
ALI ASGHAR NASSER
Alternate Governor
DJALALEDDIN AGHILI
Adviser
ALI AKBAR KHOSROPUR
(Alternate Executive Director)

IRAQ
Governor
DHYA JAFAR
Alternate Governor
MUDHAFER H. JAMIL

ISRAEL
Governor
DAVID HOROWITZ
Advisers
U. BASSAN
M. GALLI

ITALY
Governor
DONATO MENICHELLA
Alternate Governor
GIORGIO CIGLIANA-PIAZZA
Advisers
FELICE PICK
(Alternate Executive Director)
PAOLO BAFFI
ATTILIO CATTANI

[ 36 ]
ITALY (Continued)
ALFREDO DI CRISTINA
CARLO GRAGNANI
LUIGI A. JASCHI

JAPAN
Governor
HISATOSHI ICHIMADA
Temporary Alternate Governors
GENGO SUZUKI
TAKEO TAKANASHI
TAKESHI WATANABE
Advisers
TAKEO YUMOTO
(Technical Director)
TOKUSABURO FUJISAWA
KAZUO ICHIHASHI
SHICHIRO MURAI
NAOKADO NISHIHARA
HIKOICHI SHIOJI
KIYOSHI SUGANUMA

JORDAN
Governor
HAMAD FARHAN
Alternate Governor
YACOUB IWAIS
Adviser
J. C. DEEKS

KOREA
Governor
YU TAIK KIM
Advisers
CHI YONG LEE
BYONG HYUN SHIN

LEBANON
Governor
ANDREE TUENI
Alternate Governor
RAJA HIMADEH
Advisers
PAUL KLAT
CHARLES MARCHAL

LUXEMBOURG
Governor
PIERRE WERNER
Alternate Governor
RENE FRANCK

MEXICO
Governor
ANTONIO CARRILLO-FLORES
Alternate Governor
JOSE HERNANDEZ DELGADO
Advisers
ADOLFO CRESPO
ADRIAN LAJOUS
JOSÉ LUNA-GUERRA
JAVIER MARQUEZ

NETHERLANDS
Governor
J. VAN DE KIEFT
Alternate Governor
A. M. DE JONG
Advisers
D. CRENA DE IONGH
(Executive Director)
MISS G. A. KOEN
H. M. H. A. VAN DER VALK

NICARAGUA
Alternate Governor
ALEJANDRO BACA MUNOZ

NORWAY
Governor
ARNE SKAUG
Alternate Governor
OLE COLBJORNSEN
Advisers
JOHAN Z. CAPPELEN
(Alternate Executive Director)
ALF ERIKSEN
GABRIEL KIELLAND
BJORN SYVERTSEN

PAKISTAN
Alternate Governor
VAQAR AHMED
Temporary Alternate Governors
MOHAMMAD SHOAIB
(Executive Director)
MIAN AMINUDDIN
Advisers
J. G. KHARAS
M. MIRZA

PANAMA
Governor
J. J. VALLARINO
PARAGUAY
Alternate Governor
JULIO C. KOLBERG

PERU
Governor
Fernando Berckemeyer
Alternate Governor
EMILIO FOLEY
Advisers
ENRIQUE BELLIDO
LUIS DIBOS
CARLOS GIBSON

PHILIPPINES
Governor
MIGUEL CUADERNO, Sr.
Temporary Alternate Governors
MARIANO LAUREL
JOSE LEIDO
Advisers
FRANCISCO DALUPAN
BENITO LEDARDA
Nicanor Tomas
Conrado Vicente

SWEDEN
Governor
GUNNAR LANGE
Alternate Governor
A. LUNDGREN
Adviser
S. T. G. AKERMALM

SYRIA
Governor
HUSNI A. SAWWAF
Alternate Governor
ADNAN Farra

THAILAND
Governor
SERM VINICCHAYAKUL
Advisers
PIPAT KRAIRIKSH
BUA SAJISEVI
BOONMA WONGSWAN

TURKEY
Governor
HASAN POLATKAN
Alternate Governor
MEHMET IZMEN
Advisers
TAHA CARIM
FIKRI DIKER
NAIL GIDEL
KEMAL KURDAS
MUNIR MOSTAR
FADIL HAKKI SUR
ORHAN UTKAN

UNION OF SOUTH AFRICA
Governor
ERIC H. LOUW
Adviser
H. W. J. JACOBS

UNITED KINGDOM
Governor
R. A. BUTLER
Alternate Governor
SIR LESLIE ROWAN
Temporary Alternate Governor
SIR EDWARD BOYLE
Advisers
VISCOUNT HARCOURT
(Executive Director)
D. A. V. ALLEN
R. H. BELCHER
T. H. CAULCOTT
SIR EDGAR COHEN
C. W. FOGARTY
A. W. FRANCE
C. E. LOOMBE
L. PETCH
A. M. STAMP

UNITED STATES
Governor
GEORGE M. HUMPHREY
Alternate Governor
SAMUEL C. WAUGH
Temporary Alternate Governors
ANDREW N. OVERBY
(Executive Director)
W. RANDOLPH BURGESS
FRANK A. SOUTHARD, JR.

[38]
UNITED STATES (Continued)

Advisers

JOHN S. HOOKER
(Alternate Executive Director)

ELTING ARNOLD
HENRY J. BITTERMANN
HOMER E. CAPEHART
JACK C. CORBETT
JOSEPH M. DODGE
GLEN E. EDGEWORTH
J. ALLEN FREAR, JR.
GABRIEL HAUGE
JOHN H. HOLLISTER
NILS A. LENNARTSON
WILLIAM McCHESNEY MARTIN, JR.
AVRA M. WARREN
GEORGE H. WILLIS

URUGUAY
Governor
NILO BERCHESI

VENEZUELA
Governor
J. J. GONZALEZ GORRONDONA

Advisers
HERNAN AVENDANO
FELIX MIRALLES
ERNESTO PELTZER

YUGOSLAVIA
Governor
MILENTIJE POPOVIC

Alternate Governor
VOJIN GUZINA

Adviser
SVETA PETROVIC

OBSERVERS

BANK FOR INTERNATIONAL SETTLEMENTS
ROGER AUBOIN

CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE
JEAN ROYER

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
PAUL KOHN
V. MARRAMA

INTERNATIONAL LABOR ORGANIZATION
CAMPBELL BALLANTYNE

ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION
R. T. GUERRA
H. J. B. LINTOTT
RENE SERGENT
E. P. WATERS
MISS J. FOURNIER

TECHNICAL ASSISTANCE BOARD
CHARLES WEITZ

UNITED NATIONS
HENRY BLOCH
SIMON S. KORLE
OFFICERS OF THE BOARD OF GOVERNORS AND PROCEDURES COMMITTEE FOR 1955-56

OFFICERS

Chairman .................................. MEXICO
Vice Chairman ................................ CHINA
                                      FRANCE
                                      INDIA
                                      UNITED KINGDOM
                                      UNITED STATES

PROCEDURES COMMITTEE

Chairman .................................. MEXICO
Vice Chairman ................................ IRAQ
Reporting Member .......................... DENMARK
Members .................................. AUSTRALIA
                                      BOLIVIA
                                      BURMA
                                      CHINA
                                      FRANCE
                                      GREECE
                                      INDIA
                                      UNITED KINGDOM
                                      UNITED STATES