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**ADDRESS to the
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BY

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I am honored to be here tonight and delighted to have the opportunity to talk to the Inter-American Press Association which has done so much to preserve the freedom of the Press throughout the Americas.

This is my first speech away from Washington, and my first visit as President of the World Bank to Latin America. But the Bank is no stranger here.

- Twenty years ago it made its first loan ever for development in a less developed country. That loan was made in Chile to help finance electric power plants.
- Eleven years ago our newborn subsidiary, the International Finance Corporation, made its first investment in private industry. That was in an electrical equipment plant in Brazil.
- Seven years ago, just as the Alliance for Progress was beginning, the International Development Association—our concessionary loan affiliate—made its first credit to help build a road that would open for the first time almost one third of a nation. That was in Honduras.

The Bank, then, is not a newcomer here. It is a partner of long standing in the development efforts of this con-

continent. But I am a newcomer. I have been at the Bank barely half a year, during which time I have tried to learn as much as I could about the 110 nations I serve as an international official.

I am responsible to them, and this responsibility requires me to study the development progress of our members and to comment frankly and objectively on it. This seems to me to be the first obligation of a good public servant.

On the one hand I must try to interpret our members' problems and prospects to those who provide the funds which we, in turn, re-lend. On the other hand, I am obliged to speak clearly about those courses of action which we believe best serve to promote economic and social development, and to speak frankly about our concern as to their progress.

Before coming on this trip I talked to many people about the prospects and problems, the hopes and fears, the achievements and failures of this area, the southern part of the Western Hemisphere. I found much solid achievement, many sound reasons for hope, and several causes for concern.

All over the hemisphere, the winds of social, political and economic change are blowing.

The past two decades have witnessed the laying down of impressive economic infrastructure. Throughout the region, new electric power plants, new roads and railroads, modern ports, improved systems of telecommunications, more productive farmlands, new industries large and small—testify to national resolve, to international cooperation, and to the resourcefulness of the entrepreneur. We at the World Bank are proud to have been associated with many of these achievements of your peoples.

All over Latin America there are signs too of a real public determination to improve the lot of the common man. In some countries land reform is gathering momentum; in many, education is being modernized and extended. In almost all nations, real efforts are being made for the first time to insure that all segments of the population contribute their fair share in taxes to the Government's need for development funds.

At the same time, those countries which still have open frontiers are pushing them back, settling new lands, using heretofore untapped resources. And in the great cities, there are bold experiments designed to make urban life more satisfying, more fulfilling, and more beautiful.

All this is of course only a beginning. There remains a very full agenda for action by our generation, and by generations yet to come. But there can be no denying the tremendous progress of the two decades past.

But I have seen also the dark side of the picture: the failures as well as the achievements, the unfinished business that still faces us and causes us concern.

- I am concerned that in recent decades Latin America has not fulfilled the promise of growth and modernization that prevailed at the beginning of this century.
- I am concerned that Latin American economies continue to be dependent on exports of raw materials, highly vulnerable to price and volume changes, while the world community has yet to devise a workable system for stabilizing commodity earnings.
- I am concerned that persistent destructive inflation continues to afflict several of Latin America's largest countries.

- I am concerned that Latin American industry has been confined to small national markets and that progress toward economic integration is slow.
- I am concerned by the rigidity of social systems in which the mass of the people is poor, few are rich, and there is little chance for the many to move upward from poverty.
- I am concerned about explosive population growth in most Latin American countries, growth which tends to drag down increases in per capita income, and to inhibit improvement in the lot of the individual.
- I am concerned that some countries whose development has lagged tend to blame external factors for their lack of progress. I do not underestimate the importance of these difficulties, but I do believe that the will to develop, and with it the adoption of sound domestic policies, can move mountains even in the face of difficult external conditions.
- I am concerned, deeply concerned, both as your servant and as a United States citizen, at the failure of the U.S. Congress to replenish the funds of the International Development Association, the source of low-interest, long-term loans so desperately needed by the poorest countries.

I cannot stress too strongly that my concerns as President of a World Development organization—for the Bank is more than a Bank, it is a Development Agency—include the shortcomings of the nations who are rich as well as the failings of those who are poor. But I do not despair. There are grounds for hope, solid grounds on which we can build together. We at the World Bank do not intend to sit back and lament. We intend to act, and act in partnership with you.

Last April when I came to the World Bank we began to study where we could and should direct our energies during the next five years. It is clear from that study that we can do far more, and with the help of our members we intend to do it.

In Latin America, I believe we should during the next five years lend at least twice as much as during the past five years—to go from about \$350 million a year in loans in the past two years to between \$700 and \$800 million a year by 1972.

You well may ask: Can we obtain the funds to support such an increase? The answer is: Yes, I believe we can. In the past ninety days alone, the Bank has raised more funds by borrowing than in the whole of any single calendar year in its history.

When I stress that we plan to more than double our lending in Latin America, I do not want you to think our policy is simply more of the same. The change in quantity of loans will be accompanied by a change in emphasis as well.

We will continue and even accelerate the financing of basic infrastructure—roads, dams, power plants, etc. But we hope to do considerably more to promote efficient and diversified industrialization, to help bring Latin America forward to the stage where it can apply modern science and technology efficiently to every segment of its economic life.

And we intend to devote particular attention to two critically important sectors: to agriculture, long a neglected step-child of development, and to education which holds the keys to man's self-fulfillment.

The educational field is a relatively new one for the Bank in which we have slowly been feeling our way. We are concerned with the problem of illiteracy, but it is

more than illiteracy that we seek to attack. Education is relevant to all aspects of development: it makes a more effective worker, a more creative manager, a better farmer, a more efficient administrator, a more complete human being.

Our purpose will be to provide educational assistance where it will contribute most directly to the development process. This will in some cases mean helping to plan the renovation of entire school systems, from primary to post-graduate levels. It will mean assistance in teacher training. It will mean expansion of our support for schools to train managers, entrepreneurs, technicians and agriculturalists. It will mean experimenting with different kinds of schools.

I hope that in our lending we can improve the efficiency of education, helping to alleviate the endemic shortage of qualified teachers by making good teachers more productive. This will involve investment in text books, in audiovisual materials and in the use of modern communications techniques (radio, film and television) for teaching purposes.

So far we have done very little lending for education in Latin America—only slightly more than \$20 million during the last five years. In the next five, I believe we should increase this tenfold.

But the sector which will have an even greater dollar expansion during the next five years will be agriculture, on which so many Latin Americans depend for their livelihood. Some Latin American countries have long been famous for their leadership in various agricultural activities but many others lag behind, particularly in the production of foodstuffs for domestic consumption.

Our challenge is to help the campesino in the fields as well as the worker in the city and we intend to meet that

challenge. Our objective is simple: to assist farmers, both large and small, to increase their production substantially. We will lend for irrigation systems, fertilizer plants, agricultural extension services, banks to provide farm credit, the improvement of livestock and of seed strains, pesticide production, agricultural machinery, and food processing and storage facilities.

Over the next two years we plan to more than double our agricultural lending in Latin America, and over the next five years to quadruple it.

This then is our resolve: to contribute in every way we can to the healthy growth of the nations of this hemisphere. At the same time, we ask you for renewed resolve to face your problems with realism, and to optimize the use of your own resources and those that come to you from outside.

- We ask for economic and social policies which will permit a more equitable distribution of the benefits from increases in production and productivity.
- We ask for effective measures to bring balanced growth without the risk of destructive inflation and repeated balance of payments crises.
- We ask for measures to promote stronger and more diversified export industries and to take advantage of large and expanding markets overseas.
- We ask restraint in expenditures for sophisticated military equipment which responds neither to internal nor external threats to national security.
- We ask a strengthening of regional ties that will encourage rational industrial growth, stimulate exports and promote co-operation in programs of education and regional development of physical facilities.

- We ask for a realistic appraisal of the effect of population growth in those countries where that growth is clearly holding back progress, and for an earnest effort to cope with this most difficult and complex problem of our times.

I fully appreciate that here I am entering on what Mr. Krieger Vasena, the Argentinian Minister of Economy and Labor, called at the recent meeting in Washington "highly controversial ground." I shall never fail to bear in mind his warning that we must act always for "the dignity of man."

I assure you that I tread this thorny path only because I am convinced that unrestrained population growth cripples economic growth, and thus in fact degrades the dignity of man by depriving him of the elementary essentials for a fuller, happier life.

The fact must be faced that rapid population growth is the greatest barrier to the economic progress and social well-being of the citizens of our member nations. And nowhere is population growing more rapidly than in Latin America. Between the Rio Grande and Cape Horn, a population of over 250 million is today experiencing the most explosive increase of any continental area in the world.

In 1900, Latin America had a population of 63 million people. It required 50 years to add the first 100 million; only 17 years to add the next 100 million. And by the end of the century, the population of Latin America will be increased by almost 400 million more to a total of nearly 650 million. It will be growing then at a rate of 100 million every 5 years.

It is not, at this stage, the absolute numbers that are most disturbing. The world can still carry a larger population. In this hemisphere it can be argued that some coun-

tries—including our host—have too few people. The deep trouble that we are in comes from the speed of growth. If population grows by 3 per cent a year, even an increase in gross national product of 4.7 per cent a year—the average for Latin American countries—leaves far too little for expanding a nation's capital structure, including that critical element in all development—the education of the young. The tidal wave of children swamps the school system, literally eats away the margin of saving, and inundates the labor market. No power on earth can ensure that there will be such rapid economic progress that all these children will grow up healthy, well educated and capable of taking their rightful place in a competitive world.

It is perhaps the most tragic irony of our time that better programs of public health, undertaken from wholly laudable and humanitarian motives, have unleashed the population explosion on the developing world. The spurt of population through the reduction of death rates has preceded modernization, and now obstructs it. If development efforts are to succeed—not development of such abstractions as “the economy” or “the state”, but development of human beings, of individuals and families—we must put population policy at the center of our future strategy.

The emphasis to be placed in national policy on varying methods of population control is the responsibility of governments. The choice of methods is the inviolable right of parents. The World Bank is not attempting to dictate detailed policies.

But as a development agency, we must give priority to this problem, and we must ask that governments which seek our assistance do so too, and that they evolve a serious strategy for stabilizing the rate of population growth.

I see no alternative to our direct involvement in this crisis. Therefore:

- We will point out to our member countries the extent to which rapid population growth in itself slows down their development, and that this factor must be taken into account in the optimum employment of the world's development funds.
- We will join with others in assisting programs of research to determine the most effective methods of family planning and of national administration of population control programs.
- And we will seek opportunities to lend for population control programs to those of our member countries who seek such help.

Ladies and Gentlemen, I have spoken long enough. I have come before you not only to express concern but also to outline a basis of hope.

I have spoken not as a critic, looking at Latin America from a comfortable outside vantage point, but as a friend sharing your hopes and aspirations; and as your servant in helping to achieve them.

Eight years ago a man who profoundly influenced my own life had a vision. It came to be called the Alliance for Progress. It has faltered, perhaps, but it still exists. In his inaugural address President Kennedy spoke to the citizens of his own country about the world around them, saying, "If a free society cannot help the many who are poor, it cannot save the few who are rich."

I suggest that his words have equal meaning to you and to others who lead this hemisphere in thought and action.

Let us remember those words as we contemplate the future. Let us resolve to rekindle the flame of the Alli-

ance and make of it a burning torch for all the world to see.

Let us take pride in the past; let us learn from our mistakes; and let us join together for the great adventure that lies ahead.

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