

*The
First
Fifteen
Years*

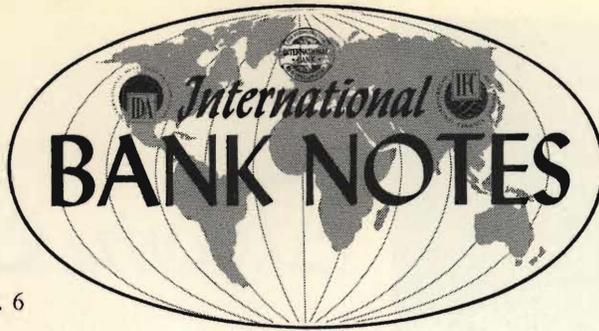
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1946-1961

FIFTEENTH ANNIVERSARY EDITION

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Our thanks to Larry Slade for permitting us to reproduce some of his cartoons published originally in earlier issues of Bank Notes (see articles "A Look Backward" and "Stock Taking") and to William Bailey for preparing the photographs for this issue.

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From Our

WITH the passing of our fifteenth year, another milestone, I want to take this opportunity to express to the staff my deep appreciation for the continued loyalty and dedication with which you have gone about our work.

The Bank is no longer quite the intimate place it was even five years ago, and there is always the danger that something will be lost with growth. Still, despite the fact that we are over 800 men and women strong now, you have managed to preserve an esprit de corps which distinguishes the Bank. Our real strength lies in the fact that men and women from—now—54 different nations have found professional comradeship in a kind of work which is at once highly complex and full of hope.

As international organizations go, fifteen years is a ripe age if not exactly an old age. Other institutions are now growing up along side ours, and it should be a source of pride to all of us that these newcomers are in many instances looking to us for guidance and help. Our task of helping new nations to add substance to their aspirations is so immense that we need these new institutions as they need us, but as pioneers in our line of work we should always aim at setting the standard for others to match. This you have done, and I am confident, will continue to do.

I believe that the coming decade will test our ideas about international co-operation as never before. The pace of events in Africa, Asia and Latin America is accelerating, not the least because of the economic development that has gone on during the Bank's fifteen years. Whether we are entering, as President Kennedy says, "A Decade of Development" will depend importantly on how you, as members of the senior international development organization, fashion answers to the intricate development problems the Bank will face. This is a great responsibility, but I believe it is placed in uniquely qualified hands.

Eugene A. Blank

Presidents



FIFTEEN years ago I was as unfamiliar with the IBRD as most Americans. It was merely a name of one of the Twins of Bretton Woods. When I was asked to come down to Washington to help get it started I necessarily studied its charter and its purposes. What I learned induced me to join up.

Looking back from the heights of accomplishment and prestige which the Bank has now reached, it is difficult to recall the slow progress of the early years. However, foundations were laid which have proved enduring—careful investigations, realistic appraisals, non-political decisions. Gradually the carefully selected staff of diverse backgrounds became molded into an international team of competent professionals. Their ability and character became widely recognized. Irrespective of their national backgrounds, they could be counted on to deal with the affairs of the Bank in accord with high professional standards, without regard to political considerations.

Based on this reputation for competence and objectivity, the Bank more and more has been called upon to expand its activities beyond the lending function. First there were the requests for economic surveys to assist in more effective development; then the supplying of advisers on economic organization and planning; the development of various types of training programs; the role as mediator in negotiating settlement of issues between member governments, the most noteworthy being the Suez Canal and the Indus Basin agreements.

The concept and organization of IFC grew out of the experience of the Bank. There was full agreement by all proponents of IDA that it should be operated by the Bank. Thus the World Bank has grown into an international institution which is unique in its size, scope and influence.

I am proud to have had a part in the first decade of the Bank's history. I congratulate all of you who are at this Fifteenth Anniversary carrying on the traditions of this great institution.

A handwritten signature in dark ink, appearing to read "R. S. McNamara". The signature is fluid and cursive, with a large initial "R" and "S".

A LOOK BACKWARD

by RICHARD H. DEMUTH

For the past few days I have been trying to recreate in my mind the image of our institution as it was when I joined it in mid-July, 1946, and as it developed over the succeeding months. Reliving that period has been a revealing, if nostalgic, experience.

The Bank is by now so well established and its reputation as a sound (should I say conservative?) investor is so firmly fixed, that it is difficult to recall what a novelty it was, or with what condescending skepticism it was treated by the financial community, when it started operations. No one had a clear idea of what role the Bank could or should play, except that we all assumed that our job was primarily one of European reconstruction and that our "development" function was secondary, both in time and importance. We were equally fuzzy in our ideas as to the methods by which the Bank should operate—whether through lending the Bank's own funds or, as was more generally believed at Bretton Woods, through guaranteeing loans made by others. "Technical Assistance" was then a phrase unknown. Even the project approach, as we now know it, was only an embryonic idea. As late as 1949, the entire staff working on project analysis consisted of "Spec" Wheeler, Wayne Rembert and "Spotty" Spottswood.

I remember well the first meeting which Mr. Eugene Meyer, the Bank's distinguished first President, held with



members of the Wall Street investment banking fraternity in the late summer or early fall of 1946. We regarded this as an important occasion for, in those early days of postwar devastation, with their critical dollar shortages, the United States was the only capital market in which the Bank could conceivably borrow funds. The bankers with whom we met could not have been pleasanter—or less interested. Remembering the widespread defaults during the 1930's of the foreign loans made in the years following World War I, they wanted nothing further to do with international lending—and certainly not with a novel international agency which, however well motivated, they were sure would soon become the object of political maneuvering.

There was reason for their fear, for at that time it was far from certain that the Bank would be operated on a businesslike basis by a non-political management. To the contrary, the first year of the Bank's existence was marked by a vigorous, if unacknowledged, tug-of-war between the Executive Directors and the management, with the very character of the Bank as a political or non-political agency at issue. During the course of that tug-of-war, Mr. Meyer resigned upon completion of six months' service, Mr. Harold

Smith, the first Vice President, died, and the Bank drifted leaderless and in a state of dispirited confusion for over two months. During that period I was personally in the unenviable position of assistant to two empty offices! Finally the new vigorous young team of Messrs. McCloy and Garner took over, ably backed and supported by Mr. Black as U.S. Executive Director. The lucky fortune by which the Bank's fate was entrusted to three men such as these, who combined vision with wisdom, and diplomacy with the sterner stuff of financial discipline, is largely responsible for the effectiveness of the institution we know today.

The problems they faced, in terms of our relations with members, of our own internal organization, policies and procedures, and, perhaps most of all, of our reputation in the market-place and in the world community at large, were almost overwhelming. But to their everlasting credit, decisions were faced and taken, and gradually, over the months, the Bank took on character, loans were made and bond issues floated, and a momentum was achieved which is with us to this day.

Perhaps the most courageous of the decisions was to make the first reconstruction loans of almost \$500 million to France, the Netherlands, Denmark and Luxembourg. In the winter of

1947, the prospects that Western Europe would achieve economic viability were bleak indeed. The financial requirements were immense and the countries of Western Europe had practically no foreign exchange reserves to help meet them. Indeed, the threat loomed large that the Western European economies would come to a standstill for want of dollars to keep essential food, fuel, and raw material imports flowing in. The Bank's reconstruction loans were an emergency measure to meet this situation, pending a more adequate, long-term solution. It took a bit of stretching for the management to conclude that repayment prospects were reasonable; the economic report on France, for example, laid its stress, not on financial resources or specific export prospects, but on the French "collective will to recover." The Bank's gamble paid off handsomely, however, for it won the time necessary for the European Recovery Program to be formulated and put into effect (with considerable assistance from the Bank's staff), with results which are now familiar history.

With the advent of ERP, the Bank turned its attention to development financing. This proved much more difficult than anyone anticipated. Loan requests were slow in coming in, and when they did come in they were usu-





(At Left): His Excellency Luis Esteves Fernandes (R), Ambassador of Portugal, signed the Articles of Agreement in Washington on March 29, 1961, making Portugal the 67th member nation of the World Bank. Mr. Edwin Martin (L), Assistant Secretary for Economic Affairs, U. S. Department of State, watches. (At Right): Nigeria's signing of the Articles of Agreement by the Ambassador, His Excellency J. M. Udochi (R) on March 30, 1961 brought the number of World Bank member nations to 68. Mr. Peyton Kerr (L), Deputy Assistant Secretary of State for Economic Affairs, U. S. Department of State looks on.

ally either undocumented requests for large general purpose credits or else "shopping lists" of projects, with no indication of priorities and with most of the so-called projects simply ideas which had not been subjected to any detailed technical, financial or economic analysis. Indeed, despite strong pressure and heavy criticism, it was not until March of 1948 that we finally made our first development loan, a \$13.5 million credit for power in Chile.

The slow pace of our early development lending was only partly attributable to the lack of readiness by our less developed members to make effective use of such loans; in considerable part, it was attributable to our own lack of experience in going about this business. Nowadays, with Area Departments which have intimate knowledge of all the countries for which they are responsible, with a Technical Operations Department which has vast experience in project analysis, with loan policies not only well established

but set forth with precision and grace in our loan regulations, and with a working party system that welds the Bank staff into a coordinated (if sometimes cumbersome) operating unit, it is difficult to remember how innocent and awkward we were in that early period. We knew little about the development plans and problems of our members, not much more about their financial position. We tried for a time to rectify this by establishing an overseas intelligence service, under Herbert Woolley, with roving representatives in the Middle and Far East. But mostly we had to do it the hard way by trial and error, by building up over time files of information and statistical data, and by gradually learning the hopes and aspirations, the strengths and weaknesses, of our various member governments and of their leading personalities.

In addition to finding our operational feet, we were also faced, in those days of beginnings, with the task of estab-

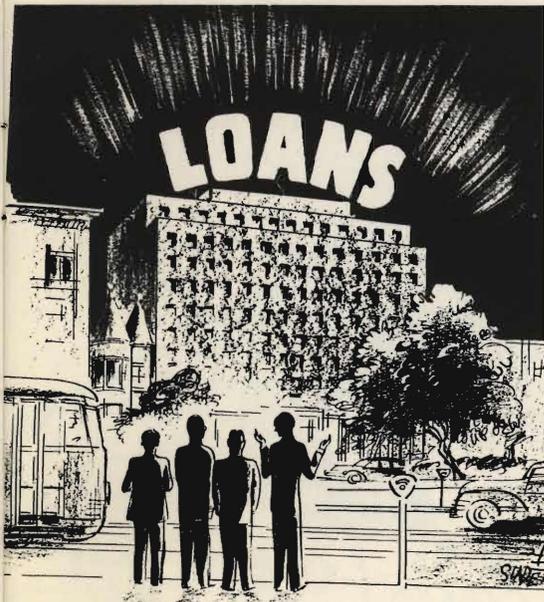


"I cannot overemphasize the potentials of this area for the effects of Bank lending . . . at present it has absolutely no development whatsoever."

lishing the Bank's public image. The President held bi-weekly press conferences. We issued press releases whenever we could find anything we thought the newspapers might report—even to announcing that a member country had informed the Bank that it *planned* to ask for a loan. Senior officers and Executive Directors went up and down the land, speaking about the Bank before business and financial groups and appearing as witnesses before legislative committees. Mr Black, as U.S. Executive Director, was out on circuit more than anyone. The principal immediate objective of all this activity

was to create a market for the Bank's obligations, both by convincing investment institutions that our bonds were safe and attractive and by inducing the necessary legislative and administrative action in the various states of the United States to make those bonds "legal" investments for insurance companies, savings banks, trust companies and pension funds.

It is hard now, when the market for the Bank's obligations is widespread and strong—when, indeed, World Bank participation or endorsement is practically a "*Good Housekeeping* seal of approval," eagerly sought to ensure the success of foreign bond issues—to comprehend how difficult it was initially to make investors, regulatory bodies and legislatures understand how essentially sound an institution we are. Indeed, it was with considerable trepidation that we announced plans for our first bond offering of \$250 million in the United States on July 15, 1947, through 1,700 securities dealers. This was the largest consortium of its kind which, up to that time, had ever been organized in this country. As the date of offering drew near, tension in the Bank mounted to a high pitch, for as of then we had had no experience of Mr. Black's magic touch with the bond



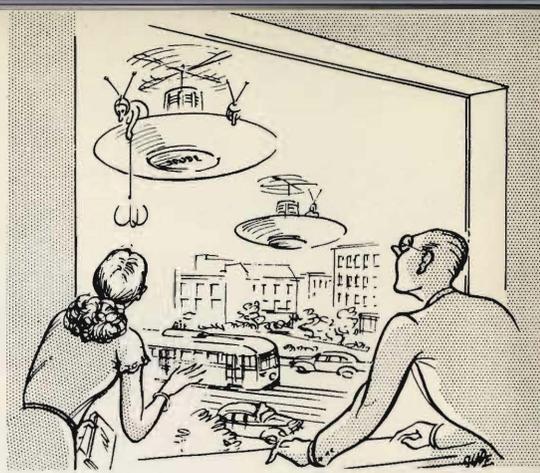
"I appreciate your enthusiasm Mr. McCorkle, but frankly, don't you think we could be a bit more subtle?"

market. The Bank's bonds appeared on the New York Stock Exchange ticker for the first time immediately after the 10 o'clock opening, and by noon the issue was over-subscribed. The relief in the Bank was considerable. We subsequently experimented with several different techniques for offering our obligations—including one issue sold on the basis of competitive bidding—but I don't believe any subsequent transaction matched the excitement of the first. And, of course, by now we have become so accustomed to Mr. Black's sure hand that we tend to take the success of our bond issues as a matter of course.



"Here's an application for a loan to ruralize an over-developed area."

There are many other features of the Bank's early days that come to mind—our extended discussions with the United Nations to achieve an appropriate relationship; the sharp difference of views between our British and American officers as to the proper role of lawyers in an organization such as the Bank (note: the American view that lawyers should be consulted about practically everything prevailed); Mr. Garner's constant insistence that the Bank's public character was neither



"The loan agreement with Mars is expected to be signed today"

excuse nor reason for standards of efficiency lower than those of private business; the intimacy of the Bank's staff; etc.—but the time has come to stop rambling and return to the present.

Despite what I have written, the shift from past to present does not really involve a sharp adjustment. For the essential spirit of the Bank has not greatly changed. We may be more mature, but we are, I hope, still venturesome. We may be more experienced, but our approach, I believe, remains experimental and not routine. Above all, though we may be more sophisticated, the activities of the Bank are still motivated by the same high ideals of public service. I can only hope that, in 1976, the Thirtieth Anniversary Edition of Bank Notes will record that, in these respects, the Bank is still the same.



"Those World Bank boys are pretty smart. I always said it was a natural for hydroelectric power."

The Editor has seen in manuscript an important work which is shortly to be published and which should be of great interest to readers of Bank Notes. Below are a few excerpts from this work.

BANKMANSHIP

or

HOW TO GET ON IN THE INNER-NATIONAL BANK WITHOUT ACTUALLY BEING A CAD*

by S. R. COPE

There are four Aerial Departments in the Inner-National Bank. They are so-called because they are always flying off at a tangent. Aerial Departments are busy most of the time with what other people refer to as low negotiations. If you want to get on in an Aerial Department, you must learn to sound very mysterious and important about negotiations and never call them low. You must also learn to say "I love you" in the languages spoken in the countries you deal with. Those who find this difficult or do it and are misunderstood by their wives are likely to be made resident representatives.

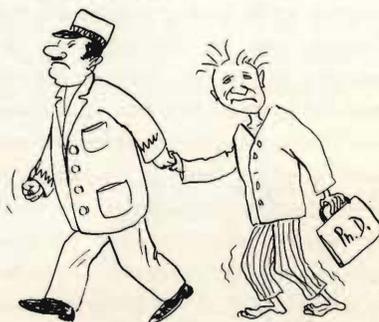
If you are an economist in an Aerial Department you must never let anyone know that you have a Ph.D. degree (if you have one) because if you do, people will think you are pure and live in an ivory tower. This is, of course, not true because no member of an Aerial Department is pure and most of them are so busy rushing to and fro that they don't have time to live, even in a tower.

On the other hand, success in the department known as the Economic



Stuff depends on your pretending to be a Ph.D. even if you are not. Economic Stuff people used to go around calling themselves "Doctor" until a

Bank economist traveling by a night train from Victoria Falls to Bulawayo was awakened by the conductor in the small hours of the morning with the words "Doctor, please come along with me, a woman is about to give birth to a child." They don't call themselves doctor any more.

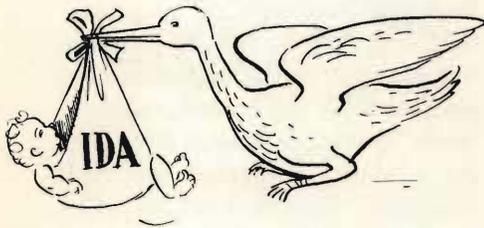


Junior members of the Stuff are, however, strongly advised to play the

**Note: Any resemblance between the Inner-National Bank and any other institution is purely coincidental.*

doctor gambit with their superiors. "Yes doctor, no doctor" are magic words which will open many doors—chiefly those marked "Out."

In their written work members of the Economic Stuff should learn to work in such a way that whatever happens they are right. This is quite easy. For example, NEVER write "The price of coffee will go down." This is wrong for two reasons: first, almost certainly someone will accuse you of undermining his country's economy; secondly, the price may go up. ALWAYS write something like this: "Having regard on the one hand to the secular trend of integrated consumption standards, augmented by extra-cyclical demand emanating from



consumer levels having positive market influences and on the other to the propensity to produce characteristically shown by agrarian interests in climatic zones where weather conditions do not inhibit growth, there is no reason to believe that on the average the tendency will be otherwise than for spot market quotations to show only temporary deviations from the levels at which they would have stood had there been no such deviations." Statements like this earn rapid promotion.

Real operators should join the Department of Tactical Operations. Its

work is based on the assumption that the Aerial Departments are trying to throw away the Bank's money and that this process should be stopped, or at least slowed down. Thus when there seems to be a danger of a project report being finished, it adopts swift and effective tactics: for example, a new man is added to the group of people already working on the report, the key man is suddenly transferred to another project or an outside consultant is called in. It is a very efficient Department. To get on in the Department of Tactical Operations is easy. All you have to do is to use the phrase "Dead equity ratio" at the end of every sentence. If someone uses the phrase to you, all you need reply is "Dead limitation covenant to you."

A good department to get into is the one which used to be called Department of Terrible Sisters and Liaison. No one really knew what the Department did so it did pretty much what it liked. In the end, however, it was decided that all this liaison business was rather naughty, and they changed over from Liaison to Planning. This meant planned parenthood, but it came too late to prevent the birth of a second illegitimate girl called Ida. Poor thing, she was very undersized. To be successful in this Department, you have to KNOW WHAT'S GOING ON. This is done by memorizing a few key phrases. For example, you should talk a lot about the Nude Frontier. This is not a sequel to the movie called "Nude in a White Car" but is just one of those phrases which indicate that you are really on top of things.



The Plethora Department is so called because it always has more money than it knows what to do with. It is a good department to be in because it has offices in separate buildings and whenever anyone wants time off he just tells his secretary to say that he is on his way over to the other building. It is a widely-held belief in



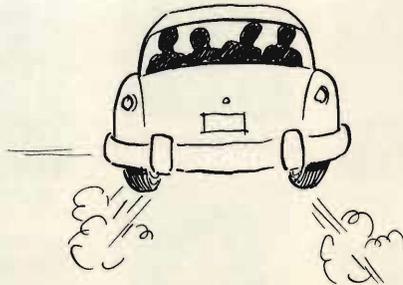
the Department that the shortest way between these two offices is via the golf course. The best way to get on in the Plethora Department is to learn to play golf.

The Inner-National Bank's activities are brought to the notice of the world by the Office of Incubation. This is done by means of press releases. To get on in the Office of Incubation, you have to describe everything as being "the first" or "the biggest." For example, it is **WRONG** to say "This is

the ninth loan to country X and is less than half the amount of the previous loan." The **RIGHT** approach is "This is the first loan made to country X which was approved by the Executive Directors on Friday the thirteenth and the amount is bigger than any other loan previously made to country X for installing automatic knitting needles." This is news and is a good thing.

The best department is of course the Ministration Department. To get on in this Department all you have to do is to join the Personal Division and when you feel like going for a drive during office hours, you can always get a bank car and pretend to look for houses for new staff members. Alternatively, you could join the Off-Ice Services Division. This is a cool division which does very well putting up the choicest offices in the building to international competitive bidding—among the staff.

There are a number of committees in the Inner-National Bank. Avoid them if you can, they only waste your time. All decisions are made and all information is disseminated in car pools. The best advice for an ambitious young man joining the Inner-National Bank is therefore quite simple—"Join a car pool."



Illustrations for this article by Enrico Marziali.



S. ALDEWERELD



ANTONIN BASCH



LARS BENGSTON



JEANETTE BERGHOLCS



ARON BROCHES



RUTH B. CLARK

FIFTEEN YEARS

Sometime during 1961 the staff members pictured on these pages

1946-1961



RICHARD H. DEMUTH



EDWARD J. DONOVAN



LYELL DOUCET



DORIS R. ELIASON



JOSEPH FAJANS



JOHN S. HOOKER



WILLIAM F. HOWELL



WILLIAM KELLY, JR.



THELMA LAMBERT



JAMES B. LANCASTER



KATHERINE B. MORRIS



LESTER NURICK



MARGARET R. PATERSON



MARVEL O. POLLOCK



B. L. PRINS



CICELY A. RYSPAN



DESPINA B. SEAL



LAURENCE E. SLADE



ANNE M. STARCEVIC



GORDON M. STREET



EDITH O. BURKETT



M. LACY CARTER



MARIE L. CATHALA



BARBARA CHARALAMBOUS



ELLSWORTH E. CLARK

YEAR STAFF

pages will celebrate their fifteenth anniversary with the Bank

-1961



FLORENCE CZOK



JOSEPHINE FAULKNER



DONALD D. FOWLER



DORIS J. GARVEY



WILLIAM M. GILMARTIN



IVAN HOLNESS



MICHAEL L. LEJEUNE



ENRIQUE
LOPEZ-HERRARTE



AGNES L. MAHER



WILLIAM E. McCORKLE



M. M. MENDELS



LEONARD B. RIST



MARTIN M. ROSEN



JOSEPH RUCINSKI



MARGARET C. RUSSELL



WALTER C. P.
RUTLAND



MYRTLE TIMMINS



JOSEPHINE
VAN GASSE



CHING-WU WANG



GLADYS E. WILLARD



NEVA ZALESAK

HISTORICAL

1944

July Articles of Agreement of Bank drawn up at Bretton Woods by United Nations Monetary and Financial Conference—44 countries represented.

1945

December 27 Bank came into being when Articles of Agreement signed in Washington by 28 governments.

1946

March 1-18 First Board of Executive Directors elected at Inaugural Meeting of Board of Governors, Savannah, Georgia.

May 7 First meeting of Executive Directors, Washington.

June 4 First President of Bank—Eugene Meyer.

June 25 First day of official operations of Bank, Washington.

September 27 First Annual Meeting of Board of Governors opened in Washington.

1947

March 17 John J. McCloy became second President of Bank.

April 15 Marketing Department established, New York City.

May 9 First loan—\$250 million to France for reconstruction.

July 15 First borrowing operation—\$250 million of dollar bonds in New York City.

September 1 Paris office opened.

1948

March 25 First development loans—\$16 million to Chile.

August 6 First guaranteed sale of Bank loans—\$8.1 million of \$12 million Netherlands ship loans.

1949

January 16 First general training course inaugurated in Washington.

July 1 Eugene R. Black became President of Bank.

July First general survey mission—to Colombia.

1950

July 24 First non-guaranteed sale of a Bank loan—\$448,000 of Luxembourg loan.

September 13 First loan to a development bank—\$2 million to Ethiopian Development Bank.

HIGHLIGHTS

1951

- May 21* First public European borrowing operations—£5 million of sterling bonds in London.
- September 30* First loans completely repaid—\$5 million of loans to Finland and Yugoslavia.

1954

- September 20* First dollar bond issue sold entirely abroad—\$50 million.
- Fiscal 1954-55* Rate of Bank lending first exceeded \$400 million in one year.

1956

- January* Economic Development Institute opened.
- July 20* International Finance Corporation came into being when Articles of Agreement signed by 31 governments.
- July 25* Robert L. Garner became President of I.F.C.

1957

- Fiscal 1957-58* Rate of Bank lending first exceeded \$700 million in one year.

1958

- October* At annual Meeting in New Delhi, Board of Governors request Executive Directors to consider increase in Bank's capital.

1959

- September 15* Bank's authorized capital increased from \$10 billion to \$21 billion.
- October* At Annual Meeting in Washington, Board of Governors request Executive Directors to draw up Articles of Agreement for International Development Association.

1960

- September 19* The Indus Water Treaty signed in Karachi by India, Pakistan and the World Bank.
- September 24* International Development Association came into being when Articles of Agreement signed by 15 governments.

1961

- May 12* IDA extended first development credit—\$9 million to Honduras for highways.

Stock Taking

by LISE CATHALA

The Bank graciously calls its fifteen-year feminine staff members "First Ladies." The sad truth is, however, that we are fifteen years older. Pursuing this thought a little further, if we are older we should be wiser. Is it true? Let's write the balance sheet and see how we compare now with what we were in '46—and I do not mean the change from long hemlines to short, or from fluffy hairdos to the beehive or gamin cut. Has the Bank really influenced our lives and our thinking?

Of course it has. To my mind the best accomplishment of fifteen years of working with so many nationalities is to teach us tolerance first and love second. We learn that if things are done differently than they are done in our own country, it does not necessarily mean the other fellow's way is wrong. We may sometimes even reach the surprising conclusion that it is our way which is not right. In France we do this, but in Brazil we do otherwise, and in Thailand it's another thing again. Side by side we get along, learning to like our differences and relish

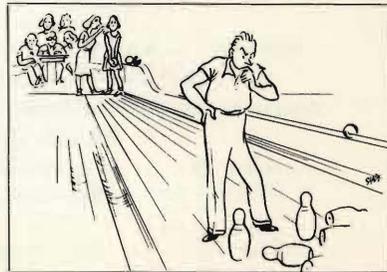


our diversification. How dull the world if everyone were similar! I think of the phrase of Claude Roy, "I hope in a world where men will wonder at their differences, will marvel about them endlessly and will not find them reason for anger but for enrichment."

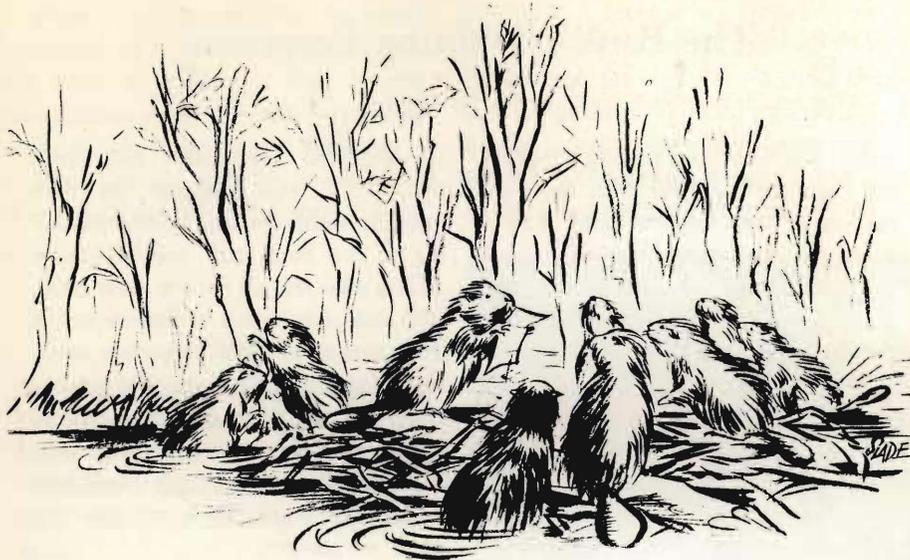
We have had "new frontiers" long before Mr. Kennedy came. Our customs and our preoccupations take on an international flavor. We have some marvelous exchanges: we begin with cooking recipes—clam chowder vs. bouillabaisse or Boston beans vs. cassoulet—and we end up by sharing our best memories. Edith knows all about my grandmother's house and I am familiar with her New England childhood. Agnes has given me a bit of Old China, Georgia the cold glitter of Alaska and Fay the sunny beaches of Hong Kong. Even our weather does not seem the same. At Christmas I pity my Australian friends roasting in the



"Looks like Loan and Legal are still being kept busy with those Australian negotiations."



"He takes this End Use Supervision business much too seriously"



"Good news fellows! We were lowest bidders on that World Bank dam project."

heat and, later on, wonder whether my Indians will get to their home leave retreat before the monsoon.

On the other hand, we quickly learn to recognize national traits among us. What typical American friendliness when Doris moves heaven and earth to find a long forgotten document we need just this minute! What Latin gaiety when Ruth answers a bantering question! How hardworking "Dutch" when Lijke drags herself to the office in spite of the snow and an awful cold! How reliable my English colleagues! In this sense everyone mirrors a little of their nationality. The expression "to be your country's ambassador" may be trite but it's certainly true.

We have learned to take for granted the foreign places which look so fascinating on atlas pages. They are all

familiar. We know them (and not only because a mission has sent us there). We know them because of our friendships. The whole world is our backyard and we possess it all. If a typhoon menaces Formosa, I am anxious for Cecile's parents. When an earthquake takes it toll in Chile, I am afraid for the Trancarts. For a long time Lima was for me the place where the Chau-fourniers lived. Thanks to Alison I have been to Persepolis and even to Moscow. And I will never again see a yellow jasmine without thinking of Mr. Prasad's love of flowers.

When I try to assess all that the Bank has given me in fifteen years—so many friends, the feeling of belonging to the wide world and, if I wanted to be pompous, this "brotherhood of man"—I can only be grateful.



The Bank's Training Programs

by G. H. HOMSI

The first General Training Program was organized in 1949 with the dual purpose of providing the Bank with a source for the recruitment of trained junior staff and to acquaint the participants, usually officials from member countries, with the Bank's organization, policies and methods, and with broad aspects of development economics.

In time, the recruitment aspect of the Program was dropped as it was realized that the Bank could not absorb eight or

ten qualified participants each year. Since 1952, the Program has been geared towards creating an understanding of the Bank and training career officers who will go back to their countries and, it is hoped, contribute to the development of their respective countries. Equally important, the participants are able to contribute much to the relationship of the Bank with their countries. At present, only candidates employed in work clearly related to the Bank are selected.

1949—Our first general trainees

(L to R): Mr. Garner, George Gonicas, Maria-Christina Beltranena, Neil Paterson, Douglas J. Fontein, Henri Van Holsbeeck, and David H. Pollock.

1950

(L to R): Mr. Black, Margaret Wolfson, Roque Bustamante Cardenas, Krishna Mohan, Erik Himle, Garrettson Dulin, Jr., Souhail Chamieh, Romeo Dalla Chiesa, and Abbas Ordoobadi.

1951

(L to R)—Standing: Haydar A. Aytekin, Gudmundur B. Olafsson, Stevan Nikolajevic, Eero R. Asp and Rafael A. Mancera, Jr. (L to R)—Seated: Arne C. Broendum, Kazi A. Islam, Mr. Black, and Apolinario N. Orosa.



Without taking credit for the rapid advancement of former participants, the Bank is gratified to learn of the contribution many are making towards economic development and thinking.

The Special and Public Finance Training Programs are of shorter dura-

tion (2 to 3 months as opposed to six months for the General Training Program) and are organized around the specific interests of each individual—usually a senior officer from a member country's Ministry of Finance, Central or Development Banks. Participants are

1952

(L to R): Jacques Sagne, Grahame Keep, Krishan Kapur, Nabih Martini, Mohamed Abdel M. Roushdy, Jorge Videla, Mr. Black and Jan Lombard. Hans Pöllan is standing behind Mr. Black.



1953

(L to R): Alfredo Aviles, Abboon Vanikkul, Oscar Ginebra, Naziruddin Ahmed, Shang-Chien Huang, Abdul Razzak Al-Rubaii, Eugenio Nierras and Edmund Eramudugolla.



1954

(L to R): Mohammad Dabbas, Wolfgang Weigel, Kaung Tin, Sinasi Arik, Shiva Govil, Enrique Penalosa, Renato Manfredini, and Akira Oka.



1955

(L to R): Khalil Sanbar, Gonzalo de la Pezuela, Frederico Mandelburger, Nicolas Kyriaxidis, Younis Al-Heraithy, Joseph Chatelain, Abitaw Gabreyesus, Pierre Sabouret, and Mr. Black.





1956

(L to R)—Top row: Hsin-pao Chia, Youn Hwi Wooh, Chanchai Leetavorn, and Giampietro Morelli. Bottom row: James A. Simmons, Raden S. Soeparto, Andre-Marie Vanheurck, Eduardo Mendieta, and Rubens Vaz da Costa.



1957

(L to R): Mr. Knapp, Aharon Kidan, Miguelangel Baez Gonzalez, Mr. Black, Syed Imran, Per Sletten, Gordhan Rathie, Mr. Sommers, Johannes Bouwer, Pierre Cauvin and Moustafa Roushdy. Unable to be present for picture: U Zan Yin.



1958

(L to R): J. Dario Bastitta, Fe Villafuerte, Nicholas Xanthakis, Takashi Baba, George H. Homsy, Mr. Black, Nadezda Zivanovic, Carlos A. Velarde, Arthur D. P. Martin, Abbas A. Alnasrawi and Elias Salama.



1959

(L to R): Abdul-Hameed Battarjee, Imitiaz M. A. Hanfi, Kebede S. Berhan, Manuel A. Moreno, Albert Felix Vincent D'Sousa, Mr. Black, Gamel Gaillard, Siaka Coulibaly, Sedat Ucerler and Parvis Hadi.



expected to be able to return to their posts and initiate policies and programs to help their organization in the field which was studied here. For example, the quality of project appraisal from some development banks to which the Bank has made loans, has improved as a result of Special Training with T.O.D. Similarly, individual programs have been designed to cover fields such as Administration, Budgeting, Taxation, Central Banking, Technical Assistance, Capital Markets, and a general survey of the Bank to become acquainted with its operations.

Any success the Bank's training pro-

grams encounter is due largely to the cooperation of the staff who work closely with the participants on project appraisals, case studies, lectures, and a variety of other subjects. The Fund and the U.S. Commerce Department also cooperate in teaching parts of the General Training Program.

For those interested in statistics, since the inception of each of these programs 111 participants from 58 countries have come to the Bank under the General Training Program; 26 from 15 countries to the Public Finance Training Program; and 37 from 23 countries to the Special Training Program.

1960

(L to R)—Seated: Mohammad Noor Hassan, Mr. Black and Pandit Buniyapana. Standing: Rashid Fawsi Sarraj, Demetrio Chumpitasi, Manuel V. Perez-Olivares, Sean Padraig Cromien, Erik Lennart Carlsson, Cornelius Patrick Cacho, and Tsunamasa Kikui. Unable to be present for picture: Fritz Diwok.



1961

(L to R)—Seated: Cedoine Jeannis, Erfan Aly Shafey, Sir William Iliff, and Dharma Arthanayake. Standing: Gunnar Gunnarsson, Yusuf Allos, Menguistou Atnafou, Milivoje Stojanovic, Artemis Bravaçou, Lineo Kluppel, and Jae Yoon Kim.



The Ideal Loan

Editor's Note: The following is the contribution of the Head of the Department of Operations—Oceania to a symposium of articles on "The Ideal Loan" prepared for the Bank's twenty-fifth anniversary.

My own choice for the Ideal Loan is, I regret to say, a little biased. It was made a few years ago by my own Department. But if you are looking for a loan which was exceptionally easy to negotiate and execute, which brought real benefits to the people of the borrowing country, and which provides as well, a somewhat unusual story, I do not think you will find it easy to beat the New Switzerland loan of 1965—to give it its full and sonorous title, "896 NS Industrial and Transport Financing 10 7/8% loan, 1967-77, of February 3, 1965."

Few of you may remember the Bank as it was six years ago when our staff numbered but 1,500, when the thirtieth story of the Hurley-Wright building had yet to be added, and when IDA's total lending still ran far behind that of the Bank. Things have changed greatly since then. But the New Switzerland loan still seems worth recalling, if only as a reassurance that not every borrower need be as difficult a customer as New Patagonia, and not every project need run into such technical problems as have dogged, for instance, the Trans-Transylvanian Highway.

New Switzerland, inhabited largely by descendants of the original Swiss Family (Robinson) which settled it in the last century, has long been an independent republic and a member of the Bank. But until the early nineteen-

sixties, the island remained an idyllic backwater in a restless and warring world. Helped by the amazing profusion of animal and vegetable life, the small community of Robinson families enjoyed a secluded and self-sufficient existence, never venturing outside the territory of their own country, and visited only by a Bank mission or two, a few movie units from the Walt Disney studios, and an occasional naturalist attracted by the remarkable coexistence in a single habitat of such widely-differing animals as elephants, penguins, kangaroos and tigers.

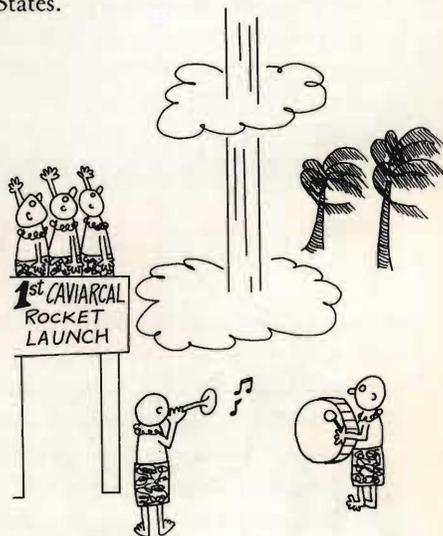
About eight years ago, however, it became clear that an unexpectedly sharp rise in population was threatening the future of the little republic. Discovery of a new drug capable of eradicating the common cold brought a dramatic fall in death rates, abolishing infant mortality and raising the average expectation of life to 109. New Switzerland had room and food enough for the increased population, but it became painfully clear that it lacked the necessary export income to finance vital imports. Fortunately Providence intervened; in March 1964 a Mr. Fritz Robinson discovered, in a remote forest area of the island, a huge outcrop of a powdery substance which, on chemical analysis, proved to be indistinguishable from Metrecal yet tasted exactly like caviar. Here, clearly, was a potential

export for which an unlimited market would exist in the United States. It was a matter of days only before the New Swiss summoned a firm of consulting engineers of international repute to the island to advise them on developing this valuable asset, and it took but three months more to prepare the well-documented request for a loan of \$12 million which reached the Bank in July 1964.

So much for the background. The rest of the story is quickly told. The economic mission which visited the country in September 1964 found that it was, indeed, self-sufficient except for the import of a very few manufactures. The Minister of Finance, Mr. Ernest Robinson, was guiding the economy of his country along lines of impeccable Jacobsonian orthodoxy. The country's creditworthiness was perhaps limited, but the mission felt that a loan of \$12 million could well be justified, not least because even the most pessimistic assumptions about exports of "Caviarcal" indicated that the foreign exchange earned would cover service of a Bank loan some nineteen or twenty times.

Representatives of the Technical Operations Department who reached New Switzerland a few weeks later found the proposed project to be entirely sound, though perhaps a trifle unorthodox. Actual mining of the Caviarcal would clearly present no problems, and it was found that the powder could easily be compressed to a tenth its original bulk in order to make shipment easier. It remained only for the consultants to hit on a satis-

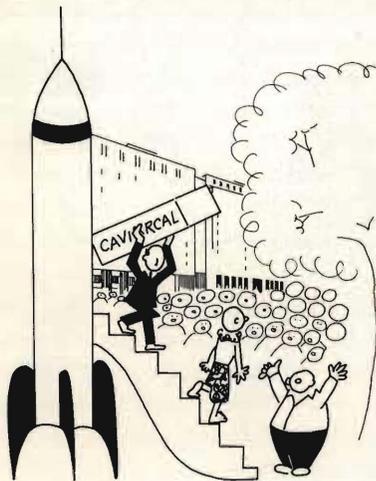
factory method of transporting hundreds of tons of Caviarcal from the New Swiss interior to the American market, some 14,000 miles away, and this they quickly did. Taking advantage of yet another of the island's amazing natural resources, they proposed to employ a spring of liquid oxygen which bubbled from a nearby hillside as the fuel for a fleet of intercontinental rockets, thus providing direct and rapid communication between New Switzerland and the United States.



Naturally the Bank was not satisfied with the opinion of the consultants alone. Its experts looked with care into such matters as the market prospects for Caviarcal, the alternatives to rocket transport, the abilities of the local management, and the problems of construction, finance, administration and prospective freight and passenger rates. But all went very smoothly, and by the end of 1964 the Bank was

ready to invite representatives of the Government and COMICAL (the new—and, of course, privately-owned—company set up to develop exports of the substance) to Washington to negotiate the loan agreement.

Seldom can negotiations have gone more easily. At the first session the leader of the New Swiss delegation produced an “instrument of self-denial” asserting the republic’s unwillingness to assume more than one international debt at a time. The clauses of this document proved, by a strange coincidence, to be identical to the standard negative pledge demanded by the Bank.



Within a few days complete agreement was reached, and soon afterward the loan was signed.

Disbursements were extremely rapid. By the end of 1966 the three rockets, constructed by a consortium of Central American firms, were delivered. Mining had begun a month or two earlier, so that by early February all preparations for the first shipment were

ready. At three-thirty on the afternoon of February 6, 1967, after a brief but moving ceremony, the first rocket roared aloft from the mine, bearing twenty-five tons of Caviarcal, the President of New Switzerland, and a bravely smiling Mr. Black. Just three minutes later it landed gently in the middle of Pennsylvania Avenue. Regular passenger and freight services were inaugurated soon afterward.

You probably know the rest of the story. Caviarcal was an enormous success, being rated “Best Buy” by no less than six independent consumers’ magazines. New Switzerland prospered so greatly that it was able to prepay the entire loan last year, and apply for transfer from Part I to Part II of the list of IDA countries. *Per capita* incomes on the island have already tripled, and the traveling time between New Switzerland and Zurich or New York has been cut from two weeks to two minutes. The Bank has made five other rocket loans to other countries, and in so doing has nurtured the new rocket transport industry which has brought such prosperity to Central America. And not least, the Bank’s Office of Information won six Oscars and a Pulitzer Prize for the film and book with which it told the world the story of the New Switzerland loan.



Illustrations for this article by Elizabeth J. Maguire.



A GLIMPSE INTO THE FUTURE

Ground will soon be broken for another addition to the International Bank, I.F.C. and I.D.A. building to be constructed on the present site of the Premier Building. The picture above is the architect's drawing looking toward Eighteenth Street at the future building and the present "new" building on the corner.

This addition will be a 12-story building like the other two with a matching limestone and brick exterior with black granite trim. It will be connected with the two existing buildings by corridors on all floors except the twelfth. The eleventh and twelfth floors will be devoted mainly to an auditorium (including a movie pro-

jection room) with a seating capacity of 500, but able to be divided into three smaller rooms on occasion. The seats will be removable, providing an attractive room for social functions.

There will be two additional floors below ground level which, along with the first floor, will be allocated for car parking and will accommodate approximately 200 cars. The second to the ninth floors will be exclusively for offices and the tenth floor will accommodate the Economic Development Institute. There will be a driveway circling the corner building, allowing cars to enter from H Street or Eighteenth Street.

1946-1961