



ECONOMIC AND SOCIAL COUNCIL

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at 3.15 p.m.

Twenty-ninth Session
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President: Mr. C. W. A. SCHURMANN
(Netherlands).

Present:

Representatives of the following States: Afghanistan, Brazil, Bulgaria, Chile, China, Costa Rica, Denmark, France, Japan, Netherlands, New Zealand, Poland, Spain, Sudan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela.

Observers for the following Member States: Argentina, Australia, Canada, Czechoslovakia, El Salvador, Greece, Haiti, India, Ireland, Israel, Mexico, Peru, Romania, Yugoslavia.

Observers for the following non-member States: Federal Republic of Germany, Holy See.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; International Bank for Reconstruction and Development; World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 4

- (a) Report of the International Bank for Reconstruction and Development (E/3314, E/3314/Add.1 and Corr.1) (concluded);
- (b) Report of the International Finance Corporation (E/3315 and Add.2) (concluded)

1. Mr. HESSELLUND-JENSEN (Denmark) said that his delegation had carefully studied the report of the International Bank for Reconstruction and Development^{1/} and had listened with great interest to the President's introductory statement (1098th meeting). It was clear from the report that the Bank was playing an increasingly important role in financing equipment and long-term credit needs. Its part in promoting well-balanced economic growth in the less developed

^{1/} International Bank for Reconstruction and Development, Fourteenth Annual Report, 1958-1959 (Washington, D.C.), transmitted to the Council by a note of the Secretary-General (E/3314); and "Supplement to the fourteenth annual report: A summary of Bank activities from July 1, 1959, to January 31, 1960", transmitted to the Council by a note of the Secretary-General (E/3314/Add.1 and Corr.1).

countries by assisting their special development programmes was particularly important as they had not participated fully in the current prosperity of Western countries.

2. He had noted with satisfaction that the Bank's increased lending activities over the past two years had not resulted in any qualitative deterioration of credit standards as was evidenced by the fact that other financial institutions, including the commercial banks, had been participating extensively in its loans and that the Bank itself was relying more and more on funds borrowed in international capital markets.

3. He had found the section of the report dealing with the Bank's activities in fields other than lending of particular interest. Its role in lessening economic tensions, in examining the economics of atomic power and in carrying out general economic surveys for member States was of the utmost importance and he hoped it would continue exploring questions which were of basic significance to all countries.

4. Denmark was grateful to the Bank for the loan which it had obtained to help finance the construction of new power plants. Partly as a result of increasing agricultural protectionism in some countries which were traditional markets for Danish agricultural products, it had been forced to undertake a comprehensive programme of industrialization for which its own capital resources were inadequate. He mentioned the loan because it showed that the Bank, although it concentrated mainly on assisting the less developed countries, also realized its responsibilities towards the more developed countries.

5. Dynamism and equilibrium were twin requirements in economic development irrespective of the stage of development already attained by a country, and the Bank had substantial achievements to its credit in promoting dynamic equilibrium. He was confident that it would continue in the future to play a valuable role in helping member States to achieve a balanced growth of their economies.

6. Mr. SHANAHAN (New Zealand) expressed appreciation of the Bank's report and of its President's helpful and illuminating analysis of the problems of development throughout the world and the Bank's role in solving them.

7. The Bank's role was an evolving one. One of the most useful services it performed was to undertake surveys at the request of Governments on problems of economic development. Those surveys were valuable not only because they provided a basis for assistance for particular projects but also because they pointed the way in which the process of development might generally be most usefully accelerated both from the economic and the social points of view. No less than nineteen such general surveys had been made by the Bank. It had also rendered most useful service to the Special Fund in the form of advice and administrative help. Its staff training schemes for numbers of under-

developed countries and the fact that it loaned the services of members of its highly qualified staff had done a great deal towards the provision of trained administrators and managers, the lack of which was one of the main factors retarding development in those countries.

8. The Bank had moreover made a singular contribution to the solution of many difficult international problems. One such instance was its role in negotiating and planning the gigantic scheme to harness the waters of the Indus Basin. Since 1952 it had been engaged in discussions with the Governments of India and Pakistan in an endeavour to achieve an agreement between them for the equitable division of those waters. When completed the scheme should have a significant effect upon agricultural output in areas at present plagued by poverty. In the development of the project the Bank had secured the co-operation of a number of Governments which had joined forces with the Governments of India and Pakistan and the Bank in helping to provide part of the foreign exchange resources which were required to complete the Indus waters development. New Zealand was one of those which had participated in that scheme, having agreed to contribute over a period of ten years, from funds set aside for the Colombo Plan, a grant of £ (NZ) 1 million. Though that contribution might seem modest in absolute terms, the participation was in fact an earnest of the importance attached to the scheme not just for economic and political reasons but for the increase it should yield in human well-being. His delegation looked forward to a definitive agreement being reached shortly so that the benefits of that scheme, which held such promise for so many millions of people in India and Pakistan, might be quickly realized.

^{2/} International Finance Corporation, *Third Annual Report, 1958-1959* (Washington, D.C.), transmitted to the Council by a note of the Secretary-General (E/3315); and "Supplement to the third annual report: A summary of developments in the Corporation from July 1, 1959, to January 31, 1960", transmitted to the Council by a note of the Secretary-General (E/3315/Add.2).

9. Mr. PEREZ SANTALIESTRA (Spain) observed that the report of the International Finance Corporation^{2/} provided a useful summary of its activities in the year 1958-1959. Its long-term investments in association with private domestic and foreign capital were making a useful contribution to the economic development of countries which were in the process of economic expansion.

10. He was happy to announce that Spain had recently become a member of the IFC. As a result of its economic stabilization plan which involved, *inter alia*, a reduction of bank credit in order to curb inflation, Spain urgently needed foreign capital to participate with domestic capital in productive private enterprises. To encourage foreign private capital investments, the Spanish Government had enacted legislation which guaranteed repatriation of capital and profits in foreign currencies. The IFC, which was both an investment and a co-ordinating agency, could provide a useful channel for the investment of foreign private capital in Spain.

11. Mr. BLACK (President of the International Bank for Reconstruction and Development) said that he deeply appreciated the tributes which had been paid to the Bank. They would encourage it constantly to improve and expand its activities.

12. The PRESIDENT suggested that the Council should adopt its customary resolution taking note of the reports under consideration.

It was so decided.

13. The PRESIDENT thanked the President of the International Bank for Reconstruction and Development, on behalf of the Council, for introducing the reports and attending the Council's discussions.

The meeting rose at 3.35 p.m.