We all know what an important role capital actually plays in our present drive of economic development of our country. To buy a simple plough a peasant must have some money set aside; in order to build a modest yarn factory one must in some way bring together some few thousand liras; to build roads or to irrigate a fertile land, the State must appropriate millions out of accumulated funds in the Treasury. Just as we need local currency to spend on capital items within the country, so we must have foreign currency in order to purchase and import production goods from abroad. Consequently, we have to examine foreign credit institutions and have a clear understanding of their operation and characteristics.

I shall now try to give some information to my citizens on the structure and credit policy of the World Bank, because I am convinced that it is the institution which could be of good service to my country in easiest terms. But I think there is another and stronger case for my talk on the World Bank and that is, our Government is a share holder of the Bank and it is only natural that we all should know something about an institution in which twenty million Turks have invested money — in other words, an institution which is also ours.

First, I would like to say a few words about the line of thought which gave birth to the World Bank: In 1944 forty-four nations met at Bretton Woods and discussed the institution of a sort of a cooperative bank which would have a double task. Firstly, to procure credit for the reconstruction of industry, agriculture and means of transportation destroyed by war; and secondly, for the development of underdeveloped areas of the World. The latter was calculated to be as important as the former, because
the existence of relatively backward and undeveloped countries or areas was
looked upon as a major threat to World peace.

An agreement was reached at that conference and the International Bank for Reconstruction and Development was founded. Turkey signed
that Agreement on the 11th of March 1947 and subscribed to the capital for
430 shares of 100,000 dollars each, which amounts to 43 million dollars or
120 million Turkish liras.

At present, 47 nations are members of the Bank. The capital
of the Bank at the end of February 1949 reached the sum of 8 billion dollars.
According to the Provisions of the Articles of Agreement, 20% of the sub-
scribed capital must be paid at once by the member country, the remaining
80% constitutes the reserve of the Bank to be called for in case of necessity.

Thus, the Bank has a paid-up capital of one and one-half billion
dollars and a reserve of 6 billion dollars guaranteed by the 47 member nations.
It is obvious that one and one-half billion dollars of paid-up capital will
hardly be sufficient for the credit requirements of all the members, but the
Bank issues Bonds, whenever necessary, in the American and other favorable
money markets, and puts the proceeds at the disposal of the member country
seeking credit.

Up to the present date, the Bank issued bonds in the American
market to the tune of $250,000,000 and in the Swiss money market 17,000,000
Swiss francs, the interest on these bonds varied between 2.25% and 3% accord-
ing to their maturities. The rate of interest the Bank charges from the
borrower is approximately 4-1/2%.

Now a few words on the operation of the Bank: As I mentioned
before, and as you will understand from its title, the Bank has been created
for the purpose of helping the reconstruction of the War damaged countries
and the development of economically backward countries. Consequently, no
credit is granted for the construction of say, a casino or a swimming pool.
And we must always bear in mind that the Bank is not a relief institution,
but contrary to any ordinary Bank and exactly like a cooperative credit
society, it only grants loans to its share holders. As it is ultimately
responsible for the fate of the capital of its members, the Bank displays
great prudence in its credit policy. It is an accepted rule of the Bank
to request, as a first step, from the would be borrower, to submit definite
purchasing program or in development loans, specific projects for which
credit is sought. As a second step in a loan operation, it sends its Missions
of experts to the country of prospective borrower for a close examination of
over-all economic and financial position of the country and the technical
know-how. These experts study the credit worthiness of the country and select
the projects which are of a bankable form and calculated to be most beneficial
to the quick development of the country concerned.

Here another significant service of the Bank is revealed, es-
pecially for the countries that are yet in their early stage of economic deve-
lopment and that is, the advice that the Bank might supply to the member country,
as a result of the studies of its missions, as to any reform that could be
carried out in member country's economic and financial organization. In order
to be sure that the loan granted is repaid in due time, the Bank only extends
its help to countries having a sound economic and financial background and
would gladly send, on demand, experts to advise the Government concerned on
any reforms.

There is another point which I would like to make clear and that
is, that the Bank's financial help is by no means confined to the States of
member countries but is also extended to private firms and semi-official corporations, provided that the local Government guarantees its repayment. When a private firm or a corporation seeks credit from the Bank, the standing and the financial solidarity of the firm and the purpose for which the loan is going to be used are equally examined by the Bank.

Another interesting characteristic of the credit policy of the Bank which deserves our attention here, is that the borrower is left free to make its purchases in any market it thinks most suitable for itself. The only conditions imposed upon the borrower is that the proceeds of the loans should be spent in accordance with the terms of the Agreement between the borrower and lender and for purposes indicated therein. For example, the borrower cannot use a loan made to finance an irrigation project, in purchasing locomotives. To insure the fulfilment of this condition, the Bank controls the purchases, the price of the material bought and the use to which such materials are put in member countries themselves. The total amount of credit the Bank has so far granted for reconstruction purposes, amounts to $525,000,000 and the corresponding figure for development is $125,000,000.

The Turkish Government has also approached the Bank for a development credit and already submitted its projects, among which there are those pertaining to flood control and irrigation, purchase of silos for storing grain, port equipment, hydro-electric power plants, cement factory, textile machinery, cargo boats, and post, telegraph, and telephone equipment.

Lastly, I am convinced that the activity of the Bank in the future will be primarily concerned with assisting the underdeveloped countries, like Turkey, where the natural resources are rich and the know-how is promising; and that there will be created an atmosphere in which "the tool will work and the hand will be proud of it."*

(*Turkish proverb.*)
Yesterday lists were sent to you covering proposed mailing of your broadcast in Turkish. These lists are for Iraq, Turkey, and one name in Cyprus. There are approximately 115 names. In addition, we plan to send the broadcast to the Ambassador of Turkey and the Commercial Counselor (both the New York and Washington addresses of the Commercial Counselor) who are on our special mailing list for embassies, and the Financial Counselor who is on our mailing list for five copies of every press release and publication. We will also send the broadcast to the Turkish Information Office in New York City which receives copies of every press release and publication, to Mr. Ahmed Izzet Mohammed, Second Secretary of the Embassy of Iraq, and to the Minister of Iraq.

Next week our lists will be sent to you for the following countries: Lebanon, Syria and Palestine. It is proposed that the broadcast if translated into Arabic will be sent to these lists, and also the lists for Iraq which should receive it in Arabic in addition to the Turkish language. The Minister of Lebanon and the Minister of Syria will also receive the broadcast if translated into Arabic.

Our present mailing lists covering all countries in the Middle East (Egypt, Iran, Iraq, Syria, Lebanon, Turkey, Afghanistan and Cyprus) were sent on May 18 to Mr. Engert of the Loan Department, who is presently in Cairo. Mr. Engert has been asked for suggestions for additions, corrections and deletions. We have no lists as yet covering Aden, Anglo Egyptian Sudan, Saudi Arabia or Trans Jordan.

Mr. Bayne and Mr. Iliff have also looked over our mailing lists for the Middle East and Mr. Bayne made some suggestions.
Sevgili Yurttaşlar:


İste bu düşünme ile Dünya Bankasını sizlere tanıtmayı faydali bulmaktayım. Zira bu Bankanın en müsait şartlara bize hizmet edebilecek bir kredi müessesesi olguna kaniyor. Kaldık ki, Dünya Bankasında Hükümetimizin de hissesi vardır; yarı milyon Türk'ün para yatırıldığı, yanı, aynı zamanda birim olan bir müessesenin mahiyetini ve nasıl galaktığını bilmemiz kadar tabii bir şey olmaz.


Türkiyemiz 11 mart 1947'tarihinde bu şarkname imzasını koyarak beheri 100,000 dolar olan hisse senetlerinden 430 adet alması tashüt etmiş ve Bankanın semayesine 43 milyon dolarla, yani, 120 milyon lira olabilecek vinç, Bankada bugünkü halde 46 devlet hissedärdir.
Haziran 1949 sonu itibariyle Bankanın sermayesi 8 kısır milyar doları bulmuştur. Şartname hükümlerine göre, her Devlet sermayeeye yazıladığı miktarın o/o 20’si derhal yatırılmakta mükelleftir; kalan o/o 80 Bankanın ihtiyacına teşkil etmektedir ve lüzum halinde hisse sahiplerinden istenecektir.

Görüldüğü ki, Bankanın 1.5 milyar doları aşan yatırılmış sermayesini ve 48 devletin tekeffüf ettiği, 5.5 milyar dolarlık itibarı bulunmaktadır.


Şimdii gelelim müessesenin yaptığı muameleler:

İşte burada Bankanın önemli bir vazifesi daha kendiliğinden belir-mektedir; o da gönderilen bu uzman heyetlerinin ilgili üye memlekete, şekliyle, itkisadı ve malî işlahat için tavsiyelerde bulunmalarıdır. Çünkü Banka ağırlığı kredinin ana ve faizin kendisi ne tekrar yönetimide üzerine çok hasas sahiptir; bu itibarla, teşkilati işlaha muhtaq memlekétler, ancak, bu işlahat yapıldıktan sonra para vermektedir.
Bu adı bir noktayla daha açıklamam faydalıdır, o đa şu durur:


Bugüne kadar Harptan zarar gören Avrupa memleketeine, imar maksadıyla 523 milyon dolarlık ve Güney Amerika memleketeine ve Hollanda ve Finlandiyaya kalkınma maksadile 152.600.000 dolarlık kredi açılmıştır.

Hükümetimiz de Bankadan kalkınma kredisi talep etmiş ve bu mabeyitla lüzumlu projeleri Bankaya tevdi etmiştir. Bu projeler arasında, Seyahat bölgelerinde sel aşetini önleme, sulama ve sudan elektrik istihsalı, zahire depolamak için silo tesisatı, liman inşası ve teşhisatı, gibi işler bulunmaktadır.

Son olarak, şuana inanmaktayım ki, gelecekte, Bankanın faaliyeti ve hizmetleri daha ziyade, Türkmeniz gibi, zengin bir topraka, ve zeki istidadamla malık memlekette teveccüh edecek ve burn- larda da mesut bir hava içinde 'alet işleyeceğ, el övünecektir.'

Hoşça kalın sayıın dinliyenlerim.
We all know what an important role capital actually plays in our present drive of economic development of our country. To buy a simple plough a peasant must have some money set aside; in order to build a modest yarn factory one must in some way bring together some few thousand liras; to build roads or to irrigate a fertile land, the State must appropriate millions out of accumulated funds in the Treasury. Just as we need local currency to spend on capital items within the country, so we must have foreign currency in order to purchase and import production goods from abroad. Consequently, we have to examine foreign credit institutions and have a clear understanding of their operation and characteristics.

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First, I would like to say a few words about the line of thought which gave birth to the World Bank: In 1944 forty-four nations met at Bretton Woods and discussed the institution of a sort of a cooperative bank which would have a double task. Firstly, to procure credit for the reconstruction of industry, agriculture and means of transportation destroyed by war; and secondly, for the development of underdeveloped areas of the World. The latter was calculated to be as important as the former, because the existence of relatively backward and undeveloped countries or areas was looked upon as a major threat to World peace.

An agreement was reached at the conference and the International Bank for Reconstruction and Development was founded. Turkey signed that Agreement on the 11th of March 1947 and subscribed to the capital for 450 shares of 100,000 dollars each, which amounts to 43 million dollars or 120 million Turkish liras.

At present, 48 nations are members of the Bank. The capital of the Bank at the end of May 1949 reached the sum of 2.4 billion dollars. According to the Provisions of the Articles of Agreement, 20% of the subscribed capital must be paid at once by the member country, the remaining 80% constitutes the reserve of the Bank to be called for in case of necessity.
Thus, the Bank has a paid-up capital of over one and one-half billion dollars and a reserve of over 6 billion dollars guaranteed by the 48 member nations. It is obvious that one and one-half billion dollars of paid-up capital will hardly be sufficient for the credit requirements of all the members, but the Bank issues bonds, whenever necessary, in the American and other favorable money markets, and puts the proceeds at the disposal of the member country seeking credit.

Up to the present date, the Bank issued bonds in the American market to the tune of $2,500,000 and in the Swiss money market 17,000,000 Swiss francs, the interest on these bonds varied between 2.25% and 3% according to their maturities. The rate of interest the Bank has charged from borrowers is 4-1/2%, or less, depending on the term of the loan and the condition of the money market.

Now a few words on the operation of the Bank: As I mentioned before, and as you will understand from its title, the Bank has been created for the purpose of helping the reconstruction of the War damaged countries and the development of economically less developed countries. Consequently, no credit is granted for the construction of, say, a casino or a swimming pool. And we must always bear in mind that the Bank is not a relief institution, but contrary to any ordinary Bank and exactly like a cooperative credit society, it only grants loans to its share holders. As it is ultimately responsible for the fate of the capital of its members, the Bank displays great prudence in its credit policy. It is an accepted rule of the Bank to request, as a first step, the borrower to submit definite purchasing program or in development loans, specific projects for which credit is sought. As a second step in a loan operation, it sends its Missions of experts to the country of prospective borrower for a close examination of over-all economic and financial position of the country and its technical know-how. These experts study the credit worthiness of the country and select the projects which are bankable and calculated to be most beneficial for the quick development of the country concerned.

Here another significant service of the Bank is revealed, especially for the countries that are yet in their early stage of economic development and that is, the advice that the Bank might supply to the member country, as a result of the studies of its missions, as to any reform that could be carried out in member country’s economic and financial organization. In order to be sure that the loan granted is repaid in due time, the Bank only extends its help to countries having a sufficiently sound economic and financial background and would gladly send, on demand, experts to advise the Government concerned on any reforms.

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The Turkish Government has also approached the Bank for a development credit and already submitted its projects, among which there are those pertaining to flood control and irrigation, purchase of silos for storing grain, port equipment, hydro-electric power plants, cement factory, textile machinery, cargo boats, and post, telegraph, and telephone equipment.

Lastly, I am convinced that the activity of the Bank in the future will be primarily concerned with assisting the underdeveloped countries, like Turkey, where the natural resources are rich and the know-how is promising; and that there will be created in such countries, an atmosphere in which "the tool will work and the hand will be proud of it."*

(*Turkish proverb.*)
**INSTRUCTIONS FOR GROUP MAILING**

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**SPECIAL INSTRUCTIONS**

Copies in English & Turkish attached; one copy each in English & Turkish to be sent to each plate, unless plates carry instructions for additional copies.

**SIGNATURE (Request)**

**SIGNATURE (Dispatch)**

**TOTAL COST** $0.57
I am going to talk to you today on some welcome activities of the International Bank for Reconstruction and Development, along the lines of the principles set forth in President Truman's "Point IV" program, that is to say, in connection with technical aid to our country. As you know, our government has applied to the World Bank, in whose capital we also have a share, and submitted three projects concerning the building of Seyhan Dam, port development and equipment, and silo construction for grain storage, and has asked for financing of the foreign exchange expenditures of these projects. When the Bank's missions visited Turkey and made necessary studies in connection with these projects, two very important shortcomings of our economy struck them. One of these was the need to encourage private industry and create a private capital market, and the other was the necessity of an overall study of our economy and our administrative machinery, especially in order to draw up a priority plan for investment in general.

The World Bank, with the backing of our government, has immediately taken up these two matters and formed two missions; and it has retained two American experts, Mr. Harold F. Johnson and Mr. James H. Barker, to help these two missions. The Bank's jargon calls these two missions the "Johnson mission" and the "Barker mission." The Johnson mission, which was set up in order to study the question of encouraging private enterprise, visited Turkey last October and November and made its first studies and contacts with the Turkish government, on the one hand, and businessmen in the big trade centers of the country on the other. It has drawn up the broad lines of its recommendations, which have been accepted by the Turkish government and by the Bank.

Mr. Johnson is at present in Turkey, working out the details of his mission's findings. The broad lines of this project are as follows: An industrial credit institute is going to be created in order to supply long-term credit to private industry. The capital of the institute will be 12½ million Turkish liras, which will be subscribed by the private commercial banks of Turkey and by private investors. The Central Bank has agreed to extend loans to the institute by discounting its bonds up to an amount of 12½ million Turkish liras, and I hope and believe that the World Bank will grant a loan of up to $9 million to the institute as and when required. Thus the institute is going to
operate with capital resources amounting in total to 50 million Turkish liras. The Board of the institute is going to be recruited from among Turkish businessmen. The institute will also have a technical board composed of first-class economists and technicians.

The institute is going to make loans to private industries in Turkish liras and in foreign exchange. It will supervise the work in which its loans are used until the time each loan is repaid to the institute. Technical services will be furnished when private capital desires to invest in new industries. The institute will be empowered to utilize its Turkish capital in the establishment of a new industry with the requirement, however, that the institute's participation would be sold as soon as the operation has proved successful. If a particular industry should seem necessary to Turkish economy but if private capital were not available for it, the institute would be empowered itself to establish and operate a project to demonstrate the possibilities of profit in that industry.

The institute would also help introduce foreign capital and investors to Turkey through the services of its administrative and technical staff. It would provide authoritative information on economic conditions and legal requirements, and help clarify the misunderstanding which openly exist among potential foreign investors.

This is the World Bank's first experiment along these lines. If proved successful in Turkey, it will be taken up in other underdeveloped member countries.

As to the Barker mission, as you know this mission was in Turkey towards the end of last year and it has made its preliminary surveys. Mr. Barker is presently in Washington working with the World Bank to complete his report. The Barker mission is going back to Turkey to stay three months and its work will deal broadly with the following:

1. The directions in which investment might best be channeled into Turkish economy. This would involve recommendations as to investment priorities as among various important sectors of the economy, and as among various types of undertakings within each such sector;

2. Other methods and measures which might raise the level of Turkey's agricultural and industrial production and improve the efficiency of its distribution
3. Public financial policies and administrative mechanisms appropriate to carry out Turkey's development objectives.

Thus the World Bank has taken up our three projects, and with regard to the question of technical aid it is giving serious consideration to our two most important problems. I am confident the capability and adaptability of the Turk will complement its endeavors.
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**REMARKS**

A little assist, for you from us.

We got it from Mr. O.

R. L.
Speeches

Copies in Arabic of Mr. Onaran's recorded speech about the character and operation of the Bank have been sent to Egypt, Syria, Iraq, and Lebanon, through the courtesy of the Governors of these countries, to be broadcast on their respective radios.

Mr. Onaran has enclosed Turkish copies of the speech in letters sent to the Chambers of Commerce of Ankara, Istanbul, and Izmir, and to the Association of Merchants in Istanbul, on the occasion of Mr. Harold F. Johnson's mission to Turkey for the purpose of studying the ways of possible reorganization of the private capital market in Turkey.