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GRENIER, David - Articles and Speeches (1965)



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AN INTERNATIONAL ATTITUDE TO COMMUNICATIONS

A Speech by David Grenier, Office of Information, World Bank  
to Seminar on Communications, York University, Toronto, March 17, 1965



It is a pleasure to be here this evening and to take part in this pioneering seminar organized by the Canadian Public Relations Society at York University. Not everyone present here this evening, incidentally, may know that the World Bank will shortly be losing one of its senior officials to York: I am referring to Escott Reid, who has been Director of the South Asia and Middle East Department of the Bank since 1962 and is resigning to become the first Principal of Glendon College and Professor of Political Science at York University later this year.

There are a number of reasons why this invitation to speak to this Seminar of the CPRS is of special interest. As a founder member of the World Bank, Canada has played an important role in its activities and has supported its operations in a number of ways. Canada has subscribed \$75 million of the Bank's total paid-in capital of \$2.1 billion: the Canadian subscription being the sixth largest of any of the Bank's 102 member countries. Canada has also helped to establish the Bank's two affiliates -- the International Finance Corporation (IFC), which came into existence in 1956, and the International Development Association (IDA), which was founded in 1960.

There are other ways in which Canada has made it possible for the World Bank to carry out its work in the field of development assistance. The Bank has on a number of occasions borrowed in the Canadian market: most recently through a \$30 million bond issue floated last month. In all, Canadian investors have now subscribed to Canadian dollar bond issues of the Bank totaling \$85 million. This record of Canadian participation in the work of the World Bank group has also extended to Canada's own program of external aid. Much of this program has been



devoted to countries of the Commonwealth, in particular through the Colombo Plan. In these areas, Canada has taken part in joint efforts for coordinating the efforts of aid-giving nations, which have been organized under the auspices of the Bank. I am thinking in particular of India and Pakistan, where Canada has pledged more than \$200 million in grants and loans. If I have talked at undue length about Canada in these respects, part of the reason is that Canadians themselves have tended to underestimate the value of their own efforts and have perhaps given insufficient credit to the far-sighted efforts of their external aid administrators.

The theme of this Seminar is both topical and challenging for a number of reasons. The concept of international communications is so new that we have all perhaps been swept away by the possibilities contained in the techniques and media that are now available for linking peoples and continents. The tremendous growth of literacy in developing countries; the establishment of new radio and television systems; the spectacular success of the space communications satellites: all of these have held out the hope of breaking down many of the barriers to understanding that exist between countries. Whether this is too optimistic, time alone will tell. But already it is clear that international communications has been one of the root causes of the vast revolution of rising expectations which is so much a feature of the contemporary world. It was Marshall McLuhan, I believe, who once argued that it was television which led to the renaissance in Quebec. According to this view, television helped to trigger off a new awareness of social and cultural traditions and, through them, a new political and economic self-consciousness.

Much the same kind of revolution in self-awareness is also taking place in many other parts of the world. Through international communications, people in developing countries have learned of the tremendous gaps between their own living standards and standards of living in the developed countries. In time, this has



led to a new discontent, sometimes creative, sometimes destructive. The rising generation expects measurable progress in the form of economic development -- something that has been outside their grasp for centuries. Where their parents or grandparents accepted poverty, ignorance, illiteracy and disease as part of an unchanging law of nature, the present generation is aiming for a doubling of living standards within their lifetime. This is one of the most hopeful signs of an age in which economic development provides perhaps the strongest bridge between the developed and the developing worlds. And it is a reflection on the vast change that has taken place in a whole climate of opinion, largely as a result of international communications.

Economic development in its broadest sense is the challenging sphere in which the World Bank operates. It is a field so large and, at times, so baffling that it encompasses human behavior and human experience in nearly every aspect. It is recent but it also has deep roots in history and anthropology. The term economic development itself is in many ways the modern idiom for what once was called progress. And just as history showed that progress is anything but automatic, so the experience of the last two decades has confirmed the lesson that there is nothing inevitable about the process of economic development, either. It is hard to remember today, for instance, that Sweden, which now enjoys the second highest standard of living in the world, went through a long period of economic stagnation during the 19th Century, during which it lost a good part of its population through emigration to the United States. It is even harder to realize that, in the opinion of respected anthropologists, the continent of Africa was once in the forefront of economic progress before it became isolated from the rest of the inhabited world by the desert which crept across the Sahara and Arabia. Again, an area like East Africa has undergone tremendous changes -- not all of them for the better --



since the European penetration of Africa began in earnest late in the last century. We know, for instance, that when Stanley went on his epoch-making march across the African continent, he took with him human sleeping sickness. Carried by the tsetse fly, sleeping sickness alone killed a quarter of a million people in East Africa. There is evidence, too, that when the Italians invaded Ethiopia in the 1890s, the draft animals they brought in for their artillery carried rinderpest with them, which subsequently wiped out millions of head of cattle, sweeping down the East coast of Africa as far as the Cape of Good Hope. One result of this was that wild animals and the tsetse fly took over areas in East Africa which it has not since been possible to reclaim. Equally unpredictable is the discovery of natural resources in countries which have hitherto been regarded as underdeveloped. Perhaps one of the best cases in point is Kuwait whose oil resources now make it the second largest exporter of oil in the world and whose major problem is not attracting capital but finding ways of investing the capital it is now generating. Yet another example of unsuspected riches is the recent development of a major sugar industry in Colombia, which some experts believe may one day rival Hawaii and other great sugar producers. This development would not have taken place if the U.S. had not been looking for alternative sources of supply to Cuba.

If I have lingered unduly on some of the factors of economic development, it has been with the intention of showing the need to understand something about the basic causes of growth as well as economic backwardness. At least this serves to correct the facile impression that development is a straightforward business of pumping in enough capital or modern technology to help a country's economy get off the ground. As experience in this field accumulates, it becomes more and more evident that economic change requires social change: change that must be achieved



through education and other means. It is a feature of the World Bank itself that its operations today are much wider in scope and vastly changed in emphasis from its operations of a few years ago.

To understand the aims and objectives of the Bank, it is essential to understand something about the institution itself, its background and history. The original concept of a World Bank goes back to the days of World War II, when the allied nations were laying the groundwork for the postwar era. The Bank itself, together with its sister institution, the International Monetary Fund, came into being through the deliberations of 44 nations at the Bretton Woods Conference of 1944. The International Bank for Reconstruction and Development, to give it its full name, was intended to help finance the reconstruction and development of its member countries, in that order. At the same time, the Fund was conceived of to promote international currency stability, by helping to finance temporary balance of payments problems of member countries and by providing for the progressive elimination of exchange restrictions.

There have been a number of factors which have distinguished the Bank (and for that matter the Fund) from other international institutions in the United Nations family, and which have given them their present-day character. For one thing, they were conceived of in a mood of realism and even skepticism, rather than the idealism (and subsequent disillusion) which has marked the history of other international institutions. Lord Keynes himself was one of the leading spirits of the Bank and the Fund, and it is worth recalling his wry comment at the time of their establishment. "How much better," he said, "that our projects should begin in disillusion than that they should end in it." More specifically, the Bank has not suffered from being caught up in Cold War politics, nor -- despite the tremendous increase in membership it has experienced in the last few years --



has it lost cohesion as the United Nations possibly has. It is rather ironical to reflect that the Soviet Union, which was one of the participants at the Bretton Woods conference, was also one of the three nations which subsequently bowed out and did not join either the Bank or the Fund (the other two, Liberia and New Zealand, subsequently have become members of both institutions). Of the 41 governments which did join, Poland withdrew in 1950, Czechoslovakia ceased to be a member in 1954 and Cuba withdrew in 1960. Despite this, there has been a steady growth in the Bank's total membership, to 102 countries, reflecting such factors as the accession of 30 independent African countries since 1960. Yet another factor that should be mentioned in this context is that the Bank is run on a system of weighted voting, based on the size of a country's subscription, which is entirely dissimilar from the "one country, one vote" system of the United Nations. This has meant that the Bank's decision-making capacity has not been interfered with in the course of its operations.

In the nearly two decades that the Bank has been in existence, it has had to pioneer and innovate in territory that has often been uncharted. As it was initially conceived, the primary role of the Bank was to aid the reconstruction of the war-damaged economies of its member countries. Reconstruction, it was largely assumed, would make economic development possible in other parts of the world, by creating demand for the exports of developing countries. The bulk of the Bank's initial lending, in fact, was for European reconstruction in the early postwar years. It was only in 1948, when the Bank made its first development loan -- to Chile -- that it turned its attention more to economic development. This became more marked as Marshall Aid and aid from Canada absorbed the brunt of the task of economic reconstruction in Europe.



Today, the bulk of the Bank's operations are in the developing countries of Asia, Africa and Latin America, although this does not exclude other countries -- like Finland, Greece, Turkey, Italy or Japan -- which are also in the process of economic development. The Bank itself has to date made loans totaling over \$8.5 billion. The two main items for which it has lent funds are transportation and electric power, followed by industry, agriculture and forestry. There are two important features which should be borne in mind on World Bank lending: first of all, it is for financing specific projects, whose costs and benefits can be ascertained and whose progress can be watched. Secondly, all Bank loans carry a government guarantee. To get some idea of the range of loans that are made, I shall just mention some recent activities. Late last month, for instance, the Bank made two loans totaling just under \$80 million for hydroelectric projects in Brazil. So far this month, it has made a loan of \$6.8 million to increase the water supply of Singapore and another loan of \$6 million to Thailand to expand electric power output. For the current fiscal year, Bank loans are expected to total over \$800 million.

Alongside the Bank should be considered the operations of its two affiliates-- the International Development Association (IDA) and the International Finance Corporation (IFC). One of the problems which must be faced in information activities is to establish the identity of these two affiliates. Briefly, the International Development Association is administered by the staff of the Bank. It was originally established in 1960 to make loans on terms less burdensome than the conventional loans extended by the Bank. This is of particular importance for countries whose capacity for servicing conventional loans is limited for one reason or the other. The difference in the terms of Bank and IDA lending is quite striking. The rate now in effect on Bank loans is  $5\frac{1}{2}$  per cent. IDA credits, on the other hand, have to date been for terms of 50 years, with a ten-year grace



period and no interest charge. The only cost to borrowers is in fact a service charge of three-quarters of one per cent. In other respects, it is the similarity between the Bank's and IDA's standards that is most striking. While the terms of IDA credits may be "soft", this does not mean that there is any lowering in standards as far as the purpose for which credits are offered or the appraisal of actual projects are concerned. The requirements are in fact the same requirements as Bank loans. Nor is there any question of the Bank channeling its funds into "soft" loans through the International Development Association. IDA has its own capital, all subscribed by its 94 member governments. Since it came into existence, it has extended credits totaling more than \$1 billion. Among some examples of recent IDA operations are two credits which were extended to Nigeria -- \$20 million for financing the construction, expansion and equipment of secondary, technical and teacher training schools, together with \$15.5 million for road construction. Another example this year is a \$3.5 million credit extended to Honduras for road construction, in conjunction with a loan of \$6 million by the Bank.

The older but smaller of the Bank's two affiliates is the International Finance Corporation which was established in 1956. IFC has its own capital, amounting to nearly \$100 million, paid in by its 78 member governments. Its operations are unusual, if not unique among international institutions for at least two reasons. Firstly, IFC deals strictly with private enterprises. Secondly, it is able to provide equity capital by buying shares in industrial companies. If the Bank and IDA are conceived of as lending institutions, IFC is primarily an international investment bank, helping private entrepreneurs and investors in a wide range of countries. It has to date made commitments of over \$125 million in a variety of ways. Two recent examples of its operations are the loan and equity investments it has made in a leading cement company in Greece and a major



manufacturer of processed foods and pharmaceuticals in Finland. Last month, it also helped local investors in Pakistan to set up a new jute mill, while in the Ivory Coast it invested in a new development finance company which has been established to make long-term loans and investments in local industry. IFC's aim is to help not only local industry but also to create interest on the part of foreign investors in the opportunities which exist in countries short of private capital -- such as those which I have mentioned. It is not an easy role operating in 30 countries at once, which is what IFC is doing at present. But there is reason enough to believe that the Corporation has the potential for growth ahead of it, and this is why it has been proposed that the Bank should lend IFC up to \$400 million for IFC to re-lend to private enterprises, without the rider of a government guarantee which is required on Bank loans.

The steady expansion in the range of activities of the World Bank group evidences growing awareness of the complexity of the challenge of economic development. In the last few years, the Bank has gone well beyond the financing of infrastructure and industrial projects. Today it is considering also projects which are more strictly in the field of social overhead capital: education, for instance, or even water supply. In cooperation with the UN Food and Agriculture Organization, it is taking a hard look at agriculture as it becomes evident that many developing countries continue to lag in this sector. It would be wrong, however, if I left you with the impression that the Bank's only activity is in the field of lending. The provision of capital resources is an essential part of the process of economic development, but more -- much more -- is required by developing countries. The Bank is in fact actively engaged in providing technical assistance: helping countries identify and bring along projects for investment, providing training for some of their top officials, advising them on development



plans. Nowhere are these needs more acutely felt than in Africa, and it is for this reason that the Bank has established its first office in the field -- in Abidjan, the capital of the Ivory Coast -- to help West African countries, with a second office for East Africa now also being considered. It is for this reason that the Bank has provided economic advisers to many of its member countries. It is also for this reason that the Bank has set up consortia and consultative groups to coordinate the efforts of developed countries providing aid to India, Pakistan and other developing countries.

Finally, the Bank has a broader mission to perform: a mission suggested by the personal diplomacy of the former president, Eugene Black, in assisting the negotiation of a settlement over the Suez Canal dispute and in securing the agreement of the governments of India and Pakistan to a joint development of the Indus River Basin. In fact, one of the major proposals now before the Bank derives from the fact that it has on a number of occasions been asked to use its good offices to settle disputes between governments and private foreign investors. Fear of government expropriation without proper compensation is one of the major handicaps to a greater flow of private capital to developing countries, and this is why the Bank is sponsoring a Center for the Settlement of Investment Disputes in an attempt to provide machinery which interested parties could use on a voluntary basis but whose decisions would be binding. Action on the Center is expected shortly.

This is only a brief and somewhat sketchy description of the World Bank group and its operations. But you may already be beginning to feel like the little boy who was given a book on penguins and reported, after reading it, "This book told me more about penguins than I really wanted to know". But the whole logic of the group's external relations, which includes its information program, must in



effect follow from and provide support for its operations. It is only on this basis that one can define the basic question facing the program of information. That question, I suggest, is not the common question "Who knows anything about the Bank?" but rather the question, "Who ought to know -- and needs to know -- about the Bank?" This does not affect the Bank's acceptance of its duty as a public institution to report to the publics of its member countries. Nor does it ignore the fact that the Bank can play some part in shaping the climate of opinion on the whole question of development finance and assistance.

In its information activities, the Bank shares some of the common problems of all international institutions, which must be prepared to communicate at a distance. This is not to suggest that all international institutions have the same problems or that they feel required to adopt the same solutions. Some institutions, such as the Universal Postal Union have been in existence a long time but have not mounted major information programs. At the other end of the scale are organizations such as the United Nations itself which is interested in public opinion in the broadest sense and which attempts to reach as wide an audience as possible. The UN's budget for information activities is, in fact, the second largest item on its budget -- amounting to approximately \$6.5 million out of a total budget of roughly \$110 million -- and at last report there were over 150 professionals working on UN information activities. UNESCO again has an information staff of approximately 60 people in a number of countries. The World Bank, on the other hand, has a relatively small professional staff in its Office of Information: nine people in Washington and two in Paris.

The reason for this is largely that the Bank's needs in the field of information are quite different from those of an organization like the UN. Much of what



the Bank does is conditioned by the basic facts of life: most of its members are borrowers, while a few key countries are the major lenders, partly through subscriptions to the Bank's capital, but to a much greater extent through the purchase of bonds issued by the Bank (in all the Bank has raised or soon will have raised nearly \$2.8 billion in this way from investors in about 40 countries). Thus one of the principal aims of the Bank's information program must be to gain the support of the major lending countries. To this extent, it must be geared to reaching specialist audiences, particularly in the business and investment communities. The Bank must also be prepared to reach other specialist audiences -- for instance, civic and educational groups -- whose opinions can be an important influence. The needs of the two affiliates are somewhat different. IDA depends on government subscriptions for its capital resources, which in many cases requires legislative action: to this extent, IDA's objectives and operations need to be explained as fully as possible to interested groups likely to influence the passage of legislation. In the case of IFC, the problem is to reach specific communities with a view to facilitating IFC's activities in the field of private enterprise: for instance, business groups interested in sponsoring new projects in developing countries, or financial institutions interested in taking part in IFC's investments.

By and large, the kind of people whom the World Bank group is primarily interested in reaching are people who regard newspapers as their most important source of information. And since the Bank is concerned in the first instance with specialist groups, the Office of Information devotes a good part of its effort to the specialist press. Over the years, the Bank has been an important source of news: news that may be of general interest in a number of countries or more specifically of interest to a single country. The news that the Bank is going to make a bond issue in Canada (as it did last month) or in Germany (as it did this week)



is of interest to the international financial community. The news that it was planning to send a mission to appraise the economy of Brazil, as it did late last year, attracted wide interest not only in Brazil but elsewhere, in view of the turn in that country's political fortunes. In view of the range of the Bank group's activities, it is not unusual for two or three separate announcements to be made through press releases in the course of a single week. Last year, the Bank, IFC and IDA between them issued 109 press announcements: in English, French, German, Italian and, where Spanish-speaking countries were concerned, in Spanish as well. This flow of news announcements is supplemented by informal meetings with correspondents and by occasional press conferences held by the President, George Woods, to which considerable importance is attached by the world press.

The emphasis on the specialist press does not mean that the Bank ignores the general press. Far from it -- the general press offers the stern test of the market place when it comes to evaluating news, and this is a discipline which is essential to any consistent information program. Nor does the effort devoted to the press exclude the use of other media. The Bank has in the past sponsored several films, recognizing the strengths and weaknesses of film in terms of emotional impact. Similarly it has long recognized that radio can also be a valuable medium, particularly in the developing countries. The Office of Information, in fact, has its own facilities for recording statements or interviews which may subsequently be broadcast through the facilities of the United Nations. Because of the nature of the operations of the Bank group, too, personal contact can be extremely important -- whether through meetings of small groups or through major conventions. Last year, for instance, Bank, IDA and IFC representatives appeared before audiences not only in the United States and Canada but also in England, France, Germany, Sweden, Switzerland, Nigeria, Iran, India, Pakistan,



Japan, Peru, Chile and Venezuela, to mention only some of the countries concerned.

In the early days of the Bank's existence, every staff member was considered to be a missionary on behalf of the Bank. To some extent this is still true, and Bank personnel are well aware of the importance of the impact they make when they travel in member countries in the course of their duties. The main day-to-day work of carrying out the Bank's public information activities, however, rests with the Office of Information. It is responsible for the preparation of the Bank's Annual Report. It also prepares press releases, articles, booklets and films, maintains a library of photographs and makes all external distribution of Bank information material. It is the Office of Information which maintains relations with press, radio and television, organizes press and information conferences and arranges speaking engagements. In addition, it takes care of the multitude of requests for information or published material which come in to the Bank from the general public: last year alone the Washington and Paris offices between them handled more than 12,000 requests of this kind.

How far have we succeeded in explaining and gaining acceptance for the objectives and operations of the World Bank group? What impact has the Bank itself made on the climate of opinion regarding the whole field of development finance? These are not easy questions to answer because one is dealing largely with intangibles. But broadly speaking, it is true today to say that there is now general acceptance of the idea that economic development is the main bridge between the developing and the developed world. There is a general awareness, too, of the problems that developing countries must overcome: problems such as the population explosion, mistaken policies that lead to inflation or misuse of economic resources, failure to utilize the skills and capacities of unemployed or underemployed people. Many people now know that without development assistance the gap between the developing



and the developed countries will continue to widen steadily. It is for this reason that the Bank has stressed -- and no doubt will continue to stress in the future -- the need to take a long-term approach to the whole issue of economic development and not to expect quick results. This is not to say that many countries have not made measureable progress in the last two decades. In the case of Mexico, Pakistan, Thailand, the Ivory Coast, or Taiwan, for instance, the progress is very evident. There are other countries, however, which have encountered real difficulties which they are only just getting over: countries such as Argentina or Brazil or India.

It is probably as important today to gain acceptance of the view that economic development depends on a partnership between the developed and the developing countries. This means placing continued stress on self-help on the part of the developing countries. And it requires educating opinion in the developed countries to the point where it dissociates economic development from the idea of aid or assistance intended to win friends or earn gratitude. Despite this (or perhaps because of it) it comes as a surprise -- a pleasant surprise -- to have someone like Senator Fulbright, the Chairman of the U.S. Senate Foreign Relations Committee, saying, as he did recently, that never in his travels had he ever seen the sign, "World Bank, Go Home". It's going to be hard to live up to that.