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GOODMAN

Given to Mr. Goodman
on April 7, 1967
S. Sankaran Information Dept.

April 7, 1967

NOTES FOR MR. GOODMAN'S SPEECH BEFORE THE
ECAFE SESSION IN TOKYO, JAPAN



Countries in the ECAFE region are the principal recipients of development finance from the World Bank Group. By December 31, 1966, the Group had committed a total of \$5,056 million to help finance development projects in Afghanistan, Australia, Burma, Ceylon, China (Taiwan), India, Iran, Japan, Korea, Malaysia, New Zealand, Pakistan, the Philippines, Singapore and Thailand. Of this amount, \$3,760 million have come from the World Bank at conventional rates of interest. This was 36 per cent of all Bank lending as of that date. The Bank's affiliate, the International Development Association (IDA), which extends 50-year credits free of interest, has provided a total of \$1,250 million for development in Asia. This was 75 per cent of all lending by the Association. The balance of \$45.3 million has come from the International Finance Corporation (IFC), the World Bank affiliate which assists less developed member countries by helping to promote the growth of the private sector of their economies. The following table summarizes the Group's financial assistance in Asia:

WORLD BANK GROUP'S COMMITMENT IN THE ECAFE REGION

(Amount as of December 31, 1966
in millions of US Dollars)

<u>Country</u>	<u>Bank Loans</u>	<u>IDA Credits</u>	<u>IFC Investment Commitments</u>	<u>Total</u>
Afghanistan	-	3.5	-	3.5
Australia	417.73	-	0.97	418.73
Burma	33.28	-	-	33.28
Ceylon	38.29	-	-	38.29
China (Taiwan)	42.54	13.08	-	55.62
India	1,000.84	890.47	11.93	1,903.24
Iran	288.14	-	0.03	288.17
Japan	857.04	-	-	857.04
Korea	-	13.99	-	13.99
Malaysia	170.50	-	2.86	173.36
New Zealand	102.11	-	-	102.11
Pakistan	390.31	329.24	12.60	732.15
Philippines	138.40	-	16.35	154.75
Singapore	46.80	-	-	46.80
Thailand	<u>234.14</u>	<u>-</u>	<u>0.49</u>	<u>234.63</u>
Totals	<u>3,760.12</u>	<u>1,250.28</u>	<u>45.23</u>	<u>5,055.63</u>

World Bank Group Activities in the ECAFE Region -- Calendar 1966

In calendar 1966, the World Bank made loans totaling \$284 million to assist development projects in India, Iran, Japan, Malaysia, the Philippines, Singapore and Thailand. During the period under review, IDA extended credits totaling \$389.2 million in India and Pakistan. IFC undertook investment commitments totaling \$14.8 million in India, Malaysia, and the Philippines. Details are as follows:

WORLD BANK LOANS

<u>Country</u>	<u>Purpose</u>	<u>Amount in U.S. Dollars</u>
India	Iron and Steel	\$ 30,000,000
Iran	Development Finance Company	25,000,000
Japan	Roads	100,000,000
Malaysia	Electric Power	37,000,000
Philippines	Development Finance Company	25,000,000
Singapore	Port	15,000,000
Singapore	Electric Power	10,000,000
Thailand	Roads	36,000,000
Thailand	Education	<u>6,000,000</u>
	Total	<u>\$284,000,000</u>

IDA CREDITS

<u>Country</u>	<u>Purpose</u>	<u>Amount in U.S. Dollars</u>
India	Railways	\$ 68,000,000
India	Electric Power	23,000,000
India (two credits)	Industrial Imports	215,000,000
Pakistan	Commercial Road Vehicles	25,000,000
Pakistan	Foodgrains Storage	19,200,000
Pakistan	Education	13,000,000
Pakistan	Project Preparation	1,000,000
Pakistan	Industrial Imports	<u>25,000,000</u>
	Total	<u>\$389,200,000</u>

IFC INVESTMENT COMMITMENTS

India	Chemicals	1,155,000
Malaysia	Cement	1,559,381
Philippines	Power	<u>12,000,000</u>
	Total	<u>\$ 14,714,381</u>

Project and Sector Feasibility Studies: The World Bank is helping to finance a road maintenance study in Afghanistan. The Bank-financed transport survey in Korea was completed.

Transfer of Funds to IDA: The Bank transferred \$75 million to IDA in the form of a grant from its net income for the 1965-66 fiscal year. This brought the total of such transfers from the Bank to IDA in the past three fiscal years to \$200 million.

Interest Rates: In February 1966, the Bank raised from 5½ per cent to 6 per cent its standard interest rate on new loans to less developed countries, reflecting the higher price which the Bank itself was having to pay for its borrowings in the capital markets.

Economic Development Institute (EDI)

The Institute, a staff college for government officials established by the Bank to improve the quality of economic management in developing countries, completed ten years of service in January 1966. In the past 10 years, some 225 officials from Afghanistan, Burma, Ceylon, China, India, Indonesia, Iran, Korea, Laos, Malaysia, Nepal, Pakistan, Philippines, Singapore, Thailand and Vietnam have participated in the various courses conducted by the Institute.

Asian Development Bank

ECAFE can take legitimate pride in the fact that an important project fostered by it has come to fruition -- the Asian Development Bank (ADB). The emergence of this new multilateral development finance institution on the Asian scene is particularly welcome, since it opens for business at a crucial time when the pace of economic progress in developing countries is threatened by a finance gap -- the difference between the capital available and the capacity of the developing countries to use increasing amounts of capital effectively and productively. The World Bank Group has cordial and constructive relationships with ADB. The Group is ready to consider joint financing of well conceived projects, regional or otherwise, that ADB brings forward. The World Bank Group is also providing some assistance in the organizational tasks of ADB. Last month, for instance, two staff members were deputed to advise and assist ADB in accounting and administrative matters.

Replenishment of IDA Resources

A matter of particular interest and importance to several countries in the ECAFE region concerns the replenishment of the resources of the International Development Association (IDA). The principal purpose of IDA is to meet the needs of those developing countries whose ability to organize and execute sound programs of investment for economic growth is greater than their capacity to service foreign debt on conventional terms. IDA has been particularly active in Asia. About 75 per cent of all IDA lending has been in Asia. The Association's usable funds from the start of its operations in 1960 to the end of December 31, 1966, amounted to about \$1,773 million. IDA had formally committed \$1,650 million as on that date. In July 1966, Mr. George D. Woods, President of the World Bank and IDA, submitted a proposal to 18 donor governments for the replenishment of IDA resources on a scale that will permit the Association to make commitments to the developing countries in amounts more commensurate with their abilities and needs. These discussions are in progress in a spirit of mutual desire to arrive at a program which is sound and feasible from the broad viewpoint of both the industrialized and the developing countries.

International Finance Corporation (IFC)

IFC has now become the World Bank Group's main arm in the field of industrial development and acts for the whole Group in the technical and financial appraisal of all proposals for industrial financing; funds for industrial development, however, may come from any member of the Group.

In October 1966, the Executive Directors of the World Bank approved a loan of \$100 million to IFC. The loan, the first from the Bank to IFC,

follows the completion of amendments to the charters of the Bank and IFC in late 1965, under which IFC is permitted to borrow up to \$400 million from the Bank for use in the lending part of its operations. With increased resources, IFC is in a position to undertake larger individual commitments; as much as \$20 million, in private enterprises in the less developed of its member countries. A recent transaction undertaken by IFC was substantially larger than any of the commitments previously made. It involved \$12 million in equity and loan financing of an investor-owned power utility in the Philippines. The transaction also underlines the growing diversity in IFC's operations. Till recently IFC commitments have for the most part been in manufacturing enterprises and development finance companies. With new lending resources at its disposal and with the gaining of investment expertise, the Corporation has added agriculture, utilities and tourism to its list of ventures.

Settlement of Investment Disputes and Multilateral Investment Insurance

The World Bank group persists in its efforts to enlist more fully in the development effort private capital together with the managerial and technical skills that come with it. It is generally recognized that there is scope for an increase in the flow of private capital to the developing countries. To this end the climate for foreign investment must be improved, thus increasing the willingness of private entrepreneurs and investors to venture abroad. The World Bank Group has been carrying forward two projects -- a Convention on the Settlement of Investment Disputes between States and Nationals of Other States and a multilateral investment insurance scheme. The Bank-sponsored Convention on the Settlement of Investment Disputes between States and Nationals of Other States entered into force on October 14, 1966. The Convention

established an International Centre for settlement, by voluntary recourse to conciliation or arbitration, of investment disputes between states and nationals of other states. The Administrative Council of the Centre held its inaugural meeting on February 2, 1967, and elected Mr. Aron Broches, the World Bank's General Counsel, as Secretary General. The Centre is an autonomous international organization. The Administrative Council consists of one representative of each State which has ratified the Convention. Malaysia and Pakistan from the ECAFE region have ratified; Afghanistan, China, Japan, Korea and Nepal have signed but not yet ratified.

The Group's other project in this direction is the preparation of a multilateral investment insurance scheme designed to protect new private investment made in a developing country against risks of a non-commercial nature. The draft was prepared by the Bank staff at the request of the United Nations Conference on Trade and Development (UNCTAD), and was based on earlier work done by the Organization for Economic Cooperation and Development. The draft has been submitted to member governments of the Bank for review and comment.

Food and Fertilizer

Of particular concern to all engaged in the development field is the failure of food production in many countries to keep pace with the growing population and rising standards of nutrition. A high proportion of employment in many developing countries is generated in the agricultural sector, and the export earnings in a number of countries are almost entirely dependent on it. The failure in the agricultural sector has acted as a severe constraint on the economic development of many countries. There is a growing realization that a satisfactory rate of development can be achieved only through more rapid improvements in agricultural techniques and organization.

One means of achieving important additions to agricultural production in a very few years lies in the increased use of chemical fertilizers. The World Bank and IFC have initiated discussions looking toward an effective contribution by industry to bring about a decisive improvement in food production through projects for the manufacture and distribution of chemical fertilizers in the developing countries. In the past year, two important fertilizer projects reached the financing stage -- one in Senegal and the other in Brazil. Arrangements for IFC participation in a big fertilizer project in India are nearly completed. In addition, several other fertilizer projects in the ECAFE region are under consideration.

Aid Coordination

The amount of international financial assistance available to less developed countries is limited, which underlines the need for efforts to optimize the use of available funds through coordination of external aid. The preconditions for the successful working of coordinating groups are that the developing countries for which coordinating groups are formed should be attempting earnestly to improve their economic performance and that the donor countries participating in a coordinating group should recognize a responsibility for using their best efforts to assure that a recipient country, given good performance on its part, will receive financial support on an adequate scale and suitable terms.

The World Bank Group's efforts in the aid coordination field began in the ECAFE region, in the summer of 1958, when a group of sympathetic governments and institutions met under the chairmanship of the Bank to consider action needed to avert a foreign exchange crisis in India. Two years later a consortium was organized for Pakistan. Since then, bodies of similar

design, but with more limited functions -- known as Consultative Groups -- have been organized under Bank chairmanship for eight countries including Korea, Malaysia and Thailand. On a less formal basis a group of countries interested in assisting Ceylon to maintain an import program for development in the face of severe foreign exchange difficulties met in 1965 and 1966. A meeting of this Group is about to take place here in Tokyo. Japan is a leading member of both the India and Pakistan Consortia and the Consultative Groups for Korea, Malaysia and Thailand. Of particular significance is the fact that the Republic of China, till recently a major recipient of aid, has joined the Consultative Group for Korea.

The World Bank Group's effort in the aid coordination field has just entered a new phase. The Bank is now coordinating the efforts of countries that are willing to share in providing food aid to India, which is facing a gap of 10 million tons of foodgrains in 1967. The Consortium on Aid to India met in Paris last week and indicated a target of approximately \$1,300 million in non-project and food aid for the current Indian fiscal year (April 1, 1967 - March 31, 1968). While most members will not be able to make aid pledges until budget and related decisions have been made in capitals, some members did indicate contributions toward this target.

In another role, the Bank is acting as coordinator of financial assistance to large development projects in Asian countries. One such instance pertains to the development of the Indus Basin in West Pakistan. The Bank is the Administrator of the Indus Basin Development Fund of some \$1,200 million, established in 1960, to finance a system of irrigation works in the Indus Basin in West Pakistan. The Bank and IDA have provided about \$149 million to the Fund. The Bank is also acting as Administrator of the \$23.4 million

Nam Ngum Development Fund, although the Bank is not itself providing any of the financing.

Indonesia

The Bank attended, as an observer, meetings of Indonesia's creditor countries to consider, among other things, the emergency aid requirements of the country. Two such meetings were held in the past year -- in December 1966 and February 1967. Previously, a Bank mission had conducted a study of the essential import needs of Indonesia, which is expected to rejoin the Bank in the immediate future.

INTERNATIONAL CAPITAL MARKETS AND THE THIRD WORLD

Presentation by
**Raymond J. Goodman, Director Financial Policy,
The World Bank,
to the
Fixed Income Group,
Investment Analysts Society of Chicago
May 10, 1977**

We have been passing through an extraordinarily turbulent period. It is almost as if the world were suffering under the old Chinese curse: "May you live in interesting times". In terms of the kind of things that interest you and me as bankers and investors the period of the '70s has been exceptionally difficult.

The international monetary system which worked, if not as well as a Swiss watch, at least very efficiently for 30 years, began to break down in 1971. Since then Central Banks and Treasuries have been gallantly trying to manage a system - if it could be called that - of more or less dirty floating. Then in 1973 and 74 the price of the world's main source of energy was increased 4 or 5 times and there is no prospect of that situation changing. Inflation has been rampant and the industrial countries have been in recession. The promised upturn is still more of a promise than a reality in many countries.

The developing countries for their part have been hit with both barrels. On the one hand their markets in the industrial countries dropped sharply - on the other hand the prices of their imports, particularly oil of course, but also manufactures, have shot up. As a result their current deficits have opened up very wide and they've had to resort to an unprecedented amount of borrowing. Lending to these countries has been undertaken by a relatively small number of banks. At the best their capacity to go on lending at these levels is in question. At the worst they are already over-exposed.

Is that a fair description of the world as it appears in the financial press? Or is the picture overdrawn - or perhaps out of date?

There is another way of looking at these events. Financial institutions, and particularly the commercial banks in the main money centers, have shown great flexibility in absorbing the shocks of the last few years. They have helped to bring about the necessary adjustments in national policies without the beggar-thy-neighbor policies of the 1930s. By financing the deficits of the oil-importing countries they have helped to prevent a recession turning into a major depression. Developing countries have not defaulted on their debt and even reschedulings have been rather rare occurrences. It seems that debtors take their responsibilities very seriously. The OPEC surpluses persist, but some of the OPEC countries have already started to borrow and others have shown an unexpected capacity to import. Deficits have narrowed in the last year and exports are up. While problems remain, there is not an impending crisis so long as we keep our cool.

Is this a more accurate picture of the world as it is now?

As usual, I think the truth lies somewhere between these two extremes. Let me give you my impressions by touching on two main themes. First, some of the changes in international capital markets during this turbulent period and what may be expected in the future. Secondly, the prospects of the developing countries with a particular eye on their capacity to handle their debts.

International Capital Markets and the Third World
Developing countries as a rule do not borrow in the national capital markets. Outside this country such markets are closely regulated by the authorities and they do not often permit foreign countries to borrow, particularly the poorer countries. However they do borrow by proxy, that is through the World Bank and the Regional Banks. Our own institution is the largest non-resident borrower in most capital markets and allowed to enter on very favorable terms. We are normally able to borrow at rates comparable to those of the national government and sometimes at even lower rates. In the American market, which is still our largest source of public borrowings, our bonds have the highest rating but we cannot of course borrow as cheaply as the U.S. Treasury.

Ideas have been put forward recently as to how the developing countries could be given improved access to capital markets, possibly with the assistance of the World Bank. It has been suggested for example that we use the authority we have under our Charter to guarantee obligations of member countries. The better-off developing countries, who are on the verge of graduating from the ranks of World Bank borrowers, might make a bond issue with our guarantee. A full guarantee would do little to establish the credit of the issuer. On the other hand, a partial guarantee would force investors to study the country and make up their minds about its credit standing. There may be an idea here that would help introduce LDC's to bond markets; but it would be applicable only to a handful of countries.

Developing countries have made extensive use of the Euro-currency markets. They have not been very successful in issuing Euro-bonds. Since 1963 only some 40 to 50 issues of such bonds have been made by developing countries out of 1600 issues. This market is for the wealthy and it is sometimes said that the ideal issuer of a Eurobond is one who does not need to borrow at all. Borrowings by developing countries have been mainly in the form of Euro-credits with a variable or floating interest rate linked to LIBOR. As you know the Euro-currency markets have expanded rapidly and they have played a major part in financing the oil deficits of the non-OPEC countries. The Group of 10, that is the major industrial countries, are by far the main suppliers and users of funds in these markets but they mainly lend to and borrow from each other. The principal net suppliers are the OPEC countries, and the principal net users are the Eastern European countries and the less developed countries outside the Soviet bloc. The OPEC surpluses totaled some \$150 billion between '73 and '76. The deficits of the oil importing developing countries totaled about \$105 billion in the same period. Much of the difference represents the deficits of the Eastern European countries.

The OPEC countries have thus taken the place of the OECD countries as the principal suppliers of international capital. Indeed the group is even smaller than that because two of the principle OPEC countries, Iran and Venezuela, now regard themselves as capital importers and have begun to borrow themselves. The OPEC countries, or perhaps I should say the Arab countries, do some lending directly to developing countries and many of them have set up aid agencies often with technical assistance from the World Bank. Their direct aid exceeded \$10 billion in 1976. However, most of their surpluses have been channelled through financial institutions in the industrial countries, including the Euro-currency markets based on London and elsewhere. This means of course that the main task of credit assessment, as well as the risks, rest on these financial institutions, although it is to be hoped that over time the Arab countries can be persuaded and assisted to do more lending to the developing countries directly. In the meantime, there will need to be greater co-operation between the private banking system and the IFIs. Before getting to that, let me first say a word about the prospect for the LDC's.

Prospects for the LDCs - Perhaps the main point to be made here is the importance of not generalizing. Much of the alarm that has been generated in the financial press and elsewhere about the condition of the developing countries comes from lumping them together as if they were one homogeneous and

rather sorry group of countries. Sure, the overall statistics look alarming. Debt of the 81 principal developing countries has doubled since 1973, and at the end of last year stood at \$166 billion, or over \$216 billion, depending on whether short term debt is included or not. Indebtedness to private creditors, mainly banks, has increased much more rapidly than official debt and is now 51% of the total. In consequence maturities have shortened and debt service is on the rise. But since we are discussing overall magnitudes it should be noted that reserves have also risen. The non oil LDC's held some \$29 billion of official reserves at the end of 1975; they had risen to \$41 billion by the end of last year. It is clear that some of the developing countries, at least, have been borrowing to increase their ability to respond to short term difficulties. A large part of these reserves are held in the same banks that lend to them.

A more important point however is that the debt is heavily concentrated in a few countries. It may be helpful, at the expense of over-simplification, to break the countries down into different categories:

1. At the bottom of the heap are the really poor and least developed countries, including the land-locked countries of Asia, Bangladesh and the countries of Sahelian Africa. These countries have had the most difficulty in adjusting to the new conditions and they are often politically unstable. Their debt is relatively heavy but it is not commercial debt. It is mainly official aid on highly concessionary terms, so that debt service is not unduly onerous. The World Bank does not lend to these countries. We do however lend substantial sums through our so-called soft window - the IDA. The funds are contributed as grants by 18 OECD countries; which are now joined by some of the rich Arab countries. You may have heard that agreement has been reached for the replenishment of IDA's resources for the three years beginning July 1 in the amount of some \$8 billion. We use these funds to finance projects in the poorer countries (over 90% goes to countries with per capita incomes under \$300). We apply just as strict standards to project appraisal and supervision as in the case of the Bank. But the terms of IDA's loans - 50 years repayment with no interest - are very light.

2. Another group of low income countries includes India, Pakistan, Burma, Sri Lanka and Zaire. These countries are better endowed with resources, stronger administrative and technical capacity (except Zaire) and, in the case of India a large industrial base. Although relatively heavy borrowers, they have again not borrowed much from commercial sources. They are mainly supported by IDA and other forms of concessionary aid. The exports of some of these countries, notable India, have done quite well in the last couple of years and with good management some of them should be creditworthy for commercial borrowing in due course.

3. Then there are the middle income countries which include all the mineral-rich LDCs except Zaire. These include some of the heaviest borrowers, often to finance mining and other operations previously owned by foreigners.

4. Other middle income countries are a mixed bag ranging from Egypt at the bottom end of the scale to relatively high income countries such as Argentina at the other end. Together these two groups include all the main borrowers from private sources. Some have grown rapidly, such as Brazil, Korea and Yugoslavia. Others have had steady although non-spectacular growth, including Ivory Coast, Malaysia, the Philippines and Thailand, Mexico and a number of other Latin American countries. Some, such as Korea and Yugoslavia, have already made the necessary adjustments. Others have been slow to do so and are still in the process.

The World Bank is the principal repository of information on the debt of developing countries. As many of you know we analyze and publish this information on a regular basis. Because of its importance to the financial community we are trying to improve the quality of this information and its timeliness. One particular problem is presented by the growing importance of private debt to which I have already alluded. As a condition of borrowing from us member countries are obliged to report their public debt, but they do not have to report private debt unless it is guaranteed by the government or one of its agencies. We are now mounting a major effort to fill this gap in our knowledge.

However while details of the debt owed by private parties in some of these countries is not accurate we have a good idea of the overall magnitude. Some 12 middle income countries account for a very large proportion of total private capital flows to developing countries. These 12 countries, several of which I mentioned just a while ago, account for 90% of the debt of all developing countries other than the oil exporters. They also accounted for over 70% of the publicized Euro-currency credits to developing countries, again excluding the oil exporting countries.

Some of the middle income countries have been quicker and more successful than others in adjusting their balance of payments to the new price conditions, controlling inflation and generally putting their house in order. There remain a few problem countries and these must be watched with very special care. In general all of them will need continued access to external capital to supplement domestic resources and to service debt. Some of them may run into liquidity difficulties at times and will require accommodation by the IMF and their private creditors. But with one or two exceptions we do not consider they should experience basic difficulty in attracting capital or in servicing their debt.

Cooperation between private banks and the IFIs - This brings me to the last point I wish to touch on this morning and that is cooperation between private banks and the IFIs. I hope I have indicated already that the commercial banks, particularly in this country, have done an excellent job in helping the middle income countries to get through this very difficult period. Of course they have not done it for eleemosynary reasons. Losses have been few and profits substantial. Some of the big New York banks owe the better part of their earnings to their foreign operations. Long may they continue to do so.

However there is general agreement that the rate of foreign lending cannot continue at recent levels. On the other hand it should not need to do so. The deficits of these countries narrowed somewhat last year, and they should narrow further if the promised pick up in the economies of the industrial countries does not falter. Our impression is that the leading banks have been careful and sophisticated lenders and have not exposed themselves unduly in the more risky situations.

There is also common agreement, I believe, that more will have to be done by the IFIs. The International Monetary Fund is actively considering a substantial further increase in country quotas. Since that action will take a year or two to complete, the Managing Director has been canvassing the so-called Witteveen facility which of course is not designed solely or even mainly to assist the developing countries. But use of the facility and the financial discipline that it involves will be of great importance to the developing countries.

As I mentioned earlier, agreement has been reached on a large replenishment of our soft loan affiliate, IDA. The Bank itself is seeking a major increase in capital as a pre-requisite to a further expansion of our lending. Our capital structure is highly conservative. The Founding Fathers prescribed in our Articles of Agreement that the Bank's outstanding loans should not exceed the total of its capital, reserves and surplus. Our lending this year will be about \$5.7 billion and next year a little over \$6 billion. Taken together with IDA we have a present capacity to make loan commitments of \$8 to 9 billion a year. Because we lend for projects and put immense care and effort into the selection, design and effective implementation of these projects, these funds should materially help to strengthen the economies of the developing countries. We were happy to note that an increase in the resources of the IFIs, including specifically the IMF and the World Bank Group, were strongly endorsed in the communique issued at the recent summit meeting in London. The seven Heads of Government supported a continued increase in the World Bank's lending in real terms.

Closer forms of cooperation with the banking community can take the form on the one hand of an exchange of information about conditions in particular countries. I need hardly tell a banking audience that there is no substitute for detailed knowledge about conditions and prospects of those to whom we lend.

We employ a large staff of economists and other professionals whose sole job is to study the economies of countries on our active borrowing list. On-the-spot missions to the more important countries are an annual routine. With permission of the government concerned, we make our economic reports available to investors and lenders interested in a particular country.

There should also be opportunities for more cooperation in projects. Many of our projects are co-financed, although in the past this has been mainly with official agencies. However, we have recently been partners with commercial bank syndicates in financing a number of projects, and there are more in prospect. We welcome this opportunity of associating ourselves with private capital.