

## CURRENT STATUS OF THE INTER-AMERICAN DEVELOPMENT BANK

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When the proposed Inter-American Development Bank is approved by the members of the Organization of American States through their regular legislative processes, it will be simpler and easier for United States businessmen to invest in Latin American industries. Since many United States fisheries interests have invested or are contemplating investing or working with Latin American countries in developing the fisheries of those countries, it would be to their advantage to study the purpose, responsibilities and functions of the Inter-American Development Bank, and how it can aid them in financing Latin American fisheries activities. . . . Editor.

The Inter-American Economic and Social Council on April 8 this year met in Washington and toasted the results of its fruitful work. The Specialized Committee of the Council termed it "Final Act." It set in motion the proposed "Inter-American Development Bank."

In the remarks of the Chairman of the Council at the April 8 meeting is this expression: "In thus completing its appointed task, this Committee has set forth the instrument of organization of what will doubtless become the most important inter-American institution dedicated to the promotion of economic development in our countries."

The Chairman meant "our countries" as being Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, United States, Uruguay, and Venezuela. The "instrument" is the charter of the Bank itself. Membership shall be comprised of the above countries. "The purpose of the Bank shall be to contribute to the acceleration of the process of economic development of the member countries, individually and collectively." (Article I).

The functions of the Bank as set forth in Section 2, Article I, are as follows:

### "Section 2. Functions

- (a) To implement its purpose, the Bank shall have the following functions:
- (i) to promote the investment of public and private capital for development purposes;
  - (ii) to utilize its own capital, funds raised by it in financial markets, and other available resources, for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth;
  - (iii) to encourage private investment in projects, enterprises, and activities contributing to the economic development and to supplement private investment when private capital is not available on reasonable terms and conditions;
  - (iv) to cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and
  - (v) to provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

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(b) In carrying out its functions, the Bank shall cooperate as far as possible with national and international institutions and with private sources supplying investment capital."

The authorized capital, referred to as the Fund is one billion dollars. Of this sum \$850,000,000 shall be divided into 85,000 shares having a par value of \$10,000 each, which is divided up as follows according to total subscriptions: Argentina - 10,134; Bolivia - 828; Brazil - 10,314; Chile - 3,832; Colombia - 2,830; Costa Rica - 414; Cuba - 3,684; Dominican Republic - 552; Ecuador - 552; El Salvador - 414; Guatemala - 552; Haiti - 414; Honduras - 414; Mexico - 6,630; Nicaragua - 414; Panama - 414; Paraguay - 414; Peru - 1,382; United States - 35,000; Uruguay - 1,106; Venezuela - 5,526.

Further legislative action on the part of the above countries is necessary before the Bank can get in business. Article XV states: "This Agreement (Charter) shall be deposited with the General Secretariat of the Organization of American States, where it shall remain open until December 31, 1959, for signature by the representatives of the Countries listed in Annex A (the 21 countries). Each signatory country shall deposit with the General Secretariat of the Organization of American States an instrument setting forth that it has accepted or ratified this Agreement in accordance with its own laws and has taken the steps necessary to enable it to fulfill all of its obligations under this Agreement."

This means that the legislatures of the respective countries have until the last of this year to appropriate the necessary funds for the Bank and formally adopt the charter. Due to the popularity of the Bank proposal in the Latin American countries there is little likelihood that any of them will refuse to act before the December 31 deadline. In the case of the United States, the proposal is reputed to be quite popular with the Congress and the Administration as well. It is the type of foreign aid program that seems to have great appeal in this country. Though the United States is to supply most of the funds for the Bank, it places a responsibility on each member country that is not inherent in our present grant-in-aid program.

There is, of course, great speculation as to when the Bank actually will be in business. The best guess is not before the end of the year. Besides the legislative action which must be taken by the member countries, the Bank will have to be set up under the "Organization and Management" provisions contained in Article VIII before it can function. Section one of this article states: "The Bank shall have a Board of Governors, a Board of Executive Directors; a President, an Executive Vice President, a Vice President in charge of the Fund, and such other officers and staff as may be considered necessary."

One of the provisions of the charter that will have great appeal to American investors is contained in Article XI, Section 4, "Immunity of Assets. Property and assets of the Bank, wheresoever located and by whomsoever held, shall be considered public international property and shall be immune from search, requisition, confiscation, expropriation, or any other form of taking or foreclosure by executive or legislative action."

The location of the Bank will be Washington, D. C. Arrangements are going on behind the scenes to house it at some desirable spot within the city. It will be some time yet before the public is advised of the *modus operandi* the Bank will employ before receiving applications for loans. Meanwhile the stage is being set for various projects to get under way once the Bank is in business. An economic conference gets under way in Buenos Aires on April 27 which is designed to further study the development needs of Latin American countries. The chairman of the Inter-American Economic and Social Council had this to say: "We are certain that the Inter-American Development Bank will fulfill a truly important function in a moment of special significance to the economic evolution of the Hemisphere and we are confident that the scope and effect of this action will surpass our most optimistic expectations."