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# THE WORLD BANK AND THE FUTURE OF U.S. PARTICIPATION

## INTRODUCTION

Growing worldwide economic integration raises profound political, economic, and philosophical challenges for the United States on many fronts. One aspect of U.S. global relations, the expansion of U.S. participation in Third World development efforts through multilateral channels, grows increasingly troublesome. The actions of OPEC which continue to severely frustrate economic growth efforts in many lesser developed countries (ldcs), combined with the need to tighten government spending, raise both the financial and political costs of such participation for the U.S. Consequently, as the costs rise so do the expectations for tangible results.

The United States currently directs its international development efforts through a host of multinational organizations, many of which fall under the auspices of the United Nations. In addition, the U.S. belongs to several regional development banks: the Asian Development Bank, the Inter-American Development Bank, and the African Development Fund. It is, however, the official U.S. foreign assistance transfers through the international financial institutions (IFIs) comprising the World Bank Group which receive the majority of the U.S. funding for multilateral development asssistance and, as such, they are the main focus of concern here. The Administration's FY 1980 foreign aid appropriation request included $277 million for all U.S. voluntary contributions to international organizations (approximately twenty programs) and $1,842 million for paid-in capital subscriptions to all the multilateral development banks. The World Bank Group capital requests account for $1,228 million of this total. Created largely through U.S. initiative, the Bank Group includes the International Bank for Reconstruction and Development (IBRD, commonly referred to as the World Bank), the International Development Association (IDA), and the International Finance Corporation (IFC).

With the conclusion of the annual joint meeting of the International Monetary Fund (IMF) and the World Bank in Belgrade, Yugoslavia, during the second week of October and the winding up of congressional action on the FY 1980 foreign aid appropriations bill, foreign and domestic interest has resurfaced on the question of economic development and the so-called North (industrialized West) - South (lesser developed countries) confrontation. Intense concern on the part of all nations over the worldwide economic situation, where stability is no longer the norm, has heightened both the economic and political frustrations that surround global resource transfers.

Following a brief discussion of the concept of multilateral development assistance, a more detailed look at the operations and functions of the World Bank Group leads to many questions, one of which deserves immediate attention: Could the role of the IFIs in the global development process be augmented or even superseded through alternative bodies such as private enterprise lending institutions? More generally, what alternatives exist for the United States and other industrialized nations who wish to participate in development projects without sacrificing political or economic principles and commitments?

## THE CONCEPT OF MULTILATERAL DEVELOPMENT AID

Today most discussions of foreign aid and economic development programs, whether in an international forum or in the chambers of the U.S. Congress, commence with pleas for morality and justice to be heavily weighed in all resource allocation decisions. It is generally assumed that support to past recipients must be substantially augmented and often those countries achieving the least economic progress demand the greatest additional assistance. Debate over a New International Economic Order (NIEO), proposed by the ldcs and adopted by the United Nations General Assembly in 1974 continues, often with emotional rhetoric. The espoused tenets of the NIEO center around the redistribution of global wealth from the "haves" to the "have-nots," presuming this is what world justice requires in general.

Complementary to this is the more specific demand that the industrialized West must exonerate itself for having exploited other nations for years while neglecting to "enlighten" them. The often-quoted theory of Western guilt over the poverty trap in the Third World unfortunately consists largely of an emotional argument. For, as P. T. Bauer and other prominent development economists so quickly illustrate, most of the former lcds which have emerged through industrialization, such as Taiwan, Brazil, Mexico, etc., have had the greatest contact with the West. On the other hand, most of the existing backward nations, in Africa for instance, have had little exposure to Western culture and remain primitive. This is not to imply that economic growth fashioned after western nations is automatically desirable for every country, but only that some countries presumably "exploited" most vigorously by the West are now the wealthiest Third World nations.

THE LDC CHALLENGE

There has been a whole panorama of slogans and demands uttered at various United Nations Conferences of Trade and Development (UNCTADs) in recent years, with little rebuttal from the developed nations. The ldc demands have ranged from debt "rescheduling," to untied aid, unrestricted capital flows, and trade concessions. These have in turn been answered by the little-acknowledged desires of the North for "trade not aid." Within the realm of official U.S. assistance for economic development purposes, during the past decade, there has been a noticeable increase in the percentage of total economic aid distributed through the multilateral development banks (MDBs). In fiscal year 1969, 28 percent of the total aid (excluding security supporting assistance and callable capital) went to MDBs, while in FY 1979, it was 51 percent. Concurrently, the level of hostility of the recipient ldc nations appears to be a function of the increasing contributions to their development from the industrialized nations. Demands for assistance have become more vocal. This is readily witnessed in the shift of the factions in the United Nations, where the non-aligned nations (which include the preponderance of Third World countries) constantly speak out against any American viewpoint. In all the rhetoric, the role of the IFI is often ignored.

Deputy Assistant Secretary of the Treasury for International Affairs C. Fred Bergsten has summed up what many government officials believe is still the function of the IFIs in stating:

> These international lending institutions also provide the forum for collaboration between industrialized and developing countries which is very pragmatic, functional, and economically oriented - in contrast to some of the more politicized forums where there is a lot of talk, but nothing is done.[1]

However, in view of the emerging political confrontations between the North and South, it is time to re-examine an observation made in 1972 by John White, a scholar and writer in the field of development economics. In a study on the regional development banks, White commented:

> ...international agencies have in general been established as their name implies, as agencies, i.e., as

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1. C. Fred Bergsten, "North-South Interdependence: Governments and Business Initiatives," Top Management Report, September 1978 (Washington, D.C.: International Management and Development Institute, 1978), pp. 21-22.

organizations capable of performing certain functions in the service of their clients. They were not designed to take on the broader functions that they have acquired, as vehicles for general trends in the conduct of international relations.[2]

Following White's suggestion, one might logically ask whether or not the World Bank Group has become too bureaucratized and policy oriented on a macro-economic level to be of significant service to Third World development needs. During the past several years of his tenure as President of the World Bank, Robert McNamara has spoken out each fall during the Bank's annual meeting (the timing of which happens to coincide with congressional consideration of the foreign aid appropriations bill), on the vital support needed for the Bank's operation. McNamara's appeals are frequently humanitarian in nature and extreme in implication. In speaking of action taken earlier this summer in which the House of Representatives restricted indirect aid transfers to several countries, McNamara declared:

> The blunt truth is that if this amendment is finally enacted into law, Congress literally will have destroyed the largest single source of economic assistance to 1¼ billion people living in the poorest of the developing nations...I do not believe that the United States wishes to turn its back on more than 1 billion people in the poorest countries of the developing world.[3]

Insinuating that any restrictions placed on U.S. contributions to the World Bank would result in its immediate demise, McNamara raised inordinate fear in the minds of many development supporters. There has been no public mention by official sources that the United States government wishes or plans to cease its role in the worldwide development effort. On the contrary, the U.S. is cognizant of the economic and political importance of the Third World nations, both singly and as a region.

## THE EFFECTIVENESS OF AID

What is now being challenged, or rather sought, is the most effective means through which U.S. aid resources can be channeled to guarantee their optimal economic utilization. This year, as in the past, Administration witnesses sent to Capitol Hill to support its request for U.S. subscriptions to the MDBs rested their case on three main arguments: first, the banks provide

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2. John Alexander White, Regional Development Banks, The Asian, African, and Inter-American Development Banks (New York: Praeger Publishers, 1972), p.5.
3. Eric Bourne, "A McNamara Plea for Third World," Christian Science Monitor, October 3, 1979, p. 11.

economic and financial returns to the U.S.; secondly, this type of participation contributes to the policy of burdensharing in global development efforts; third, the U.S. must support effective institutions which are promoting economic growth in the ldcs. In support of point one, Bergsten repeated in congressional testimony the now familiar statistics: that for every one dollar the U.S. pays into the World Bank, $2.40 to $3.40 of additional U.S. GNP has been generated; and between 50-100,000 new jobs are created annually. However, the real dilemma in using this justification has been succinctly expressed by Representative Clarence Long (D-Md.), Chairman of the House Appropriations Subcommittee which manages the foreign aid bill and an economist in his own right. Long asserts:

> You're either out to help the poor or the economy. If your purpose is the latter, you shouldn't be giving money away to foreigners. We have millions of Americans who'd love to buy American goods, if we gave them the money to do it with.[4]

The second and third justifications for U.S. participation in IFIs have not been fulfilled, leaving one to ask if the MDBs constitute the best organizational structure to implement these policies. With respect to the second argument, although the U.S. percentage share of total subscriptions to each of the Bank Group bodies has declined slightly over the years, the U.S. remains the outstanding single largest contributor to each, still tripling the effort of the next largest contributor. This reflects neither burdensharing nor equity when one considers the capability of OPEC nations to contribute. Lastly, it is true that the MDBs do promote some degree of economic growth in recipient nations. However, in examining some of the more prosperous developing nations which have benefitted from private capital inflows, the question of whether the IFIs are the most effective development institutions becomes apparent.

## THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The IBRD, or World Bank, was founded in 1945 during the Bretton Woods Conference which reviewed post-war economic conditions. Set up as a counterpart to the International Monetary Fund (whose purpose is to maintain global exchange rate stability), the Bank draws its members only from those nations belonging to the IMF. To date 134 governments own the World Bank through their capital subscriptions. The United States has contributed almost 24 percent of total subscriptions plus supplemental resources and in return possesses 21.48 percent of the total voting power. The multilateral character and distribution of development

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4. Ann Crittenden, "Foreign Aid Has Friends Back Home: Businessmen," <u>New York Times</u>, July 30, 1979, p. 5.

responsibilities in this institution is rather askew since the next largest subscriber is the Federal Republic of Germany, contributing only slightly over 6 percent of the total and holding 5.52 percent of the voting power. (See Table A.)

The purpose of the IBRD found in Article One of its Articles of Agreement is "to promote private foreign investment by means of guarantees or participation in loans and other investments made by private investors; and when private capital is not available on reasonable terms to supplement private investments." Additionally, lending to developing countries must be both productive and stimulating to economic growth. As of June 30, 1979, the World Bank had extended 1,731 loans to 100 countries totaling $51,697,200,000. The major recipients of these loans have been countries such as Brazil ($4,618.7m), Colombia ($2,243.4m), the Phillipines ($1,977.9m), Yugoslavia ($2,387.1m), and Mexico ($3,813.6m), ranking as both high and middle in per-capita income levels (from $321-in excess to $1,290). Development loans are extended normally with a twenty-year maturity and a five-year grace period. Interest rates vary according to the cost of borrowing incurred by the Bank, but all have recently ranged from 7 to 7.9 percent. According to Eugene Rotberg, Vice President and Treasurer, the Bank has never suffered a loss on a loan and actually it is a profitable institution. The present return on assets is 7.8 percent while the cost of total funds (debt plus equity) has now reached 6 percent.[5] The twenty Executive Directors, to whom the Governors delegate policy-making authority have recently authorized a $40 billion general capital increase.

## ASSESSING THE WORLD BANK

While the economics of its lending operations, from the standpoint of making a profit, draws praise for the IBRD, it is the future policy direction of the Bank which causes concern. Several thorough studies of the World Bank's operations and effectiveness in meeting the needs of the poor have been conducted. Both the 1978 study by the Congressional Research Service and the March 1979 House Appropriations Committee Investigative Staff Report on IFIs found numerous shortcomings in the Bank's policies. As expressed in the reports, there is a growing consensus that the Bank has not taken a dynamic role in facilitating self-reliant development in the ldcs. Critics have suggested that perhaps the Bank has become too centralized in its policy-making and that new staff who have "grass roots experience" could be hired in order to promote the integration of research findings with actual Bank policy.[6] With such first-hand knowledge of the priority of needs

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5. Eugene H. Rotberg, The World Bank's Borrowing Program: Some Questions and Answers (Washington, D.C.: The World Bank, 1979), p. 14.
6. Congressional Research Service, "Towards An Assessment of the Effectiveness of the World Bank and the Inter-American Development Bank in Aiding the Poor" (Washington, D.C.: U.S. Government Printing Office, 1978), pp. 116-117.

in the ldcs, a reorganized Bank staff, it is asserted, could better effectuate self-help projects.

The administrative procedure which requires continual surveillance in any large lending institute is the process of evaluating the effectiveness of the loans in achieving development goals. The lack of adequate statistics and data from the ldcs permits, however, only general observations. Speaking in terms of all the IFIs, the House Investigative Staff raised a fundamental problem.

> The pressures to demonstrate growth by committing an increased amount of lending each year tends to overstrain the absorptive capacities of LDCs and thus be counterproductive in making them dependent rather than building their own indigenous institutions. Considering the backlog of undisbursed loans, there is a continuous need to borrow and, in turn, a continuous need for new infusion of capital. Whether callable capital really is "free" depends upon the soundness of the economics of the Third World in the decades ahead.[7]

Allegations have been made concerning the abuse of World Bank funds in various recipient ldcs. The economic policies used in implementing the projects funded by Bank loans and the immobility of funds once they reach the inner circle of many host governments have both been the target of complaints. Difficulties quickly arise in verifying such charges; however, even the IFI economists in general support the contention that the income share of the poorest 40 percent in ldcs has probably worsened.

In one discussion of the Investigative Staff IFI report, the following harsh criticism was made:

> What strikes us as worse is the way in which the World Bank and its ugly sister institutions openly and arrogantly channel funds to purposes - collectivized farms, for example, or the callous uprooting of whole communities and populations euphemistically known as transmigration - that no society which calls itself free should tolerate, much less support. Far from blazing a trail to economic development or social progress, they are pressing relentlessly down the road to serfdom.[8]

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7. Surveys and Investigative Staff of the House Appropriations Committee, "A Report to the Committee on Appropriations, U.S. House of Representatives on International Financial Institutions," (Washington, D.C.: U.S. Government Printing Office, 1979).
8. Robert M. Bleiberg, "Bankrolling Socialism," Conservative Digest, June 1979, p. 42; as reprinted from Barron's (April 2, 1979).

Specific reference can be made in the above context to the August 1978 IDA credit totaling $60 million which was extended to Vietnam for an irrigation project. Designed to promote rice production, the project evolved into a means of further collectivizing the farming population of Vietnam. The failure of the Bank to properly oversee the implementation of this and other projects has raised serious questions over future U.S. participation in the organization.

Furthermore, a clear-cut example of World Bank and other IFIs' actions which conflict with U.S. policy concerns the application of human rights in determining the eligibility of certain countries for loans and credits. P.L. 95-118 instructs the U.S. Executive Directors of the IFIs to oppose or abstain from voting on projects for countries which violate internationally accepted standards of human rights. As reported by the Investigative Staff, in 60 out of 800 instances during the past two years U.S. Directors have voted no or abstained, 50 times for human rights reasons. However, such a negative U.S. vote has never succeeded in halting the funding of a project once it has been presented to the Board of Governors. This type of record and repeated pattern of resignation on the part of the U.S. does little to foster the implementation of a consistent human rights policy.

Table A
IBRD - Top Ten Subscribers, June 30, 1979
(World Bank Annual Report 1979, Appendix F)

| Country | % of Total Subscriptions | % of Voting Power |
|---|---|---|
| United States | 23.88 | 21.48 |
| United Kingdom | 8.97 | 8.12 |
| Germany, Fed. Rep. of | 6.08 | 5.52 |
| Japan | 4.67 | 4.26 |
| France | 4.41 | 4.03 |
| India | 3.91 | 3.58 |
| Canada | 3.84 | 3.52 |
| Italy | 2.94 | 2.71 |
| Netherlands | 2.65 | 2.45 |
| China, Republic of | 2.59 | 2.40 |

IBRD - Cumulative Lending, Top Ten Recipients, June 30, 1979

| Country | No. of Loans | Amount (U.S. $ millions) |
|---|---|---|
| Brazil | 89 | $4,618.7 |
| Mexico | 59 | 3,813.6 |
| India | 57 | 2,645.6 |
| Indonesia | 44 | 2,476.0 |
| Korea, Rep. of | 43 | 2,404.5 |
| Yugoslavia | 53 | 2,337.1 |
| Colombia | 81 | 2,243.4 |

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|---|---|---|
| Phillipines | 62 | 1,977.9 |
| Turkey | 41 | 1,807.4 |
| Thailand | 50 | 1,418.4 |

(Additional figures appear in the Appendix to this study.)

THE INTERNATIONAL DEVELOPMENT ASSOCIATION

IDA was created in 1960 to fill a void in the World Bank's operations in dealing with the lowest income level ldcs. This "soft-loan" window of the Bank extends interest-free credits for up to fifty years, with a ten-year repayment grace period. The only additional cost to the recipient country is a .75 percent annual service charge on the principal. Special attention should be given to the financial operations of IDA for, unlike the IBRD which borrows on the private capital market and charges near-commercial interest rates to borrowers, IDA credits are funded by taxpayer contributions and involve a large subsidy or grant element. Among the 121 members, the U.S. is the largest subscriber, accounting for 30 percent of total subscriptions and supplemental resources while holding only 20.58 percent of the total voting power. The United Kingdom, Germany, and Japan are the next largest contributors (with respective percentages of 12.4, 12.21, and 10.5), and among the OPEC nations, Saudi Arabia is the most influential member with a negligible contribution (in terms of capability) of 2 percent of total subscriptions. The table below indicates both the amount contributed and voting power of the ten most important IDA supporters.

In conjunction with the 1973 U.S. legislative emphasis on "New Directions" in foreign aid came the commitment of the Bank Group to "new-style" projects. IDA is the affiliate which bears the responsibility for fulfilling this objective of increasing the assistance to solve basic human needs requirements in the ldcs. However, examination of the cumulative lending of IDA by sectors does not bear witness to this goal. Through June 30, 1979, IDA had extended 870 credits totaling $16,732,300,000. India, Bangladesh, and Pakistan together netted the overwhelming majority of this support ($9,017.3 million, of which India alone received $6,750.2 million), a pattern repeated in FY 1979. Approximately 33 percent of total IDA credits extended through June were for the purpose of agriculture and rural development, as should be expected. The shocking statistic, however, shows that only a little over 1 percent of IDA funds have been allocated for population and nutrition, while 17 percent has been spent on transportation and another 13 percent on so-called non-projects (often providing foreign exchange for purchases of imported technology). IDA credits are too widely dispersed in various economic sectors. The poorest of the ldcs continue to suffer from disproportionate over-population and starvation. Those two conditions will not ameliorate themselves merely in the face of plans for industrial progress; they require concentrated attention.

Along with the credit allocation procedure, there are two operating principles of IDA which have been the target of much criticism that require investigation. First is the direction of IDA credits, this time with respect to the actual recipient nations. Most of the adverse publicity recently directed toward IDA from within the U.S. deals with the June 1978 credit of $60 million extended to Vietnam. Yearly efforts in Congress, led by Rep. Bill Young (R-Fla.), to halt the indirect flow of U.S. assistance to Vietnam and other nations whose policies are in conflict with U.S. interests and/or security draw public attention to the involuntary use of taxpayers' money. Testifying before the House Appropriations Foreign Operations Subcommittee on FY 1980 requests from the Administration for U.S. contributions to the IFIs, Bergsten retorted to objections to further U.S. contributions to the Bank because of the Vietnam loan with the following:

> ...if 99.9 percent of the loans go to countries that we do sympathize with or do not oppose, and if we only pay one-fourth of a declining share of the total, it is a cost benefit comparison.[9]

However, if the return on U.S. dollars is the primary consideration, bilateral transfers are more prosperous for all the money can be tied to purchases in the U.S., whereas in the MDBs, the U.S. competes for contracts against other member nations. Secondly, it is not necessary even to support .2 percent of total loans if they are not in the best interest of the U.S.

The other source of major contention lies at the heart of IDA's existence, that being the efficacy of "soft-loans" versus hard loans or pure grants as the most beneficial means of providing development capital. In the first instance, if soft-loans are extended for projects which could afford a higher rate of return on capital, future development resources have escaped. Moreover, as has been recently discussed in simple economic terms, if the projected yield on projects is used to determine the type of capital support extended, soft loans normally place last in economical terms.

Professor Wilson Schmidt in a recent article entitled "Rethinking the Multilateral Development Banks" provides a simple illustration involving the differentials in investment yields between benefactors and recipient nations to explain how soft-loans are inefficient. "When the yield on investments in the recipient country exceeds that in the benefactor, both are better off with a hard loan because it is possible to set an interest rate between the two yields such that both parties gain." Generalizing further, Schmidt explains, "Paradoxical as it may seem, it

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9. Foreign Assistance and Related Appropriations for 1980, Hearings before the Subcommittee on Foreign Operations of the House Appropriations Committee, 96th Congress, 1st Session, Pt. 6, p. 734.

is in fact cheaper to give the money away than lend it when the yield on investment in the recipient is below that in the benefactor."[10]

Table B
IDA - Top Ten Subscribers, June 30, 1979
(World Bank Annual Report 1979, Appendix E)

| Country | % of Total Subscriptions | % of Voting Power |
|---|---|---|
| United States | 30.42 | 20.58 |
| United Kingdom | 12.40 | 7.51 |
| Germany, Fed. Rep. of | 12.21 | 6.75 |
| Japan | 10.50 | 5.74 |
| France | 6.29 | 3.95 |
| Canada | 5.54 | 3.90 |
| Sweden | 3.87 | 2.66 |
| Netherlands | 3.25 | 2.00 |
| Australia | 1.98 | 1.50 |
| Italy | 1.95 | 1.99 |

IDA - Cumulative Lending, Top Ten Recipients, June 30, 1979

| Country | No. of Loans | Amount (U.S. $ millions) |
|---|---|---|
| India | 112 | $6,750.2 |
| Bangladesh | 54 | 1,187.2 |
| Pakistan | 42 | 1,079.9 |
| Indonesia | 44 | 757.8 |
| Egypt, Arab Rep. of | 19 | 568.6 |
| Tanzania | 34 | 429.2 |
| Ethiopia | 24 | 368.1 |
| Sudan | 19 | 352.5 |
| Kenya | 19 | 286.3 |
| Zaire | 18 | 247.5 |

(Additional figures appear in the Appendix to this study.)

## THE INTERNATIONAL FINANCE CORPORATION

Established in 1956 as an affiliate of the World Bank, the IFC's current membership totals 109, of which 88 members are categorized as developing countries. The explicit purpose of the IFC is "to further economic development by encouraging the growth of productive private enterprises in member countries, particularly in the less developed areas" (Article One, Articles of Agreement). A more specialized role as described in the annual report is:

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10. Dr. Wilson Schmidt, "Rethinking the Multilateral Development Banks," Policy Review, No. 10 (Fall 1979), p. 59.

> ...to mobilize private resources on commercial terms for development projects where a market-oriented approach is not only applicable but economically preferable and where they would not be undertaken in a timely or appropriate way without the corporation's participation. (Annual Report 1979, p. 10.)

The operation of the IFC is somewhat unique from other international lending agencies as it has the ability to make both equity and loan investments. Financing is based on commercial terms with the normal maturity dates between 7 and 12 years. No recipient government guarantees are demanded and the IFC will not invest in countries where a potential host government raises objection. The principal means of supplementing its own resources is through syndication, most often by offering sale in participation of an IFC loan at the initial stage of investment. In fiscal year 1979, the total cost of projects where the IFC invested was $1,714 million, of which only 25 percent or $425.4 million was actually put up by the Corporation. Fifty-four percent came from developing countries themselves, and 21 percent from additional multinational financial agencies and banks. In 1979 the program for the first time aimed at directing more of the Corporation's attention to ldcs. As a result, 52 percent of its investments went to countries with per-capita GNP below $581.

Consistent with the dominance of American financial support in the World Bank and IDA, the U.S. share of total subscriptions in the IFC is approximately 35 percent and 31 percent of the total voting power. U.S. backing is clearly predominant, for the United Kingdom contributes the next largest proportion, about 17 percent, followed by Germany with 7 percent.

The IFC can be viewed as a successful operation. Since the beginning of operations in 1956, cumulative net losses total only $17.7 million out of the net disbursement of funds totaling $1,209 million. This amounts to 1 percent of disbursed loans and 3.5 percent of disbursed equity investment. With respect to the types of projects supported by the Corporation, efforts are being made to finance more small-scale rural industries and development needs. Cumulative IFC dollars spent through June 1979 were concentrated in some of the more advanced ldcs such as Brazil, Turkey, Yugoslavia, Mexico, Argentina, and the Republic of Korea. Loans for heavy industrial projects which required otherwise unavailable capital accounted for the large proportion of total spending found in these countries. Although the IFC has been successful in engaging private investment in ldc projects, more of its resources must be absorbed by the poorer ldcs. "Small is beautiful, but only if prudent" has been a motto suggested for a new loan scheme for the Corporation.[11] Sincere development assistance in the form of loans requires some risk. This is

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11. "Small is Beautiful at the IFC," Financial Times of London, <u>World Business Weekly</u>, October 8, 1979, p. 47.

often difficult for governments participating in multilateral ventures to justify to their constituents. As the IFC becomes more involved in energy exploration, alternative sources of financial backing for additional operations of this type might be investigated.

Table C
IFC - Top Ten Subscribers, June 30, 1979
(World Bank Annual Report 1979, Appendix E)

| Country | % of Total Subscriptions | % of Voting Power |
|---|---|---|
| United States | 34.89 | 31.27 |
| United Kingdom | 16.58 | 14.91 |
| Germany, Fed. Rep. of | 6.77 | 6.15 |
| Canada | 4.61 | 4.22 |
| India | 3.28 | 3.03 |
| Japan | 3.20 | 2.96 |
| Belgium | 3.06 | 2.83 |
| France | 2.54 | 2.37 |
| China, Rep. of | 1.82 | 1.72 |
| Argentina | 1.44 | 1.39 |

IFC - Cumulative Gross Commitments, June 30, 1979

| Country | # of Enterprises | IFC Total Amount (U.S. $ thousand) |
|---|---|---|
| Brazil | 27 | $211,953. |
| Turkey | 16 | 133,959. |
| Yugoslavia | 12 | 104,937. |
| Mexico | 18 | 95,120. |
| Argentina | 14 | 86,064. |
| Korea, Rep. of | 11 | 85,248. |
| Phillipines | 18 | 77,207. |
| India | 13 | 58,417. |
| Thailand | 9 | 48,223. |
| Pakistan | 11 | 44,583. |

(Additional figures appear in the Appendix to this study.)

## ALTERNATIVES NEEDED

In many respects perhaps the most telling statement in the House Investigative Staff IFI Report is found in the introduction. Speaking of the cumulative lending of the all the IFIs, the report noted that only 30 percent of funding was allocated to low-income developing nations (under $280 per-capita income) while 27 percent total went to high-income ($1,136-$2,700 per-capita income), advanced Mediterranean countries, and centrally planned economies. Furthermore, the staff found that the World

Bank has committed 86 percent of its total soft lending to low income countries. While this percentage sounds high, it is in fact disturbing, for all soft loans are presumably handled through IDA and should thus be reserved solely for the "poorest of the poor."

In conjunction with the above statistics one finds the tone of Robert McNamara's May speech at the University of Chicago very pessimistic. As a staunch advocate of the World Bank's contribution to global development efforts, his rhetoric, as excerpted below, did not reflect favorably on the Bank's policies to date.

> In the past decade, the poor nations have financed over 80 percent of their development investments out of their own meager incomes. But it is true they must make even greater efforts. They have invested too little in agriculture, too little in population planning, and too little in essential public services. And too much of what they have invested has benefited only a privileged few. That calls for policy reforms, and that is, of course, always politically difficult. But when the distribution of land, incomes, and opportunity becomes distorted to the point of desperation, political leaders must weigh the risk of social reform against social rebellion.... In any event, whatever the degree of neglect the governments in the poor countries have been responsible for, it has been more than matched by the failure of the developed nations to assist them adequately in the development task.[12]

As the single largest contributor to the World Bank Group it is the responsibility of the U.S. to seek constructive changes in their policies. U.S. unwillingness or inability to improve the operation should lead to reconsideration of U.S. participation in these institutions. The question left to resolve is whether there exist any viable alternatives which escape the increasing political overtones and questionable economic utility of current official multilateral aid transfers.

For purposes of continued U.S. participation in development efforts, the choices range from restricting aid transfers to a bilateral basis, promoting the creation of private development-oriented capital outflows, or a combination of the two. In separating these two choices the assumption is made that aid flows are for "relief of needs" and can be handled most efficiently on a bilateral basis, whereas private capital flows through the market offer the best source of funds for development purposes.[13] Foreign assistance and development capital serve two distinct purposes.

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12. Robert McNamara, Speech Given at Awarding of the Albert Pick Award, University of Chicago, May 22, 1979.
13. E. F. Schumacher, Small is Beautiful (New York: Harper & Row, Publishers, Inc., 1973), p. 169.

The most obvious and seemingly the easiest change that can be made (in terms of expenditure and reorganization) in America's foreign aid program is to limit all transfers to those bilateral in nature. In this manner, aid advocates assert, the expenditure of U.S. tax dollars on economic assistance can be directed towards the neediest nations and political confrontations can be avoided. A contradiction exists, however, because bilateral aid transfers must adhere to the foreign policy objectives of the U.S., thereby complicating in many instances the fulfillment of their intended development purposes.

The merits of foreign assistance programs as directed by the Agency for International Development have been challenged for not reaching the truly impoverished. Government-to-government aid transfers can not be expected to combat poverty in recipient countries unless the indigenous resources in these countries can be cultivated by the local population who have been trained domestically for such specific tasks. For the U.S. to undertake such efforts requires a detailed and time-consuming re-evaluation of its development programs, patterning much more attention to a Peace Corps-type of direct, intensified involvement in the ldcs. The political implications of such an increased direct involvement in host countries leads one to look outside the range of government to private sources for development support.

On a multilateral, yet non-governmental, level there have been many proposals suggested of how to engage private investment capital flows in developing countries. These range from increasing private direct foreign investment, where the percentage of foreign equity participation could renew claims of colonialism, to the establishment of Technology Development Zones. Prior to the construction of a new channel for private development capital flows, the needs and goals of Third World development must be logically (as opposed to emotionally) redefined. Three principles must be adhered to in order to facilitate achievement of these goals.

First is the sound philosophy that in economic development "there can be a process of stretching-never a process of jumping," i.e., industrial growth in the area of mass consumption items is futile if it precedes an organized system of banking and a marketplace.[14] Investment in a nation not commited to developing its most basic resources is economically insupportable.

Secondly, there must be a nexus between the capital investment and physical growth by and of private enterprises in the ldcs and the availability of indigenous resource supplies: land, labor, and knowledge. Capital flows need to be geared towards the absorptive capacities of the host nations.

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14. P. T. Bauer, Dissent On Development (Cambridge, Mass.: Harvard University Press, 1972), p. 109.

Third, the recent world trend toward renewed trade protectionism must be halted by efforts to utilize the assets of the market as a catalyst to worldwide economic growth.

Applying the above three "rules," it is logical that the United States takes the lead in acquiring private capital transfers for the U.S. has been the prime source of private investment in the Third World. Between 1960 and 1976, the U.S. provided a little over 50 percent of total capital flows to the ldcs.

Of critical importance to any new multilateral scheme is its ability to dispel the specter of exploitation hosted by many ldcs. The concept of Technology Development Zones (TDZs) is a step toward combatting this obstacle by offering the ldcs lease revenues in return for complete business and personal tax exemptions and 100 percent repatriable profits to investors.[15] Governments hosting these zones could spend the revenues on indigenous development and technological needs. While the opportunity for new material and energy resource exploration will attract many investors, the TDZs' offer of repatriable profits may be counterproductive in some coutries. Many Third World leaders still consider this a form of usurpation of their nation's resources.

The channel for private capital inflows to the Third World needs to be expanded, for such capital is more responsive and flexible to existing market conditions than government aid transfers. One possible means of engaging both the capital and entrepreneurial training capabilities of global commercial ventures in the ldcs deserves further attention. It involves the reorientation of the IFC, or a like government-owned investment institution, maintaining the same operating principles but changing the nature of membership from public (government) to private (corporate). In offering private bond options for specific development projects the local governments will face major obstacles. Host governments must guarantee adherence to their directives while attracting appropriate industrial expansion at an acceptable social cost. While bilateral aid programs may be helpful in instructing ldc governments to set priorities in development needs, there must be some compromise made by host nations. Large corporate interests need adequate initial incentives to invest in small scale projects throughout the Third World in order to augment the development of markets. The potential growth and profits of such markets can now only be surmised.

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15. The specific application of the term Technology Development Zone referred to here has been initiated with support from the Sabre Foundation in Santa Barbara, California. The Foundation has assembled a group of scientists and officials from developing countries to investigate a site for the first zone.

CONCLUSION

The FY 1980 Administration request for U.S. contributions to the IFIs totaled $3.6 billion, of which $2,151.2 billion was specifically allocated to the World Bank Group. Although the typical congressional cuts were made in this appropriation, once again the Congress failed to guarantee that U.S. dollars would not be used to indirectly support governments whose friendship is questionable and economic policies are unsound. The Senate-House Conference on the FY 1980 appropriations bill resulted in one exception. After intense debate over the likelihood of future loans to Vietnam, Bank President McNamara set a precedent. In a letter to Chairman Long, McNamara questioned the development policy of Vietnam and stated, "I cannot recommend a loan to Vietnam to the Board in FY 1980 and therefore the Bank Group will not be providing a loan to Vietnam in FY 1980." As the political consequences of these institutions' actions become more intertwined with their economic goals, the U.S. participation in the World Bank Group draws more criticism from within the country.

During this period of growing austere domestic economic policies, the U.S. must rethink its commitment to foreign assistance and development efforts. Without becoming hostage to Third World demands for help, the U.S. must maintain and even increase its link in these nations for their potential resource supplies and markets become more precious each day.

While de-politicization of development efforts is not probable, the United States may be better off directing its humanitarian aid efforts bilaterally, and pulling out of multilateral institutions where political principles have to be sacrificed. The encouragement of private investment on a global scale, to replace the 10 to 15 percent of total capital flows to the ldcs currently supplied by the MDBs, will require organization and initiative on the part of the ldc host governments as well as some risks for private ventures. Objections from the governments of industrialized nations which provide private capital investments will undoubtedly be heard as the ldc markets develop. However, the private capital markets should be given an opportunity to prove their effectiveness and economic efficiency as a viable alternative to existing public development efforts.

Susan P. Woodard
Policy Analyst

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International Bank for Reconstruction and Development

# *Statement of Subscriptions to Capital Stock and Voting Power*

June 30, 1979 and June 30, 1978

Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix G

| | Subscriptions | | Voting power | |
|---|---|---|---|---|
| Members | Shares | Percent of total | Number of votes | Percent of total |
| Afghanistan | 300 | .10 | 550 | .17 |
| Algeria | 1,109 | .38 | 1,359 | .42 |
| Argentina | 4,701 | 1.62 | 4,951 | 1.53 |
| Australia | 6,450 | 2.22 | 6,700 | 2.07 |
| Austria | 2,696 | .93 | 2,946 | .91 |
| Bahamas | 171 | .06 | 421 | .13 |
| Bahrain | 163 | .06 | 413 | .13 |
| Bangladesh | 1,242 | .43 | 1,492 | .46 |
| Barbados | 111 | .04 | 361 | .11 |
| Belgium | 7,268 | 2.51 | 7,518 | 2.32 |
| Benin | 100 | .03 | 350 | .11 |
| Bolivia | 210 | .07 | 460 | .14 |
| Botswana | 43 | .01 | 293 | .09 |
| Brazil | 3,733 | 1.29 | 3,983 | 1.23 |
| Burma | 591 | .20 | 841 | .26 |
| Burundi | 150 | .05 | 400 | .12 |
| Cameroon | 200 | .07 | 450 | .14 |
| Canada | 11,122 | 3.84 | 11,372 | 3.52 |
| Cape Verde | 16 | .01 | 266 | .08 |
| Central African Empire | 100 | .03 | 350 | .11 |
| Chad | 100 | .03 | 350 | .11 |
| Chile | 1,240 | .43 | 1,490 | .46 |
| China, Republic of | 7,500 | 2.59 | 7,750 | 2.40 |
| Colombia | 1,175 | .41 | 1,425 | .44 |
| Comoros | 16 | .01 | 266 | .08 |
| Congo, People's Republic of the | 100 | .03 | 350 | .11 |
| Costa Rica | 107 | .04 | 357 | .11 |
| Cyprus | 278 | .10 | 528 | .16 |
| Denmark | 2,524 | .87 | 2,774 | .86 |
| Dominican Republic | 175 | .06 | 425 | .13 |
| Ecuador | 368 | .13 | 618 | .19 |
| Egypt, Arab Republic of[1] | 1,421 | .49 | 1,671 | .52 |
| El Salvador | 120 | .04 | 370 | .11 |
| Equatorial Guinea | 64 | .02 | 314 | .10 |
| Ethiopia | 114 | .04 | 364 | .11 |
| Fiji | 111 | .04 | 361 | .11 |
| Finland | 1,794 | .62 | 2,044 | .63 |
| France | 12,792 | 4.41 | 13,042 | 4.03 |
| Gabon | 120 | .04 | 370 | .11 |
| Gambia, The | 53 | .02 | 303 | .09 |
| Germany, Federal Republic of | 17,612 | 6.08 | 17,862 | 5.52 |
| Ghana | 856 | .30 | 1,106 | .34 |
| Greece | 945 | .33 | 1,195 | .37 |
| Grenada | 17 | .01 | 267 | .08 |
| Guatemala | 123 | .04 | 373 | .12 |
| Guinea | 200 | .07 | 450 | .14 |
| Guinea-Bissau | 27 | .01 | 277 | .09 |
| Guyana | 171 | .06 | 421 | .13 |
| Haiti | 150 | .05 | 400 | .12 |
| Honduras | 84 | .03 | 334 | .10 |
| Iceland | 222 | .08 | 472 | .15 |
| India | 11,333 | 3.91 | 11,583 | 3.58 |
| Indonesia | 3,888 | 1.34 | 4,138 | 1.28 |
| Iran | 1,580 | .55 | 1,830 | .57 |
| Iraq | 698 | .24 | 948 | .29 |
| Ireland | 1,266 | .44 | 1,516 | .47 |
| Israel | 1,108 | .38 | 1,358 | .42 |
| Italy | 8,525 | 2.94 | 8,775 | 2.71 |
| Ivory Coast | 365 | .13 | 615 | .19 |
| Jamaica | 446 | .15 | 696 | .22 |
| Japan | 13,539 | 4.67 | 13,789 | 4.26 |
| Jordan | 187 | .06 | 437 | .14 |
| Kampuchea, Democratic | 214 | .07 | 464 | .14 |
| Kenya | 400 | .14 | 650 | .20 |
| Korea, Republic of | 1,306 | .45 | 1,556 | .48 |
| Kuwait | 694 | .24 | 944 | .29 |
| Lao People's Democratic Republic | 100 | .03 | 350 | .11 |
| Lebanon | 90 | .03 | 340 | .11 |
| Lesotho | 43 | .01 | 293 | .09 |
| Liberia | 213 | .07 | 463 | .14 |
| Libya | 200 | .07 | 450 | .14 |
| Luxembourg | 297 | .10 | 547 | .17 |
| Madagascar | 219 | .08 | 469 | .15 |
| Malawi[1] | 150 | .05 | 400 | .12 |
| Malaysia | 1,587 | .55 | 1,837 | .57 |
| Maldives | 6 | (2) | 256 | .08 |
| Mali | 173 | .06 | 423 | .13 |
| Mauritania | 100 | .03 | 350 | .11 |
| Mauritius | 188 | .06 | 438 | .14 |
| Mexico | 2,280 | .79 | 2,530 | .78 |
| Morocco | 960 | .33 | 1,210 | .37 |
| Nepal | 146 | .05 | 396 | .12 |
| Netherlands | 7,679 | 2.65 | 7,929 | 2.45 |
| New Zealand | 1,807 | .62 | 2,057 | .64 |
| Nicaragua | 91 | .03 | 341 | .11 |
| Niger | 100 | .03 | 350 | .11 |
| Nigeria | 1,152 | .40 | 1,402 | .43 |
| Norway | 2,410 | .83 | 2,660 | .82 |
| Oman | 60 | .02 | 310 | .10 |
| Pakistan | 2,519 | .87 | 2,769 | .86 |
| Panama | 216 | .07 | 466 | .14 |
| Papua New Guinea | 171 | .06 | 421 | .13 |
| Paraguay | 60 | .02 | 310 | .10 |
| Peru | 735 | .25 | 985 | .30 |
| Philippines | 1,715 | .59 | 1,965 | .61 |
| Portugal | 1,324 | .46 | 1,574 | .49 |
| Qatar[1] | 171 | .06 | 421 | .13 |
| Romania | 1,621 | .56 | 1,871 | .58 |
| Rwanda | 150 | .05 | 400 | .12 |
| Sao Tome and Principe | 14 | (2) | 264 | .08 |
| Saudi Arabia | 4,899 | 1.69 | 5,149 | 1.59 |
| Senegal | 362 | .12 | 612 | .19 |
| Sierra Leone | 150 | .05 | 400 | .12 |
| Singapore | 320 | .11 | 570 | .18 |
| Solomon Islands | 17 | .01 | 267 | .08 |
| Somalia | 189 | .07 | 439 | .14 |
| South Africa | 3,463 | 1.19 | 3,713 | 1.15 |
| Spain | 3,371 | 1.16 | 3,621 | 1.12 |
| Sri Lanka[1] | 827 | .29 | 1,077 | .33 |
| Sudan | 600 | .21 | 850 | .26 |
| Suriname | 162 | .06 | 412 | .13 |
| Swaziland | 68 | .02 | 318 | .10 |
| Sweden | 3,676 | 1.27 | 3,926 | 1.21 |
| Syrian Arab Republic[1] | 421 | .15 | 671 | .21 |
| Tanzania | 350 | .12 | 600 | .19 |
| Thailand | 1,478 | .51 | 1,728 | .53 |
| Togo | 150 | .05 | 400 | .12 |
| Trinidad and Tobago | 535 | .18 | 785 | .24 |
| Tunisia | 373 | .13 | 623 | .19 |
| Turkey | 1,286 | .44 | 1,536 | .48 |
| Uganda | 333 | .11 | 583 | .18 |
| United Arab Emirates[1] | 128 | .04 | 378 | .12 |
| United Kingdom | 26,000 | 8.97 | 26,250 | 8.12 |
| United States | 69,231 | 23.88 | 69,481 | 21.48 |
| Upper Volta | 100 | .03 | 350 | .11 |
| Uruguay | 411 | .14 | 661 | .20 |
| Venezuela | 1,972 | .68 | 2,222 | .69 |
| Viet Nam | 543 | .19 | 793 | .25 |
| Western Samoa | 17 | .01 | 267 | .08 |
| Yemen Arab Republic | 85 | .03 | 335 | .10 |
| Yemen, People's Dem. Rep. of | 248 | .09 | 498 | .15 |
| Yugoslavia[1] | 1,178 | .41 | 1,428 | .44 |
| Zaire | 960 | .33 | 1,210 | .37 |
| Zambia | 648 | .22 | 898 | .28 |
| Totals—June 30, 1979 | 289,902 | 100.00 | 323,402 | 100.00 |
| Totals—June 30, 1978 | 266,597 | | 299,597 | |

# *Statement of Voting Power, and Subscriptions and Supplementary Resources* (concluded)



**June 30, 1979 and June 30, 1978**
**Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix F**

| Members[1] | Voting power: Number of votes | Voting power: Percent of total | Total subscriptions and supplementary resources[4]: Expressed in current United States dollars | Total subscriptions and supplementary resources[4]: Percent of total |
|---|---|---|---|---|
| **Part II Members** (continued) | | | | |
| Niger | 6,685 | .19 | $ 684 | (6) |
| Nigeria | 4,057 | .12 | 4,442 | .02 |
| Oman | 6,244 | .18 | 434 | (6) |
| Pakistan | 35,355 | 1.01 | 14,105 | .08 |
| Panama | 5,657 | .16 | 27 | (6) |
| Papua New Guinea | 9,698 | .28 | 1,192 | .01 |
| Paraguay | 6,242 | .18 | 410 | (6) |
| Peru | 854 | .02 | 2,270 | .01 |
| Philippines | 16,583 | .47 | 7,067 | .04 |
| Rwanda | 9,407 | .27 | 1,050 | .01 |
| Sao Tome and Principe | 514 | .01 | 90 | (6) |
| Saudi Arabia | 46,844 | 1.33 | 368,301 | 2.00 |
| Senegal | 11,960 | .34 | 2,330 | .01 |
| Sierra Leone | 9,407 | .27 | 1,041 | .01 |
| Somalia | 7,246 | .21 | 1,041 | .01 |
| Spain | 29,746 | .85 | 25,949 | .14 |
| Sri Lanka | 15,705 | .45 | 4,106 | .02 |
| Sudan | 10,084 | .29 | 1,380 | .01 |
| Swaziland | 8,193 | .23 | 441 | (6) |
| Syrian Arab Republic | 7,651 | .22 | 1,300 | .01 |
| Tanzania | 11,960 | .34 | 2,317 | .01 |
| Thailand | 15,705 | .45 | 4,194 | .02 |
| Togo | 7,246 | .21 | 1,041 | .01 |
| Trinidad and Tobago | 770 | .02 | 1,732 | .01 |
| Tunisia | 2,793 | .08 | 2,013 | .01 |
| Turkey | 23,450 | .67 | 7,938 | .04 |
| Uganda | 11,960 | .34 | 2,325 | .01 |
| Upper Volta | 6,685 | .19 | 684 | (6) |
| Viet Nam | 8,889 | .25 | 2,046 | .01 |
| Western Samoa | 7,537 | .21 | 123 | (6) |
| Yemen Arab Republic | 8,494 | .24 | 595 | (6) |
| Yemen, People's Dem. Rep. of | 10,591 | .30 | 1,635 | .01 |
| Yugoslavia | 20,711 | .59 | 21,572 | .12 |
| Zaire | 12,164 | .35 | 4,061 | .02 |
| Zambia | 1,038 | .03 | 3,450 | .02 |
| Totals | 1,289,067 | 36.73 | $ 762,409 | 4.14 |
| Grand Totals—June 30, 1979 | 3,509,383 | 100.00 | $18,425,544 | 100.00 |
| Grand Totals—June 30, 1978 | 3,329,495 | | $16,898,063 | |

# *Statement of Voting Power, and Subscriptions and Supplementary Resources*

June 30, 1979 and June 30, 1978

Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix F

| Members[1] | Voting power: Number of votes | Voting power: Percent of total | Total subscriptions and supplementary resources[2][3]: Expressed in current United States dollars | Total subscriptions and supplementary resources[2][3]: Percent of total |
|---|---|---|---|---|
| **Part I Members** | | | | |
| Australia | 52,652 | 1.50 | $ 364,956 | 1.98 |
| Austria | 21,822 | .62 | 140,568 | .76 |
| Belgium | 42,397 | 1.21 | 335,286 | 1.82 |
| Canada | 137,025 | 3.90 | 1,020,723 | 5.54 |
| Denmark | 34,353 | .98 | 238,198 | 1.29 |
| Finland | 18,404 | .52 | 90,830 | .49 |
| France | 138,669 | 3.95 | 1,159,075 | 6.29 |
| Germany, Federal Republic of | 236,831 | 6.75 | 2,249,470 | 12.21 |
| Iceland | 7,802 | .22 | 2,341 | .01 |
| Ireland | 10,393 | .30 | 26,522 | .14 |
| Italy | 69,910 | 1.99 | 358,441 | 1.95 |
| Japan | 201,476 | 5.74 | 1,935,238 | 10.50 |
| Kuwait | 37,613 | 1.07 | 264,896 | 1.44 |
| Luxembourg | 8,363 | .24 | 10,153 | .06 |
| Netherlands | 70,182 | 2.00 | 598,539 | 3.25 |
| New Zealand | 10,413 | .30 | 22,935 | .12 |
| Norway | 30,464 | .87 | 200,048 | 1.09 |
| South Africa | 12,445 | .35 | 41,550 | .23 |
| Sweden | 93,315 | 2.66 | 713,366 | 3.87 |
| United Kingdom | 263,576 | 7.51 | 2,284,485 | 12.40 |
| United States[4] | 722,211 | 20.58 | 5,605,515 | 30.42 |
| Totals | 2,220,316 | 63.27 | $17,663,135 | 95.86 |
| **Part II Members** | | | | |
| Afghanistan[5] | 10,084 | .29 | $ 1,413 | .01 |
| Algeria | 18,481 | .53 | 5,582 | .03 |
| Argentina | 59,655 | 1.70 | 25,699 | .14 |
| Bangladesh | 22,239 | .63 | 7,357 | .04 |
| Benin | 600 | .02 | 641 | (6) |
| Bolivia | 10,230 | .29 | 1,468 | .01 |
| Botswana | 5,950 | .17 | 218 | (6) |
| Brazil | 59,655 | 1.70 | 25,689 | .14 |
| Burma | 12,922 | .37 | 2,783 | .02 |
| Burundi | 9,407 | .27 | 1,049 | .01 |
| Cameroon | 7,771 | .22 | 1,379 | .01 |
| Cape Verde | 516 | .01 | 103 | (6) |
| Central African Empire | 6,685 | .19 | 684 | (6) |
| Chad | 2,093 | .06 | 666 | (6) |
| Chile | 17,113 | .49 | 4,734 | .03 |
| China, Republic of | 91,311 | 2.60 | 41,996 | .23 |
| Colombia | 17,132 | .49 | 4,945 | .03 |
| Comoros | 5,774 | .16 | 110 | (6) |
| Congo, People's Republic of the | 6,685 | .19 | 684 | (6) |
| Costa Rica | 7,844 | .22 | 276 | (6) |

| Members[1] | Voting power: Number of votes | Voting power: Percent of total | Total subscriptions and supplementary resources[2][3]: Expressed in current United States dollars | Total subscriptions and supplementary resources[2][3]: Percent of total |
|---|---|---|---|---|
| **Part II Members** (continued) | | | | |
| Cyprus | 9,407 | .27 | $ 1,054 | .01 |
| Dominican Republic | 8,426 | .24 | 623 | (6) |
| Ecuador | 2,200 | .06 | 865 | (6) |
| Egypt, Arab Republic of | 21,403 | .61 | 6,918 | .04 |
| El Salvador | 6,244 | .18 | 436 | (6) |
| Equatorial Guinea | 1,967 | .06 | 426 | (6) |
| Ethiopia | 8,691 | .25 | 718 | (6) |
| Fiji | 2,130 | .06 | 746 | (6) |
| Gabon | 2,093 | .06 | 666 | (6) |
| Gambia, The | 6,182 | .18 | 365 | (6) |
| Ghana | 10,711 | .31 | 3,182 | .02 |
| Greece | 14,288 | .41 | 3,318 | .02 |
| Grenada | 7,537 | .21 | 124 | (6) |
| Guatemala | 8,417 | .24 | 554 | (6) |
| Guinea | 7,771 | .22 | 1,383 | .01 |
| Guinea-Bissau | 528 | .02 | 180 | (6) |
| Guyana | 9,553 | .27 | 1,118 | .01 |
| Haiti | 9,407 | .27 | 1,053 | .01 |
| Honduras | 6,242 | .18 | 413 | (6) |
| India | 119,375 | 3.40 | 54,683 | .30 |
| Indonesia | 38,128 | 1.09 | 15,179 | .08 |
| Iran | 15,455 | .44 | 5,852 | .03 |
| Iraq | 9,407 | .27 | 1,053 | .01 |
| Israel | 9,386 | .27 | 2,434 | .01 |
| Ivory Coast | 7,771 | .22 | 1,382 | .01 |
| Jordan | 6,242 | .18 | 388 | (6) |
| Kampuchea, Democratic | 7,826 | .22 | 1,365 | .01 |
| Kenya | 11,960 | .34 | 2,320 | .01 |
| Korea, Republic of | 10,932 | .31 | 2,718 | .02 |
| Lao People's Dem. Rep. | 8,688 | .25 | 672 | (6) |
| Lebanon | 8,562 | .24 | 618 | (6) |
| Lesotho | 7,747 | .22 | 220 | (6) |
| Liberia | 9,407 | .27 | 1,053 | .01 |
| Libya | 7,771 | .22 | 1,383 | .01 |
| Madagascar | 702 | .02 | 1,295 | .01 |
| Malawi | 9,407 | .27 | 1,054 | .01 |
| Malaysia | 14,288 | .41 | 3,501 | .02 |
| Maldives | 7,382 | .21 | 42 | (6) |
| Mali | 7,479 | .21 | 1,191 | .01 |
| Mauritania | 6,685 | .19 | 683 | (6) |
| Mauritius | 9,702 | .28 | 1,227 | .01 |
| Mexico | 9,253 | .26 | 11,098 | .06 |
| Morocco | 17,113 | .49 | 4,908 | .03 |
| Nepal | 8,688 | .25 | 690 | (6) |
| Nicaragua | 6,242 | .18 | 396 | (6) |

(continued)



(1) See Appendix F—Note A, for an explanation of the two categories of members.

(2) The Association has expressed its subscriptions and supplementary resources in special drawing rights with effect from April 1, 1978.

(3) Includes $1,955,224,000 ($3,984,025,000—1978) equivalent in current United States dollars which is not yet due and is payable by the respective members on various dates through fiscal year 1981. (See Appendix F—Note E.)

(4) Votes are adjusted in respect of the first and second instalments of the fifth replenishment only. (See Appendix F—Note E.)

(5) The equivalent of $16,000 has been received from Afghanistan on account of its subscription under the fifth replenishment pending formal approval of notes.

(6) Less than .005 percent.

International Finance Corporation

## Voting Power and Subscriptions of Member Countries/Appendix A

*As of June 30, 1979*

| Member | Voting Power: No. of Votes | Voting Power: Percent of Total | Total Subscription: Amount (in Thousands of Dollars) | Total Subscription: Percent of Total |
|---|---|---|---|---|
| Afghanistan | 361 | .14 | 111 | .05 |
| Argentina | 3,544 | 1.39 | 3,294 | 1.44 |
| Australia | 2,465 | .96 | 2,215 | .97 |
| Austria | 1,711 | .67 | 1,461 | .64 |
| Bangladesh | 1,286 | .50 | 1,036 | .45 |
| Belgium | 7,235 | 2.83 | 6,985 | 3.06 |
| Bolivia | 410 | .16 | 160 | .07 |
| Botswana | 279 | .11 | 29 | .01 |
| Brazil | 3,214 | 1.26 | 2,964 | 1.30 |
| Burma | 916 | .36 | 666 | .29 |
| Cameroon | 512 | .20 | 262 | .11 |
| Canada | 10,790 | 4.22 | 10,540 | 4.61 |
| Chile | 1,026 | .40 | 776 | .34 |
| China, Republic of | 4,404 | 1.72 | 4,154 | 1.82 |
| Colombia | 638 | .25 | 388 | .17 |
| Costa Rica | 361 | .14 | 111 | .05 |
| Cyprus | 426 | .17 | 176 | .08 |
| Denmark | 1,003 | .39 | 753 | .33 |
| Dominican Republic | 386 | .15 | 136 | .06 |
| Ecuador | 924 | .36 | 674 | .29 |
| Egypt, Arab Republic of | 1,854 | .72 | 1,604 | .70 |
| El Salvador | 261 | .10 | 11 | * |
| Ethiopia | 283 | .11 | 33 | .01 |
| Finland | 1,034 | .40 | 784 | .34 |
| France | 6,065 | 2.37 | 5,815 | 2.54 |
| Gabon | 305 | .12 | 55 | .02 |
| Germany, Federal Republic of | 15,725 | 6.15 | 15,475 | 6.77 |
| Ghana | 986 | .39 | 736 | .32 |
| Greece | 1,127 | .44 | 877 | .38 |
| Grenada | 261 | .10 | 11 | * |
| Guatemala | 272 | .11 | 22 | .01 |
| Guinea-Bissau | 268 | .10 | 18 | .01 |
| Guyana | 339 | .13 | 89 | .04 |
| Haiti | 385 | .15 | 135 | .06 |
| Honduras | 295 | .12 | 45 | .02 |
| Iceland | 261 | .10 | 11 | * |
| India | 7,753 | 3.03 | 7,503 | 3.28 |
| Indonesia | 2,698 | 1.05 | 2,448 | 1.07 |
| Iran | 622 | .24 | 372 | .16 |
| Iraq | 317 | .12 | 67 | .03 |
| Ireland | 582 | .23 | 332 | .15 |
| Israel | 300 | .12 | 50 | .02 |
| Italy | 2,244 | .88 | 1,994 | .87 |
| Ivory Coast | 361 | .14 | 111 | .05 |
| Jamaica | 589 | .23 | 339 | .15 |
| Japan | 7,574 | 2.96 | 7,324 | 3.20 |
| Jordan | 283 | .11 | 33 | .01 |
| Kenya | 778 | .30 | 528 | .23 |
| Korea, Republic of | 1,314 | .51 | 1,064 | .47 |
| Kuwait | 619 | .24 | 369 | .16 |
| Lebanon | 300 | .12 | 50 | .02 |
| Lesotho | 268 | .10 | 18 | .01 |
| Liberia | 333 | .13 | 83 | .04 |
| Libya | 305 | .12 | 55 | .02 |
| Luxembourg | 449 | .18 | 199 | .09 |
| Madagascar | 361 | .14 | 111 | .05 |
| Malawi | 447 | .17 | 197 | .09 |
| Malaysia | 1,256 | .49 | 1,006 | .44 |
| Mali | 366 | .14 | 116 | .05 |
| Mauritania | 305 | .12 | 55 | .02 |
| Mauritius | 345 | .13 | 95 | .04 |
| Mexico | 970 | .38 | 720 | .32 |
| Morocco | 1,026 | .40 | 776 | .34 |
| Nepal | 356 | .14 | 106 | .05 |
| Netherlands | 3,296 | 1.29 | 3,046 | 1.33 |
| New Zealand | 1,173 | .46 | 923 | .40 |
| Nicaragua | 294 | .11 | 44 | .02 |
| Nigeria | 619 | .24 | 369 | .16 |
| Norway | 2,396 | .94 | 2,146 | .94 |
| Oman | 394 | .15 | 144 | .06 |
| Pakistan | 2,678 | 1.05 | 2,428 | 1.06 |
| Panama | 252 | .10 | 2 | * |
| Papua New Guinea | 410 | .16 | 160 | .07 |
| Paraguay | 266 | .10 | 16 | .01 |
| Peru | 444 | .17 | 194 | .08 |
| Philippines | 1,649 | .64 | 1,399 | .61 |
| Portugal | 1,374 | .54 | 1,124 | .49 |
| Rwanda | 350 | .14 | 100 | .04 |
| Saudi Arabia | 361 | .14 | 111 | .05 |
| Senegal | 434 | .17 | 184 | .08 |
| Sierra Leone | 333 | .13 | 83 | .04 |
| Singapore | 427 | .17 | 177 | .08 |
| Somalia | 333 | .13 | 83 | .04 |
| South Africa | 1,358 | .53 | 1,108 | .48 |
| Spain | 1,358 | .53 | 1,108 | .48 |
| Sri Lanka | 1,085 | .42 | 835 | .37 |
| Sudan | 361 | .14 | 111 | .05 |
| Swaziland | 434 | .17 | 184 | .08 |
| Sweden | 1,358 | .53 | 1,108 | .48 |
| Syrian Arab Republic | 322 | .13 | 72 | .03 |
| Tanzania | 434 | .17 | 184 | .08 |
| Thailand | 1,460 | .57 | 1,210 | .53 |
| Togo | 333 | .13 | 83 | .04 |
| Trinidad and Tobago | 626 | .24 | 376 | .16 |
| Tunisia | 383 | .15 | 133 | .06 |
| Turkey | 726 | .28 | 476 | .21 |
| Uganda | 434 | .17 | 184 | .08 |
| United Arab Emirates | 336 | .13 | 86 | .04 |
| United Kingdom | 38,150 | 14.91 | 37,900 | 16.58 |
| United States | 80,017 | 31.27 | 79,767 | 34.89 |
| Upper Volta | 305 | .12 | 55 | .02 |
| Uruguay | 405 | .16 | 155 | .07 |
| Venezuela | 366 | .14 | 116 | .05 |
| Viet Nam | 416 | .16 | 166 | .07 |
| Western Samoa | 259 | .10 | 9 | * |
| Yemen Arab Republic | 351 | .14 | 101 | .04 |
| Yugoslavia | 841 | .33 | 591 | .26 |
| Zaire | 582 | .23 | 332 | .15 |
| Zambia | 941 | .37 | 691 | .30 |
| | 255,857 | 100.00† | 228,607 | 100.00† |

*Less than .005 percent.
†May differ from the sum of the individual percentages shown because of rounding.