



Bank Sells Bond Issue In West Germany

On July 7, 1964, the Inter-American Bank sold a bond issue for 60 million Deutsche marks, the equivalent of approximately \$15 million, in the Federal Republic of Germany. The issue, the first sold in Germany, raises the total amount of funds obtained by the Bank from bond sales in the world's capital markets to more than \$164 million. The Bank's first issue, for 15 billion lire, equivalent to about \$24.2 million, was placed on the Italian market in April 1962; the second, for \$75 million, and the third, for \$50 million, were sold in the United States in 1962 and 1964, respectively. The proceeds of these sales have been added to the Bank's ordinary capital resources to be used for economic development loans in Latin America.

The bonds sold in Germany bear interest at the rate of 5½% and will mature in 15 years. The underwriting agreement for the issues was signed in Düsseldorf by Felipe Herrera, President of the Bank, and Herman J. Abs, Managing Director of Deutsche Bank A.G. The issue was placed on the market by a consortium of 31 German banks led by the Deutsche Bank, and by a group of European banks which included one from Belgium, one from France, one from Sweden and seven from the Netherlands.

The sale of the issue marks a further stage in the cooperation between the Federal Republic of Germany and the Bank. That country, the United States and the Bank have collaborated since 1961 in the Triangular Operation to rehabilitate Bolivia's national tin mines. The Bank acts as administrator of the loans extended by West Germany for the operation. Private West German banks have also purchased participations in some of the loans extended by the Bank from its ordinary resources.

During his stay in Bonn, Mr. Herrera conferred with officials of the German Government on the possibility for further cooperation in Bolivia, particularly in regard to Germany's financial participation in the third phase of the Triangular Operation.

Bank Completes Report On Economic Integration Of Colombian-Venezuelan Frontier

"The Inter-American Development Bank takes pride in the fact that it is also called the *Bank of Latin American Integration*," Felipe Herrera, President of the Bank, said in presenting a report prepared by the Bank on the integration of the Colombian-Venezuelan border zone to representatives of the two governments on June 13. The Bank had been asked to do a study of the integration possibilities of the area by the two Governments last year.

The ceremony at which the report was presented to Colombian Agriculture Minister Virgilio Barco Vargas and Venezuelan Development Minister Manuel Egaña was held in the historic chapel of Villa del Rosario in Cúcuta, Colombia, where representatives of the two countries ratified the Constitution of the new Gran Colombia 140 years ago.

The ceremony was one of the highlights of a visit Mr. Herrera made to Colombia and Venezuela June 6 to 19. He was accompanied by Oscar Niemtschik, Executive Director for Venezuela, Colombia and Chile, and other high officers of the bank.

At Villa del Rosario, Mr. Herrera said: "This is not the first step toward integration fostered or

(Continued on page 4)



Bank report makes recommendations for the integration of this frontier area in Colombia and Venezuela.

The Latin American University and Economic Development

(Excerpts of a lecture delivered by Felipe Herrera, President of the Bank, at the University of Panama, April 16, 1964)

There is a more or less widespread concern—particularly pronounced in extremely conservative circles or among those least affected by the realities of our history—for what is generally referred to as unrest or instability in the Latin American university.

The active participation of students in militant politics, the pronouncements of student organizations on domestic or international socio-political problems, their demands for academic reforms, their criticism of academic and administrative authorities and their recurrent strikes in support of such pronouncements, demonstrations and demands, are viewed as symptoms of a profound crisis that is not only distorting the true nature of the universities, but is jeopardizing their very future.

In response to that concern I would like to point out that the universities cannot avoid reflecting the tremendous problems and crises confronting the countries in our developing region. The difficulties and tensions deriving from a general situation, which is characterized by inadequate economic development vis-a-vis population pressure, inequitable distribution of wealth vis-a-vis the rising expectations of the great masses, by the exodus of rural population to the cities vis-a-vis the inability of incipient industry to absorb that displaced labor force, together with the emergence, despite all these factors, of a new middle class demanding new opportunities and laying claims to new responsibilities, and the influence of the world ideological struggle—must all necessarily be reflected in the universities. In the measure in which our political and intellectual leaders proclaim the urgent need for our continent to progress, and to progress by leaps, radically reforming or transforming obsolete structures, it is evident that this unrest will be echoed in the university and in the attitude of students. It would be strange, unpre-

cedented, alarming indeed, if this did not occur. A passive and quiescent university in countries in the throes of an intensive transformation would be an absurdity, and it might even be a hindrance to progress.

This does not mean that I defend permanent instability or acknowledge the inevitability of disorder or unruliness as a fatal way of life at our universities. It is simply a matter of distinguishing between the inevitable unrest of our times—which we will not allay with mere exhortations to discipline or recourse to Draconian measures—and purposeful disturbances fomented by those who hope to exploit this climate and this tension for other ends. We must differentiate between the unrest through which university students express their dissatisfaction with prevailing conditions and their impatience for improvement and the unrest deliberately depicted or distorted as responding to strictly political motives.

22 Participate In Bank's Third Internal Training Program

Twenty-two trainees from 17 member countries participated in the Bank's Third Internal Training Course which began in July. The participants included high-level officers of development agencies, central banks, investment firms and savings banks.

The purpose of the programs is to familiarize participants with the Bank's operating policies and procedures in order to broaden their knowledge and experience for the preparation of development projects in their respective countries. A total of 43 persons, representing 34 institutions in 18 member countries, participated in the first two training courses.



Rural roads under construction in Bolivia as part of a colonization program being undertaken with the aid of two Bank loans.

(Continued from page 1)

actively supported by the Bank. But it is the first time we have made an attempt to transform the Latin American border zones from sources of conflict and discord into bridgeheads of integration and harmony.

"May the example provided by the governments and peoples of Colombia and Venezuela be followed by other countries. The Inter-American Bank stands ready to offer them the same broad collaboration embodied in the report I now place in the hands of the representatives of these two great nations."

Among the more important recommendations contained in the report are:

—Establishment of a permanent mechanism for consultation and coordination to guide the integrated development of the border zones.

—Updating of border agreements in keeping with advances made in various fields.

—Preparation of pre-investment studies to lay the foundations for planned development of the region.

—The carrying out of joint highway and watershed development programs in the border zones.

During the visit, the Bank mission met with Colombian President Guillermo León Valencia and Venezuelan President Raúl Leoni, and with ministers, officers of planning and development agencies and other representatives of the public and private sectors in the two countries.

On his return to Washington, Mr. Herrera emphasized to the Bank's Board of Executive Directors the favorable impression created by the report "not only in government circles, but in all sectors of the national life in both countries and, naturally, much greater in the frontier regions whose citizens demonstrated their satisfaction and their hopes for the future progress of this integration endeavor." Mr. Herrera also noted that through his contacts with government leaders, politicians, technicians, business men, professional people, journalists and workers in both Colombia and Venezuela, he had formed the impression that the governments of the two countries rest not only on broad political foundations, but that they are also guiding their development policies in the right direction.

In another connection, a joint Colombian-Ecuadorian Commission on the economic integration of the border zone of those two countries concluded its working session in July. In answer to a request for technical assistance on this integration effort, the Bank has also agreed to send a mission there.

Bank Takes Part In First CIAP Meeting

A delegation headed by President Felipe Herrera represented the Bank at the first regular meeting of the Inter-American Committee on the Alliance for Progress (CIAP), held in Mexico City July 13 to 22. CIAP was established in 1963 by the Inter-American Economic and Social Council to represent the Alliance on a multilateral basis and to coordinate and promote the achievement of its goals.

At the opening session, Mr. Herrera, who is one of the permanent advisors of CIAP, stated that it has opened up new horizons for the implementation of the true content and scope of the Alliance by "making the Alliance what it should be: the application of a new philosophy of inter-American relations based on the full utilization of the multilateral approach."

The meetings covered a broad range of subjects connected with the role of CIAP in financing and programming, regional integration, foreign trade, technical assistance and the promotion of the participation of the private sector in the attainment of the goals of the Alliance. The final report recommended:

—The formation of committees at the national level to analyze the foreign aid requirements and domestic measures that will further the goals of their respective development plans.

—The formation of a group of representatives of financing agencies to examine the obstacles to the rapid utilization of resources by the countries.

—The establishment of a study group to determine the measures to be adopted by the countries in connection with their foreign indebtedness.

—The formation of a study group to analyze obstacles to integration, and of a committee to study and draft projects on the regional level, with the recommendation that the Inter-American Bank participate in the work of both groups.

—The setting up of a multilateral technical assistance fund to which the member countries would contribute on a voluntary basis.

The final report recommended that member countries accelerate the internal procedures required to implement the resolution of the Board of Governors of the Bank adopted last April to increase the resources of the Fund for Special Operations by \$900 million. It also pointed out the need for member countries to support the Bank's negotiations to mobilize additional resources for Latin American development on the world's capital markets.