DEVELOPMENT BANKING BIBLIOGRAPHY

13-63

Prepared by

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The following list contains selected books, studies and articles in the field of development banking. The material is concerned almost entirely with banks operating on a country level or below, although a few entries dealing with international development banks have been included. No attempt has been made to cover the industrial development field generally, although a few works of this nature have been included because they contained substantial material on development banking. Some material on other financial institutions, particularly those created during the great depression, has been included. Annual reports, relevant legislation and, with a few exceptions, descriptive brochures published by the banks, have been excluded. In a small proportion of entries, inspection of the material was not feasible, but the item was included on the strength of the title only. These articles are indicated by '(1)' after the entry.

The bibliography was prepared under my supervision by Thomas G. Burns, candidate for the Master of Science degree, School of Industrial Management, Massachusetts Institute of Technology, and Herbert A. Stein, candidate for the Bachelor of Law degree, Law School of Harvard University and candidate for the Doctor of Philosophy degree in Economics at the University of Pennsylvania. The bibliography is intended primarily for use in the course Public and Private Enterprise in Developing Nations and the Managing Economic Development Seminar, both given at the School of Industrial Management, Massachusetts Institute of Technology, and for Mr. Stein's personal use. This material is not to be reproduced in whole or in part without the authors' permission.

February 12, 1963

J.D. Nyhart
School of Industrial Management
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Statement of principles treating government actions designed to assist the growth of privately operated manufacturing establishments. Chapters on industrial development banks, financial aid to industry, government in industry, government aid to entrepreneurial functions.


Evolution of U.S. theory and practice of granting, lending and selling under bilateral and multilateral assistance programs since 1945.

International aspects of development banking: sources of finance for development banks, development bank relations with foreign borrowers, and development bank lending policies.

Banco di Roma, "Credito Mobilaire in Italy." Review of Economic Conditions in Italy, Vol. 9: 438-60. 1955. (1)


An appraisal of the World Bank's attitudes and actions toward financing economic development as perceived in 1953 by the Chief Economist of the I.B.R.D.


Review of operations of Rehabilitation Finance Corporation as it becomes Development Bank of the Philippines. Emphasis on changes from reconstruction to development.

Authorized activities include (1) loans for homes, industry, agriculture, (2) loans to local governments to start industries and public utilities, (3) agencies of government for utilities, etc., (4) loans to cooperatives, (5) underwriting of shares, and (6) issuance of bonds. Number and amount of loans by type are provided.


Thorough analysis of economic conditions and financial institutions in Iran. Discussion of problems and issues of industrial development banking. Analysis and comparison of The Industrial Credit Bank, The Revaluation Loan Fund, The Industrial and Mining Development Bank of Iran, and The Industrial Guarantee Fund.


Thorough analysis of the history, organization, and operation of the Instituto de Fomento de la Produccion.


New England Development Corporation instituted to retain Region's present industry and share in the increase in total national output. These state-wide, privately financed organizations are created under special enabling legislation. Both long term credit and equity are provided, especially to small business. NEDC stock is sold to the public, who assume the majority of the risk. Financial institutions are the major source of loanable funds. Development Bank's Board of Directors
provide management assistance. Largest loan category is in working capital loans. Average growth in lending of 40% per year was experienced. Loss ratio is less than .5%.

Concise description of development banking: functions, scope of operations, sources of funds, etc.

Full review of problems faced by development banks, based on experiences related by development bank representatives participating in a seminar sponsored by I.B.R.D. Includes analysis of problems of establishment and problems of operation as well as data on selected development banks. Basic reference on development banking.

Suggested plans, draft documents and operating procedures for an industrial development bank in Liberia.

Provides criteria, methods of financing and general problems of industrial development.

(14) Canadian Industrial Development Bank; What It Is and How It Operates. Montreal, Que. (1)

Description of industrial development banks in Turkey, Pakistan and Iran. Short articles entitled: Development Banks & Government Monetary and Economic Policies; Organizational Relationship Between the Industrial Development Banks and the Government Agencies in Iran; Selection of Credit-Worthy Enterprises; The Economic Significance of the Credits of the IDB of Turkey; Role of Development Banks. - In Addition to Financing - A Case Study - The IDB of Turkey; General Background of Iran - American Industrial Guarantee Fund.

Government's role in private investment. Laws and taxes affecting business and investment. The credit system: effect on growth; recommendation of establishment of private industrial credit institutions. Strengthening the organization of the Centro de Desarrollo (The Industrial Development Center).

Proposals for the establishment of a development company for private enterprise, a development company for cooperatives, and a government development bank.


Recommendation that a development bank be established in Cyprus with detailed justification. Extensive description of the kind of bank that is needed. Appendices contain draft charter, projection of operating results, management and technical assistance, procedures in making loans for the proposed bank.


Summary of organization, capitalization and operation of development banks in underdeveloped countries. (Out of print).


Summary of organization, capitalization and operation of development banks in underdeveloped countries. (Out of print).


Descriptions of American investment corporations (private) which are designed to provide long-term debt and equity financing to new companies. Other functions of these companies are thorough risk analyses, provision of managerial counsel (and, in some cases, control) and provision of continuing financial support. Legal problems of organization and operation discussed.


The Pennsylvania Industrial Development Authority is a public corporation instituted to help mitigate labor surpluses. Earlier the Scranton Plan of financing by community was used, but this proved insufficient. PIDA provides research, surveys, technical advisory services, financial assistance, national advertising, loans, etc. for areas of chronic labor shortage. In general, PIDA makes available up to 30% of the total amount needed provided the community finances 20%. Thus only 50% must be financed by local banks who have low interest rates and a 25 year term.
Concise description of history, functions, capital sources, etc., of development corporations and related institutions in Latin America, Asia, and Africa. Broad coverage of development financing institutions. (Out of print).

Basic investigation of the development bank concept by the Director of Development Bank Services, International Finance Corporation. Discussion of the process of investment, some experience of advanced countries in the field, and some of the problems of development bank formation and operation.


Review of Latin American development corporation operations.

General article on organization, financing, operations of U.S. development corporations.

New Burma Economic Development Corporation has virtually limitless field of action. The raison d'etre is to fill the gap in Burma's economic life created by the withdrawal of foreign enterprise and the relative inexperience of the Burmese themselves. Problems arising from Burmanisation of commerce are to be dealt with by BBDC, in addition to industrial promotion activities.

World Bank operations in Mexico have confidence of investors. World Bank loans outstanding - India $317m, Japan $492m, Australia $418m, Mexico $387m. Record lending year ($900 million). The Treaty of Rome's European Investment Bank has made only 23 loans since 1958. It has experienced little demand for loans.

Progress of negotiations of international banking consortium discussed. A group including Chase Manhattan, Lazard Freres, the British Chartered Bank, and the British Bank of the Middle East are involved in setting up a Persian development bank.
Short discussion of the goals and of several forms of organization for the proposed Commonwealth Development Bank.


Purpose, background, organization, resources, operations, and relations to other institutions and to business. General review and analysis of three years of operation. Results of questionnaires to business and banks.

"A survey of the work of the Corporation and of the reasons underlying the form of organization and the working methods which it has adopted."

Problems of depression finance in Australia. Discussion of new financial intermediaries designed to deal with financial problems of depression in U.K. Indicates need for longer term financing and proposes an Australian institution to fill this need. Funds are to be supplied by banks along with more management services and closer tie with borrower.

Motion in British Parliament to set up Bank of Africa in Central African Federation along British lines with Commonwealth support. Central Banking system is to be under African control and is to be a business, and not political proposition. Attempt to improve climate for foreign investment. £250,000 capital, 50% to be supplied by non-Africans and the rest on options at par to Africans.


Chapter 3 recommends establishment of an Industrial Development Bank and briefly outlines its structure.
RFC's industrial loan program is to be a supplemental source of credit, designed to meet demand for inherently sound loans. It is neither part of government deficit financing or a subsidy to industry. RFC financing was intended to foster less conservatism in industrial finance by providing intermediate term loans and loan funds where local bank loans were unavailable. RFC did not provide equity capital.

Essay describing various types of development corporations and comparing the advantages of large and small, public and private organizations. Reference to Pakistan, India, Chile, Iraq.


Structure, purpose, procedures, and accomplishments of the I.D.B. (1)

Legislation, institutional structure, project agreements, blueprint documentation, and types of activities undertaken in ICA and DLF development bank financing in these countries.

A summarized report of ten years of operation of the Japan Development Bank.

Scope, limitations, resource structure, management functioning, results, comments and recommendations of the Industrial Finance Corporation.

Lack of long term capital. World Bank recommended development corporation with mixed ownership; provisions for entrepreneurial initiative, advisory services, and pioneering activities.

An examination of problems, particularly those of an operational nature, encountered by the Ghanaian Industrial Development Corporation, based on available secondary sources.

The responsibility of government toward business is outlined. The decision process is discussed. The Ministry of Economics proposes a development corporation.

A comprehensive listing of development organizations throughout the world with descriptions and addresses.

Recommends the institution of a development bank along the lines of a mutual fund which will invest in equities. Recommends some modifications of the Government's INFONAC (Instituto de Fomento Nacional).

 Chapters VI and VIII discuss current and proposed financial institutions active in industrial development.

A proposal for the creation of a development savings bank, a device designed to mobilize domestic savings for investment in private enterprise.

Criticism of the Indian banking system's financing of industry and proposals for a new institution, an industrial bank.
Bank of England's formation of an institution analogous to the RFC to meet industrial finance needs of 1929 depression. Management advisory services staff set up by Bank; actual financing undertaken by private banks. Emphasis on rationalization of industry. Its principal accomplishment was in shaking traditional feeling of banks, which was that they were to be passive and independent toward the companies they finance.

Discussion of purposes, powers, organizations, and activities of development banks in several African countries.

Evaluation of operating policy and procedure of the I.D.B.

The British Investment Trust, German Great Bank, and the Industrial Bank of Japan are discussed. Recommendations are made as to the form which investment banking should take in India.

Initiated in 1955, the IPC is a private enterprise group which has the backing of government, industry and labor. Its programs concentrate on increasing the efficiency of management, production, and distribution practices via training at all levels.

MIDEC acts as a clearing house only; it will not furnish loans. MIDEC's founding was stimulated by discussions of the changing oil markets in the Middle East. Most of the capital raised is expected to come from within the area of the project. Concerned only with viable business propositions.


Currency, central banking, commercial banks, and lending institutions as they operate in underdeveloped countries.
Nyhart, J.D. "African Development Banks, Public, Private or Mixed?" Industrial Management Review. Massachusetts Institute of Technology, Fall 1962. Examination of arguments for public and private ownership of new development banks in Africa. Recommendation that foreign sources of finance and technical assistance consider the first development bank in new African countries as only the first of a group of specialized financial institutions and relate its ownership structure to the development needs of the country rather than to any external preferences. Argues this would probably place ownership in government hands and ownership ought not later be transferred to private.


Critique of Managing Agency system of promotion and financing. Proposals for industrial banking in India.


(78) Roux, A. "Long and Medium Term Industrial Credit in Italy." Banca Nazionale del Lavoro Review. Vol. 10:214-32. June 1957. Description of institutions designed to provide industrial credit in Italy.


Review of the industrial situation in Ecuador. Recommendation that an industrial productivity center be established. Suggested structure, budget and staffing of the industrial productivity and manual arts Servicio.


Part I: Critique of economic theory underlying IADB's charter especially its avoidance of interest rate discussions. Argues against the supposed limitations of 'administrative lending policy of EXIM & IBRD. Attacks the need and the manner of execution of the functions to be performed by the IADB.

Part II: IADB is justified on political grounds. Description of IADB's functions.


Instituto per la Ricostruzione Industriale, established in 1933, is a large scale government enterprise providing financing, management, and ownership of Italian industry. Description of its evolution and current practices.
Established in 1954, the IDC is a government-owned development bank. It may act as an entrepreneur in the promotion and financing of new enterprises. Government's ability as a promoter and manager of industrial enterprises is questioned. It is suggested that the IDC should provide investigatory and promotional services to private enterprise and should only rarely own the industry itself. The possibility of undue government pressure on the IDC is raised.

Description of State owned finance corporations designed to guarantee loans, underwrite issues, grant long-term loans, and to perform allied services. Financing policies and relations to other institutions are discussed. Tables of industry loans and application data.

Twelve year review of I.F.C. operations. Terms of DLF loan.

Discussion of credit institutions designed to assume risks of company's accounts receivable - written from the point of view of a businessman desiring such credit.

Industrial Banking in England, Germany, and Japan are discussed. A new institution modeled after the Industrial Bank of Japan is proposed.

Proposes creation of an industrial development corporation of the U.S. to receive capital from the federal budget and other sources and to invest in equity ownership of foreign business corporations.

Discussion of government development agencies including the Industries Department of State Governments, the National Industrial Development Corporation, the National Small Industries Corporation, and the State Bank of India. Analysis of organization, objectives, and resources of the special financial institutions in India including the I.F.C., the I.C.I.C.I., and the State Financial Corporations.


Commonwealth Development Finance Corporation: program of equity financing of development projects undertaken by private enterprise in the Commonwealth.


Detailed description of the twelve industrial development banks located in various States in India. These provide financing for both private and public enterprises and are designed to assist smaller enterprises. Tables on the capital structure, loan operations, industrial loan classifications, profit and loss, and assets and liabilities for each bank are included.


Description of the economic development of Puerto Rico from 1940 to 1957 and the role of the Government's Economic Development Administration. Case history of successful economic development program. Includes some discussion of the role of development financing institutions.


Recommendations for changes in U.S. foreign economic policy in order to more fully promote private enterprise. Chapter 4 contains recommendations favoring greater use of financial intermediaries, including foreign development banks. Illustrative proposal for an international development investment company.


Proposes a development corporation analagous to U.S. Tennessee Valley Authority in order to unify development efforts. Discusses Ceylon Institute of Scientific and Industrial Research. Excerpts from some enabling legislation of T.V.A., Colombia Development Corporation and C.I.S.I.R.
Includes description of the Israel Industrial Institution Ltd., a mixed, government-private development bank. Recommendations for changes in operations of the bank.


Edith is the pioneer in the field of purchase of private shareholder interests in private companies, usually with a view toward providing money for the payment of estate duties. Edith is privately owned by institutional investors (insurance companies and investment trusts).

A review of the operating policies and the limitations of the I.C.F.C., a British development corporation designed to provide both debt and equity financing for British industry, founded in 1945.


Description of the IDB; its creation, functions, capital and operations.

PIDC is a state-owned corporation which supplies equity capital for industries significant to economic development. The majority of the enterprises are completely state-owned. Transfer of shares to private investors is contemplated. Initiative for proposing industries to be financed is largely assumed by PIDC.


A survey of the work of the C.D.C. with an attempt to analyze the causes of its failures. See "A Note on the C.D.C." by A. Hazlewood, ibid. pp. 229-31, which criticizes Wicker's view and puts forward an alternative interpretation of events.

Wicker suggests poor overall British economic development policy and poor management as the two reasons for C.D.C. losses. Primary blame goes to the "vagueness of the mandate" given to the C.D.C. Hazlewood maintains that the vagueness of the mandate is one of the parameters of the economic development process which must be accepted and lays full blame upon incompetent management.


Contains a plan for the establishment, organization, and operation of a development bank in the Sudan.


Origin, nature and functions of the World Bank; its membership and organization; financial structure; major operational policies, procedures for making and administering loans; lending activities and financial results; technical assistance; the bank and the investment market. The IFC and IDA.


Summary of AID's methods of fostering private enterprise: dollar and Cooley loans, investment and feasibility surveys, and investment guarantees.


Speech by the Governor of the Bank of Greece outlining the method of promoting private enterprise in underdeveloped countries via the establishment of industrial development banks in both developed and underdeveloped countries.
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