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*Mr. Bennett*



INTERNATIONAL FINANCE CORPORATION

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JAN 16 2018

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PRESS RELEASE NO. 1

For Release  
12 o'clock noon E.D.T.  
July 25, 1956

SUBJECT: International Finance  
Corporation formed

Eugene R. Black, President of the World Bank, today (July 25) announced the formation of the International Finance Corporation and the appointment by its Board of Directors of Robert L. Garner to be President of the Corporation. IFC is now established as an affiliate of the World Bank with the purpose of encouraging the growth of productive private enterprise, particularly in the less developed areas of the world. Mr. Black made his announcement in his capacity as Chairman of the Board of Directors of the Corporation.

Mr. Garner has been Vice President of the World Bank since 1947, and has resigned from that position to assume the presidency of IFC. For four years before coming to the Bank, he was Financial Vice President and Director of General Foods Corporation and for many years before that had been associated with the Guaranty Trust Company of New York, serving finally as Vice President and Treasurer.

Mr. Garner has appointed J.G. Beevor to be Vice President of IFC, Richard H. Demuth to be Assistant to the President, and Davidson Sommers to be General Counsel. Mr. Beevor has been engaged in preparatory work on the organization of IFC since March 1956 when he was released from his position as Managing Director of the Commonwealth Development Finance Company Limited of London to join the staff of the World Bank. Mr. Demuth is Director of the Bank's Technical Assistance and Liaison Staff, and Mr. Sommers is the Bank's General Counsel. Both Mr. Demuth and Mr. Sommers have been associated with the Bank since 1946, and will continue to hold their positions in the Bank while serving with IFC.

Mr. Garner was appointed at the first meeting of the Board of Directors on July 24. The Board also adopted a number of resolutions to enable IFC to begin operations. Among them was a resolution calling on IFC's present member governments to make full payment for their shares of the Corporation's capital stock. The payment is to be made in gold or United States dollars within thirty days, or by August 23, 1956.

The Corporation is beginning its operations with 31 member countries and capital subscriptions amounting to \$78,366,000. IFC's Articles of Agreement stipulate that the new institution would come into existence when at least 30 countries had subscribed at least \$75 million of the authorized capital of \$100 million. These requirements were met when France and Germany took final action for membership on July 20. Additional countries which fulfilled membership requirements between June 15 and July 24 were Colombia, Denmark, Finland and Japan. Other members of the Bank eligible to be original members of IFC have until December 31, 1956 to complete action for membership, and most of them have indicated their intention to do so.

Membership in the Corporation is open to countries which are members of the World Bank; and members are represented on the Board of Directors of the Corporation by the same Directors who represent them in the Bank. At present there are 12 Directors of the Corporation.

The Corporation expects to make extensive use of the experience and personnel of the Bank. The Treasurer, Secretary, Director of Administration and Director of Information of the Bank have been appointed to the same positions in IFC. The Corporation's operating staff will be relatively small and arrangements are now being completed for the employment of staff members of several different nationalities.

The Corporation will invest in productive private undertakings, in association with private investors, in cases where sufficient private capital is not

available on reasonable terms. In general, IFC will aim to stimulate, and to help to create conditions which will stimulate, the flow of both domestic and international private investment into productive private enterprises.

Investments will be made by the Corporation without governmental guarantee. The Corporation is not itself authorized to invest in capital stock but, apart from this one restriction, it can make its investments in any form it considers appropriate. It may, for instance, buy securities which give it the right to participate in the profits of an enterprise and which, when sold, can be converted by the purchasers into capital stock. IFC will usually make all or part of each investment on a basis approximating venture capital. It will not, however, assume responsibility for managing enterprises in which it invests.

The Corporation has authority to invest in any kind of productive private enterprise, including agricultural, financial and commercial undertakings; but its main emphasis is likely to be on industry. The Corporation will invest in an enterprise only if it is satisfied that the private interests concerned are contributing their full share of the funds required, and that the remaining requirements cannot be met from other sources on reasonable terms. IFC's investments will supplement, and not take the place of, private capital.

The Corporation will seek to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms. It will be authorized to raise additional funds by selling its own obligations in the market, but it is not likely to do so in the early years of its operations.

**Attachments:** List of Member Countries and Capital Subscriptions.  
List of Executive Directors and Countries Represented.  
Biographies of Robert L. Garner, J.G. Beevor, Richard H. Demuth, and Davidson Sommers.

Members and Subscriptions to Capital Stock of the  
International Finance Corporation

As of July 24, 1956

<u>Country</u>	<u>Amount</u> (in <u>United States</u> <u>dollars</u> )
Australia	2,215,000
Bolivia	78,000
Canada	3,600,000
Ceylon	166,000
Colombia	388,000
Costa Rica	22,000
Denmark	753,000
Dominican Republic	22,000
Ecuador	35,000
Egypt	590,000
El Salvador	11,000
Ethiopia	33,000
Finland	421,000
France	5,815,000
Germany	3,655,000
Guatemala	22,000
Haiti	22,000
Honduras	11,000
Iceland	11,000
India	4,431,000
Japan	2,769,000
Jordan	33,000
Mexico	720,000
Nicaragua	9,000
Norway	554,000
Pakistan	1,108,000
Panama	2,000
Peru	194,000
Sweden	1,108,000
United Kingdom	14,400,000
United States	35,168,000
<b>Total:</b>	<u>78,366,000</u>

INTERNATIONAL FINANCE CORPORATION

As of July 24, 1956.

<u>Member Government</u>	<u>Executive Director</u>
United States	Andrew N. Overby
United Kingdom	Viscount Harcourt
France	*Roger Hoppenot
India	G.R. Kamat
Mexico	Luis Machado
Peru	(Cuba)
Costa Rica	
Dominican Republic	
Guatemala	
El Salvador	
Honduras	
Nicaragua	
Panama	
Pakistan	Mohammad Shoaib
Egypt	(Pakistan)
Ethiopia	
Jordan	
Bolivia	Jorge Mejia-Palacio
Colombia	(Colombia)
Ecuador	
Haiti	
Japan	Takeo Yumoto
Ceylon	(Japan)
Sweden	Jon Arnason
Denmark	(Iceland)
Norway	
Finland	
Iceland	
Germany	Otto Donner
	(Germany)
Australia	L.H.E. Bury
	(Australia)
Canada	Louis Rasminsky
	(Canada)

ROBERT L. GARNER

President, International Finance Corporation

Robert L. Garner, appointed President of the International Finance Corporation on July 24, 1956, was born in Bolton, Mississippi, on August 7, 1894. He was graduated in 1916 from Vanderbilt University, Nashville, Tennessee, and later studied at the School of Journalism, Columbia University. In the first World War he was a Captain of Infantry, 77th Division.

Mr. Garner has a lifelong background in finance and industry. On leaving the Army in 1919 he joined a training course at the Guaranty Trust Company of New York and was assigned to the Guaranty Company where he worked on underwriting both foreign and domestic issues. In 1925 he joined the investment department of the Continental Insurance Company. He returned in 1926 to the Guaranty Trust Company to become Assistant Treasurer and was subsequently Vice President and Treasurer until 1943.

In 1943 Mr. Garner left the Guaranty Trust Company to become Financial Vice President and Director of General Foods Corporation where he remained until his appointment in 1947 as Vice President of the International Bank, a position which he held until taking over the post of President of the I.F.C.

Mr. Garner served for several years as a member of the Banking Board of the State of New York. For a number of years he has been a lecturer at the Graduate School of Banking of the American Bankers Association.

He is a trustee of Vanderbilt University. His clubs include the University and the Links, New York; and the Metropolitan, Burning Tree and Chevy Chase, Washington, D.C.

Mr. Garner has a son, Robert W. Garner, and a daughter, Mrs. Stanley McCampbell.

J. G. BEEVOR

Vice President, International Finance Corporation

Mr. J.G. Beevor, appointed Vice President of the International Finance Corporation on July 24, 1956, was born in Newark-on-Trent, England, in 1905. He joined the staff of the World Bank in March 1956 to assist in the preliminary work on the organization of the I.F.C., having been released for this purpose by the Board of Directors of the Commonwealth Development Finance Company Limited in London of which he had been the Managing Director from 1954 to February 1956. Before joining CDFC, Mr. Beevor was a partner in Messrs. Slaughter & May, London, practising in Company law and private international law, and specializing on capital issues. He has had wide experience in banking, commerce and the law, and served as a director of a bank and an insurance company and other British companies. He was a member of the Lord Chancellor's Committee on Private International Law, and in 1947 was adviser to the British Delegation to the Marshall Plan Conference in Paris. Mr. Beevor was educated at Winchester and at New College, Oxford. During the last war he served six years in the British Army (Royal Artillery and General Staff) and was awarded the O.B.E. for his services.

RICHARD H. DEMUTH

Assistant to the President, International Finance Corporation

Richard H. Demuth was appointed Assistant to the President of the International Finance Corporation on July 24, 1956, while continuing to retain his position as Director of Technical Assistance and Liaison Staff in the International Bank for Reconstruction and Development.

Mr. Demuth was born in New York City in 1910 and was graduated from Princeton University in 1931, receiving both his A.B. degree and a degree from the School of Public and International Affairs. He received his LL.B. from Harvard Law School in 1934 and for the next year served as law clerk to a Federal Circuit Court Judge. From 1935 to 1939 he practiced law in New York City with the firm of Simpson, Thacher and Bartlett and for the next three years was Special Assistant to the Attorney General, assigned to the Office of the Solicitor General in Washington, D.C. From 1942 to 1946 he was an officer in the Army of the United States serving in the Air Technical Service Command, and later as Legal Adviser to the Industry Division, Office of Military Government for Germany (U.S.)

Mr. Demuth has been associated with the International Bank for ten years. From 1947 to 1951, he was Assistant to the Vice President and since that time has been director of Technical Assistance and Liaison. In this capacity his responsibilities have included the organization of the Bank's technical assistance activities and, over the last five years, coordination of the Bank's preparatory work on IFC. Mr. Demuth has also headed a number of missions to the Bank's member countries.



DAVIDSON SOMMERS

General Counsel, International Finance Corporation

Davidson Sommers was appointed General Counsel of the International Finance Corporation on July 24, 1956. He became a member of the legal staff of the International Bank in November 1946 and was appointed General Counsel of the Bank in August 1949.

Mr. Sommers was born in St. Paul, Minnesota in 1905. He was graduated from Harvard University in 1926 and received his LL.B. from the Harvard Law School in 1930. For the next seven years he practiced law in New York City with the firm of Parker and Garrison (later Parker, Finley and Benjamin). In 1938 he became Assistant Corporation Counsel of the City of New York and, in the following year, returned to general law practice as a member of the firm of Parker and Duryee in New York. From 1942 to 1945, Mr. Sommers was an officer in the United States Army Air Forces, serving first with the AAF Technical Service Command and later as Assistant Executive to the Assistant Secretary of War in Washington. For the year before he joined the Bank in 1946, he was Special Assistant to the Secretary of War.