

## IFC Postcards From the Past

### How long did it take to create IFC?

The creation of IFC took roughly 12 years. The concept of a multilateral entity to provide financing to the private sector without government guarantees was debated as early as the Bretton Woods conference of 1944. But a political consensus sufficient to overcome opposition was slow in building. At its 1952 annual meeting in Mexico City, for example, the World Bank informally surveyed bankers, businessmen, and international investors on the idea and found a mixture of mild interest and strong opposition. Some opponents, including the National Foreign Trade Council in the United States, contended that the major barrier to private sector development was not a lack of capital but the absence of an appropriate investment climate. Other opponents, such as the U.S. Treasury and Federal Reserve System, argued that public participation in the private sector would undermine rather than foster free enterprise and that there were too many international bureaucracies already. By 1953, the idea of creating IFC was all but dead, with the *New York Times* reporting that the World Bank itself had concluded the idea was "impracticable under present circumstances." A year later, matters were still grim, with the *Times* carrying the headline, "World Loan Unit Appears Doomed."

The stalemate finally broke in late 1954. World Bank President Eugene Black, fresh from an annual meeting where developing nations had complained about a lack of capital for private sector growth, noted mounting political pressure on the Truman administration, particularly from Latin American nations seeking a regional development bank. Black decided the time was right to put forward his plan for IFC once again. Secretary of Treasury George M. Humphrey announced his support for the plan on November 11, 1954 – two weeks before the Inter-American Economic Conference in Rio de Janeiro. As a political gesture, the creation of IFC failed to impress some observers. As one conference delegate told *Time* magazine in December 1954, "The U.S. gave us too few 'yesses,' but their 'nos' were said with grace." Nonetheless, *Time* hailed IFC as a "most dramatic" initiative, and after a slow start in the first few years, IFC would chalk up five decades of profitable development financing.

If you have an idea for a "postcard from the past," please email Celeste Diaz-Ferraro at [cdiazferraro@ifc.org](mailto:cdiazferraro@ifc.org).