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Washington, D.C.

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ONARAN, MEKIN H. - ARTICLES and speeches (1949 - 1950)

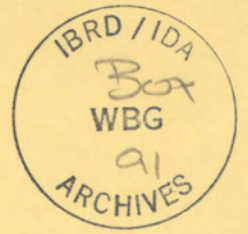


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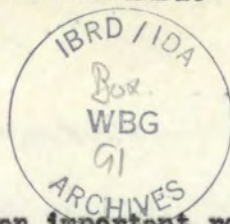
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ONARAN



Mekin H. Onaran, Radio Talk
April 8, 1949

We all know what an important role capital actually plays in our present drive of economic development of our country. To buy a simple plough a peasant must have some money set aside; in order to build a modest yarn factory one must in some way bring together some few thousand liras; to build roads or to irrigate a fertile land, the State must appropriate millions out of accumulated funds in the Treasury. Just as we need local currency to spend on capital items within the country, so we must have foreign currency in order to purchase and import production goods from abroad. Consequently, we have to examine foreign credit institutions and have a clear understanding of their operation and characteristics.

I shall now try to give some information to my citizens on the structure and credit policy of the World Bank, because I am convinced that it is the institution which could be of good service to my country in easiest terms. But I think there is another and stronger case for my talk on the World Bank and that is, our Government is a share holder of the Bank and it is only natural that we all should know something about an institution in which twenty million Turks have invested money -- in other words, an institution which is also ours.

First, I would like to say a few words about the line of thought which gave birth to the World Bank: In 1944 forty-four nations met at Bretton Woods and discussed the institution of a sort of a cooperative bank which would have a double task. Firstly, to procure credit for the reconstruction of industry, agriculture and means of transportation destroyed by war; and secondly, for the development of underdeveloped areas of the World. The latter was calculated to be as important as the former, because

the existence of relatively backward and undeveloped countries or areas was looked upon as a major threat to World peace.

An agreement was reached at that conference and the International Bank for Reconstruction and Development was founded. Turkey signed that Agreement on the 11th of March 1947 and subscribed to the capital for 430 shares of 100,000 dollars each, which amounts to 43 million dollars or 120 million Turkish liras.

At present, 47 nations are members of the Bank. The capital of the Bank at the end of February 1949 reached the sum of 8 billion dollars. According to the Provisions of the Articles of Agreement, 20% of the subscribed capital must be paid at once by the member country, the remaining 80% constitutes the reserve of the Bank to be called for in case of necessity.

Thus, the Bank has a paid-up capital of one and one-half billion dollars and a reserve of 6 billion dollars guaranteed by the 47 member nations. It is obvious that one and one-half billion dollars of paid-up capital will hardly be sufficient for the credit requirements of all the members, but the Bank issues Bonds, whenever necessary, in the American and other favorable money markets, and puts the proceeds at the disposal of the member country seeking credit.

Up to the present date, the Bank issued bonds in the American market to the tune of \$250,000,000 and in the Swiss money market 17,000,000 Swiss francs, the interest on these bonds varied between 2.25% and 3% according to their maturities. The rate of interest the Bank charges from the borrower is approximately 4-1/2%.

Now a few words on the operation of the Bank: As I mentioned before, and as you will understand from its title, the Bank has been created for the purpose of helping the reconstruction of the War damaged countries

and the development of economically backward countries. Consequently, no credit is granted for the construction of say, a casino or a swimming pool. And we must always bear in mind that the Bank is not a relief institution, but contrary to any ordinary Bank and exactly like a cooperative credit society, it only grants loans to its share holders. As it is ultimately responsible for the fate of the capital of its members, the Bank displays great prudence in its credit policy. It is an accepted rule of the Bank to request, as a first step, from the would be borrower, to submit definite purchasing program or in development loans, specific projects for which credit is sought. As a second step in a loan operation, it sends its Missions of experts to the country of prospective borrower for a close examination of over-all economic and financial position of the country and the technical know-how. These experts study the credit worthiness of the country and select the projects which are of a bankable form and calculated to be most beneficial to the quick development of the country concerned.

Here another significant service of the Bank is revealed, especially for the countries that are yet in their early stage of economic development and that is, the advice that the Bank might supply to the member country, as a result of the studies of its missions, as to any reform that could be carried out in member country's economic and financial organization. In order to be sure that the loan granted is repaid in due time, the Bank only extends its help to countries having a sound economic and financial background and would gladly send, on demand, experts to advise the Government concerned on any reforms.

There is another point which I would like to make clear and that is, that the Bank's financial help is by no means confined to the States of

member countries but is also extended to private firms and semi-official corporations, provided that the local Government guarantees its repayment. When a private firm or a corporation seeks credit from the Bank, the standing and the financial solidarity of the firm and the purpose for which the loan is going to be used are equally examined by the Bank.

Another interesting characteristic of the credit policy of the Bank which deserves our attention here, is that the borrower is left free to make its purchases in any market it thinks most suitable for itself. The only conditions imposed upon the borrower is that the proceeds of the loans should be spent in accordance with the terms of the Agreement between the borrower and lender and for purposes indicated therein. For example, the borrower cannot use a loan made to finance an irrigation project, in purchasing locomotives. To insure the fulfilment of this condition, the Bank controls the purchases, the price of the material bought and the use to which such materials are put in member countries themselves. The total amount of credit the Bank has so far granted for reconstruction purposes, amounts to \$525,000,000 and the corresponding figure for development is \$125,000,000.

The Turkish Government has also approached the Bank for a development credit and already submitted its projects, among which there are those pertaining to flood control and irrigation, purchase of silos for storing grain, port equipment, hydro-electric power plants, cement factory, textile machinery, cargo boats, and post, telegraph, and telephone equipment.

Lastly, I am convinced that the activity of the Bank in the future will be primarily concerned with assisting the underdeveloped countries, like Turkey, where the natural resources are rich and the know-how is promising; and that there will be created an atmosphere in which "the tool will work and the hand will be proud of it."*

(*Turkish proverb.)

Mr. Mekin Onaran

Doris R. Eliason



May 27, 1949

Radio Broadcast Translated into Turkish and Arabic

Yesterday lists were sent to you covering proposed mailing of your broadcast in Turkish. These lists are for Iraq, Turkey, and one name in Cyprus. There are approximately 115 names. In addition, we plan to send the broadcast to the Ambassador of Turkey and the Commercial Counselor (both the New York and Washington addresses of the Commercial Counselor) who are on our special mailing list for embassies, and the Financial Counselor who is on our mailing list for five copies of every press release and publication. We will also send the broadcast to the Turkish Information Office in New York City which receives copies of every press release and publication, to Mr. Ahmed Izzet Mohammed, Second Secretary of the Embassy of Iraq, and to the Minister of Iraq.

Next week our lists will be sent to you for the following countries: Lebanon, Syria and Palestine. It is proposed that the broadcast if translated into Arabic will be sent to these lists, and also the lists for Iraq which should receive it in Arabic in addition to the Turkish language. The Minister of Lebanon and the Minister of Syria will also receive the broadcast if translated into Arabic.

Our present mailing lists covering all countries in the Middle East (Egypt, Iran, Iraq, Syria, Lebanon, Turkey, Afghanistan and Cyprus) were sent on May 18 to Mr. Engert of the Loan Department, who is presently in Cairo. Mr. Engert has been asked for suggestions for additions, corrections and deletions. We have no lists as yet covering Aden, Anglo Egyptian Sudan, Saudi Arabia or Trans Jordan.

Mr. Bayne and Mr. Iliff have also looked over our mailing lists for the Middle East and Mr. Bayne made some suggestions.

*Strip lists on
Lebanon
Syria
Palestine*

Sent to Mr Onaran 5/31/49

*Instructions for mailing
to Mr Carter 10/21/49*

10/6/49 - 3000 - ordered

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Washington 25, D. C.

Mekin Onaranın Milletlerarası İmar
ve Kalkınma Bankası hakkındaki
konuşmasının metni.

(Bu konuşma Türkiye radyosunda
yayınlanmak üzere, Laiké Success
de, 5 ağustos, 1949 da, plaga
alınmıştır.)

Sevgili Yurttaşlarım:

İktisadî kalkınma hamleleri yapmakta olduğumuz şu devrede, mem-
leketimizin sermayeye olan ihtiyacını hep biliyoruz. Bir
çiftcinin basit bir sapan alabilmesi için, birikmiş bir parası
bulunmak gerekmektedir; küçük bir iplik fabrikası kurmak için
bir yolunu bulup, binlerce lirayı bir araya getirmemiz lazımdır;
yol yapmak veya bereketli bir ovayı sulamak için Devletin Hazine-
den milyonları bu işe ayırması icabeder. Memleket içindeki masraf
yerlerine harcamak için nasıl toplu bir Türk parasına mühtac
oluyorsak, yabancı ülkelerden alacağımız istihsal mallarının
bedellerini ödemek için de, birikmiş yabancı paralarına o suretle
ihtiyacımız vardır. Şu halde dış memleketlerdeki kredi müessesese-
lerini gözden geçirmemiz ve bunların mahiyetlerini anlamamız en
önemli işlerimizdendir.

İşte bu düşünce ile Dünya Bankasını sizlere tanıtmayı faydalı
bilmektayım. Zira bu Bankanın en müsait şartlarla bize hizmet
edebilecek bir kredi müessesesi olduğuna kaniim. Kaldı ki,
Dünya Bankasında Hükümetimizin de hissesi vardır; yirmi milyon
Türkün para yatırdığı, yani, aynı zamanda bizim olan bir müesse-
senin mahiyetini ve nasıl çalıştığını bilmemiz kadar tabii bir
şey olamaz.

Önce, Bankanın ne gibi fikirlerle meydana geldiğini anlatayım:
1944 yılında Amerikanın Bretton Woods şehrinde 44 millet
temsilcileri toplanarak milletlerarası bir kredi kooperatifi
kurulmasını görüşmüşlerdir. Bu kooperatif iki gaye ile kredi
temin edecekti: birincisi, harpten yıkılan fabrikaları, dağılan
tarlaları, inşa edilen taşıt vasıtalarını yerine koymak; ikincisi,
iktisaden geri kalmış ülkelerin kalkınmasını sağlamak. Bu ikinci
nokta birincisi kadar önemli görülmüştür; zira bazı milletlerin
zengin olması ve bazılarının fakir kalması harplara yol açan
sebeplerden sayılmıştır. Bu toplantı ve görüşme sonunda bir
anlaşmaya varılmış ve bir şartname kaleme alınarak Milletlerarası
İmar ve Kalkınma Bankası adı altında bir müessese kurulmuştur.

Türkiyemiz 11 mart 1947 tarihinde bu şartnameye imzasını koyarak
beheri 100.000 dolar olan hisse senetlerinden 430 adet almağı
taahhüt etmiş ve Bankanın sermayesine 43 milyon dolarla, yani,
120 milyon liragile katılmıştır. Bankada bugünkü halde 48
devlet hissedördür.

Haziran 1949 sonu itibarile Bankanın sermayesi 8 kûsur milyar dolari bulunmaktadir. Şartname hükümlerine göre, her Devlet sermayeye yazildiđi miktarın o/o 20 sını derhal yatırmakla mükelleftir; kalan o/o 80 Bankanın ihtiyatını teşkil etmektedir ve lüzmu halinde hisse sahiplerinden istenecektir.

Görülüyor ki, Bankanın 1.5 milyar dolari aşan yatırılmış sermayesi ve 48 devletin tekeffül ettiği, 6.5 milyar dolarlık itibarı bulunmaktadır.

Bankanın yatırılmış sermayesinin 48 devlete uzun vadeli kredi açmak için yetişmiyeceđi aşıkardır, bunun için Banka, lüzüm gördükce tahvil çıkararak Amerikan piyasasında ve müsait başka piyasalarda satmakta ve elde ettiği paraları kredi isteyenlerin emrine vermektedir. Banka bu suretle şimdiye kadar Amerikan piyasasında 250 milyon dolarlık ve İsviçre piyasasında 17 milyon İsviçre franklık tahvil satmıştır. Bu tahvillerin faizleri, vadelerine göre, o/o 2.25 ile o/o 3 arasında değişmektedir. Bankanın verdiği krediler üzerinden aldığı faiz o/o 4 1/2 civarındadır.

Şimdi gelelim müessesenin yaptığı muamelelere:

Yukarıda söylediđim gibi ve isminden de anlaşılacağı üzere, Banka, istihsal vasıtaları harpta zarara uğrayan yerlerin yeniden inarına, ve hayat seviyesi düşük memleketlerin kalkınmasına hizmet maksadile kurulmuştur. O itibarla, mesela kazino inşası veya yüzme havuzu yapılması için kredi vermemektedir. Fakat, Bankanın bir hayir müessesesi olduğunu düşünmek de hatalı olur. Bu müesseseyi milletlerarası bir kredi kooperatifi olarak kabul etmek daha doğrudur. Zira Banka ancak kendi hissedarlarına kredi açmaktadır. Ve üye memleketlerin yatırdıkları paraların mukadderatından sorumlu olduğu için, muamelelerinde tıpkı ticaret bankalarının yaptığı gibi, tamamen ticarî görüşle hareket etmektedir. Bu maksadı sağlamak için, Banka, bir usul kabul etmiştir. Buna göre, kredi isteyen üye memleketin krediyi sarfedeceđi yerleri belirli olarak göstermesi, veya bu para ile kuracağı tesislerin kesin iktisadî ve teknik projelerini Bankaya önceden tevdi etmesi lazımgelmektedir. Bu yapıldıktan sonra, krediyi telb eden memlekete uzmanlar gönderilmekte ve o memleketin, umumî iktisadî malî ve teknik bilgi durumları incelenmektedir. Bu uzmanlar, tetkikleri sonunda, memleketin krediye liyakatının derecesini ve verilen projelerin içinde en müstacel ve memleket için en hayırlı ve kârli olanlarını seçerek bunları bir ehemmiyet sırasına koymaktadır.

İşte burada Bankanın önemli bir vazıfesi daha kendiliğinden belirlemektedir: o da gönderilen bu uzman heyetlerinin ilgili üye memlekete, gerekiyorsa, iktisadî ve malî islahat için tavsiyelerde bulunmalarıdır. Çünkü Banka açtığı kredinin ana ve faizinin kendisine tekrar ödenmesi üzerinde çok hassastır; bu itibarla, teşkilatı islahat muhtaç memleketlere, ancak, bu islahat yapıldıktan sonra para vermektedir.

Burada bir noktayı daha açıklamam faydalıdır, o da şudur: Banka hissedar memleketlerin devletlerine olduğu gibi, hususî teşebbüs erbabına da kredi vermektedir. Ancak, bu taktirde borcun mahallî hükümetçe garanti edilmesi ve teminat altına alınması şarttır. Hususî veya yarı resmî bir müessese kredi istediği zaman, yine aynen ticaret bankalarının yaptığı gibi, Bankanın uzmanları bu müessesenin geçmişteki çalışmalarını, itibarını, ve malî durumunu incelemekte ve neticede, Banka durumu sağlam görürse, ve kredi ile girişilmesi düşünülen işin iktisadî ve memlekete hayırlu olacağına kanaat getirirse, Hükümetin resmî kefaletile, istenen para verilmektedir.

Bankanın bir hususiyeti de, her türlü para üzerinden kredi açması ve borçluyu istediği memleketten mübayaada serbest biralmasıdır, Ancak, alınan paraların mahalline sarfedilmesi şarttır Mesela, sulama işleri için alınan para ile lokomotif mübayaasına imkân yoktur. Zira ozaman bütün gaye kaybolmuş olur. Bunu sağlamak için Banka, verdiği paralarla yapılan mübayaatı, alınan malların fiyatlarını ve kullanıldığı yerleri sıkı surette kontrol etmektedir.

Bügüne kadar Harptan zarar gören Avrupa memleketlerine, imar maksadıyla 525 milyon dolarlık ve Güney Amerika memleketlerine ve Holanda ve Finlandiyaya kalkınma maksadile 152.600.000 dolarlık kredi açılmıştır.

Hükümetimiz de Bankadan kalkınma kredisi talep etmiş ve bu maksatla lüzumlu projeleri Bankaya tevdi etmiştir. Bu projeler arasında, Seyhan bölgesinde sel âfetini önleme, sulama ve sudan elektrik istihsali, zahire depolamak için silo tesisati, liman inşası ve teşhizatı, gibi işler bulunmaktadır.

Son olarak, şuna inanmaktayım ki, gelecekte, Bankanın faaliyeti ve hizmetleri daha ziyade, Türkiyemiz gibi, zengin bir toprağa, ve zekî istidatlara malik memleketlere teveccüh edecek ve burarlarda da mesut bir hava içinde 'alet işliyecek, el övünecektir.' -

Hoşça kalın sayın dinliyenlerim.

10/18/49 - 300c ordered

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Washington 25, D.C.



Radio Address by Mekin H. Onaran, Executive Director
for Turkey, Egypt, Iran, Syria, Iraq, Lebanon and
Ethiopia. Broadcast September 15, 1949.

We all know what an important role capital actually plays in our present drive of economic development of our country. To buy a simple plough a peasant must have some money set aside; in order to build a modest yarn factory one must in some way bring together some few thousand liras; to build roads or to irrigate a fertile land, the State must appropriate millions out of accumulated funds in the Treasury. Just as we need local currency to spend on capital items within the country, so we must have foreign currency in order to purchase and import production goods from abroad. Consequently, we have to examine foreign credit institutions and have a clear understanding of their operation and characteristics.

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At present, 48 nations are members of the Bank. The capital of the Bank at the end of May 1949 reached the sum of 8.4 billion dollars. According to the Provisions of the Articles of Agreement, 20% of the subscribed capital must be paid at once by the member country, the remaining 80% constitutes the reserve of the Bank to be called for in case of necessity.

Thus, the Bank has a paid-up capital of over one and one-half billion dollars and a reserve of over 6 billion dollars guaranteed by the 48 member nations. It is obvious that one and one-half billion dollars of paid-up capital will hardly be sufficient for the credit requirements of all the members, but the Bank issues Bonds, whenever necessary, in the American and other favorable money markets, and puts the proceeds at the disposal of the member country seeking credit.

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Now a few words on the operation of the Bank: As I mentioned before, and as you will understand from its title, the Bank has been created for the purpose of helping the reconstruction of the War damaged countries and the development of economically less developed countries. Consequently, no credit is granted for the construction of say, a casino or a swimming pool. And we must always bear in mind that the Bank is not a relief institution, but contrary to any ordinary Bank and exactly like a cooperative credit society, it only grants loans to its share holders. As it is ultimately responsible for the fate of the capital of its members, the Bank displays great prudence in its credit policy. It is an accepted rule of the Bank to request, as a first step, the would be borrower to submit definite purchasing program or in development loans, specific projects for which credit is sought. As a second step in a loan operation, it sends its Missions of experts to the country of prospective borrower for a close examination of over-all economic and financial position of the country and its technical know-how. These experts study the credit worthiness of the country and select the projects which are bankable and calculated to be most beneficial for the quick development of the country concerned.

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semi-official corporations, provided that the local Government guarantees its repayment. When a private firm or a corporation seeks credit from the Bank, the standing and the financial solidity of the firm and the purpose for which the loan is going to be used are equally examined by the Bank.

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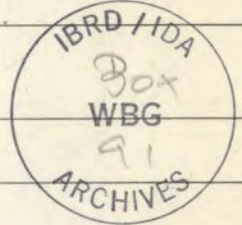
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(*Turkish proverb.)

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Radio Broadcast by Mr. Onaran in Turkish (with English Translation)					Oct. 21, 1949		
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<input checked="" type="checkbox"/> 2 14E	Non-U.S. - All Names for Iraq & Turkey	10/24	Third		107	OCT 26 1949	
<input checked="" type="checkbox"/> 3 14B	UN Voluntary Speakers - Turkey Only	10/24	Third		2	OCT 26 1949	
<input checked="" type="checkbox"/> 4 14B2	UN Depository Libraries - Turkey Only	10/24	Third		4	OCT 26 1949	
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ARCHIVES

I am going to talk to you today on some welcome activities of the International Bank for Reconstruction and Development, along the lines of the principles set forth in President Truman's "Point IV" program, that is to say, in connection with technical aid to our country. As you know, our government has applied to the World Bank, in whose capital we also have a share, and submitted three projects concerning the building of Seyhan Dam, port development and equipment, and silo construction for grain storage, and has asked for financing of the foreign exchange expenditures of these projects. When the Bank's missions visited Turkey and made necessary studies in connection with these projects, two very important shortcomings of our economy struck them. One of these was the need to encourage private industry and create a private capital market, and the other was the necessity of an overall study of our economy and our administrative machinery, especially in order to draw up a priority plan for investment in general.

The World Bank, with the backing of our government, has immediately taken up these two matters and formed two missions; and it has retained two American experts, Mr. Harold F. Johnson and Mr. James M. Barker, to help these two missions. The Bank's jargon calls these two missions the "Johnson mission" and the "Barker mission." The Johnson mission, which was set up in order to study the question of encouraging private enterprise, visited Turkey last October and November and made its first studies and contacts with the Turkish government, on the one hand, and businessmen in the big trade centers of the country on the other. It has drawn up the broad lines of its recommendations, which have been accepted by the Turkish government and by the Bank.

Mr. Johnson is at present in Turkey, working out the details of his mission's findings. The broad lines of this project are as follows: An industrial credit institute is going to be created in order to supply long-term credit to private industry. The capital of the institute will be 12½ million Turkish liras, which will be subscribed by the private commercial banks of Turkey and by private investors. The Central Bank has agreed to extend loans to the institute by discounting its bonds up to an amount of 12½ million Turkish liras, and I hope and believe that the World Bank will grant a loan of up to \$9 million to the institute as and when required. Thus the institute is going to

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operate with capital resources amounting in total to 50 million Turkish liras. The Board of the institute is going to be recruited from among Turkish businessmen. The institute will also have a technical board composed of first-class economists and technicians.

The institute is going to make loans to private industries in Turkish liras and in foreign exchange. It will supervise the work in which its loans are used until the time each loan is repaid to the institute. Technical services will be furnished when private capital desires to invest in new industries. The institute will be empowered to utilize its Turkish capital in the establishment of a new industry with the requirement, however, that the institute's participation would be sold as soon as the operation has proved successful. If a particular industry should seem necessary to Turkish economy but if private capital were not available for it, the institute would be empowered itself to establish and operate a project to demonstrate the possibilities of profit in that industry.

The institute would also help introduce foreign capital and investors to Turkey through the services of its administrative and technical staff. It would provide authoritative information on economic conditions and legal requirements, and help clarify the misunderstanding which openly exist among potential foreign investors.

This is the World Bank's first experiment along these lines. If proved successful in Turkey, it will be taken up in other underdeveloped member countries.

As to the Barker mission, as you know this mission was in Turkey towards the end of last year and it has made its preliminary surveys. Mr. Barker is presently in Washington working with the World Bank to complete his report. The Barker mission is going back to Turkey to stay three months and its work will deal broadly with the following:

1. The directions in which investment might best be channeled into Turkish economy. This would involve recommendations as to investment priorities as among various important sectors of the economy, and as among various types of undertakings within each such sector;

2. Other methods and measures which might raise the level of Turkey's agricultural and industrial production and improve the efficiency of its distribution

system;

3. Public financial policies and administrative mechanisms appropriate to carry out Turkey's development objectives.

Thus the World Bank has taken up our three projects, and with regard to the question of technical aid it is giving serious consideration to our two most important problems. I am confident the capability and adaptability of the Turk will complement its endeavors.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date **Nov 15**

T0-	Name	Room No.
1	Miss Maher	1109
2	<i>Elsson</i>	<i>1124</i>
3		
4		

FOR-

	Action	Initialing
	Approval	Preparing Reply
	Comment	Previous Papers
	Filing	Noting and Returning
<input checked="" type="checkbox"/>	Full Report	Recommendation
	Information	Signature

REMARKS

A little assist, for you from us.

We got it from Mr. O.

*Apparently going to be
in Inf. Bulletin
but here it is for your
records*

FROM- **R. L.** *a. brown*

DRAFT COPY FOR BULLETIN

Information Division
Secretary's Department

Public Relations

Bulletin No. 46

Speeches

Mmm

Copies in Arabic of Mr. Onaran's recorded speech about the character and operation of the Bank have been sent to Egypt, Syria, Iraq, and Lebanon, through the courtesy of the Governors of these countries, to be broadcast on their respective radios.

Mr. Onaran has enclosed Turkish copies of the speech in letters sent to the Chambers of Commerce of Ankara, Istanbul, and Izmir, and to the Association of Merchants in Istanbul, on the occasion of Mr. Harold F. Johnson's mission to Turkey for the purpose of studying the ways of possible reorganization of the private capital market in Turkey.

