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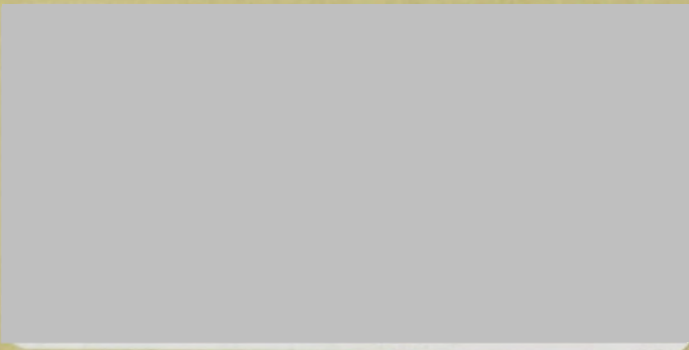
THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
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PUBLIC DISCLOSURE AUTHORIZED

President McCloy's correspondence, 1947-1949 [Emilio J. Collado]

1947, March - July
correspondence 01



RETURN TO ARCHIVES IN MC C3-120

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BOX # 1

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The World Bank Group
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 President J. McCloy Correspondence - Correspondence 01

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JUL 18 1947
Collado, Emilio
E.

3021 45th Street, N. W.
Washington, D. C.
July 17, 1947

Mr. John J. McCloy, President
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C.

Dear Jack:

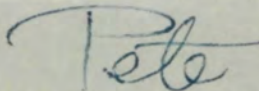
I am today closing my office and going off to the beach for the rest of the month. I may be reached at 3 Oak Avenue, Rehoboth, Delaware, telephone 6941. Thereafter I shall be in Washington cleaning up a few commitments before going to New York September 2nd.

I am scheduled to help out Will Clayton during part of August and to continue on a consultative basis thereafter involving a rather small amount of time. If there is any way in which I may be of service to the Bank, do not hesitate to call on me. After September any consultation would have to be, like that with the Department of State, on a purely honorary basis. I believe that Harry White is continuing in some such capacity with the Fund.

I should appreciate your making available to me a copy of the resolution adopted at the board meeting of February 28 after I had withdrawn.

I have been very pleased to hear of the enthusiastic reception accorded the bonds of the Bank, and hope that the Bank and you will continue your successful course.

Sincerely yours,



Emilio G. Collado

US Executive Director May 7, 1946 - March 13, 1947



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| Document Date June 11, 1947 | Document Type Memorandum |
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| Correspondents / Participants To: Mr. McCloy _____ From: Emilio G. Collado _____ _____ |
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| Subject / Title Part-time consultation _____ _____ |
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| Reason for Restriction (b) Personal Information relating to staff appointment and selection processes. _____ _____ |
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The items identified above have been restricted in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

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| Withdrawn By Vlada Alekankina | Date August 4, 2011 |
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| Correspondents / Participants To: Mr. McCloy _____ From: R. L. Garner _____ _____ |
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| Correspondents / Participants To: Mr. Riley _____ From: M. Linahan _____ _____ |
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| Withdrawn By Vlada Alekankina | Date August 4, 2011 |
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727 19th Street, N. W.
Washington 6, D. C.
May 24, 1947

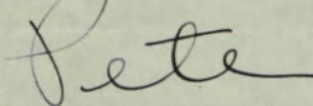
Mr. John J. McCloy, President
International Bank for
Reconstruction and Development
Washington, D. C.

Dear Jack:

The other day we discussed the form and contents of the next annual report of the Bank. I have since learned that the Fund is preparing a very comprehensive statistical and analytical survey of international finance and the developments in the member and for that matter the non-member nations. Mr. Bernstein suggested that the Fund and Bank might jointly sponsor the general background section of such survey, and each include in its own report proper such analysis, summation, and recommendation about its own field as seems appropriate to it.

I should suggest that your research people take this matter up with him at an early date, as it is not any too soon to begin the work which must be all finished in August. If, as the other day you indicated you might, you are at all interested in having me collaborate on any portion of the report, I should suggest further that we discuss this matter right away.

Sincerely yours,


Emilio G. Collado

727 19th Street, N.W.
Washington 6, D. C.
May 23, 1947

Mr. John J. McCloy, President
International Bank for
Reconstruction and Development
Washington, D. C.

Dear Jack:

I have studied with interest the Bank's French loan contract, and should like to make some comments with respect to Article V on Bonds. These comments are not addressed particularly to bonds arising out of this or any other French loan, but rather to bonds of good credit risks generally.

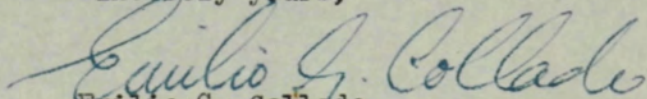
My comments relate entirely to the provisions of Article V as they affect the placing without recourse in the market of obligations received by the Bank in loan operations, such placing falling within Article IV Section 8 (i) of the Articles of Agreement. Since the Bank is not to compete with private investment, and since it may make new loans only when satisfied that private investors will not on reasonable terms, there is at least a presumption in favor of a policy of marketing its portfolio, other things being equal, when market conditions permit.

But Section 3 relieves France of the obligation to pay the one percent commission under these circumstances. Thus, looking at the matter from an economic rather than a legalistic point of view, the obligation is changed from an overall 4-1/4 percent security to a 3-1/4 percent one. This very effectively limits the possibility of the Bank marketing any but the shortest maturities of the highest grade borrowers. Consideration should, I suggest, be given to simple provisions whereby all or part of the one percent may be made available by France to private investors willing to accept the risk without recourse to the Bank. Such provisions would work no hardship on France.

Section 2 requires the consent of France to the marketing of the bonds. I am not sure that this is really necessary and believe that the Export-Import Bank has not only reserved the right unilaterally to sell off its portfolio but has required the borrowers to agree to take care of SEC registration, etc.

I have, in addition, a number of ideas on the question of selling short maturities, their pricing, effects on the Bank's portfolio and Special Reserve, which I should be glad to offer if you are interested.

Sincerely yours,


Emilio G. Collado



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| Document Date May 17, 1947 | Document Type Memorandum |
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| Correspondents / Participants To: Mr. McCloy From: Emilio G. Collado |
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| Subject / Title Part-time consultation |
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| Withdrawn By Vlada Alekankina | Date August 4, 2011 |
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**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

WASHINGTON 6, D. C.

May 9, 1947

Dear Jack:

In accordance with my letter of May 1, I am transmitting herewith the last of the memoranda in my immediate program. I have made arrangements to sublet an office around the corner from the Bank at 727 19th Street, N. W., telephone Executive 3814. I understand that Miss Gembarowski will move to the Treasurer's Office on Monday and that the office at 1217 will be discontinued.

I shall of course, as I indicated in my letter of May 1, be prepared to consult further with you in any way that you may suggest.

Sincerely yours,

Emilio G. Collado
Emilio G. Collado

Mr. John J. McCloy, President
International Bank for Reconstruction
and Development

DECLASSIFIED**OFFICE MEMORANDUM**

CONFIDENTIAL NOV 15 2010

TO: John U. McCloy

DATE: May 6, 1947

FROM: E. G. Collard *egc*

SUBJECT:

You may be interested in excerpts from memoranda which I have prepared for Dean Acheson:

U. S. Balance of Payments--If existing proposals before the Congress for occupied areas, post-UNRRA relief, and Greece and Turkey are enacted, there will be no over-all problem of financing the U. S. balance of payments before the latter part of 1948. In 1948 several individual gaps will begin to appear and by 1949 the over-all gap will be a considerable proportions.

Other National Financing--The Canadians have carried on and further authorized a program of international financing on a scale relatively much greater than that of the United States. There now exist many evidences that the Canadians have over-extended themselves and they are making no new commitments. By the latter part of 1948 they may be able to resume a lending function. The United Kingdom has also been strained by its post-war lending and other financing activities, and probably even Sweden is reaching a limit for the time being.

Further

Role of the International Bank--The Bank clearly will not carry out over the next three to five years the role for which it was intended and which it could have played. During the coming 18 months its financial resources would permit it to make all of the commitments which its members are likely to justify and document unless a program of technical aid is instituted. Thereafter, the Bank's operations, as presently contemplated, will fall far short of potential productive lending outlets.

Major Areas of Difficulty--The major economic and financial problems are concentrated in a relatively few areas, with one exception the large countries. These areas are the United Kingdom, France, Germany, China, and Korea. Most of the smaller countries of Europe are doing rather well. Even Italy is making important strides, although I feel strongly that an additional \$100 to \$150 million of grant-aid by 1948 over present plans would place her in a very sound position to borrow for productive developmental purposes. Austria and Hungary should have some financing by winter and this plus Trieste will probably require special Congressional action.

United Kingdom--The crux of the U. K. problem is whether in fact balance of payments equilibrium will be achieved by 1950. Funds now available to the United Kingdom should carry her well into 1949. At that time, or perhaps by the latter part of 1948, it should be possible to judge whether those funds supplemented possibly by short-term recourse to the Fund will do the job. The internal job of the United Kingdom would be immensely aided by rapid recovery of Europe.

France--The Monnet plan is largely facade for a subsistence import program which will require \$1 to \$1.25 billion more external aid to see it through. The French have made real progress and have probably done almost as much as could be expected. With British austerity, practiced starting in 1946, the \$500 million which should be forthcoming in installments from the International Bank, would have seen France through. As it stands France will have to have direct assistance, on very lenient terms, from the United States of at least \$500 million in 1948 and 1949.

Germany--The German problem is not primarily financial, but one of level of production and organizing to get it going. Germany, as everyone knows, has become the key to much further European recovery, especially as a supplier of coal, steel, and machinery, and as a market. A revolving credit of say \$100 million, to which the Export-Import Bank is giving preliminary consideration, would be enough to finance the initiation of trade, supplementing the minimum requirements type of thing which the Army occupied areas appropriation is designed to handle.

China--China's official holdings of gold and dollars are running out and there will be by early 1948 an acute need for external help of a foreign exchange, general import character quite apart from capital goods and materials for longer-run development programs. The Department should seek perhaps \$300 to \$500 million for this purpose during the current session of the Congress, as early in 1948 may be too late and uncertainty as to the provision of such aid will cause China to husband existing slender reserves curtailing unduly production based on imported materials. This recommendation is on top of the present discussion of whether the Export-Import Bank earmark of \$500 million should be maintained. The only alternative is a struggle to use existing Export-Import Bank funds for a purpose for which they are not suited. The Export-Import Bank and eventually the International Bank should be reserved for the longer-term capital projects which in general should come after some immediate grant-aid, assuming reasonable progress in achieving political stability.

Korea--The program of the occupation authorities amounting to some \$500 million for development and other purposes broader than the ordinary military occupied area appropriations.

Mr. McCloy

Page 3

Legislation Required--Immediate presentation to the present session of the Congress is required for the Chinese needs outlined above and probably for Austria, Trieste, and possibly Korea and Hungary.

If it were at all feasible politically, the best way to achieve these objectives would be to create some sort of new omnibus legislation of the so-called "neo-lend-lease" variety such as Oscar Cox and Walter Lippmann are favoring. In Europe at least the use of such powers might be related to agreement to reduce barriers to trade among the European countries although not necessarily the creation of full-fledged customs unions."

OFFICE MEMORANDUM

TO: John J. McCloy

DATE: May 8, 1947

FROM: E. G. Collado *esc*SUBJECT: Notes Relating to a Debt LimitDiscussions at Bretton Woods--

One aspect of the problem of a limitation on the obligations which the International Bank might or should incur to private investors--whether on account of direct obligations, on bonds and notes issued, the guarantee of bonds and notes issued by members or other entities with a guarantee of members, or on guarantees of loans made by private lenders--received a great deal of attention at the Bretton Woods' meeting. This was the multiplier to be used in determining the total loan limit of the Bank; such multiplier in conjunction with policy with respect to the maintenance of cash and other quick assets, in fact determines the over-all debt limit. At Bretton Woods it was not felt necessary to spell out a legal debt limit. The Articles of Agreement by implication fixed a debt limit equivalent to the loan limit, this is 100% of unimpaired subscribed capital plus any surplus and reserves.

A lot of attention was given to the multiplier and its relation to the security behind the bonds of the Bank and thus to the marketability of the bonds. A number of people came to Bretton Woods with the notion that about \$30 billion would be necessary over say 10 years, or even less, to reconstruct war devastation and provide for the development of underdeveloped countries. Feeling that \$10 billion of capital was all that it would be possible at that time to persuade the members to subscribe, these persons advocated a 3-1 ratio of loans to capital and reserves. They argued in terms of domestic banking procedures and ratios that this would be in fact a very conservative ratio and demonstrated how under any likely conditions the capital of the bank should be able to support such a volume of bonds. One delegation in fact argued that the ratio should be 8-1.

Within the United States delegation there was a wide range of views with probably the prevailing view that the ratio should be 125 or 150%. This view certainly was shared by the Chairman of the Delegation, Secretary Morgenthau, and the Vice-Chairman, Judge Vinson, as well as Harry White and others. Mr. Edward E. Brown, Chairman of the First National Bank of Chicago, Dean Acheson and I argued a much more conservative position which was finally adopted--that is 100% of capital and reserves. I know that the position that I took was based on a fairly careful analysis of the security behind the bonds on different assumptions as to world economic conditions. I felt and still feel that under any likely conditions a ratio of 125 or even 150% would in fact be supportable. I believed then as I believe now that the ratio of 100% was completely unassailable under any circumstances which a reasonable investor could assume.

We argued that \$10 billion would do the post-war job for several years; at that time we assumed that the Bank would be established and get going much sooner after V-J Day if not actually before V-J Day. We argued that if the Bank in fact proved successful beyond any question, the Governments could readily be induced to set up another series of capital subscriptions which could form the basis of a new bloc of bond issues and a new series of loans. Thus if events demonstrated that the ratio was too conservative it could subsequently in effect be modified by a new series or tranche. Although the governments would theoretically be subscribing larger amounts, experience would have demonstrated that they were not in fact liable to calls.

Alternatively it would theoretically be possible to amend the multiplier within the existing bank but this would require in practice a refunding of all of the obligations then outstanding. Undoubtedly a new series, really a new bank within the bank, would be the simpler technique.

This view, very vigorously supported by Ned Brown, coincided with the views of Lord Keynes, Bob Brand and the Dutch. After very extensive debate in which we were all termed reactionaries (a remarkable epithet to be applied to Keynes!) the present Article was adopted.

Theory of the Bank--

The theory which lay behind the Articles of Agreement and which was carefully and arduously sold to the U. S. Congress, was that of an international institution which would foster the investment primarily of private capital-- at the outset at least largely American capital--to foreign governments for productive projects of reconstruction and development with two forms of international guaranty to make such investment attractive to the private investors. The more basic guaranty was the capital subscription of the several members which was made available under appropriate conditions in the necessary currencies, and, as has been mentioned above, on a 1-1 basis so that at all times the investor would have if the Bank were loaned up two levels of assets behind the obligation which he held--the individual loans to members themselves and assets representing the capital and reserves at the Bank. The second type of guaranty arose from the establishment by all borrowers of a sort of insurance fund--the Special Reserve--to which weak and strong alike would contribute, the stronger borrowers thus setting up insurance reserves against the dangers of failure on the part of the weaker borrowers.

The commission to be devoted to Special Reserve was calculated to meet any defaults arising in the course of ordinary balance of payment fluctuations including sporadic difficulties in particular members. Recourse to capital was designed to be had only after several years of major world-wide economic prices.

The Bank was originally talked about in terms of guaranteeing privately placed obligations of the members. The fact that principal emphasis is now correctly placed on direct loans out of the proceeds of debenture sales makes no difference at all in the theoretical basis of the Bank.

U. S. Government Position--

The theory of the Bank was nicely calculated to be attractive to the Government of the United States for here was an institution which on an international basis and with all the indirect advantage of international participation, direction, and forum for consideration of mutual problems, would be in a position to encourage a capital outflow of say \$10 billion almost entirely from the United States, which by force of circumstance had to be the principal lending nation, with a commitment by the United States Government which was being hard pressed for international financial aid in other direction, of only \$3,175 million. This multiple relationship was very strongly urged in Congressional hearings and this relationship constituted the principal basis on which it was possible to sell the notion of an international bank rather than a mere extension of the Export-Import Bank for bilateral lending entirely under U. S. Government control and without participation by private investors. The Congressional hearings and the terms of the Bretton Woods Agreement Act constitute a clear directive to the U. S. authorities that the International Bank was to be operated in accordance with this theory and principle.

Let us then examine briefly the results from the point of view of the U. S. Government of the operation other than the one according to this theory and principle, that is an operation based on an assumption which has frequently been mentioned in private financial circles that bonds will be good only up to the limit of the U. S. subscription. We shall reserve for later comment certain detailed aspects as to exactly what such a limit would be. If the Bank operated, de jure or de facto, the latter fully known to and understood by the market, on a basis of limiting its bond issues and other obligations by virtue of guaranty of private lending, the Bank would be very expensive in the following ways:

1. Its bonds would be paying probably $3/4$ to $1-1/4\%$ more than the average of U. S. Treasury borrowings, a figure which is still under 2%. This payment would be made to private investors on obligations that are essentially U. S. Government guaranteed.
2. The cost of distributing its bonds would exceed considerably cost of distributing U. S. bonds.
3. The expenses of operating the institution are high as compared with a U. S. Government operation. The Export-Import Bank operates on a budget of about \$50 thousand a month.

4. The international character of the management and directorate of the Bank is not only expensive but perhaps less efficient than a purely U. S. governmental operation and in any event there are severe limitations on U. S. control.

As against these disadvantages there must be weighed the various aspects of an international political as well as economic character. Under all of these assumed circumstances it would be very difficult for the United States if it had occasion to make a new decision not to decide to do the job unilaterally by the Export-Import Bank.

The Marketing Problem--

Whatever the position of the United States and the other members and regardless of the strength of one's convictions both as to basic policy and the soundness of the Bank's bonds, the realistic problem is one of marketing such securities. The market simply is not prepared at any yields to take in 1, 2, or 3 years \$6 to 7.5 billion of bonds. A more modest beginning must be made and every proper device must be used to encourage a widespread investor interest in the Bank's obligations. One measure of the difficulty of the problem is a simple statistical one. If all life insurance companies and mutual savings banks purchased 5% of their total assets of International Bank securities, and commercial banks, state and national, purchased a full 10% of their capital and surplus in such obligations a total of \$4 billion of bonds would be placed. This takes no account of trust funds and private investors, of jurisdictions in which larger amounts of bonds might legally be purchased by institutions, nor jurisdictions in which no bonds or a smaller amount may legally be acquired.

The current marketing plans of the Bank which coincide as to amounts with previous programs discussed in the Bank and with the NAC are a difficult but not impossible sales operation. At the same time they are compatible for the next 12 or 18 months with the volume of proper loans which it would be proper and desirable for the Bank to make. The total of loan outlets in the next 12 to 18 months could be increased only by extensive aid to applicants on the development and presentation and execution of their programs. By 1949 the volume of "sound" outlets should run at considerably larger figures and at this point the job of selling the bonds of the Bank will begin to press upon the limits of \$2-1/2 to 3-1/2 billion which had been heard in financial circles. (I discard for a moment the problem of lag between commitments and disbursements and the corresponding liquidity policy).

It is at this point that the success or failure of the concept of the Bank will be evidenced.

Notes on Details--

1. Amendment of the Articles of Agreement would do little to improve the marketing of the bonds. An amendment which would slightly improve the situation of the Bank's treasury and permit a small increase in the Bank's treasury would be to alter the ratios of paid-in capital from the present 2% gold and dollar, 18% local currencies, and 80% uncalled to say 5%, 25% and 70%. This would improve the hard cash position of the Bank slightly by some \$400 million but would improve the hard currency position by only \$90 million. Consequently it would presumably not favorably affect the sales of bonds to persons who believed that only the U. S. capital was any good. Indeed, it might weaken such sales by reducing the uncalled U. S. capital to 70% as investors might have no confidence in the cash and reserves policy which the Bank's management might follow.

Of course the hard currency school would be favorably influenced by a shift in the proportion of the capital subscribed by members increasing the U.S. participation. Such a shift would be absolutely impossible of Congressional approval.

2. If it is properly decided that no limitation on the part of the Bank or the government on the Bank's bond issue can be countenanced, it becomes very undesirable psychologically to stress the point at which the bonds cease to be backed 100% by U. S. assets. When such a limit is approached a new educational job would have to be done to overcome an artificial resistance thus created. In fact if investors believe that such a dividing line marks the point at which the security behind the Bank's obligations declines, there may be difficulty in even approaching that figure under circumstances in which the investors have no assurance that the Bank's issues will not in fact exceed that amount. The latter was one of the principal reasons whereby in addition to being contrary to the U. S. interest, the limitation proposal suggested in connection with the N. Y. State insurance legislation would have failed to meet any of the purposes for which it was intended.
3. It follows from (2) that the only way to achieve such advantages in the sale of bonds as would accrue from a limitation, is by a definite covenant by the Bank or other limitation imposed irrevocably on the Bank's total issues. A de facto limitation would not carry full assurance to investors even though a de facto limitation would be the occasion for consideration by the U. S. Government of a drastic course of action.
4. The problem of how to reassure investors in long-term obligations that short-term obligations will not be subsequently issued and weaken their position--the basic answer to this problem of course is that all the bonds long and short will be 100% secure. This is an educational job.

Mr. McCloy
Page 6

But two ways exist for meeting the psychological hesitations of those investors who are either not fully educated or in any event not fully convinced. The less satisfactory from the investors' point of view would be to give holders of long-term obligations an option to buy into subsequent issues of shorter-term obligations. This only dilutes their fears by permitting them partially to hedge. A more satisfactory expedient from the investors' point of view would be to give holders of long-term bonds an option to convert them into the shorter-term issues. This has obvious disadvantages to the Bank and involves rather complicated adjustment of relative yields, etc. if the Bank is not to be unduly penalized. I do not wish to suggest that in any sense I am recommending the latter course but merely toss it out for consideration.

cc: Mr. Garner

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C.

May 1, 1947.

Dear Jack:

I am transmitting herewith a completed draft of my overall report entitled "The Role of the International Bank for Reconstruction and Development in International Finance, 1947-49". This is complete and I should stand on its conclusions and recommendations. The area analysis is, however, presented in a very summary form.

I have during the month of April submitted to you and Mr. Garner, in addition, notes and memoranda on the following topics:

Relations with the Bank for International Settlements.
Statutory Loan Committees.
French Payments to the U. S.
The Bank as an Underwriter.
Chilean External Debts.
Relations with Members and Governors.
Dependent Areas - Trieste.
Relations with the Foreign Bondholders Protective
Council and Other Similar Organizations.
French Loan Supervision Terms.
Financial Terms.
Use of Canada's Paid-In Capital.
Chilean Application.
Chilean Copper Situation.
Greek Financing.
Relations with United Nations Organizations and Other
Inter-Governmental Organizations.
Iran.
Port of Valparaiso.

In accordance with our conversation of last Saturday I propose to spend the next few days completing memoranda on:

Mr. John J. McCloy,
President, International Bank for
Reconstruction and Development,
Washington, D. C.

The Bank's Role in Aiding in the Preparation of
Projects - Engineering Services.
Notes Relating to a Debt Limit.
Advisory Council
US-USSR Financial Discussions, 1943-47.

With these, I believe my present work is done, and I shall plan to carry on any further consultation with you only if there are additional matters which you would like to raise with me. I have not yet determined finally whether I shall permanently set up an office in Washington or shall accept the New York position which we have discussed. I have decided to find temporary quarters here until at least the first of July. I agree with you, therefore, that if it is your wish to continue consultation, we should make some arrangement which reflects its part-time character and relation to my other consulting activities.

I feel strongly that a formal retainer basis is not appropriate, but that rather an hourly or daily basis would be preferable. I understand the Bank's arrangements with specialists such as Frederick Snare Engineering Corporation are on a time or spot job basis.

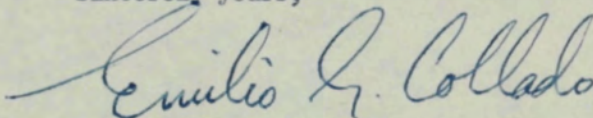
I should of course be happy to continue in an advisory or consultative basis with the Bank and believe that there are a number of ways in which I could be useful to you and it. These include:

1. General Policy and Trends - Consultation at regular intervals on the overall outlook, developments in large regions, such as Latin America. Any questions arising out of my overall report and previous memoranda, and immediately:
 - a. Expansion of views on the British outlook.
 - b. Summary discussion of the materials situation from data which I have collected.
 - c. Long-range balance of payments outlook - the prospects for eventual net repayment.

2. Country Questions - Consultation on specific loan applications, especially of Latin American members.
3. Spot Problems - Consultation on other spot problems, whether of financial terms and conditions, liaison with other agencies, etc. For example, history of and comments on gold and currency clauses in repayment terms.

I should be glad to discuss all of this with you on your return to Washington next week.

Sincerely yours,

A handwritten signature in cursive script that reads "Emilio G. Collado". The signature is written in dark ink and is positioned above the typed name.

Emilio G. Collado

OFFICE MEMORANDUM

TO: John J. McCloy

DATE: April 28, 1947

FROM: E. G. Collado *E.G.C.*

SUBJECT: Agenda and Plans

1. Progress--During the week ending April 26, I have submitted to you and Mr. Garner only one completed memorandum, on Iran. The rest of the days that I have been in Washington have been devoted to the over-all policy memorandum, an index of which I have also transmitted to you.
2. Work in process--
 - a. The role of the International Bank for Reconstruction and Development in international finance, 1947-49. Text complete, appendix material in process. Should be ready April 29.
 - b. The Bank's role in aiding in the preparation of projects--engineering services.
 - c. Notes relating to a debt limit.

cc: Mr. Garner

OFFICE MEMORANDUM

TO: John J. McCloy
FROM: E. G. Collado
SUBJECT: Over-all Program Report

DATE: April 22, 1947

As I informed Miss Dermody yesterday afternoon, I am leaving this morning for New York and shall not return until Thursday afternoon. Meanwhile I have made considerable progress with the over-all memorandum which you requested. Most of this should be typed up by the time I get back, and I shall furnish at least a preliminary version on Friday of this week. You may be interested in the tentative index as it stands today before certain revisions.

As I have already informed you this report merely makes certain general observations on the availability of materials and foodstuffs, etc. This is of course a very important factor in the whole recovery program and has important consequences on financing needs. I have access to a great deal of data on this important subject which I could summarize for you if you so request.

I should like to discuss some of this broad program material with you at your convenience on Friday or Saturday or the first of next week.

cc: Mr. Garner

THE ROLE OF THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT IN
INTERNATIONAL FINANCE, 1947-49

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OFFICE MEMORANDUM

TO: John J. McCloy

DATE: April 19, 1947

FROM: E. G. Collado *EGC*SUBJECT: Agenda and Plans

1. Progress--During the week ending April 19, I have submitted to you and Mr. Garner the following memoranda:
 - a. Use of Canadian funds
 - b. Chilean application
 - c. Chilean copper situation
 - d. Greek financing
 - e. Relations with United Nations Organizations and other inter-governmental organizations.

2. Work in process--I am currently completing memoranda on the following subjects:
 - a. Over-all loan policy and program
 - b. Iran
 - c. The Bank's role in aiding in the preparation of projects--engineering services.

3. Character of work--I have felt it desirable to devote a considerable amount of attention to the "over-all" memorandum. I have spent a considerable amount of time gathering information on post-war lending activities of the United States, Canada and other lenders; on funds now and prospectively available from other lenders; and on financing needs of various areas in relation to financing possibilities, availability of material, and the availability of technical and managerial skills. My conclusions as to an appropriate program for the International Bank, types of loans, areas to be served, etc. are pretty well crystallized. I shall, therefore, be able to submit at least a preliminary over-all memorandum during the coming week.

Although I have necessarily spent some time on the demand and supply of materials, I am only making very brief mention of this in the present financial memorandum. I have access to considerable information on this subject which I could summarize if you wish.

I have one or two additional ideas on short memoranda which I shall continue to send to you if you desire. I might be of more use to you, however, if you care to indicate particular points of spot interest to you.

cc: Mr. Garner

OFFICE MEMORANDUM

TO: John J. McCloy

DATE: April 14, 1947

FROM: E. G. Collado *EGC*

SUBJECT: Agenda and Plans

1. Progress - During the week ending April 12, I submitted to you and Mr. Garner the following documents:
 - a. The Bank as an underwriter
 - b. Chilean external debts
 - c. Relations with members and governors
 - d. Dependent areas - Trieste
 - e. Relations with the Foreign Bondholders Protective Council and other similar organizations
 - f. French loan supervision terms
 - g. Financial terms

2. Work in Process - I am currently completing memoranda on the following subjects:
 - a. Chilean application
 - b. Relations with other international agencies
 - c. Greek financing
 - d. Iran
 - e. Over-all policy and program
 - f. The Bank's role in aiding the preparation of projects

cc: Mr. Garner

OFFICE MEMORANDUM

TO: John J. McCloy

DATE: April 7, 1947

FROM: E. G. Collado *E.G.C.*

SUBJECT: Agenda and Plans

1. Progress--During the week ending April 5, I submitted to you and Mr. Garner the following documents:
 - a. Suggested items to be discussed;
 - b. Relations with the Bank for international settlements;
 - c. Statutory Loan Committees;
 - d. French payments to the United States.
2. Work in process--I am currently completing memoranda on the following subjects:
 - a. Relations with other international agencies--a general memorandum and a number of specific sub-memoranda;
 - b. Relations with the Foreign Bond Holders Protective Council and other similar organizations;
 - c. The Chilean foreign debt;
 - d. The Bank as an underwriter.
3. General policy and program--I have collected much of the material necessary for the over-all memorandum on general policy and program of the International Bank. I am in the midst of preparing several appendices to this report.
4. Please let me know if there are any other specific topics regarding which you may wish memoranda and recommendations.

E.G.C.

Mr. R. L. Garner

April 1, 1947

Emilio G. Collado

Suggested Items to be Discussed

In accordance with our conversation of last evening, and my arrangements with Mr. McCloy, I am planning to be in the Bank a good deal of time during the next two or three weeks. Much of that time I shall spend on the preparation of a fairly broad memorandum which Mr. McCloy has requested. During the next few days I shall attempt to prepare a comprehensive agenda of the items which we might discuss, in accordance with your suggestions of last evening.

As a partial starter I should suggest that we might discuss the following:

1. Relations with the B.I.S.
2. Relations with United Nations Organizations
 - A. UN
 - B. ECOSOC
 - (a) Devastated Areas Commission
 - (b) Development Commission
 - (c) Relief and Rehabilitation Commission
 - C. Monetary Fund
 - D. FAO
 - E. PICAQ
 - F. ILO
 - G. UNRRA
 - H. IRO
 - I. Proposed ITO
3. Other inter-governmental organizations
 - A. European Coal Organization
 - B. Emergency Economic Committee for Europe
 - C. Inter-American Economic and Social Council

I should suggest that the items under 2 and 3 above be discussed in terms of the form of a general approach to all such bodies in accordance with the Articles of Agreement of the Bank and a sensible liaison policy.

In the case of several of these institutions, further discussion of organization arrangements and specialized aspects of particular organizations will be in order, and in particular I should like to stress the point I made yesterday that in many cases the best methods of liaison may be through the national delegations.

Another subject that I believe would be useful to discuss is the composition and functions of the statutory loan committees.

I should like to suggest that if these agenda items appeal to you as points for early discussion, I prepare certain summary memoranda on various of them which may serve as a basis for discussion.

As I indicated yesterday, I believe that in most cases matters relating to the internal organization of the Bank might better be handled orally than in writing at this time.

I should propose to submit to you first, probably tomorrow if you wish, a brief memorandum on relations with the B.I.S.

CC- Mr. McCloy

FCC/mcn



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OFFICE MEMORANDUM

TO: Mr. McCloy

DATE: March 24, 1947.

FROM: Mr. Collado

SUBJECT:

1. I shall be in and out of the Bank today--Monday. Miss Cartee, on extension 2177, will know how to find me.
2. I shall be in New York Tuesday, returning Wednesday at 8 p.m.
3. I have no other plans to go out of Washington thereafter.