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STAFF LOAN COMMITTEE

FORMAL MINUTES

1 - 200

Copy No. 5.

SLC/M/1 (Draft)

CONFIDENTIAL

STAFF LOAN COMMITTEE

Minutes of Meeting of Staff Loan Committee held at 2:30 p.m. on April 15, 1948, in Room 410

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1. There were present:

Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary to Committee)

In attendance:

Mr. A. S. G. Hear
Mr. W. Hill
Mr. A. Basch

2. The Committee considered the Draft (4/12/48) Supplemental Netherlands Loan Agreement (Swiss Franc Loan - Dutch Part) and the Draft Letter (4/9/48) from the Dutch to the Bank relating to such Agreement, and

APPROVED these documents.

Distribution

Copy No. 1	Mr. R. L. Garner
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3	Mr. D. Crena de Iongh
4	Mr. C. A. McLain
5	Mr. L. B. Rist

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2

STAFF LOAN COMMITTEE

Minutes of Meeting of Staff Loan Committee held at 3:00 p.m. on Friday, April 16, 1948, in Room 410.

1. There were present:

Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary to Committee)

In attendance:
~~Mr. A. C. G. Hoar~~
Mr. W. Hill
Mr. M. Elliott
Mr. M. J. Madigan
Mr. J. Corbett
Mr. E. E. Buchanan

2. Application of Mexican Light and Power Company, Ltd.

(a) SLC/O/1 was approved, subject to:

(i) The addition to para. 3(b) of the words, "and of its subsidiaries, and that the Bank's loan would not be jeopardized by other outstanding junior issues".

(ii) The amendment of para. 3(c) to indicate that the proposed survey should cover the economic and marketing, as well as the engineering aspects of the Company's operations, and that the survey should be made at the Company's expense.

(iii) The amplification of para. 4 to indicate that, among the points which the Bank would wish to take up later, the question of the earning power of the Company would be prominent.

(b) The Committee recommended that:

(i) In view of the fact that Sofina might be able to carry through a rapid reorganization on the lines suggested, the preliminary survey by the Bank's engineer should not be long delayed.

(ii) The Bank should keep the Export-Import Bank informed as to its position.

3. The meeting adjourned at 4:30 p.m.

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3

STAFF LOAN COMMITTEE

Minutes of Meeting of Staff Loan Committee held at 11:45 a.m. on Monday, April 19, 1948, in Room 410.

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1. There were present:

Mr. W. A. B. Iliff (Chairman)
Mr. D. Crenado Iongh
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary to Committee)
In attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. E. Burland
Mr. J. Rucinski
Mr. G. S. Mason
Mr. S. Aldewereld
Mr. A. Broches

2. Dutch Shipping Application

(a) The Committee considered what guarantee fee, if any, in addition to the statutory guarantee commission, should be paid by the Dutch to the Bank, and recommended that:

(i) In principle, a charge over and above the statutory commission ought to be made by the Bank for its guarantee;

(ii) That in the particular case under consideration, though not necessarily in subsequent cases, the amount of such additional charge to be added to the one percent statutory guarantee commission should be at the rate of one-sixteenth of one percent per annum.

(b) The Committee then considered the Annexes to SLC/0/2 and

(i) APPROVED Annex 1, subject to the insertion in para. 3, sentence 2 after the words "fully paid for", of the additional words "by means of interim finance".

(ii) APPROVED Annex 2, on the understanding that the question of whether it should be incorporated in the prospectus or otherwise dealt with would be taken up with Mr. McKittrick of the Chase National Bank.

(iii) TOOK NOTE of Annex 3.

3. The meeting adjourned at 12:50 p.m.

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STAFF LOAN COMMITTEE

Minutes of Meeting of Staff Loan Committee held at 3:30 p.m., on Tuesday, April 27, 1948, in the Board Room (1005).

4

1. There were present:

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Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. D. Summers
Mr. L. B. Rist
Mr. C. H. Davies (Secretary to Committee)

In attendance:

Mr. A. S. G. Hoar
Mr. J. Rucinski
Mr. O. Schmidt
Mr. G. S. Mason
Mr. S. R. Cope
Mr. S. Aldewereld
Mr. A. Stevenson

2. Danish Loan

The Committee considered the Danish request for changes in the list of goods and for an extension of the closing date in connection with Loan No. 3 De, as set out in SLC/0/3, and

(a) AGREED:

That the Danish request, by proposing that the period of disbursement of a loan should be considerably extended, and that the loan proceeds should be applied to purposes substantially different from those contemplated when the loan was made, raised an important question of principle, which called for a thorough investigation of the reasons for departure from the original program, and

(b) APPROVED:

The recommendation to send a representative of the Bank to Denmark immediately to conduct such an investigation.

3. Dollar Payments Between European Countries

The Committee considered Mr. D. Crena de Iongh's memorandum (SLC/0/4) on the above subjedt, raising the questions:

(i) Whether the Bank should supply dollars to a European borrower to finance purchases from another European country, instead of the currency of the latter, and

(ii) Whether the Bank should provide a certain local currency to reimburse a borrower for its purchases regardless of the fact that the borrower has sufficient amounts of such currency at his disposal, and

(a) RECOMMENDED:

That, in view of the complexity of the issues raised, these questions should be deferred for further study.

4. I.M.F. Decision on Use of Its Resources by ERP Countries.

The Committee considered the notes on the above subject by Messrs. Rist and Iliff in SLC/0/5, and

(a) RECOMMENDED:

That, without challenging the Fund's decision, further enquiry into the reasons on which it had been based was desirable.

5. The meeting adjourned at 4:45 p.m.

Distribution:

Copy No. 1 Mr. R. L. Garner
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3. Mr. D. Crena de Iongh
4. Mr. C. A. McLain
5. Mr. L. B. Rist ✓

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Meeting of Staff Loan Committee held at 3:30 p.m., on Tuesday, April 27, 1948, in the Board Room (1005).

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AMENDMENT

Please amend conclusion of item 3 (Dollar Payments between European Countries) as follows:

" (a) **AGREED**

That, as regards the first question, it was generally undesirable for the Bank to supply U.S. dollars to a borrower to finance purchases from a country other than the United States, although such a course might be justified in exceptional cases.

" (b) **RECOMMENDED**

That, in view of the complexity of the issues raised, the second question be deferred for further study. "

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee held at 2:30 p.m. on Friday, May 7, 1948, in Room 1005.

5

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JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. H. W. Riley
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary to Committee)

In attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. J. S. Gould
Mr. D. Sommers
Mr. L. H. Bengston
Mr. J. T. Lund
Mr. M. Elliott
Mr. F. Consolo
Mr. E. Beecroft

2. Impending loan application from the Philippine Republic

The Committee considered SLC/0/6 and the accompanying report of the Bank mission to the Philippine Republic, and

RECOMMENDED

That, in the light of the views expressed during the discussion, the Loan Department should consider:

(a) Whether the Philippine Republic has at present any need of a loan;

(b) What general position the Bank should assume towards the development of the Philippine Republic,

and make appropriate recommendations to the Committee.

3. Conversion of service charges on proposed loan from Brazilian 10% subscription.

The Committee considered SLC/0/7 and

(a) AGREED

That, in the absence of further details of the proposed loan, no definite decision could be reached, and

(b) RECOMMENDED

That, pending receipt of such details, members should give further study to the questions of principle raised during the discussion.

4. The meeting adjourned at 4:20 p.m..

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting held at 4 p.m. on Monday, May 17, 1948, in Room 1005.

6

1. **There were Present:**

Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. L. H. Bengston
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

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WBG ARCHIVES

In attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. E. Burland
Mr. F. A. Consolo
Mr. K. Beecroft
Mr. R. H. Demuth
Mr. A. Basch
Mr. J. T. Lund
Miss Virginia Morsey

2. **Impending Loan Application from the Philippine Republic**

The Committee considered the Loan Director's recommendations and draft letter as in SLC/0/8, and

RECOMMENDED:

(a) That the draft be amended as seemed appropriate in the light of the discussion.

(b) That the views expressed therein be discussed with Mr. Elizalde, the Philippines Ambassador, but that no substantial concession be made, and, finally,

(c) That these views be then embodied in a formal letter to Mr. Elizalde, with a request that he transmit them to the Philippine Government.

3. Treatment of Local Currency Counterpart of Grants Made Out of MSP Funds.

The Committee considered the draft letter from Mr. McCloy to Mr. Hoffman, SLC/O/9, and

APPROVED:

the draft, subject to:

(a) Its form being changed to that of a memorandum from the Economic Director to the President;

(b) The President being informed that the Committee was divided on the question of whether any proposal for use of the counterpart by any one of the participating countries should be transmitted to ECA only through OEEC and be accompanied by the recommendations of OEEC, some members being of the opinion that ECA should deal directly with the country concerned.

(c) Appropriate revisions being made in recognition of the possibility that the sterilization of a major portion of local currency counterparts, or their use for retirement of government debt to the central bank, may not in all cases be desirable, in view of possible serious deflationary effects.

(d) Minor textual changes.

4. Terms for Eximbank Loans.

The Committee considered the memorandum SLC/O/10 on this subject, and, while the consensus of opinion was against the advisability of the IBRD's making representations on the subject,

APPROVED:

the memorandum, subject to minor textual changes, as appropriately representing the arguments in favour of raising the Eximbank rate to equality with that of the IBRD, should the President decide to advocate this course.

5. The meeting adjourned at 6:55 p.m..

Distribution:

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 9:30 a.m. on Wednesday, May 19, 1948, in Room 410.

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WBG ARCHIVES

7

1. There were Present:

Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In Attendance:

Mr. G. H. Cleo
Mr. H. W. Larson
Mr. A. Basch
Mr. W. Hill
Mr. R. H. Demuth
Mr. A. S. G. Hoar
Mr. L. H. Bengston

2. IBRD's Attitude Towards Possible Loan Applications from Peru.

The Committee considered SLC/0/11 and the accompanying reports on the Bank mission to Peru, and

AGREED:

That, in view of the fact that both the present discussion and that on the Philippines had revealed a divergence of opinion on an important question of principle, viz. to what extent, if any, the Bank should furnish advice and assistance to a member country in planning and executing the financial and economic reforms which appeared to be necessary before the country could be considered by the Bank to be an appropriate field for development loans, a further meeting, at which the President would be present, be held to determine this question.

3. The meeting adjourned at 10:45 a.m.

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6-10. Loan Department

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(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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Minutes of Staff Loan Committee Meeting Held at 2:30 p.m. on Wednesday, May 19, 1948, in Room 1005.

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8

1. **There were Present:**

Mr. R. L. Garner (Chairman)
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. G. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In Attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. H. H. Demuth
Mr. P. N. Rosenstein-Rodan
Mr. V. Urquidi

2. **Policy and Planning Division of Loan Department**

The Committee considered the draft Terms of Reference (SLC/0/12) and the draft First Working Agenda (SLC/0/13) of the Policy and Planning Division, and

APPROVED:

these drafts, subject to the amendment of SLC/0/12, para. 1, (a) and (b), to read as follows:

"(a) the study of, and development of recommendations on, Loan Policy in the general field;

"(b) the study of, and development of recommendations on, policy in regard to loan techniques;".

3. **List of Questions for Advisory Council**

The Committee considered SLC/0/14 and

APPROVED:

the proposed list of questions.

4. The meeting adjourned at 3:20 p.m..

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4. Mr. C. A. McLain
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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting held at 11:30 a.m. on Friday, May 21, 1948, in Room 1005.

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1. **There were Present:**

Mr. W. Hill (Chairman)
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In Attendance:

Mr. R. H. Demuth
Mr. E. W. Rembert
Mr. J. Penton

2. **Belgium: Linalux Project**

The Committee considered the questions on the agenda SLC/A/9, and

RECOMMENDED

(a) That the Belgians be asked as a first step whether they would care to release a portion of their 18% subscription to the Bank's capital, which could in turn be lent to Linalux in order to permit them to buy the francs and sterling from the National Bank to finance necessary imports of equipment from France and the U.K.

(b) That, in the event of a negative reaction from the Belgians, the Bank's policy would be reconsidered in the light of their reply.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 5:00 p.m. on Wednesday, June 9, 1948, in Room 1005.

1. **There were Present:**

Mr. J. J. McCloy
Mr. W. Hill
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. A. Basch
Mr. C. N. Davies (Secretary)

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In Attendance:

Mr. J. Rucinski
Mr. J. Penton
Mr. A. Broches
Mr. E. Burland

10

2. **Dutch Shipping Application**

The Committee considered the draft legal documents SLC/0/15, SLC/0/16, and SLC/0/17, and

(a) APPROVED these documents, subject to:

(i) The insertion in Article III, Section 2 of the Loan Agreement of the word "commercial" before the word "cargo".

(ii) The amendment of Article VII, Section 5 of the Loan Agreement to make the Bank's position as Trustee conform as closely as practicable to that of a Trustee under the Trust Indenture Act of the United States.

(iii) The Amendment of Article XII of the Loan Agreement to provide that the Agreement shall not become effective until the delivery to the Bank of the mortgage notes and legal opinions.

(iv) The designation in the Guarantee Agreement of the Netherlands Minister of Finance as empowered to sign on behalf of his government in respect of minor modifications of the terms of the Agreement.

(v) The review of the designation of the Chase National Bank as office of payment under the Mortgage Notes and Loan Agreement in the light of inquiry as to what charge, if any, the Chase National Bank would make for its services in this capacity.

(b) In approving the negative pledge clause as in Article III of the Guarantee Agreement,

AGREED that it ought to be the normal policy of the Bank to require the inclusion of the negative pledge clause in all loan and guarantee agreements with member governments.

3. The meeting adjourned at 6:25 p.m..

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4. Mr. C. A. McLain
5. Mr. L. B. Rist ✓

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

M/11
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Minutes of Staff Loan Committee Meeting Held at 10:00 a.m. on Thursday, June 10, 1948, in Room 1005.

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1. There were present:

Mr. J. J. McCloy
Mr. W. Hill
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In Attendance:

Mr. R. H. Demuth
Mr. M. Elliott
Mr. E. Burland
Mr. L. H. Bengston
Mr. A. Basch

2. Proposed Brazilian Traction Loan

The Committee considered the questions raised in the Legal Department Memorandum SLC/0/18, and

RECOMMENDED:

(a) That in view of the course of current negotiations, the bonds be sinking fund bonds, although as a general rule serial bonds were preferable from the Bank's standpoint;

(b) That the Bank reserve the right to ask for bonds bearing interest at a rate lower than the rate specified for the loan, being paid the difference by way of service charge; and that, if necessary, the Bank agree to bear any additional expense to the Company arising out of the Bank's exercise of this right;

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(c) That as the Bank would not wish to sell the bonds except on a private basis, the question of registration need not be considered;

(d) That the question as to whether the Canadian Government might release interest payments to non-resident bondholders other than the Bank from any possible present or future liability to Canadian taxation or foreign exchange restrictions be discussed with the Canadian Alternate Executive Director;

(e) That the Company's proposals for a variation of the suspension provisions of the draft Loan Agreement be not accepted;

(f) That the provisions of the draft Loan Agreement giving the Bank a right to premature the loan on a default in the pefformance of those covenants in the Loan and Guarantee Agreements which are additional to those in the Trust Indenture be retained;

(g) That the Bank be willing to make disbursements in advance of completion of the setting up by the Company of all required security devices, but that any decision as to the amount to be so disbursed and agreement with the Company in this respect be deferred until all major problems which might prevent the signing of the Agreement were disposed of;

(h) That the Company be informed that, before signing the agreement, the Bank would require to be satisfied as to relations between the Brazilian Government and the IMF.

3. The meeting adjourned at 11:35 a.m.

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4. Mr. C. A. McLain
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(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 6:00 p.m. on Wednesday, June 16, 1948, in Room 1005.

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WBG ARCHIVES

1. **There were present:**

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. A. Broches
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In attendance:

Mr. W. Hill
Mr. R. H. Demuth
Mr. J. Rucinski
Mr. S. R. Cope
Mr. O. Schmidt
Mr. G. S. Mason
Mr. S. Aldewereld
Mr. A. Basch
Mr. A. Wubnig

2. **Danish Request for Change in the List of Goods to be Purchased out of the Loan of 1947**

The committee considered the recommendations in SLC/0/19, and

RECOMMENDED:

(a) That the Danish Government be informed that the Bank agreed to the proposed modifications in the list of goods as set out in Appendix "A" to SLC/0/19;

(b) That the Bank should at this stage take no action which would in any way restrict its freedom in dealing with any balance outstanding at the closing date of loan.

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3. Proposed Dutch Shipping Loan

The Committee had before it the Preliminary Report on the Dutch Shipping Loan Application, and

RECOMMENDED:

That the Report be distributed to the Executive Directors.

4. The meeting adjourned at 7:30 p.m..

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting Held at 2:30 p.m. on Thursday, June 17, 1948, in Room 415.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. L. Rurick
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In attendance:

Mr. W. Hill
Mr. R. H. Demuth
Mr. V. Urquidi
Mr. D. L. Gordon
Mr. J. Rucinski

2. Draft Advisory Council Notes

The Committee considered the drafts SLC/0/20-21-22, and

APPROVED these documents, subject to:

(a) Minor textual changes

(b) The addition of a foreword to the effect that the documents have been prepared for purposes of discussion only and do not constitute statements of policy by the Bank.

3. The meeting adjourned at 3:55 p.m..

Distribution
Copy No. 1. Mr. J. J. McCloy
2. Mr. W. A. B. Iliff
3. Mr. D. Crena de Iongh
4. Mr. C. A. McLain
5. Mr. L. B. Rist ✓

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FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 10:30 a.m. on Friday, June 25, 1948, in Room 1005.

DECLASSIFIED
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WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. W. Hill
Mr. D. Crena de Iongh
Mr. L. Rurick
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In attendance

Mr. R. H. Demuth
Mr. E. Burland
Mr. D. L. Gordon
Mr. V. Urquidi

2. Draft Advisory Council Notes

The Committee considered the draft Advisory Council Notes, Nos. 3, 4, 6, 8, (SLC/O/23-24-25-26) and

APPROVED:

the drafts, subject to minor textual changes.

3. The meeting adjourned at 12:35 p.m.

14

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5. Mr. L. B. Rist ✓
6. Mr. E. Fleetwood Dunstan

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 9:30 a.m. on Monday, June 28, 1948, in Room 1005.

DECLASSIFIED
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WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. G. A. McLain
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. G. H. Clee
Mr. H. W. Larsen
Mr. E. Lopez-Herrarte
Mr. V. Urquidi

2. Peru: Draft Letter from President to Minister of Finance.

The Committee considered the draft (SLC/0/27), and

RECOMMENDED:

that the letter be redrafted in the light of the discussion.

3. The meeting adjourned at 10:40 a.m..

Distribution

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6. Mr. E. F. Dunstan

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FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 4:30 p.m. on July 19, 1948, in Room 415

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. R. H. Demuth
Mr. E. Burland

2. Loan Request by an American Corporation in Respect of a Project in Another Member Country.

The Committee considered the Loan Director's Memorandum, SLC/O/28, and

AGREED

that the matter be discussed at a further meeting in the light of the report of the Bank Mission to the member country in question.

3. Bank Policy in Relation to Cuba.

The Committee considered the Loan Director's Memorandum SLC/O/29 and

AGREED

that the points of view expressed in the discussion be placed before the President and his opinion requested.

4. The meeting adjourned at 6:25 p.m..

Distribution

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3. Mr. D. Crena de Iongh
4. Mr. C. A. McLain
5. Mr. L. B. Rist ✓
6. Mr. E. F. Dunstan

16

Record Removal Notice

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File Title	Barcode No.
Loan Committee - Minutes - 1948	30043599

Document Date	Document Type
Jul 22, 1948	Minutes

Correspondents / Participants

Subject / Title
Minutes of Staff Loan Committee Meeting Held at 10:00 on Thursday, July 22, 1948, in Room 415.

Exception No(s).

☐ 1 ☐ 2 ☐ 3 ☑ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 A-C ☐ 10 D ☐ Prerogative to Restrict

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JUN 13 2014
WBG ARCHIVES

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Minutes of Staff Loan Committee Meeting Held at 3:00 p.m. on Friday, July 30, 1948, in Room 1005.

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. P. N. Rosenstein-Rodan
Mr. J. Rucinski
Mr. J. Penton
Mr. H. W. Robinson

2. French Potash Loan Application

The Committee considered SLC/0/32 and the Loan Department Report, "Survey of Economic Conditions in France", and

(a) RECOMMENDED:

that, although the giving of the negative pledge and consultation covenants either in the usual form or by reference to new Loan Regulations ought to be an essential condition of a loan, negotiations need not be suspended pending the French decision on this point.

(b) AGREED:

to submit to the President the question of the desirability of establishing a lien on the proceeds of the sale of potash in the Western Hemisphere, on which there was a difference of opinion.

(c) APPROVED:

the distribution of the "Survey of Economic Conditions in France"

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(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 10:00 a.m. on Wednesday, August 4, 1948.

1. **There were present:**

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

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JUN 13 2014
WBG ARCHIVES

In attendance:

Mr. A. S. G. Hoar
Mr. W. Hill
Mr. R. H. Demuth
Mr. J. Rucinski

2. **Bank Policy in Relation to Cuba**

The Committee considered SLC/0/34, and

RECOMMENDED:

that further information as to saving and investment in Cuba should be obtained from the Cuban Alternate Executive Director, Mr. Joaquin Meyer.

3. **Payment in Dollars for Trade Between Two European Countries Financed by Loans of the IBRD.**

The Committee considered SLC/0/35, and

AGREED:

to defer a conclusion until a subsequent meeting at which a further memorandum on the subject by the Economic Director would be available.

4. The meeting adjourned at 11:30 a.m.

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4. Mr. C. A. McLain
5. Mr. L. B. Rist ✓
6. Mr. E. F. Dunstan

to the Executive Directors.

3. IBRD Loan to Constitute Guarantee Fund for Export of Patents, Technical Know-How, etc., to Countries of Eastern Europe.

The Committee considered SLC/O/33, and

AGREED:

that the type of financing proposed lay outside the scope of the Bank.

4. Liaison with F.A.O.

The Assistant Economic Director stated that F.A.O. were undertaking certain researches into agricultural problems in various countries, and that they had offered to incorporate as far as possible in their program any problems in which the Bank was interested.

The Committee considered this statement and

APPROVED:

the proposal to submit to F.A.O. a list of such problems drawn up in the light of present loan priorities.

5. Norwegian Shipping Loan Application.

The Loan Director stated that Mr. Hunter, of the New York Trust Company, had approached the Bank on behalf of Norwegian shipping companies which were interested in obtaining a loan of about $15 million, to be guaranteed by the Norwegian Government, for the purchase of merchant vessels.

The Committee considered this statement and

RECOMMENDED:

that negotiations proceed, subject to the Norwegian Government giving direct assurance of its interest in the proposed loan.

6. The meeting adjourned at 5:20 p.m.

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FORM NO. 61
(4-48)

Mr. Rist

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting held at 2:30 p.m. on Wednesday, August 18, 1948

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. H. Riley
Mr. P. N. Rosenstein-Rodan
Mr. C. A. McLain
Mr. C. H. Davies (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. R. H. Demuth
Mr. J. Fenton
Mr. N. G. Burland

2. Report on Denmark

The Committee considered the Report, and

RECOMMENDED:

that Parts I and II, with minor amendments, be circulated to the Executive Directors.

3. The Netherlands

(a) Loan request by Finance Corporation for National Reconstruction:

The Committee considered SLC/0/37, and

RECOMMENDED:

that the Finance Corporation be informed that the Bank is in principle prepared to examine their projects with a view to the granting of credits to the extent of approximately $15 million in the next eighteen months, subject to its being satisfied -

(i) as to the position of a Bank loan in relation to E.C.A. loans to the Netherlands

(ii) that arrangements will be made to ease the burden on the Netherlands of the heavy maturities of Eximbank loans during the next few years.

(iii) that the War Settlement with the United Kingdom will impose no serious strain on the Dutch balance of payments.

(b) Report on the Netherlands

The Committee considered the Report, and

RECOMMENDED:

that Parts I and II be circulated to the Executive Directors.

4. The meeting adjourned at 4:25 p.m.

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(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting Held at 10:00 a.m. on Tuesday, August 24, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. H. W. Riley
Mr. A. F. Luxford
Mr. P. N. Rosenstein-Rodan
Mr. C. H. Davies (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. E. Burland
Mr. G. H. Clee
Mr. J. Corbett
Mr. E. Beecroft

2. Mexico: Proposed loans for electric power development

The Committee considered SLC/O/39 and,

APPROVED:

the Loan Director's proposals contained therein, subject to the following qualifying or supplementary recommendations:

(a) Proposed Loan of $21 million to Federal Electricity Commission

(i) that both the Federal Electricity Commission and the Compania Financiera be required to be obligors in respect of the bonds as well as the contract, unless adequate reason to the contrary be given.

(ii) that further study be given to the Mexican law empowering the Compania Financiera to guarantee the loan on behalf of the Mexican Government, with special reference to the question of power to give the negative pledge.

(iii) that the term of the loan correspond with that of the Eximbank loan to the Commission, unless adequate reason be given for a longer term.

(iv) that security take the form of a lien on the Commission's tax revenue ranking pari passu with the liens of Eximbank and Westinghouse, and that the lien be coupled with a negative pledge in respect of the Commission's other revenues.

(b) Proposed Interim Loan of $11.5 million to Federal Electricity Commission for the benefit of Mexican Light and Power Company

That the prospective earning power of the Commission be studied in order to ascertain whether the term of the loan could be reduced to some period less than 20 years, but not less than five years.

(c) Proposed Loan of $26 million to Mexican Light and Power Company

That the Company be permitted to incur first mortgage obligations beyond those already existing, together with the Bank's proposed mortgage, to the extent of a fixed percentage of the cost of fresh construction.

3. Brazil: Bank policy with regard to immigration schemes

The Committee considered SLC/0/40, and

(a) AGREED:

that the Bank ought not entirely to exclude the possibility of loans in aid of immigration schemes;

(b) RECOMMENDED:

that, pending the submission of a more concrete proposal by Brazil, the Economic Department should assign a member of its staff to collate the experience of immigration acquired by governments and other bodies.

4. Procedure for coordination of Bank and ECA activities in Europe

The Committee considered SLC/0/41, and

AGREED:

to defer the matter until the Committee had had an opportunity of considering the Italian loan application in the light of the report of the Bank mission to Italy.

5. Paraguay: Financial assistance to Mennonite Community

The Committee considered SLC/0/42, and

RECOMMENDED:

that a Bank mission be sent as soon as possible to study conditions in Paraguay, and that Mr. Snyder be advised to extend his option for the purchase of land in Paraguay in order to await a Bank decision which would be made in the light of the report of this mission.

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FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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22

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Minutes of Staff Loan Committee Meeting, Held at 5:00 p.m. on Friday, September 3, 1948 in Room 1005.

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WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. H. W. Riley
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In attendance:

Mr. J. Rucinski
Mr. L. Nurick
Mr. J. Corbett
Mr. E. Burland
Mr. G. de Fleurieu
Mr. O. Schmidt
Mr. D. Stephens
Mr. S. R. Cope
Mr. A. Basch
Mr. A. Stevenson

2. Eastern Europe: Proposed Timber Loan

The Committee considered SLC/A/22, and

(a) RECOMMENDED:

(i) that the Bank be prepared to make loans to Eastern European timber exporting countries of the general type proposed;

(ii) that the Bank, as soon as increased shipments of timber come forward and are paid for by ECA, retain sufficient of the proceeds to cover the loan, and that such proceeds be applied in repayment of Bank advances for the purchase of equipment as early as possible.

(b) APPROVED:

the recommendations made by the Loan Director in SLC/A/22 (paras. 4 through 7) as to rate of interest, assumption of risk of non-delivery, security, covenants, representations, ratifica-

tions and the relation of withdrawals to deliveries of equipment.

3. Mexico: Economic Report

The Committee considered and

APPROVED:

the above Report, subject to minor amendments.

4. The meeting adjourned at 7:20 p.m.

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4. Mr. C. A. McLain
5. Mr. L. B. Rist
6. Mr. E. F. Dunstan

Minutes of Staff Loan Committee Meeting, Held at 2:30 p.m. on Tuesday, September 14, 1948, in Room 415.

1. There were present:

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. H. W. Riley
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. E. Burland
Mr. J. Penton
Mr. G. H. Clee
Mr. H. W. Larsen

2. Chile:

The Committee considered SLC/0/44 and

RECOMMENDED:

(a) that the Bank maintain its right to be consulted when the borrower proposes to incur further external debt, and its right to be given information on the financial situation of the borrower.

(b) that Chile be informed that, while the Bank did not at the moment propose to exercise its option of cancelling the loan after the expiry of the time limit for ratification, it would be obliged seriously to consider this course after December 31, 1948.

(c) that Chile be informed that, while study of the railway electrification and forest industry projects would continue, the Bank could not enter into further loan negotiations until the present loan became effective.

(d) that Chile be informed that, until the loan became effective, any certification by the Bank that goods ordered were in accordance with the approved list and that prices were reasonable could only be made in a form which would make clear that the Bank was under no commitment to finance such purchases unless and until the loan became effective.

3. Belgium

The Committee considered SLC/0/45 and

AGREED:

that the Bank was in principle prepared to discuss with the Belgians the possibility of a reconstruction loan, provided that specific projects were put forward and that the Bank were not asked to finance local currency requirements.

4. The meeting adjourned at 4:05 p.m..

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FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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24

Minutes of Staff Loan Committee Meeting, Held at 2:30 p.m. on Friday, September 17, 1948, in Room 1005.

1. There were present:

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. H. W. Riley
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

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JUN 13 2014
WBG ARCHIVES

In attendance:

Mr. A. S. G. Hoar
Mr. G. H. Clee
Mr. J. Penton
Mr. E. W. Rembert
Mr. L. Svoboda
Mr. P. N. Rosenstein-Rodan
Mr. E. E. Clark
Mr. E. Lopez-Herrarte
Mr. A. Basch
Mr. A. Broches
Mr. H. W. Larsen
Mr. A. J. Rosenthal

2. Italy

The Committee considered SLC/A/24, and

RECOMMENDED:

(i) that the Bank be prepared to make Italian loans of the order of $30 to $40 million, the actual projects to be determined after further discussions with the Italian authorities;

(ii) that the Bank attempt to obtain from the ECA the latter's agreement to subordinate its own loans to Italy to those of the Bank, ~~but that failure to obtain such agreement should not prevent the Bank from making the loans.~~] deleted by Amendment A.1.

(iii) that the reports on the Italian loan application be made available to the Italian Government.

3. Colombia

The Committee considered SLC/O/47 and the Report of the Bank Mission to Colombia, and

RECOMMENDED:

(i) that the Bank be prepared to make loans to Colombia, provided that fiscal reforms be undertaken;

(ii) that improvement in transportation facilities should constitute the most suitable field for Bank loans in the long run;

(iii) that, pending the formulation of an overall development plan, a small loan might be made in some appropriate but not yet determined field;

(iv) that such reports on Colombia as appropriate, when approved and any material unsuitable for transmission removed, be made available to the Colombian mission.

4. The meeting adjourned at 5:15 p.m.

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4. Mr. C. A. McLain
5. Mr. L. B. Rist
6. Mr. E. F. Dunstan

Minutes of Staff Loan Committee Meeting, Held at 11:00 a.m. on Monday, September 20, 1948, in Room 1005.

1. There were present:

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. H. W. Riley
Mr. D. Sommers
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. G. H. Clee
Mr. G. L. Sandelin
Mr. H. W. Larsen
Mr. A. Basch

2. Brazil

The Committee considered SLC/A/25, and

(a) AGREED:

(1) to defer the matter until the Committee had had time to give it further consideration.

(b) RECOMMENDED:

(1) that if the President's Report is approved, it be circulated to the Executive Directors without waiting for ratification of the Guarantee Agreement by the Brazilian legislature.

3. The meeting adjourned at 11:25 a.m.

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5. Mr. C. A. McLain
6. Mr. E. F. Dunstan

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STAFF LOAN COMMITTEE

Minutes of Staff Loan Committee Meeting, Held at 2:20 p.m. on Wednesday, September 22, 1948, in Room 1005.

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JUN 13 2014
WBG ARCHIVES

26

1. There were present:

Mr. J. J. McCloy
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. A. S. G. Hoar
Mr. E. Beecroft
Mr. E. G. Burland
Mr. P. N. Rosenstein-Rodan

2. Philippines

The Committee considered SLC/C/48 and Report, "Preliminary Conclusions from the Discussions with the Philippine Economic Mission", and

RECOMMENDED:

(a) that the Philippine Economic Mission be informed:

(i) that the Bank regarded as potentially sound development possibilities the Philippine hydro-electric and fertilizer projects;

(ii) that these projects (with the possible exception of the small Lumot Diversion) were not yet ready for active consideration;

(iii) that urgent need for foreign exchange to finance these or other projects would not arise for two or three years;

(iv) that if the Philippine Government carried through a program of fiscal reform and management of its foreign exchange resources and if the engineering and other surveys of these projects indicated satisfactory possibilities, the Bank would be prepared to give active consideration to the granting of a loan to cover their foreign exchange requirements; and

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STAFF LOAN COMMITTEE

Minutes of Staff Loan Committee Meeting, Held on Tuesday, September 28, 1948, in Room 1005.

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WBG ARCHIVES

27

1. Present

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In Attendance:

Mr. A. S. G. Hoar
Mr. P. N. Rosenstein-Rodan
Mr. H. W. Riley
Mr. R. H. Demuth
Mr. E. Burlani
Mr. S. R. Cope
Mr. E. Buchanan
Mr. O. Schmidt

2. Timber Equipment Project

The Committee considered SLC/0/49 and

APPROVED:

the Loan Director's recommendations contained therein, subject to:

(a) As regards Recommendation 2C, the proviso that further inquiries of the Timber Committee confirmed Yugoslavia's capacity to fulfill the recently increased pledge of "additional" exports.

(b) As regards Recommendation 4 (ii), the understanding that, even though delivery of equipment were expected to be completed by early 1949, repayment could be extended through 1950 in order to link more closely the life of a loan with the period of "additional" export obligations.

3. The meeting adjourned at 6:00 p.m.

Distribution:
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist

FORM NO. 61
(4-48)

Mr. Rist

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held Friday, October 8, 1948, at 4:00 p.m. in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

28

1. **There were present:**

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. S. Aldewereld
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. R. H. Demuth
Mr. G. de Fleurieu
Mr. D. Sommers
Mr. J. Rucinski
Mr. E. Burland

2. **Proposed Loan to Mexican Light and Power Company, Ltd.**

The Committee considered SLC/0/50 and

APPROVED:

the Loan Director's recommendations contained in paragraphs 7 and 8 thereof,

subject to:

(a) As regards para. 7 (1), consultation between the Bank on the one hand, and the U. S. Treasury, the Export-Import Bank and the International Monetary Fund on the other hand, on the subject of the attitude towards the exchange value of the peso implied in the draft letter.

(b) the amendment of para. 7 (2) to read:

"that the compensatory rate increase already authorized, and such further increase as would permit a return of 10% on the existing rate base, as already accepted in principle by the Mexican authorities, be put into effect prior to the making

of the loan, and that the Mexican Government give the Bank satisfactory assurances that further rate increases or rate base adjustments will be made as required to put the reorganized Company on a sound financial basis which would facilitate the Company's access to further financing; such assurances to include a formula for ensuring adjustment of the Company's rates to recent and future fluctuations in the value of the peso".

(c) Submission of the proposals to the Executive Directors of the Bank before the giving of any commitment to the Mexican Light and Power Company.

The Committee also

RECOMMENDED:

that it be made clear to the Mexican authorities that the Bank could not treat the proposed loan to the Federal Electricity Commission as a matter entirely separate from the proposed loan to the Mexican Light and Power Company.

3. The meeting adjourned at 5:30 p.m.

DISTRIBUTION:

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, held Thursday, October 14, 1948, at 10:30 a.m., in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

29

1. **There were present:**

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. R. H. Demuth
Mr. H. W. Riley
Mr. J. Rucinski
Mr. G. de Fleurieu
Mr. M. J. Madigan
Mr. E. Burland

2. **Mexico**

The Committee considered SLC/0/51 and

RECOMMENDED:

(a) that the Bank be prepared to extend the proposed interim credit for the benefit of the Mexican Light and Power Company, subject to:

(i) the compensatory rate increase having been made effective;

(ii) the Mexican Government having given an assurance satisfactory to the Bank on the rates to be allowed the Company;

(iii) the Mexican Government having given satisfactory assurances on its future financial and economic policy;

(b) that the questions:

Whether the Bank preferred the obligation of the Company to the Federal Electricity Commission and Nacional Financiera in respect of the above interim credit to be in terms of dollars or pesos, and whether it should seek to have effect given to its preference in this matter,

be the subject of further consideration.

(c) that a decision on the advisability and form of the proposed long term loan on behalf of the Company's projects need not be taken until a later date, and that First Boston Corporation be accordingly informed in writing that the Bank regarded the purpose of the present discussions of reorganization as the creation of a situation in which the Bank might be able to make such a long term loan for the benefit of the Company;

(d) that the question of whether such a long term loan should be made directly to the Company or to the Federal Electricity Commission for re-loaning to the Company be deferred until the Bank was able to take a decision as to whether or not a loan should be made at all.

(e) that the Mexican authorities be informed that, if the Bank ultimately found itself unable to make the proposed long term loan to the Company, it would be prepared to fund the interim credit, provided that such inability to make the long term loan were not due to any failure on the part of the Mexican Government to carry out its assurances on rates and financial and economic policy.

The Committee also

AGREED:

that, in the light of Recommendation (a) above, the question put forward in SLC/0/51, para. 6 b, did not at present arise.

3. The meeting adjourned at 12:15 p.m..

Distribution
Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist

Mr. Rist

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 10:30 a.m. on Tuesday, October 26, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were Present:

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. C. H. Davies (Secretary)

In Attendance:

Mr. E. R. Black
Mr. E. F. Dunstan
Mr. R. H. Demuth
Mr. J. Rucinski
Mr. E. G. Burland
Mr. M. M. Rosen
Mr. G. S. Mason
Mr. A. J. Rosenthal

30

2. Proposed Belgian Loan

The Committee considered SLC/0/54, and

RECOMMENDED:

(i) that the proposed $16.8 million Belgian loan take the form of a direct loan to the Belgian Government;

(ii) that if the Belgian Government so desired, the loan be set up in such form as to facilitate resale of the bonds;

(iii) that no objection be raised to the participation of Morgan, Stanley and Co. in the negotiations in the capacity of advisors to the Belgian Government, should the latter so request; and

(iv) that, if the Belgian Government should so request and on the understanding that any commission payable to Morgan, Stanley and Co. should be paid by it, the Bank would give Morgan, Stanley and Co. the opportunity of marketing such of the Belgian bonds as the Bank might decide to resell, provided that they were willing to meet any bids received from others.

3. Subordination of Economic Cooperation Administration Loans to those of the Bank.

The Committee considered SLC/O/55 (General Counsel's draft letters on this subject), and

RECOMMENDED:

that the letter be redrafted in the light of the discussion.

4. Earnings in Currencies other than Dollars.

The Committee considered SLC/O/52, and

AGREED:

to defer decision until the issue was presented in a more substantial and clearly defined form.

5. Mexican Legislation.

After hearing a statement by the General Counsel on the present legal powers of Nacional Financiera to negotiate and guarantee loans on behalf of the Mexican Government, the Committee considered whether any further enabling or ratificatory legislation on the part of the Mexican Government was necessary, and

RECOMMENDED:

(i) that such further legislation be requested only if the existing legislation were construed as not giving Nacional Financiera power to guarantee a Bank loan on behalf of the Mexican Government; and

(ii) that if such further legislation were requested, the suggestion be made that it be drafted in general rather than specific form.

6. The meeting adjourned at 1:10 p.m.

DISTRIBUTION:
1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. R. S. G. Hoar
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist

FORM NO. 61
(4-48)

Mr Rist 11-

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held at 2:30 p.m. on Friday, October 29, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. R. H. Demuth

2. Insurance of Ships Mortgaged under Netherlands Shipping Loans

The Committee considered SLC/0/56 and

AGREED:

that the problems presented should be resolved administratively by the Treasurer.

31

3. Proposed Extension of Danish Letters of Credit

The Committee considered SLC/0/59, and

RECOMMENDED:

that Count Ahlefeldt should be notified as follows:

(a) that the Bank would be prepared to extend the currency of the Danish loan to March 31, 1949;

(b) that in no circumstances would any further extension be considered; and

(c) that full interest, less the rate of annual discount on U. S. Treasury Bills for the period, would be payable from December 31, 1948, on the undisbursed portion of the loan.

4. Ecuadorian Loan Application

The Committee considered the Report on the Economy of Ecuador and the Report on the Ecuadorian Loan Application, and

AGREED:

to defer making recommendations until the conclusions of the reports had been co-ordinated, more precisely defined and re-submitted.

5. Development of Electric Power in Brazil

The Committee considered SLC/0/57, and

RECOMMENDED:

(i) that no action be taken without confirmation by the Brazilian Government that it would sponsor and guarantee the loans in question; and

(ii) that it be suggested to the companies which had approached the Bank that they request such confirmation from the Brazilian Government.

6. Financing the Transportation Costs of European Immigrants to Brazil.

The Committee considered SLC/0/58, and

RECOMMENDED:

that the Loan Department indicate to the Brazilian Government its interest in the project but request more precise information concerning the details of the project and the part the Bank would be expected to play.

7. Philippine Hydro-Electric Projects.

The Committee considered a statement on recent developments in connection with the proposed Philippine loan, and

RECOMMENDED:

that the Philippine representatives be informed that the Bank would consider making a loan of $10-15 million to finance part of the foreign exchange costs of the Lumot, Ambuklao and Itogon hydro-electric projects.

8. The meeting adjourned at five o'clock.

DISTRIBUTION

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. D. Crena de Iongh
Mr. A. S. G. Hoar
Mr. C. A. McLain
Mr. L. B. Rist
Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 4:30 p.m., on Wednesday, November 3, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. **There were present:**

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. H. W. Riley
Mr. C. A. McLain
Mr. L. B. Rist
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. J. Rucinski
Mr. D. Sommers
Mr. E. G. Burland
Mr. G. de Fleurieu

2. **Proposed Mexican Loans**

The Committee considered SLC/0/61, and

RECOMMENDED:

(i) that there was no objection in principle to part of the money lent being devoted to the reimbursement of approved expenditures made prior to the granting of the loans, provided that the Bank supervised the use of the proceeds of such reimbursement;

(ii) that the Mexican authorities be asked to resubmit their assurances on the rates to be allowed to Mexlight in a form revised in the light of the discussion; and

(iii) that, subject to such resubmission, a letter, in the form of the draft before the meeting, amended as suggested by the Committee, be sent to Mexicanal Financiera.

3. The meeting adjourned at 5:45 p.m.

DISTRIBUTION:
1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. A. S. G. Hoar
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist ✓
7. Mr. R. H. Demuth

32

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(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

6.
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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 2:30 p.m. on Thursday, November 4, 1948, in Room 415.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. **There were present:**

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Sommers
Mr. H. W. Riley
Mr. L. B. Rist
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. E. G. Burland
Mr. J. M. Penton
Mr. E. A. Bayne
Mr. W. A. Wolk
Mr. D. W. Snyser

2. **Belgian Loan**

The Committee considered SLC/0/60, and

RECOMMENDED:

that the terms of reference for Mr. Penton's forthcoming negotiations in Brussels proposed by the Acting Loan Director be followed.

33

3. **British Colonial Development Corporation**

The Committee considered SLC/0/53 and SLC/0/62, and

RECOMMENDED:

that terms of reference for Mr. Bayne's forthcoming investigations in London and elsewhere be drafted in the light of the discussion and submitted for the consideration of the Staff Loan Committee at its next meeting.

4. The meeting adjourned at 4:20 p.m.

DISTRIBUTION:
1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. A. S. G. Hoar
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist ✓
7. Mr. R. H. Demuth

FORM NO. 61
(1-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

6.
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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 4:30 p.m. on Monday, November 8, 1948.

1. There were present:

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. P. N. Rosenstein-Rodan
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

In attendance:

Mr. E. G. Burland
Mr. D. W. Smyser
Mr. E. A. Bayne
Mr. W. Diamond
Mr. E. E. Buchanan

2. British Colonial Development Corporation

The Committee considered SLC/0/64, and

RECOMMENDED:

(i) that the date of Lord Trefgarne's projected visit to Washington be ascertained in order that it may be determined whether Mr. Bayne should be sent to London and Paris before or after such visit; and

(ii) that if Mr. Bayne were sent before Lord Trefgarne's visit, the draft terms of reference, as modified in the light of the discussion, be utilized.

34

3. Proposed Timber Equipment Loan

The Committee considered SLC/0/63, as well as the draft Loan Agreement dated October 28, 1948, and advices from Mr. Burick concerning the reluctance of the purchasers to make commitments as to the amounts of timber which they would buy, and

RECOMMENDED:

(i) that, if it proved necessary in order to obtain the adherence of the purchasers, the Bank should not insist on the inclusion of a price formula or of quantitative purchase commitments if the purchasers agreed to pay for whatever timber they bought, up to an agreed amount,

in dollars, even though this would mean that no commitment could be obtained from E. C. A. before the signing of the Loan Agreement; and

(ii) that, subject to amendments suggested by the Committee, the draft Loan Agreement be approved, but not yet circulated to the Executive Directors.

4. The meeting adjourned at 5:45 p.m..

DISTRIBUTION:

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. A. S. G. Hoar
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 4:30 p.m. on Thursday, November 18, 1948, at 4:30 p.m.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. **There were present:**

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. L. B. Rist
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. J. Rucinski
Mr. D. W. Bayser
Mr. E. G. Burland
Mr. A. Waterston

2. **Mexico: Provisions of Draft Loan Agreement**

The Committee considered SLC/0/65, and

RECOMMENDED:

(i) that the commitment charge should run from the Effective Date, rather than from the date of the Loan Agreement, but that the period within which the Agreement would have to be ratified if it were not to be in formal danger of termination be reduced to thirty days from the date of signature; and

(ii) that the end-use of pesos, which Mexlight would obtain from the $2.8 million designed to reimburse it for expenditures made before the granting of the loan, should not be specifically supervised. The Loan Department should, however, satisfy itself that the fees charged Mexlight by Sofina were not excessive.

35

3. **Brazilian Traction Light and Power Company, Ltd., Loan**

The Committee considered whether the Bank should ask the Brazilian Government to make representations concerning its foreign debt and guarantees, and

RECOMMENDED:

that such representations not be requested of the Brazilian Government.

4. The meeting adjourned at 5:50 p.m.

DISTRIBUTION:

Messrs. McCloy, Garner, Hoar, Crena de Iongh, McLain, Rist, Demuth ✓

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(4-48)

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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JUN 13 2014
WBG ARCHIVES

TO: Mr. L. B. Rist

Please amend SLC/M/35 by replacing Paragraph 3 with the following:

"3. Brazilian Traction, Light and Power Co., Ltd. Loan

The Committee considered whether the Bank should ask the Brazilian Government to renew representations previously made by the Banco do Brasil concerning Brazil's foreign debt and guarantees, and

RECOMMENDED:

that such representations not be requested of the Brazilian Government".

Distribution

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist ✓
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held at 9:15 a.m. on Tuesday, November 23, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. D. Summers
Mr. P. N. Rosenstein-Rodan
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. J. Rucinski
Mr. E. G. Burland
Mr. G. L. Sandelin
Mr. A. Basch

2. Brazilian Traction, Light & Power Co., Ltd.

The Committee considered the Report and Recommendations of the President to the Executive Directors and the Appendices thereto, and

RECOMMENDED:

(i) that these documents be approved, subject to certain minor modifications suggested at the meeting;

(ii) that, with the exception of certain representations of the Brazilian Traction, Light & Power Co., Ltd., they be reproduced and circulated to the Executive Directors for purposes of general information and discussion;

(iii) that the aforementioned representations of the Brazilian Traction, Light & Power Co., Ltd, be made available to any Executive Director who specifically requested them; and

(iv) that the Executive Directors be asked to pass upon the loan only when the Brazilian Government representatives had indicated their readiness to sign.

3. Proposed French Potash Development Loan

The Committee considered recent advices from representatives of the Bank in Paris, and

RECOMMENDED:

that the Bank keep open for consideration the possibility of making such a loan, provided that it could obtain the positive and negative pledges which it had sought.

4. The meeting adjourned at 10:45 a.m.

Distribution

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist ✓
7. Mr. R. H. Demuth

FORM [illegible] 61
(1-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held at 10:30 a.m. on Wednesday, November 24, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. **There were present:**

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. J. Rucinski
Mr. D. W. Sayeer
Mr. G. H. Clee
Mr. G. S. Mason
Mr. E. G. Burland
Mr. P. N. Rosenstein-Rodan
Mr. A. Stevenson
Mr. M. M. Rosen
Mr. A. Basch
Mr. A. Broches

2. **Netherlands; Herstelbank Loan**

The Committee discussed the proposed loan to the Herstelbank, and

RECOMMENDED:

(i) that the loan not be made conditional on the easing of the burden of the service of the Netherlands debt to the Eximbank or of the service of the War Debt Settlement with the United Kingdom;

(ii) that the loan be made only if an agreement were reached with ECA concerning a satisfactory relationship between ECA loans and Bank loans to the Netherlands;

(iii) that a large measure of reliance be placed upon the Herstelbank in its selection and prior investigation of projects;

(iv) that although the Bank should not exclude textile projects from the program, it should have some reservations in financing the textile industry at this time in view of world outlook for this industry, and fuller information concerning this industry and the projects operating in this industry should be requested;

(v) that unless the Belgian Government liberated some of its 18%

subscription for this purpose, the Belgian francs should be made available only if no objection to the purchase of such currency were made by ECA and OEEC;

(vi) that the companies should not be brought in as co-obligors;

(vii) that no lien or other security berequested from the companies, but that it be left open;

(a) whether arrangements should be made for the Bank to share in the securities and liens taken by the Herstelbank; and

(b) whether the Bank should retain a right to recapture goods in transit to the Netherlands in case of emergency;

(viii) that the loan be in the amount of approximately $15 million, with a term of 12 years, the first two to be free of amortization, and amortization to start on a reduced scale in the third and fourth years should it be thought necessary.

3. Colombia: Report and Recommendations

The Committee considered the Report and Recommendations on Colombia, and

RECOMMENDED:

(i) that the Colombian representatives be informed that if measures were taken to effect needed fiscal and exchange control reforms, the Bank would enter into negotiations for a loan to cover the foreign exchange costs of the agricultural machinery and power plant projects;

(ii) that a mission be sent as soon as possible to investigate the engineering feasibility of these projects;

(iii) that in the absence of much more convincing evidence of its soundness, the project for a soda ash plant should not be approved;

(iv) that the Bank should at the same time ascertain whether the Colombian Government would agree to the Bank's sending an economic mission to Colombia to prepare a long-range development program; this mission would work closely with Colombia over an extended period, would report frequently, and its recommendations would be reviewed and revised at frequent intervals; this plan would serve as an experiment in long-range, closely supervised, development programming.

4. The meeting adjourned at 1:10 p.m.

Distribution

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist ✓

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held at 4:00 p.m. on Tuesday, November 30, 1948, in Room 1005:

1. There were present:

Mr. R. L. Garner
Mr. A. S. G. Hoar
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. L. B. Rist
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

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JUN 13 2014
WBG ARCHIVES

In attendance:

Mr. J. Rucinski
Mr. D. W. Smyser
Mr. E. G. Burland
Mr. M. J. Madigan
Mr. F. A. Consolo
Mr. P. N. Rosenstein-Rodan
Mr. A. Waterston
Mr. E. E. Clark

2. Costa Rica: Report of Bank Mission

The Committee considered the Economic and Projects Report s and the Conclusions and Recommendations of the Mission, and

RECOMMENDED:

that the Bank investigate the possibility of procuring a qualified person who would serve as an overall advisor to the Costa Rican Government, if that Government would agree, in order that its management might be placed on a more efficient basis, with a view to making Costa Rica a more credit-worthy field for lending by the Bank.

3. Mexico: Interim Credit

The Committee considered SLC/0/67, and

RECOMMENDED:

(i) that the Mexican representatives be informed that if, through no fault of the Mexican Government, the Bank were unable to make a long-term loan for the benefit of Mexlight, it would be prepared to negotiate the funding of the interim credit on reasonable

terms;

(ii) that the Bank should charge, for the interim credit, a rate of interest appropriate to the long-term loan contemplated for the ultimate financing of the Mexlight projects;

(iii) that the Bank should not object to Nacional Financiera and the Federal Electricity Commission charging Mexlight an interest rate higher than that which they would pay the Bank; a spread of the order of one-half per cent was regarded as reasonable.

4. The meeting adjourned at 6:05 p.m.

Distribution

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist ✓
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held at 10:30 a.m. on Wednesday, December 15, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. R. H. Demuth
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. S. Aldewereld
Mr. E. Burland
Mr. C. H. Davies
Mr. G. deFleurieu
Mr. A. S. G. Hoar
Mr. M. J. Madigan
Mr. J. M. Fenton
Mr. M. M. Rosen
Mr. P. N. Rosenstein-Rodan
Mr. J. Rucinski
Mr. D. Smyser
Mr. D. Sommers

2. Proposed Mexican Loan

The Committee considered SLC/0/69 and an appended Table, "Estimated Interest and Sinking Fund Charges and Principal Revenues of the Mexican Federal Electricity Commission", and

RECOMMENDED:

(i) that, instead of seeking a pledge of revenues, the Bank should:

(a) require the Federal Electricity Commission to give a negative pledge; and

(b) limit further borrowing by the Commission without the Bank's consent, by the application of an earnings ratio formula of 1½ to 1;

(ii) that the Bank be prepared to acquiesce in the present Westinghouse

prior lien;

(iii) that the amount of the loan to the Commission not be reduced by an amount corresponding to that portion of the orders to be placed with Westinghouse which would be manufactured or assembled in Mexico by the Westinghouse Mexican subsidiary (Industria Electrica), but:

(a) that this decision should be regarded as a reflection of the exceptional circumstances of the case and not construed as a general withdrawal from the Bank's position on local currency financing; and

(b) that the Bank would supervise the use of pesos contemplated for financing such expenditures in Mexico;

(iv) that, in the light of revised estimates of foreign exchange expenditures to be made by December 31, 1949, the amount of the proposed short-term loan be reduced to $10 million.

3. Proposed Belgian Loan

The Committee considered SLC/0/68, and the Draft Agreement dated December 13, 1948, and

(i) RECOMMENDED:

(a) that the aforementioned Draft Agreement be approved, as modified to provide that the proposed bonds be delivered within sixty days after the signing of the Agreement;

(b) that if the Belgians objected to this provision for delivery of bonds before corresponding parts of the loan had been drawn down, the Bank should not press the proposal;

(c) that the Bank should not necessarily regard itself as bound by an agreement made with the Belgians in connection with a prior application to the effect that it would not exclude from the loan amounts corresponding to expenditures in currencies plentiful in Belgium; and

(ii) AGREED:

to obtain more facts and give further consideration to the question of exclusion from the loan of amounts referred in paragraphs (3) (i) (c), supra.

4. Consultation Provisions: Payments Agreements

The Committee considered the question of the extent to which the Bank should, in its Loan or Guarantee Agreements, provide for consultation on the terms

of bilateral payments agreements which would thereafter be entered into by the borrowing or guaranteeing government, and

RECOMMENDED:

that the General Counsel appoint a committee to give the matter further study.

5. The meeting recessed at 12:50 p.m. and reconvened at 2:30 p.m.

6. Proposed Mission to India

The Committee considered SLC/0/70, and

RECOMMENDED:

(i) that the Loan Director's recommendations be followed;

(ii) that Mr. Gilmartin of the Economic Department be included in the mission as its agricultural expert;

(iii) that the reply to the Indian Government make clear that the Bank regarded the suggested projects and amounts as merely tentative.

7. The meeting adjourned at 3:40 p.m.

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6. Mr. L. B. Rist
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

Mr. Rist
6.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 2:30 p.m. on Thursday, December 23, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. R. H. Demuth
Mr. E. G. Burland
Mr. J. M. Penton
Mr. E. A. Beecroft
Mr. A. Basch
Mr. M. M. Rosen
Mr. W. M. Gilmartin

2. India: Proposed Mission

The Committee considered the "Summary Study of the Economy of India" and the Appendix thereto; SLC/0/71 (Terms of Reference for Proposed Mission to India)"; and the "Schedule of Important Questions on Indian Economic Problems for the Use of the Mission", and

RECOMMENDED:

(i) that the "Summary Study of the Economy of India", and the "Schedule of Important Questions on Indian Economic Problems" be approved;

(ii) that the "Terms of Reference" be approved, with the following modifications:

a. that there be added to the last sentence of Paragraph 1 (b) of the "Terms of Reference": "and their influence on the economy and balance of payments of India";

b. that it should be left to the discretion of the chief of the mission while in India whether to seek an invitation to visit the Dominion of Pakistan;

c. that the last sentence in Paragraph 6 be deleted;

(iii) that it be sought to induce the Indian Government to pay for the salaries and expenses of any outside experts who might be engaged in connection with the proposed Indian loans, only in cases where the services of such experts would work to the benefit of India rather than to that of the Bank.

3. Belgium: Proposed Loan

The Committee considered advices on the current status of negotiations with the Belgian representatives, and

RECOMMENDED:

that the Bank be willing to accept either of the following methods of drawing down the money to be lent:

a. an account would be set up in the Federal Reserve Bank of New York, in the name of the National Bank of Belgium; when withdrawing funds, the National Bank would certify to the IBRD the uses to which such funds would be put; or

b. the National Bank would buy from the Belgian Government the dollars lent by the IBRD, and in turn would sell those dollars to the companies. The companies would keep the dollars in accounts which could be drawn against only with the permission of the IBRD.

4. Belgium: Suggested Additional Loan

The Committee considered a proposal that a loan of the order of $50 million be made to Belgium, the dollars to be deposited in the National Bank, thereby to serve immediately as a currency reserve which would enable the Belgian Government to issue francs for a public works program without inducing a corresponding inflationary effect, but the dollars to be drawn down only for such specific projects proposed from time to time as met the approval of the IBRD, and

AGREED:

to give further consideration to the justification for and possible consequences of such a loan, with particular study of the extent to which Belgium's relatively fortunate balance-of-payments position was the result of its own efforts rather than of fortuitous circumstances, and with a view to suggesting such conditions on the loan as would appear advisable.

5. The meeting adjourned at 5:00 p.m..

DISTRIBUTION:

1. Mr. J. J. McCloy
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3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 3:00 p.m. on Tuesday, December 28, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist ✓
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. R. H. Demuth
Mr. E. G. Burland
Mr. J. M. Penton
Mr. M. J. Madigan
Mr. M. M. Rosen
Mr. A. Stevenson

2. Belgian Loan Proposal

The Committee considered the suggestion of a loan of the order of $50-100 million for the purpose of enabling Belgium to finance an internal modernization program without inducing an inflationary effect, and

RECOMMENDED:

(i) that the Belgian situation be regarded as one of "exceptional circumstances", under Article IV, Section 3 (b) of the Articles of Agreement, warranting consideration of a loan to be devoted principally to the financing of internal expenditures;

(ii) that the Bank be willing to give active consideration to the possibility of lending to Belgium for such purpose, if it were determined that:

(a) the proceeds would be devoted to productive projects;

(b) there was no practicable alternative method whereby the money might be raised; and

(c) Belgium was sufficiently creditworthy.

(iii) that the proposal not be put forward until discussions on the $16.8 million loan now being negotiated were sufficiently advanced as not to be confused or prejudiced by it;

(iv) that, subject to paragraph (iii), the Bank ask M. Frere whether he would be interested in such a loan, and, if so, explore with him the uses to which it would be put and suggest to him that the Bank send a mission to make a careful technical study of both the Belgian situation and the possible benefits to be derived by the rest of Western Europe from the loan.

3. The meeting adjourned at 5:00 p.m.

DISTRIBUTION:

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2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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42

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 11:15 am. on Wednesday, December 29, 1948, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. C. A. McLain
Mr. D. Crena de Iongh
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. R. H. Demuth
Mr. J. Rucinski
Mr. D. W. Smyser
Mr. E. G. Burland
Mr. F. A. Consolo
Mr. E. Lopez-Herrarte
Mr. A. Waterston
Mr. W. G. Welk

2.

The Committee heard the President's impressions of his visit to Central America and discussed the general question of the Bank's approach to the development problems of Central America, and

RECOMMENDED:

(1) that, as to the area in general:

(a) the Economic Department bring its country studies to the point where the Bank would be in a position to form a preliminary view of the credit-worthiness of each of the Central American Republics;

(b) those countries which appeared to be unsuitable lending risks be given suggestions, if they desired, designed to assist them in undertaking measures to improve their credit-worthiness;

(c) there would be sent to those countries which appeared to be possible borrowers various experts who would go from country to country, in whatever sequence appeared most appropriate, examining development possibilities in their respective fields:

(i) an agricultural expert, preferably to be obtained through FAO;

(ii) a farm credit expert, to study the local mortgage banks, preferably to be obtained through the U.S. Department of Agriculture or FAO;

(iii) a power expert, who would, before departing for Central America, consult with American and British companies serving that area;

(iv) a transportation expert, to survey highway and railroad possibilities;

(d) Mr. Consolo devote his full time to serving as coordinator of all measures taken by all departments of the Bank in connection with Central American development, and to supervising and stimulating their progress, with special reference to the matters mentioned in (a), (b) and (c) above;

(e) drafts of enabling legislation authorizing borrowing from the Bank or guaranteeing of Bank loans be sent to all member governments in Latin America, adapted to meet local practices insofar as possible, but with the caveat that constitutional lawyers of the particular countries should be consulted to determine whether in fact local requirements had been met;

(ii) that, as to Guatemala:

(a) technical assistance in connection with transportation and agriculture (including storage facilities) be sent as soon as possible;

(b) the Bank consult with American & Foreign Power Company with reference to the Guatemalan power situation before sending a power expert to Guatemala;

(c) the J. G. White report on irrigation be studied and brought up to date if necessary before sending a mission to investigate irrigation possibilities in Guatemala;

(d) general discussions concerning Guatemala be undertaken with the United Fruit Company;

(iii) that, as to Honduras:

(a) general discussions concerning Honduras be undertaken with the United Fruit Company;

(b) missions not be sent to Honduras before the installation of the newly elected government;

(c) the President-elect be informed of the Bank's readiness to take further steps as soon as informed of the government's desire for it to do so;

(iv) that, as to El Salvador:

(a) no mission be sent to El Salvador until requested by the new government;

(b) a letter be sent immediately to the President of the Central Bank, informing him that if the new government desired, the Bank would be willing to take further measures, such as the sending to El Salvador of farm credit and power experts;

(c) the President of the Central Bank also be given the names of several engineering firms recommended by the Bank for the contemplated water supply project survey;

(v) that, as to Costa Rica:

(a) the Bank keep its information up-to-date, but take further active measures only when the constitutional government had been installed;

(b) the Costa Rican government be informed of the Bank's continued interest and intention to pursue the matter further when possible;

(vi) that, as to the Dominican Republic:

(a) the Bank consult with the Bethlehem Steel Company in respect to iron mining possibilities;

(b) no mission be sent until a promised memorandum had been received from the government;

(c) the Bank inform the government of its intentions and of the fact that it was most interested in agricultural, railroad and mining projects;

(vii) that, as to Nicaragua:

(a) a letter be sent, informing the government of the Bank's interest, especially in agricultural (including irrigation) and transportation projects, and requesting confirmation of Nicaragua's intentions to seek assistance in those directions and indications as to its wishes concerning further actionby the Bank;

(b) that irrigation studies in the possession of I.B.E.C. be obtained;

(viii) that, as to Panama:

(a) conversations be held with U.S. meat packing firms concerning the possibilities of expanding the Panamanian cattle industry;

(b) U.S. Department of Agriculture surveys of agriculture in Panama be studied;

(c) a mission be sent to Panama to investigate the agricultural and cattle raising possibilities of the country, and perhaps the fisheries as well;

(d) a letter be sent to the Minister of Finance setting forth the Bank's intentions;

(e) no concrete steps be taken by the Bank until Panama had returned to good standing with the International Monetary Fund.

3. Colombia

The Committee considered suggestions concerning the proposed mission to Colombia to prepare long-range development plans, and

RECOMMENDED:

that the mission be headed by an expert obtained from outside the staff of the Bank.

4. Content of Guarantee by the U.K. Government for Colonial Loans

The Committee considered SLC/0/72, and

RECOMMENDED:

(i) that the U.K. Treasury be informed, through the Executive Director for the U.K., that:

(a) to be at all satisfactory, any guarantee would have to cover not only principal and interest, but "other charges" as well;

(b) the Bank would accept an opinion of counsel for the U.K. that the legislation authorized the Government to enter into the usual covenants required by the Bank of guarantors to implement Guarantee Agreements entered into by them;

(c) the Bank would not now venture an opinion as to whether or not a guarantee by the U.K. Government of payments but not of other obligations of the borrower would in general be satisfactory to the Bank, but would indicate its views at appropriate times in connection with each concrete loan proposal under discussion;

(d) the aforementioned views apply to legislation guaranteeing loans made not only to colonial governments, but to government development corporations as well;

(ii) that the General Counsel and theLoan Director draft a telegram in conformance with the foregoing recommendations.

5. The meeting recessed at 1:15 p.m., reconvened at 3:00 p.m., recessed at 4:30 p.m., reconvened at 5:30 p.m., and adjourned at 6:45 p.m..

DISTRIBUTION:

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

43

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Minutes of Staff Loan Committee Meeting, Held at 5:45 p.m., on Tuesday, January 4, 1949, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J.J. McCloy
Mr. R. L. Garner
Mr. W.A.B. Iliff
Mr. D. Crena de Iongh
Mr. C. A. McLain
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. A. S. G. Hoar
Mr. J. M. Penton
Mr. E. G. Durland
Mr. D. Sommers
Mr. S. Aldewereld
Mr. M. M. Rosen

BELGIUM

2. The Committee considered SLC/0/73, and

RECOMMENDED:

that the Bank's proposal be clarified further and submitted to M. Berger in order that the latter's attitude might be more precisely ascertained.

3. The meeting adjourned at 6:55 p.m.

Distribution:

Mr. McCloy
Mr. Garner
Mr. Iliff
Mr. Crena de Iongh
Mr. McLain
Mr. Rist
Mr. Demuth

FORM NO. 61
(4.48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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44

Minutes of Staff Loan Committee Meeting, Held at 4:15 p.m. on Tuesday, January 11, 1949, Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. D. Crene de Iongh
Mr. A. F. Luxford
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. E. G. Durland
Mr. G. H. Clee
Mr. H. W. Larsen
Mr. A. D. Spottswood

2. Uruguay

The Committee considered SLC/0/74, SLC/0/75, and the Economic Department Reports on Uruguayan External Credit and Appraisal of the Development Projects, and

RECOMMENDED:

(i) that the Bank inform the Government of Uruguay that the Bank was willing to consider, in principle, the making of a loan to U.T.E., to be guaranteed by the Government of Uruguay, for the purpose of financing such part of the foreign exchange costs of the electric power and telephone expansion program of U.T.E. as U.T.E. was obliged to borrow, and that the Bank will proceed forthwith to try to work out with the Uruguayan authorities the details of this loan after such further examination of the projects and of the financial position and structure of U.T.E. as the Bank may think necessary;

(ii) that it should be pointed out to the Uruguayan authorities that although U.T.E. would be free to place its contracts in such countries as offered the best facilities by way of price, delivery, suitability of equipment, etc., the fewer dollars they were obliged to borrow the less would be the dollar burden of repayment;

(iii) that the Bank recommend to the Uruguayan authorities that if they decided to place orders in a particular country of which Uruguay was a substantial creditor on current account they should endeavor to obtain the needed equipment by using their available resources of that country's currency and so avoid the necessity of borrowing to finance that portion of their expenditures;

(iv) that if the Uruguayan authorities decided to place contracts in any member country other than the United States of America and if they were unable to finance such purchases out of their available resources of that country's currency, the Bank should make efforts to secure the consent of the member government concerned to the use of its eighteen per cent subscription as part of the loan;

(v) that the Bank inform the Uruguayan authorities that at first sight it inclined to the view that the scale of the telephone project to be financed initially might be somewhat reduced, but a final determination on that point would be made after the technical study had been completed;

(vi) that the rate of local currency earnings of the projects would be no criterion of the term of the loan;

(vii) that the Bank inform the International Monetary Fund of its intentions with respect to Uruguay.

3. The meeting adjourned at 6:15 p.m.

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4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 10:00 a.m., on Monday, January 17, 1949, Room 1005.

45

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. W. A. B. Iliff
Mr. A. F. Luxford
Mr. H. W. Riley
Mr. L. B. Rist
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. S. Aldewereld
Mr. E. A. Bayne
Mr. J. J. Fenton
Mr. W. G. Welk
Mr. M. M. Rosen
Mr. A. Stevenson
Mr. A. Broches

2. U. K. COLONIAL DEVELOPMENT

The Committee considered SLC/0/76 and Appendices I to IV thereto, and

RECOMMENDED:

that the Loan Department's recommendations be adopted.

3. PROPOSED BELGIAN LOAN

The Committee considered a report from Mr. Fenton on current progress in negotiations with the Belgian representatives, and

RECOMMENDED:

that the Bank accept the following proposal as to disbursement, which would be agreeable to the Belgian Government:

(a) upon signature of the Loan Agreement, the International Bank would open on its books an account in favor of the National Bank of Belgium

for order of the Belgian Government to be used for specified purposes;

(b) the National Bank would immediately pay to the Belgian Government the Belgian franc equivalent of the loan proceeds;

(c) the National Bank would present to the International Bank applications for withdrawals in the usual manner of borrowers from the International Bank;

(d) the companies would purchase the dollars from the National Bank for francs as and when they needed them.

4. The meeting adjourned at 11:15 a.m.

DISTRIBUTION:
1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 4:40 p.m. on Monday, January 24, 1949, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

1. There were present:

Mr. J. J. McCloy
Mr. R. L. Garner
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. L. B. Rist
Mr. O. A. Schmidt
Mr. A. J. Rosenthal (Secretary)

In attendance:

Mr. R. H. Demuth
Mr. P. N. Rosenstein-Rodan
Mr. F. A. Consolo
Mr. G. de Fleurieu
Mr. A. Waterston

2. Central American Countries

The Committee considered the Memorandum of the Economic Department, "Central American countries", and

a. RECOMMENDED:

(i) that a letter be sent to the Costa Rican authorities, setting forth the Bank's attitude towards financing Costa Rican development projects, substantially as follows:

(a) the Costa Rican economy was basically appropriate for such financing;

(b) the Government had recognized that it would probably not be able to carry through fiscal and other necessary reforms without outside assistance;

(c) Costa Rica required not only experts in separate fields but an overall advisor on economic administration;

(d) the Bank would endeavor to assist by recommending such an advisor and other experts;

(e) Bank financing would depend on and be timed by the formulation and execution of appropriate policies of reform;

(f) at the present time, and in the absence of adequate documentation, projects covering warehousing facilities, milk processing, fisheries, and agricultural processing equipment, seemed to offer the best opportunities for financing by the Bank;

(ii) that the President, when visiting Cuba in February, 1949, discuss with the Cuban authorities the possibilities of Bank financing of agricultural diversification projects and of the sale of Bank securities in Cuba;

b. AGREED:

to defer consideration of the measures to be taken with respect to the other Central American and Caribbean countries until answers had been received in response to communications sent to them.

3. The meeting adjourned at 5:50 p.m.

DISTRIBUTION:

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B.Rist
7. Mr. R. H. Demuth

FORM NO. 61
(4-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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STAFF LOAN COMMITTEE

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Minutes of Staff Loan Committee Meeting, Held at 4:30 p.m. on Wednesday, January 26, 1949, in Room 1005.

DECLASSIFIED
JUN 13 2014
WBG ARCHIVES

47

1. There were present:

Mr. R. L. Garner
Mr. O. A. Schmidt
Mr. D. Crena de Iongh
Mr. D. Sommers
Mr. A. F. Luxford
Mr. P. N. Rosenstein-Roden
Mr. A. J. Rosenthal (Secretary)

In attendence:

Mr. R. H. Demuth
Mr. G. H. Clee
Mr. C. H. Davies
Mr. W. Glastra
Mr. H. W. Riley
Mr. H. W. Lareen
Mr. H. B. Parker

2. ECUADOR

The Committee considered the Operational and Economic Reports on Ecuador, and

RECOMMENDED:

that the recommendations of the Loan Department be adopted, with the deletion of the reference to initial priorities.

3. PARAGUAY

The Committee considered the Operational and Economic Reports on Paraguay, and

a. RECOMMENDED:

that the operations of the Bank in Paraguay should follow the pattern recommended in paragraph (a) of the Loan Department's recommendations as to Ecuador, with the deletion of the reference to initial priorities;

b. AGREED:

to defer for further consideration its decision on the method and personnel to be used to put such operations into effect.

4. The meeting adjourned at 6:30 p.m.

DISTRIBUTION:

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Iongh
5. Mr. C. A. McLain
6. Mr. L. B. Rist
7. Mr. R. H. Demuth

SLC/M/48 - Interest rates and other terms of Belgian Loan

No minute