Folder Title: Deutsche Bundesbank - Bonds - Borrowing - 200 Million Deutsche Marks - 3 Percent Notes - 1958 - Correspondence
Folder ID: 1052230
Dates: 06/24/1958-03/10/1960
Fonds: Records of the Office of the Treasurer
ISAD Reference Code: WB IBRD/IDA TRE
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THE WORLD BANK
Washington, D.C.
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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED
March 10, 1960

Mr. Peter G. Rasmussen

3% IN Notes of 1953, due 1961

To meet the repayment of this issue at maturity we could schedule repaysments from the borrowers as follows (in thousands):

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First half 1960</td>
<td>$9,764</td>
</tr>
<tr>
<td>Second half 1960</td>
<td>$14,823</td>
</tr>
<tr>
<td>First half 1961</td>
<td>$20,691</td>
</tr>
<tr>
<td>Second half 1961</td>
<td>$1,851</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,139</strong></td>
</tr>
</tbody>
</table>

These repayments would include the following types of funds:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>13% funds</td>
<td>$11,232</td>
</tr>
<tr>
<td>Free funds</td>
<td>$35,897</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,129</strong></td>
</tr>
</tbody>
</table>

In order to switch the 13% funds shown above, we could switch the following amounts of free funds in the Loans indicated:

<table>
<thead>
<tr>
<th>Loan</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>213 AUA</td>
<td>$3,000</td>
</tr>
<tr>
<td>211 BR</td>
<td>$2,800</td>
</tr>
<tr>
<td>222 FT</td>
<td>$1,500</td>
</tr>
<tr>
<td>150 IT</td>
<td>$3,000</td>
</tr>
<tr>
<td>152 UR</td>
<td>$632</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,232</strong></td>
</tr>
</tbody>
</table>

This schedule does not take into account earnings in Deutsche marks between now and maturity date.

The amount needed at maturity is the equivalent of $47,619,000. The difference between this and the amount shown above could, of course, be covered from earnings.

cc: Mr. Cavanaugh
    Mr. Y.E. Chang
    Mr. Prins
    Mr. Rutland

RE: Deely/18
Mr. R. W. Cavanaugh

October 7, 1959

B. L. Prins

German Borrowings:

I give below the disbursements on our two German borrowings, each in the amount of DM 200,000,000, as of October 6, 1959, which have now been completely disbursed:

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deutsche Bundesbank</td>
<td>Deutsche Bundesbank</td>
</tr>
<tr>
<td>For payments to German suppliers</td>
<td>DM 51,130,200</td>
<td>DM 32,892,100</td>
</tr>
<tr>
<td>Various Project Loans</td>
<td>DM 12,354,500</td>
<td>DM 40,927,600</td>
</tr>
<tr>
<td>U.S. dollars purchases</td>
<td>$ 19,367,500</td>
<td>$ 22,279,500</td>
</tr>
<tr>
<td>Pounds sterling purchased</td>
<td>£ 3,297,100</td>
<td>£ 721,300</td>
</tr>
<tr>
<td>Swiss francs purchased</td>
<td>SwF 5,182,800</td>
<td>SwF 6,100,700</td>
</tr>
<tr>
<td>Swedish kronor purchased</td>
<td>SKr 2,376,000</td>
<td>SKr 8,258,000</td>
</tr>
<tr>
<td>Belgian francs purchased</td>
<td>BF 2,418,000</td>
<td>BF 31,898,000</td>
</tr>
<tr>
<td>French francs purchased</td>
<td>F 168,537,000</td>
<td>F 191,379,000</td>
</tr>
<tr>
<td>Norwegian kroner purchased</td>
<td>Nkr 4,312,000</td>
<td>Nkr 394,000</td>
</tr>
<tr>
<td>Greek drachmae purchased</td>
<td>Dr 56,000</td>
<td>---</td>
</tr>
<tr>
<td>Hong Kong dollars purchased</td>
<td>HK$ 1,905,000</td>
<td>HK$ 18,200</td>
</tr>
<tr>
<td>Italian lire purchased</td>
<td>Lit 43,699,500</td>
<td>Lit 238,900,000</td>
</tr>
<tr>
<td>Austrian schillings purchased</td>
<td>S ---</td>
<td>S 3,855,000</td>
</tr>
<tr>
<td>Interest charged by Deutsche Bundesbank</td>
<td></td>
<td>DM 3,522,000</td>
</tr>
</tbody>
</table>

Interest charged by Deutsche Bundesbank: DM 3,522,000
Referring to my memorandum of July 22, 1958 please delete from the list of maturities scheduled for repayment in DM all of the maturities in the last half of 1959. This amounts to equivalent of 82,913,000.
Deutsche Mark as World Bank Currency

As reported elsewhere in this issue, the World Bank has taken a 5% loan in Germany in the amount of 200 million DM at the issue price of 100. This operation is noteworthy in several respects. First, it should be recalled that only a few years ago the question discussed was the other way round: whether the World Bank should or would grant a loan to the German Federal Republic to accelerate reconstruction or to promote certain economic projects which could not be covered sufficiently by the German capital market. Along with this abrupt change from debtor to creditor, position, it should also be considered that the loan now being floated by the World Bank in Germany, the largest foreign loan in a half-century, is not the first German loan to the World Bank, for the German Bundes Bank long ago granted the World Bank a loan of 1.67 billion DM (350 million dollars and 200 million DM) of which 273 million DM have already been repaid. However large the DM issue of April 1959 may appear, compared with the Bundesbank's loan to the Washington institute it does not seem so overwhelming an amount. Anyway, it is no longer a matter of short or medium term credit but a regular loan with a maximum term of 15 years, amortisation to be effected after 5 free years in 10 equal annual instalments of 20 million DM each, beginning April 1, 1965. The Federal Republic - it becomes increasingly apparent - has become a capital exporting country. This means that German productive power has grown so much that, given a moderate steadiness, more goods can be sold abroad than there is need to import. It does not mean that in capital export an instrument has been discovered to reverse the trend of the German balance of payments which tends toward a surplus of exports, for the capital export is only the reflection of the export surplus. Further evidence of this is that, although an export surplus without capital export is conceivable for a certain time, in this case the counterpart remains in the form of foreign claims in the portfolio of the central bank or other credit institutions or even export companies. However, capital export without export surplus is inconceivable. It was indicative that on the occasion of the floating of the loan something was said about the amounts already utilized by the World Bank for purchases in Germany. According to that, up to the floating of the loan there were goods valued at more than 1 billion DM which could be shipped to other parts of the world from the German production area as exports financed by World Bank loans. If the new loan is denominated only in D Mark, the currency clause can be dispensed with obviously, so that the borrower can and will use the loan currency for purchases in Germany, if not
directly, then indirectly, by putting its DM holdings at the disposal of its own borrowers. However, the denominating of a foreign loan in DM is so meaningful an experience for us Germans, who in the end still have not entirely abandoned the habit of regarding our own currency as inferior in value in comparison with foreign currencies, who still live in circumstances born of the foreign exchange austerity, that it is not easy immediately to fully realize all of its consequences. This is a foreign loan which appears on the market completely in the guise of a domestic issue, not only in that it is adapted to the requirements for issue of present conditions on the German capital market, but also through the omission of foreign exchange or transfer clauses formerly connected with foreign loans. This is interesting in two respects. For one thing, German subscribers no longer needed stimulus through tying the loan principal to the rate or standard of the dollar or any other respected currency - the D Mark is equal to all. For another, an assurance from the borrower that he would and could pay principal and interest completely in free D Mark on the basis of the gold parity at any time, even if in the borrower's country there should exist foreign exchange control or possible restriction in foreign exchange transactions. In other words, this is a loan usual before the first world war when international currency transactions were not yet crippled by fluctuations of foreign exchange rates. Behind the fact that the D M has become a World Bank currency lies a series of circumstances which throw a favorable light upon the strength of the present German foreign exchange position.
Gespräch des Tages


TRANSLATED

MAY 12 1959

I.B.R.D.
As you know, the Bank borrowed DM200,000,000 from the Deutsche Bundesbank on July 7, 1958. This is repayable on July 7, 1961. Such short-term borrowing of a currency without accompanying long-term borrowing of such currency creates considerable difficulty to the Bank. As 18% funds are not intended to be used to retire borrowings, the result is that only the borrowings themselves and profits are available for debt amortization. Where long-term funds are also borrowed in the particular currency, sufficient flexibility results to eliminate most of the problems.

All of our loan agreements provide for a period of grace between the time of the signing and the beginning of amortization. Thereafter, semi-annual repayments are provided over a period of from 10 to 25 years. The early repayments are normally smaller than the later repayments.

When we borrowed the Deutsche Marks on a 3-year basis it was necessary that we go through our list of loans and pick out borrowers who had not drawn down the full amount of their loans and who would be making repayments to the Bank prior to July 7, 1961. Actually, we were able to schedule disbursements to such borrowers amounting to slightly less than $44,000,000 equivalent as against the $47.6 million equivalent of the DM200 million. The difference will be disbursed to borrowers who will repay after July 7, 1961. We will, if necessary, acquire the extra funds to repay the bond issue at maturity by using profits in DM which are now running at the rate of about $2-1/2 million per year equivalent. Also, we realized that the selected borrowers would be drawing down funds over a fairly lengthy period and that we would have to start recovering the DM from them almost as soon as we had finished disbursing it. To December 31 we had disbursed only $29.3 million equivalent of the borrowing funds.

In order to recover the $44 million from the borrowers by July 7, 1961 it is necessary that we start in July 1959. Because of this it is important that we know as soon as possible whether the Deutsche Bundesbank will be willing to renew the issue.

It is difficult to generalize on the question of the maturity of a short-term borrowing. As the Bank has a large amount of dollars now outstanding on loans, which dollars were borrowed at long term, the
Bank can borrow on short term and use the long-term dollar repayments of borrowers to meet the short-term borrowing. Also, if necessary, the borrowing can be met out of the large cash holdings the Bank must keep in dollars. In a case such as Germany, where no long-term funds or cash holdings are available, each short-term transaction must be arranged based on the particular circumstances of the situation. As you can see from the above facts, we could not have utilized more than DN200 million on a three-year basis nor could we have utilized even that much on a two-year basis. As stated, we must begin to recover these particular DM two years before maturity. If the borrowing had been for five years, it is estimated that the recovery could have started only slightly more than one year before maturity. This is true because first the loans on which these DM were disbursed have maturities which progressively increase in size and second the DM could have been spread over more loans by adding those loans with maturities starting between July 1961 and July 1963. In general it would appear that, without long-term funds available, a borrowing of DM 200 million now should have at least a five-year maturity. A smaller amount could be shorter and a larger amount should be longer.

In addition to the above, we would like to state that if the borrowing is not to be renewed or if an answer to this question cannot be given by July 1959, it is important that we be able to invest our DM holdings of profits and borrowings. I realize that you have raised this question of investment with your Government but it would be helpful if you could again pursue this question of the investment of our DM funds.
COMMUNICATION: Letters

DATED:

TO:

FROM:

FILED UNDER: Germany - Dep Gen

SUMMARY: Correspondence with Deutsche Bundesbank re opening a DM Account No. 540 913 with deposit of DM 200 million.
To: Mr. A. Perram  
From: Raymond E. Deely  
Subject: Deutsche Mark repayment  

July 22, 1958

There is attached a listing of maturities set aside for repayment of Deutsche Marks. This allocation is to provide funds for the repayment of our recent Deutsche mark borrowing due July 7, 1961.

It is necessary that we adhere strictly to this schedule.
The Staff

W.C.P. Rutland

July 7, 1958

**Borrowing of 200,000,000 DM from Deutsche Bundesbank**

1) **Computation of Commitment Charge and Interest** -
   Always use a 360 day factor

2) **Treatment on the Financial Statements and Funded Debt Statement**
   The amount of the borrowing not withdrawn at the date of each Statement will be treated on our Financial Statements in the same manner as bonds sold on Delayed Delivery basis, i.e. the amount of the Funded Debt will show only the borrowed funds actually withdrawn by the Bank with a suitable footnote on the Funded Debt statement regarding the balance of the borrowings still available (verbally agreed by Messrs. Cavanaugh and Murich July 3, 1958).

3) **Mr. Prins will make a schedule of disbursements indicating the Deutsche Bundesbank borrowing account. In/out entries in a cash account will not be made.**

4) **Computation of the Commitment Charge and the interest on IBRD withdrawals** will be performed by Mr. Matthews covering the period from the date of the transaction to the end of the current month concerned. Thereafter Miss Bray will be responsible for the accrual of commitment charge and interest on such withdrawals.

cc: Mr. Cavanaugh
Mr. Desly
Mr. Chang
Mr. Matthews
Miss Bray

WCP Rutland/er
July 2, 1958

Federal Reserve Bank of New York
33 Liberty Street
New York 45, N.Y.

Attention: Foreign Department

Gentlemen:

On July 7 please deliver at your office to or on the order of the Deutsche Bundesbank the enclosed Note No. 1 dated July 7, 1958, issued by this Bank in the amount of Dm200,000,000 and payable to or on the order of the Deutsche Bundesbank, which Note is due July 7, 1961.

You will no doubt receive instructions from the Deutsche Bundesbank as to the disposition of this Note. Payment for this Note is being made in Germany.

Very truly yours,

Robert W. Cavanaugh
Chief, Finance Division

Enclosure

cc: Legal Department
Mr. Poore

RWCavanaugh:emk
July 2, 1958

Deutsche Bundesbank
Taunusanlage 4-6
Frankfurt am Main
Germany

Gentlemen:

We wish to thank you for your letter of June 25, 1958. We are enclosing herewith a specimen of the note which will be delivered to or on your order at the Federal Reserve Bank of New York on July 7.

Very truly yours,

Robert W. Cavanaugh
Chief, Finance Division

Enclosure

cc: Legal Department

RWCavanaugh:emk
The International Bank for Reconstruction and Development has arranged with the Central Bank of West Germany to make its first borrowing of Deutsch marks. The amount to be borrowed is DM 200 million, (approximately $48 million) at 3 per cent; the period of the loan is three years and the lender is the Deutsche Bundesbank. This transaction results from the recent visit to West Germany of Eugene R. Black, President of the Bank.

The Deutsch marks will be fully convertible, but the needs of the Bank to disburse this currency to its borrowers in the near future make it probable that a substantial part of the proceeds of this loan will be spent in West Germany.

Although this is the first borrowing of Deutsch marks, it is the fourth loan the Bank has received from the Bundesbank and brings the total borrowed to the equivalent of $298 million, all in the past 12 months. The previous loans were of United States dollars, as follows:

- July 9, 1957: $100 million 1, 2 and 3 year 4 4/8% notes*
- September 23, 1957: $75 million 1, 2 and 3 year 4-3/8% notes
- June 14, 1958: $75 million 1, 2 and 3 year 2 3/8% notes

* The first $40 million of these notes is due to mature on July 11, 1958. The Bundesbank has agreed to relend this amount in the form of 2 1/2 per cent notes with a term of three years.
Confirming your telex June 26, 1958, we are in full agreement with you, especially that third and fourth paragraphs of your letter agreement of September 19, 1957 are also applicable to present transactions.

English text of the note as proposed by you accepted.

Agree with text of press release as proposed through your Paris office.

NOTENBANK
gez. Blessing gez. Dr. Zachau

---

Wir bestätigen hiermit unser obiges Fernschreiben - Telegramm
We hereby confirm our above cable - teletype letter - of today's date
Nous vous confirmons notre télégramme - télex - de ce jour comme ci-dessus

Deutsche Bundesbank
BANK DEUTSCHER LÄNDER
gez. Blessing gez. Dr. Zachau
Washington

Concerning your telex June 26, 1956, we are in full agreement with your
especially firm intial and fortuitous participation of your letter agreement of
September 10, 1957. They also applicable to process transactions.

English text or the note as proposed by you received.
Agreed with text of press release as proposed through your Berlin office.

NOTENBANK

F. Bressel / Dr. Schaper

Deutsche Bundesbank

F. Bressel / Dr. Schaper
DATE OF WIRE: JUNE 27, 1958 1534

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: GERMANY

TEXT:

519 CONFIRMING YOUR TELEX JUNE 26, 1958, WE ARE IN FULL AGREEMENT WITH YOU: ESPECIALLY THAT THIRD AND FOURTH PARAGRAPHS OF YOUR LETTER AGREEMENT OF SEPTEMBER 19, 1957 ARE ALSO APPLICABLE TO PRESENT TRANSACTIONS. ENGLISH TEXT OF THE NOTE AS PROPOSED BY YOU ACCEPTED. AGREE WITH TEXT OF PRESS RELEASE AS PROPOSED THROUGH YOUR PARIS OFFICE.

NOTENBANK

GEZ. BLESSING    GEZ. DR. ZACHAU
June 26, 1958

Mr. Karl Blessing
President
Deutsche Bundesbank
Frankfurt am Main
Germany

Dear Mr. Blessing:

Attached is a copy of the cable we sent you today.

In addition we are attaching a draft of the form of note
from which you can see the format we propose.

Sincerely yours,

Henry W. Riley
Treasurer

Attachments: 2
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

NOTE

New York, N.Y., July 7, 1958

DM200,000,000

International Bank for Reconstruction and Development, Washington, D. C., for value received, hereby promises to pay to the order of Deutsche Bundesbank, Frankfurt am Main, on the seventh day of July, 1961, the principal sum of two hundred million deutsche marks (DM200,000,000.00) in lawful money of the Federal Republic of Germany. Interest shall be paid in like money at the rate of three per cent (3%) per annum payable semi-annually on January 7 and July 7 in each year on the principal sum outstanding and shall accrue from the respective dates on which the principal sum, credited to the International Bank for Reconstruction and Development on the books of the Deutsche Bundesbank, shall be withdrawn by the International Bank for Reconstruction and Development. Principal and interest shall be paid at the Deutsche Bundesbank, Frankfurt am Main.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By ______________________

THIS NOTE IS NOT AN OBLIGATION OF ANY GOVERNMENT.
OUTGOING WIRE

CLASS OF SERVICE: TELETYPEx

DATE: JUNE 26, 1958

TO: MR. KARL BLESSING
    PRESIDENT
    NOTENBANK
    FRANKFURT MAIN

COUNTRY ( GERMANY )

TEXT:

Cable No.

RE OUR CABLE JUNE 24 AND YOURS JUNE 25 EXECUTIVE DIRECTORS HAVE APPROVED TRANSACTION AND ON JULY 7 WE WILL DELIVER TO FEDERAL RESERVE BANK OF NEW YORK FOR YOUR ACCOUNT A NOTE IN THE AMOUNT OF DM200 MILLION IN THE FORM OF DRAFT NOTE BELOW STOP ON JULY 7 PLEASE OPEN ACCOUNT ON YOUR BOOKS IN OUR NAME IN AMOUNT OF DM200 MILLION ON WHICH WE WILL DRAW FROM TIME TO TIME STOP WE PROPOSE WE PAY COMMITMENT FEE TO YOU ON EACH JANUARY AND JULY 7 TOGETHER WITH INTEREST STOP WE AGREE THAT ON YOUR REQUEST WE WILL EXCHANGE THE NOTE INITIALLY DELIVERED FOR NOTES OF THE SAME TENOR IN SMALLER DENOMINATIONS AND IN LIKE AGGREGATE PRINCIPAL AMOUNT ALSO IF YOU SO DESIRE WE WOULD BE PREPARED TO DELIVER ON EXCHANGE NOTES WRITTEN IN THE GERMAN LANGUAGE AND CONFORMING TO GERMAN PRACTICE AND IN THAT CASE WE REQUEST THAT YOU SEND US A PROPOSED GERMAN TEXT STOP PLEASE CONFIRM OUR UNDERSTANDING THAT THE THIRD AND FOURTH PARAGRAPHS OF OUR LETTER AGREEMENT OF SEPTEMBER 19, 1957 ARE ALSO APPLICABLE TO THE PRESENT

Signed: (Type in last name of sender)

AUTHORIZED BY:

NAME: 

DEPT: 

SIGNATURE: (Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)
GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service
Type in class of service desired. Each class is described as follows:

- **Letter Telegram**
  - Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

- **Full Rate**
  - Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

- **IBF Govt.**
  - This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:
    - Bolivia
    - Cuba
    - Guatemala
    - *Peru
    - Brazil
    - Dominican Republic
    - Honduras
    - Syria
    - *Colombia
    - *Ethiopia
    - Nicaragua
    - Uruguay
    - Lebanon
    - Syria
    - Burma
    - Ecuador
    - Jordan
    - Venezuela
    - India
    - *El Salvador
    - *France
    - *Honduras
    - *Lebanon
    - *Nicaragua
    - *Pakistan
    - *Panama
    - Bulgaria
    - Colombia
    - *Costa Rica
    - *Cream
    - *El Salvador
    - *Ethiopia
    - *France
    - *Haiti
    - *Honduras
    - *Lebanon
    - *Nicaragua
    - *Pakistan
    - *Panama
    - *Peru
    - *Syria
    - *Venezuela
    - *Yugoslavia
    - In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

- **Code**
  - Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

- **Day Letter**
  - Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

- **Teletype**
  - To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address
Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text
Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reoulet, retrive, etc. Write on one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature
Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization
Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 2111 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.
OUTGOING WIRE

CLASS OF SERVICE: 

DATE: 

TO: 

COUNTRY ( 

TEXT: 

Cable No. 

TRANSACTION STOP DRAFT NOTE FOLLOWS: HEADING READS NO. 1 NEW YORK, N.Y., JULY 7, 1958 DM200,000,000 TEXT READS INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, WASHINGTON, D. C., FOR VALUE RECEIVED, HEREBY PROMISES TO PAY TO THE ORDER OF DEUTSCHE BUNDESBANK, FRANKFURT AM MAIN, ON THE SEVENTH DAY OF JULY, 1961, THE PRINCIPAL SUM OF TWO HUNDRED MILLION DEUTSCHE MARKS (DM200,000,000.00) IN LAWFUL MONEY OF THE FEDERAL REPUBLIC OF GERMANY. INTEREST SHALL BE PAID IN LIKE MONEY AT THE RATE OF THREE PER CENT (3%) PER ANNUM PAYABLE SEMI-ANNUALLY ON JANUARY 7 AND JULY 7 IN EACH YEAR ON THE PRINCIPAL SUM OUTSTANDING AND SHALL ACCRUE FROM THE RESPECTIVE DATES ON WHICH THE PRINCIPAL SUM, CREDITED TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ON THE BOOKS OF THE DEUTSCHE BUNDESBANK, SHALL BE WITHDRAWN BY THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. PRINCIPAL AND INTEREST SHALL BE PAID AT THE DEUTSCHE BUNDESBANK, FRANKFURT AM MAIN. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT BY BLANK THIS NOTE IS NOT AN OBLIGATION OF ANY GOVERNMENT. STOP BEST PERSONAL REGARDS 

TEST 1498 BLACK INTRAFRAD

(Signature of individual authorized to approve cable). 

ORIGINAL (File Copy) 

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- Ecuador
- El Salvador
- Ethiopia
- France
- Greece
- Guatemala
- Honduras
- Iran
- Jordan
- Kenya
- Lebanon
- Libya
- México
- Morocco
- Peru
- Syria
- Syria
- Uruguay
- Venezuela
- Yugoslavia

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

**Code**
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4. Signature
Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization
Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

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Sehr geehrte Herren!

Wir erhielten Ihr Kabel vom 24. d.M.: 

"Confirming telephone conversation with Donner subject to approval of the Board of Directors IBRD agrees to borrow two hundred Million DMarks which will be freely convertible for three years at three percent the Transaction to be completed at time agreeable to you after July one stop Since at present it is not possible to invest proceeds of this loan for short periods pending disbursement it is proposed that withdrawals be made from the loan as required by IRBD and that interest be charged from the date of such withdrawals stop A commitment fee of one quarter of one percent per annum is suggested for the undrawn balance of the loan stop It is presently estimated that the proceeds of the loan would be used at a rate of from forty to fifty Million DMarks per month beginning immediately after the loan becomes effective stop Will submit to you proposed press release please confirm your acceptance tomorrow if possible Kindest personal regards BLESSING INTEBAFRAD "

auf das folgende Kabelantwort gesandt wurde:

"Your cable June 24 

Accept your proposal to loan two hundred million free convertible DMarks to you for three years at three percent stop Withdrawals from the loan will be made as required by you and interest will be charged from the date of such withdrawals stop A commitment fee of one quarter of one percent per annum for the undrawn balance of the loan will be charged to you stop Propose that loan shall become effective on July seventh stop Awaiting your proposed press release stop Best personal regards BLESSING Notenbank "

25. Juni 1958
Deutsche Bundesbank

International Bank for Reconstruction and Development

18th St. N.W.

Washington D.C.

U.S.A.

Vorstand der Bank

Washington, 25. Mai 1933

Petit Sauger, Mr. Goldman, Mr. Newson,

Wir sind mit der Kooperation in der Erreichung der Zwecke der Annahme der Kommune des vorliegenden Berichtes zu zufrieden. In diesem Zusammenhang möchten wir darauf hinweisen, dass die Maßnahmen zur Realisierung der vorliegenden Anschauung in der Tat von erheblicher Bedeutung für die wirtschaftliche Entwicklung Deutschlands sind. Sie werden dazu beitragen, die wirtschaftliche Stabilität und den wirtschaftlichen Fortschritt zu fördern.

Wir hoffen, dass die Mitglieder der Bank in unsere Bemühungen zur Erreichung dieser Ziele ihre volle Unterstützung geben werden.

Mit freundlichen Grüßen,

[Unterschrift]

[Name]

[Stadtnachweis]

Wie ferner bereits am Telefon mit Herrn Professor Donner besprochen, bitten wir uns noch den Wortlaut der von Ihnen auszustellenden Notes, deren Hinterlegung für uns bei der Federal Reserve Bank of New York, New York, zu erfolgen hätte, mitzuteilen.

Ihrem Vorschlag für den Wortlaut Ihrer Presseveröffentlichung sehen wir gerne entgegen.

Mit vorzüglicher Hochachtung

DEUTSCHE BUNDESBANK

TRANSLATED

JUL 1 1958
I.B.R.O.
CORRESPONDENCE

WITH PENSION AND PENSIONER PAYMENT OF VETERANS' PEN

The recipient receives his pension with the first check on the first of the next month. The amount is calculated based on the person's service record and the amount determined by law.

The amount paid is in German Marks and equals the following:

- For 20,000,000.000 (Deutsche Mark) in Germany
- For 10,000,000.000 (Deutsche Mark) in the United States
- For 5,000,000.000 (Deutsche Mark) in the United Kingdom

The pension is subject to adjustments based on the recipient's age and length of service. It is important to note that the amount is subject to change and may vary depending on the recipient's circumstances.

I am pleased to inform you of the new pension amounts for Veterans in Germany, the United States, and the United Kingdom.

Yours sincerely,

[Signature]

TRANSLATED

[Translation]

[Date]
We have the honor to confirm hereby the text of the above-mentioned exchange of cables and accordingly, we shall open in our books on July 7 next a freely convertible DM account and credit it on the same day with 200,000,000 DM's. The amount will be at your disposal for three years and becomes due for repayment on July 7, 1961. Interest on the amounts withdrawn shall be debited from the day of withdrawal. We have taken note that withdrawals will probably occur in monthly amounts of 40-50 million DM's. On the undrawn portion of the 200,000,000 DM's, you shall pay us a commitment commission of $\frac{1}{4}$% per year. Interest and commitment charge shall be debited to the above-mentioned account each half-year, i.e., on January 7 and July 7 of each year.

We also request, pursuant to the telephone conversation with Professor Donner, that you inform us of the text of the certificates you are to issue which are to be deposited for us with the Federal Reserve Bank of New York, N. Y.

We look forward to your proposal concerning the text of your press release.

Yours.....

DEUTSCHE BUNDESBANK

2 signatures (illegible)
INCOMING WIRE

DATE OF WIRE: JUNE 25, 1958 1353

TO: MR. EUGENE BLACK INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: GERMANY

TEXT:

730 YOUR CABLE JUNE 24 ACCEPT YOUR PROPOSAL TO LOAN TWO HUNDRED MILLION FREE CONVERTIBLE DMARKS TO YOU FOR THREE YEARS AT THREE PERCENT STOP WITHDRAWALS FROM THE LOAN WILL BE MADE AS REQUIRED BY YOU AND INTEREST WILL BE CHARGED FROM THE DATE OF SUCH WITHDRAWALS STOP A COMMITMENT FEE OF ONE QUARTER OF ONE PERCENT PER ANNUM FOR THE UNDRAWN BALANCE OF THE LOAN WILL BE CHARGED TO YOU STOP PROPOSE THAT LOAN SHALL BECOME EFFECTIVE ON JULY SEVENTH STOP AWAITING YOUR PROPOSED PRESS RELEASE STOP BEST PERSONAL REGARDS BLESSING

NOTENBANK

DUPLICATE
CONFIRMING TELEPHONE CONVERSATION WITH DONNER SUBJECT TO APPROVAL OF THE BOARD OF DIRECTORS IBERD AGREES TO BORROW TWO HUNDRED MILLION DMARKS WHICH WILL BE FREELY CONVERTIBLE FOR THREE YEARS AT THREE PERCENT. THE TRANSACTION TO BE COMPLETED AT TIME AGREEABLE TO YOU AFTER JULY ONE STOP SINCE AT PRESENT IT IS NOT POSSIBLE TO INVEST PROCEEDS OF THIS LOAN FOR SHORT PERIODS PENDING DISBURSEMENT IT IS PROPOSED THAT WITHDRAWALS BE MADE FROM THE LOAN AS REQUIRED BY IBERD AND THAT INTEREST BE CHARGED FROM THE DATE OF SUCH WITHDRAWALS STOP A COMMITMENT FEE OF ONE QUARTER OF ONE PERCENT PER ANNUM IS SUGGESTED FOR THE UNDRAWN BALANCE OF THE LOAN STOP IT IS PRESENTLY ESTIMATED THAT THE PROCEEDS OF THE LOAN WOULD BE USED AT A RATE OF FROM FORTY TO FIFTY MILLION DMARKS PER MONTH BEGINNING IMMEDIATELY AFTER THE LOAN BECOMES EFFECTIVE STOP WILL SUBMIT TO YOU PROPOSED PRESS RELEASE PLEASE CONFIRM YOUR ACCEPTANCE TOMORROW IF POSSIBLE KINDEST PERSONAL REGARDS

(Not typed as this was dispatched after 6 p.m. office closed)

For Use by Archives Division
Checked for Dispatch
GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service
   Type in class of service desired. Each class is described as follows:
   
   **Letter Telegram**
   Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.
   
   **Full Rate**
   Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.
   
   **IBF Govt.**
   This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:
   - Bolivia
   - Brazil
   - Burma
   - Chile
   - China
   - Colombia
   - Costa Rica
   - Cuba
   - Dominican Republic
   - Guatemala
   - *Peru
   - *Syria
   - *Lebanon
   - Uruguay
   - Venezuela
   - Yugoslavia
   - *China
   - *Ethiopia
   - Honduras
   - *Jordan
   - Iran
   - Nicaragua
   - Pakistan
   - Panama
   - *Paraguay
   - *Peru
   - Philippines
   - Portugal
   - *Qatar
   - *Jordan
   - *Lebanon
   - *Netherlands
   - *Syria
   - *Venezuela
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