

To: National Advisory Council

From: E. G. Collado, U. S. Executive Director of International Bank

Subject: Report No. 1 (Activities of the International Bank Through
May 7, 1946)

Preparations for the First Meeting of the Executive Directors

(1) Time and Place of Meeting - The first meeting of the Executive Directors of the International Bank will be held at 2:30 p.m. on May 7 in the Conference Room, room 1009, at 1818 H Street, N. W.

(2) Agenda - There is attached a copy of the suggested agenda for the Executive Directors of the International Bank prepared by the Temporary Secretary, Mr. John S. Hooker.

(3) Space - Arrangements have been made to house the International Bank and Fund in 1818 H Street, N. W. The tenth floor will be made available to the Bank and the ninth floor to the Fund. After July 1, additional space is scheduled to be made available to provide for expansion.

(4) Temporary Chairman - In view of the delay by the United States in the nomination of a candidate for the presidency of the Bank, arrangements have been made in accordance with Resolution 4 of the Savannah meeting for the United States Executive Director to act as Temporary Chairman.

(5) Executive Directors and Alternates - There is attached a list of Executive Directors and Alternates appointed to this date.

(6) Relations with Other International Organizations -

(a) The economic and Social Council has invited the Bank to send observers to the preliminary meetings of subcommissions now meeting in New York. This invitation the Bank declined as it was not staffed to handle it. The Bank is also to be invited to send an observer to the regular meeting beginning May 25 of the Economic and Social Council. While it is unlikely that the Bank will be in a position to have a full-time observer in New York for three or four weeks, arrangements will be considered by the Executive Directors whereby one or more of their number may attend from time to time.

(b) The Provisional International Civil Aeronautics Organization has invited the Bank to send an observer to its meeting now going on in Montreal. This was also declined because of no available personnel.

(c) UNRRA has made preliminary advances to the United States Executive Director of the Bank regarding the ultimate disposition of present UNRRA activities with special reference to the possible taking over by the Bank of parts of the present UNRRA industrial rehabilitation program.

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(d) The Food and Agriculture Organization will invite the Bank to observe at a special food conference to be convened on May 20.

(7) Several Swiss financiers have inquired as to the possibility of floating Bank securities in Switzerland.

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Executive Directors

International Bank for Reconstruction and Development

United States - Emilio G. Collado

United Kingdom - Sir James Grigg

R. H. Brand, Temporary Executive
Director

Horace E. Brooks, Alternate

China - Shen Yuen-Ting

France - Pierre Mendes-France

Leonard B. Rist, Alternate

India - N. Sundaresan

Greece - Prof. Kyriakos Varvaressos

Chile - Victor Moller

Cuba - Dr. Luis Machado

Belgium - Camille Gutt

Louis Goffin, Alternate

Netherlands - J. W. Beyen

Crona de Jongh, Alternate

Canada - R. B. Bryce

Poland - Dr. Leon Baranski

Sir James Grigg, Pierre Mendes-France and J. W. Beyen will not be present for the first meetings.

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8. Sale of Debentures and other Securities.
9. Administrative Budget for 1946-1947. (By-Laws, Section 20.)
10. Initiation of Measures to Implement Board Resolution respecting Elimination or Equalization of Burden of National Taxes upon Salaries and Allowances paid by Bank.
11. Additional calls of Capital and Issuance of Capital Stock.
12. Consideration of Annual Report for Year Ending June 30, 1946.
13. Designation of depositories.
14. Report of Savannah Meeting.
15. Seal.

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Suggested Agenda
of the
International Bank for Reconstruction and Development

1. Election of President.
2. Rules of procedure for Meetings of Executive Directors.
3. Organization of Executive Directors.
 - (a) Arrangements for public information.
 - (b) Committee assignments.
4. Report of Temporary Secretary.
 - (a) Financial Report.
 - (b) Building.
 - (c) Applications for jobs.
 - (d) Miscellaneous.
5. Organization of Bank.
 - (a) Form.
 - (b) Functions.
 - (c) Staffing.
6. Rules and Regulations for the Conduct of Business of the Bank (Article V, Section 2(f), and By-Laws, Section 16.)
7. Matters referred to Executive Directors by Board of Governors.
 - (a) Liaison with International Organizations.
 - (1) Economic and Social Council.
 - (2) PICAQ.
 - (3) UNRRA.
 - (4) FAO.
 - (5) Fund.
 - (b) Interpretation of Article V, Sections 4(b) 1 and 4(d) of Articles of Agreement to mean that any member having one of the five largest subscriptions at the date of a regular election or at any date between regular elections shall be entitled to appoint an Executive Director who shall hold office until the next regular election without prejudice to the right of a subsequently admitted member to appoint a Director if it has one of the five largest subscriptions.
 - (c) Advisory Council of Bank.
 - (d) Applications for Membership from Syria, Lebanon, Italy and Turkey.
 - (e) Interpretation of Articles of Agreement. The Board resolved that the Executive Directors of the International Bank for Reconstruction and Development be invited, at the request of the Governor for the United States of America, to interpret the Articles of Agreement, pursuant to Article IX(a), as to the authority of the Bank to make or guarantee loans for programs of economic reconstruction and the reconstruction of monetary systems, including long-term stabilization loans.

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Activities in Connection with the International
Bank for Reconstruction and Development

Marketing of International Bank Securities in United States Markets

(1) Preliminary Work by NAC Subcommittees - The excellent work of the two subcommittees headed by Messrs. Louchheim and Gardner has been summarized in NAC Technical Committee Documents Nos. 16, 17 and 21, and NAC Document Nos. 69 and 101.

(2) Insurance Companies - No legislative action has been taken by any states and thus insurance companies in principal states are largely debarred from acquiring International Bank securities. The companies are most anxious to remove these obstacles, and it is anticipated that within twelve months the necessary legislative action can be taken in most principal states.

The Bank is in touch with the Life Insurance Investment Research Committee and the Committee on Valuation of Investments of the National Association of Life Insurance Commissioners. I have supplied these groups with a considerable amount of informational material and am scheduled to meet with these groups in the next weeks. I am also being invited to speak at the annual meeting of the National Association of Life Insurance Commissioners, as well as the Life Officers Investment Seminar at Indiana University.

(3) Savings Banks and Trust Funds - New York State has taken legislative action making the securities of the Bank eligible for savings banks and trust funds. This has broken the legislative log jam and precipitated intense interest in all other states, both with respect to savings banks and insurance companies and other institution investors. The savings bank field must be carefully cultivated, and there are no national organizations of the investors as in the case of insurance companies.

(4) Commercial Banks - Preliminary conversations are under way with the Comptroller of the Currency. The Federal Reserve System is arranging with the National Association of Supervisors of State Banks for a fact finding survey of state legislation affecting investment by commercial and savings banks and trust companies. Policy issues to be resolved include the possibility of seeking federal and state legislation to lift the 10% of capital limitation and federal legislation exempting the securities of the Bank so that they may be traded in by commercial banks.

(5) SEC - Inquiries are under way with the SEC with particular respect to the handling of security registration and the possibility of exempting dealers from responsibility for accuracy of statements made in connection with offerings of the Bank's securities.

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(6) Investment Bankers - Discussions are under way with the special committee of the Investment Bankers Association under the chairmanship of Mr. Harold Stanley of Morgan, Stanley and Company; with the special committee of the American Bar Association under the chairmanship of Mr. Charles P. Taft; and with individual investment bankers, brokers and dealers regarding the prospects for purchase of the Bank's securities by private as contrasted with institutional investors, terms and conditions of issues, timing with special regard to the broadening of the market to include institutional investors as state laws are amended, yields, etc. The general view of these groups appears to be that a modest to fairly large issue can be marketed at reasonable yields before the end of 1946, before the institutional investors are able to participate. Most of those with whom the matter has been discussed seem to feel that the Bank should have arranged a number of loans first.