

February 3, 1947

My dear Mr. Director:

Under the provisions of Bulletin No. 1946-47:1 of the Bureau of the Budget, of July 11, 1946, advising of the approval by the President of amendments to travel regulations governing per diem allowances in lieu of subsistence for foreign travel, the maximum per diem is \$7 for travel to all the countries in South America with the exception of Venezuela where the rate is \$13 a day.

During the past year it has been necessary for members of the Board of Directors and others of the staff of the Bank to visit South America in connection with commitments and loans made to various countries. Every one of our representatives advises that he personally suffered a considerable financial loss on these trips due to the inadequate per diem allowed. The deficiency in the Government's allowance ranged from \$150 to \$300, dependent on the duration of the trip and countries visited.

I can personally testify to the fact that the per diem rates are inadequate as I made a similar trip to Brazil last fall and found that the hotel rates and cost of meals were much higher than in this country. The character of the missions on which our directors and representatives travel and the fact that they visit the capitals of foreign countries and consult with the highest ranking officials of those governments make it incumbent on them to stop at the better class hotels where the daily room rate alone is as much as and, in some instances, greater than the per diem received.

Travelers contend that the \$6 per diem allowed for domestic travel does not meet expenses incurred and assert that the rate should be increased. However, as the difference between the \$7 per diem and the actual and necessary expenditures when on foreign travel is very much greater than is the difference between similar items for domestic travel, there is greater urgency for increasing the existing per diem for travel abroad, especially in South America.

It has always been recognized that transient hotel rates are higher than rates for protracted periods. However, the regulations governing per diem allowance for foreign travel obviously contemplate the contrary, when considered in connection with the regulations governing allowances payable to Federal officers and employees stationed in foreign countries. Under the provisions of Budget Circular No. A-8 of July 19, 1946, a single person, without family,

would be allowed \$1,500 per annum in Montevideo for quarters allowance, and in addition he would receive from \$1,260 to \$1,560 per annum, depending on his salary, to cover increased cost of living over the cost in Washington, D. C. In other words, a representative stationed permanently in Montevideo would receive about \$3,000 per annum, equivalent to \$8.22 a day, whereas a transient would be reimbursed at the lesser rate of \$7 per diem, notwithstanding the fact his expenditures are of necessity considerably greater than that of a permanent resident. Applying the formulas covering these allowances to a director of the Bank the difference would be increased materially as salary is taken into account in determining the cost of living allowance.

There can be no disagreement with the view that it is unfair for the Government to direct its officials to undertake travel which will require them personally to bear a considerable share of the expense, and I do not advocate reimbursement for more than the actual and necessary expenses incurred. However, the Government is not meeting its responsibility to its traveling representatives by the rates in effect at this time.

One of the Directors of the Bank and probably two of our technical banking officials who have been handling the loans and commitments concerned will soon visit officially Uruguay and Bolivia. The trip will consume three weeks to a month, and each of the travelers will find it necessary, if the present reimbursement rates prevail, to expend some \$200 to \$300 of their personal funds because of the insufficiency of the per diem granted.

Therefore, based on the experience of the representatives of this Bank who have had occasion to travel in South America during the past year, as well as on the analysis of rates of allowances granted Government employees permanently stationed abroad, I strongly recommend that the maximum per diem rate for travel to countries in South America be fixed at \$15.

Sincerely yours,

(SIGNED) WM. McC. MARTIN, JR.

Wm. McC. Martin, Jr.
Chairman

Honorable James E. Webb
Director, Bureau of the Budget
Washington 25, D. C.