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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date August 12, 1946

To Chairman Eccles

Subject: Secretary Snyder reverses his

From Walter R. Gardner

position on the Brazilian loan

WRG

Andy Kamarck has just called me from the Treasury to give me warning before tomorrow afternoon's meeting that Secretary Snyder will go along with the proposed 50 million dollar loan to Brazil. In the Staff meetings the Treasury boys have worked closely together with the Federal Reserve in opposing the loan, and I understand that they had Secretary Snyder's assent in so doing. Since three agencies, however, have continued to support the loan and will probably vote for it in the top committee, Secretary Snyder is now anxious to avoid the sort of issue that would be created if there were a split vote.

He is also somewhat impressed by the argument that the personal position of Macedo Soares may be endangered if the loan is not granted. Macedo Soares is the Brazilian engineer who was trained in this country and whom the Export-Import Bank people are extremely anxious to keep in charge of the whole developmental project in Brazil. They say that he is outstandingly the best man the Brazilians have. Apparently, Soares has gained the impression from the Export-Import Bank and the State Department people that the 50 million dollar loan is virtually as good as granted; and since he has gone back to Brazil to discuss on the spot the best expenditure of it, it would be highly embarrassing to Soares now to find that he did not have the money.

The fact that the Export-Import Bank and the State Department have gone so far with Macedo Soares has made it difficult to reason with their representatives in the Staff meetings. It seems questionable whether negotiations on future loans should proceed as far as this before the proposal is referred to NAC.