

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 12, 1947

To Chairman Eccles

Subject: Draft of the Export-Import

From Mr. Knapp 

Bank's semiannual report to Congress.

I have received from Mr. Maffry a draft of the Export-Import Bank's forthcoming semiannual report to Congress. It contains the following passage, emphasizing much more vigorously than heretofore the Bank's awareness that the word "Import" appears in its title. Although the Bank is careful to speak of "economically desirable" imports and of imports "on a selective basis", it will be interesting to see whether its statement brings criticism from the Hill.

"In view of the growing creditor position of the United States resulting from post-war credits to foreign countries, it is evident to the Bank that useful and economically desirable imports into the United States should be stimulated by all appropriate means so as to make it possible both to export American products in large volume and to receive interest and principal payments on foreign loans. The Export-Import Bank believes that it can play a useful role in furthering this purpose. The contribution of proposed loans to improving the balance of payments position of the borrowing country has always been an important factor in their consideration by the Bank and should be given even more weight in the future.

"This approach refers particularly to credits extended on application of foreign entities. Other credits which would be effective in developing imports into the United States may be extended on application of United States citizens who desire either financing of production in a foreign country under their own control or financing to be channeled through them in the form of advance payments for goods to be delivered.

"There are still other methods open to the Bank of carrying out its mandate from the Congress to facilitate the import as well as the export trade of the United States and in this way also to improve the prospects of repayment of its existing loans. It can explore with representatives of foreign countries owing substantial sums to the Bank steps necessary and appropriate to encourage on a selective basis imports from such countries into the United States. It can arrange with other government agencies, or, if necessary, with private agencies, for research studies of the possibilities of foreign production of articles which could be usefully and economically imported into the United States. It can ascertain from foreign agencies in the United States the means they have found most effective in stimulating sales of their national products and what assistance the Export-Import

Bank might lend to their efforts. It can work with national import associations and with other public and private agencies to ascertain means of removing the obstacles to larger imports constituted by poor distribution facilities for imported specialities. In all of these and other ways, the Export-Import Bank can increase its contribution to the maintenance of a high level of two-way foreign trade for the United States."