

March 2, 1948

Governor Szymczak

Role of Export-Import Bank

Mr. Knapp

in the European Recovery Program

With reference to my previous memorandum this morning regarding the role of the Export-Import Bank in the European Recovery Program, the draft letter attached to that memorandum is as agreed by the Staff Committee yesterday. Some points came up this morning which required my telephoning around to the members of the Committee, but the net result is only the following proposed clarification of some of the language used.

It is recommended that on page 2 of the letter the last sentence in the second paragraph be made the first sentence in the following paragraph, and that the next two sentences be redrafted as follows:

"This objection is not met by providing that unutilized funds revert to the Administrator. Because of the nature of the Bank's operations, the Bank will not be able to decide in advance how much of its funds can be loaned on sound projects and how much should revert to the Administrator; this decision will have to be made after full examination of loan applications, and by that time, the Administrator would already have made his own plans for the year and would have to revise them in order to make sound use of the reverted funds."

I would suggest that we put this change up to the Treasury in the form of a recommendation which we would not insist upon if they do not regard it as a substantial improvement.

JBK:mia