

This replaces in a more  
up-to-date form the  
CHRONOLOGY prepared as  
of January 27, 1942.

I N T E R - A M E R I C A N   B A N K

## CHRONOLOGY

1939:

October 3 - A resolution creating an Inter-American Financial and Economic Advisory Committee, consisting of one representative of each of the 21 American republics, was adopted by the meeting of Foreign Ministers of the American Republics at Panama. The Committee was to study, among other things, the possibility "of creating an Inter-American institution which may render feasible and insure permanent financial cooperation between the treasuries, the central banks and analogous institutions of the American republics, and propose the manner and conditions under which such an organization should be established and determine the matters with which it should deal."

November 15 - The Inter-American Financial and Economic Advisory Committee began its work in Washington and immediately turned its attention to the matter of an Inter-American Bank. Mr. Berle, who represented the United States on the financial subcommittee handling the project, was assisted by members of the staff of the Treasury and the Federal Reserve Board. The members of the Board's staff who participated actively from time to time were Mr. Goldenweiser, Mr. Wyatt, Mr. Gardner, Mr. Morse, and Mr. Solomon.

1940:

January 19 - A letter from Mr. Goldenweiser to Mr. Berle stated that after consultation with the Board and with its consent, he was enclosing a memorandum on the Inter-American Bank prepared by Mr. Gardner in consultation with him. This memorandum suggested a number of major changes in the Treasury draft of the By-Laws of the Bank. Among other things it proposed, in accordance with the Board's instructions of January 16, that central banks should, so far as possible, be the instrumentalities through which the Inter-American Bank was managed and that, in particular, the Federal Reserve Board should select the U. S. director subject to the approval of the Secretary of the Treasury.

January 29 - Chairman Eccles sent a letter to Mr. Berle informing him that in a meeting with the Treasury the door was left open for the Federal Reserve Board to appoint the U. S. director on the Inter-American Bank.

February 7 - The Inter-American Financial and Economic Advisory Committee adopted a resolution recommending to the Governments of the American Republics the establishment of an Inter-American Bank and submitted for their consideration drafts of a Convention, Charter, and By-Laws.

1940 (continued)

March 8 - Mr. Eccles wrote to Mr. Berle in reply to his letter of February 20 enclosing drafts of the documents relating to the proposed Inter-American Bank and asking to be informed of the Board's reaction. On behalf of the Board, Mr. Eccles stated that "the Board is convinced (1) that the by-laws of the Bank should be amended so as to permit it to accept without restriction the direct obligations, guarantees, and endorsements of central banks; and (2) that the by-laws should expressly recognize the possibility of designating central banking authorities to appoint the director and exercise the continuing functions of government in relation to the Bank."

March 29 - Mr. Berle wrote Chairman Eccles that he would undertake to have a statement inserted in the permanent minutes of the Inter-American Financial and Economic Advisory Committee to the effect that any government which desires to do so is free to designate its central banking authority to appoint the director and represent the government in its relations with the Inter-American Bank. This statement was inserted in the minutes of April 11, 1940.

April 16 - After revising the drafts on the basis of comments and suggestions received from a number of governments, the Inter-American Committee approved the final texts of the Convention, Charter, and By-Laws.

May 10 - The Convention was signed on behalf of nine Governments: United States, Colombia, Dominican Republic, Ecuador, Mexico, Nicaragua, Paraguay, Bolivia, and Brazil, the last named on May 13.

July 3 - Secretary Hull laid the Convention before the President with a view to its transmission to the Senate to receive the advice and consent of that body to ratification.

July 5 - The President transmitted the Convention to the Senate, together with a Bill embodying the Charter of the Bank and enabling provisions to permit the participation of the United States Government in the Bank.

1941:

March 8 - Secretary Hull wrote Senator George, Chairman of the Foreign Relations Committee, to which the Senate had referred the Convention, a letter in which the Secretary bound himself, the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, and the Federal Loan Administrator, to undertake to have the United States representative on the Board of Directors of the Inter-American Bank exercise his best efforts to bring about an amendment of the By-Laws of the Bank so as to limit operations with a maturity not exceeding two years to those which are guaranteed by a participating

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Government, central bank, or other acceptable banking institution. This action followed a conference between Mr. Berle and other Government men who had worked on the Bank on the one hand, and Mr. Burgess of the National City Bank, Mr. Loree of the Guaranty Trust, and Mr. Spencer of the First National Bank of Boston on the other hand. As a result of the conference, the bankers had agreed that, if the Government would take the action which it did take in Secretary Hull's letter, they and the group they represented would not oppose the Inter-American Bank measures in Congress.

May 5 and 6 - Hearings were held by a subcommittee of the Committee on Foreign Relations. Senator Pepper was chairman of this subcommittee and Senators Green and Shipstead were the other members. In the course of the hearings Mr. Berle argued the need for the Bank on behalf of the State Department; Mr. Clayton gave the approval of the Federal Loan Agency; and Mr. Gardner, having obtained authorization from the Board, said: "We have been authorized by the Board to state its full approval of the plan that is now being offered."

May 16 - Mr. Berle sent to Senator Pepper a memorandum opposing the introduction of any specific limitation on the permissible volume of debentures and other obligations of the Inter-American Bank. A Treasury memorandum justifying the tax immunities of the Inter-American Bank was also made available to Senator Pepper.

May 21 - The subcommittee reported favorably on the Convention to the main Committee.

May 23 - At the suggestion of Senator Glass, who is on both the Foreign Relations and Banking and Currency Committees, the Inter-American Bank measures, which provide for detailed banking legislation, were referred to the Banking and Currency Committee for an advisory opinion.

July 11 - Senator Glass wrote Mr. Burgess, asking his opinion of the Bank.

July 22 - Mr. Burgess replied, stating that he had originally been disturbed by the proposed Bank set-up because of the possible competition with commercial banking in Latin America and the possible impairment of the position of central banks which it seemed to threaten. These fears, he said, had been largely allayed by the arrangement which was implemented in Secretary Hull's letter of March 8 to Senator George, but he still felt that the Bill involved an extraordinary delegation of power by Congress, and he assumed that the Congress would wish to study this aspect with some care.

Senator Glass apparently wrote other New York financiers at this time with regard to the Inter-American Bank -- in particular, George Harrison. Copies of their replies are not available.



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July 24 - The Federal Reserve Board agreed that Chairman Eccles should call Mr. Berle on the telephone and suggest that the President or Secretary Hull should point out to Senator Glass the rôle that the Inter-American Bank was expected to play in the defense of this hemisphere.

The Board's Personnel Committee was instructed to recommend suitable candidates for United States Director of the Bank and President of the Bank.

September 19 - The Personnel Committee sent a memorandum to the Board recommending Walter W. Stewart and Alvin H. Hansen in the order named.

October 3 - The above recommendations were noted in Board meeting, but no action was taken.

1942:

January 14 - The Senate Foreign Relations Committee held a meeting on the Inter-American Bank at which Mr. Berle testified and Senator Glass reported on the status of the Bill in the Banking and Currency Committee. It appeared to be agreed at this meeting that the Banking and Currency Committee would hold hearings in order to permit the New York financiers to state their views. Presumably Government representatives would also be called in connection with these hearings.

March 25 - Under Secretary of State Welles sent a letter and memorandum on the subject of the Inter-American Bank to the President, who turned them over to Senator Glass.

April 17 - Congressman Charles S. Dewey of Illinois (former Assistant Secretary of the U. S. Treasury) wrote Mr. Welles suggesting 1) that the requirement of a four-fifths majority vote of the Board of Directors on intermediate and long-term loans of the Inter-American Bank be dropped when these loans were secured 150% and 2) that the Bank be granted trust powers.

April 22 - Mr. Welles replied to Mr. Dewey ignoring his proposal on trust powers and stating that the veto power which the United States will have over intermediate and long-term loans, if it acquires more than one-fifth the vote, is essential in view of the fact that the bulk of the Bank's capital will be provided by the United States.

April 22 - Senator Glass wrote Mr. Welles stating that he had held the Inter-American Bank Convention in abeyance because Jesse Jones had told him that the RFC was making all the loans to South American countries that should be made. Senator Glass proposed two amendments to the enabling bill in accordance with suggestions made by Randolph Burgess and George Harrison, and stated that he would ask for an early meeting of the Banking

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and Currency Committee to consider them. The first amendment proposed would make amendments to the By-laws of the Bank without effect until ratified by our own Congress. The second amendment proposed would confine Federal Reserve Bank accommodation of the Inter-American Bank to notes with a maturity of not more than 4 months and in an aggregate amount not in excess of the surplus of the Federal Reserve Banks.

April 24 - Mr. Welles replied to Senator Glass in a noncommittal vein. Regarding Federal Reserve powers he wrote as follows: "The provision permitting Federal Reserve Banks to extend credit to the Inter-American Bank was drawn and advocated by the Federal Reserve Board. I should hesitate to express an opinion without consulting them."

W.R.G.  
May 21, 1942