

EXPORT-IMPORT BANK OF WASHINGTON

WASHINGTON 25, D. C.

OFFICE OF THE SECRETARY

CABLE ADDRESS
"EXIMBANK"

May 6, 1946

MEMORANDUM TO MR. MARTIN

Subject: New Funds

In working out the relationships between the Export-Import Bank and the National Advisory Council, the Bank has consistently and rightly maintained that the Board of Directors was set up by the Congress as a bi-partisan body and vested with not only the responsibility for management of the affairs of the Bank but with the obligation to exercise independent judgment in deciding on loans.

In the light of the fact that the Board of the Bank has not only the authority but the obligation to exercise independent judgment, is it not incumbent on the Board to present a well-rounded Export-Import Bank program in requesting the Congress for more funds? If the Board is to exercise its independent judgment, should it not create an affirmative program as a justification for new funds.

Export-Import Bank reconstruction loans are recognized as an interim function of the Bank. With the International Bank scheduled to be in operation within the next several months, it would seem that a request for new funds now should be based not primarily on the need for reconstruction loans to this or that country, but rather on the need for funds to carry out the fundamental normal functions of the Bank and secondarily on the need for funds to make those reconstruction loans which must still be made before the International Bank starts loaning.

In other words, in lieu of asking the Congress for \$1,250,000,000 additional loan authorization with the general impression that four-fifths of that sum is for a long term reconstruction loan to a specific country, it is recommended that the Board take early action to request the Congress for funds for the following purposes and in somewhat the following amounts:

EXPORT-IMPORT BANK PROGRAM

Normal Export-Import Bank Loans

Direct Loans to Exporters and Importers	\$200,000,000
Loans to Latin American Countries	300,000,000
Loans by Industry or Commodity Category	150,000,000

Reconstruction Loans

Philippines	\$100,000,000
Russia	<u>\$1,000,000,000</u>
Total	\$1,750,000,000

In taking the action suggested above the Board would not be in the position of merely objecting to alternative programs suggested by other agencies of government. On the contrary the Board would be assuming the responsibility vested in it by the Congress. It could be done without engaging in a jurisdictional struggle with other agencies of government.

In the now existing set of circumstances there is grave doubt as to whether the present plan to request \$1,250,000,000 (four-fifths of which for one country) would be granted. Tactically, a request as suggested in this memorandum should meet with more favor in the Congress. In the event that the request were not approved in its entirety, I believe that the Congress would provide the Bank with sufficient funds for it to continue to perform its normal functions.


Sidney Sherwood