

August 28, 1947

Dear Randy:

Many thanks for sending me the memorandum you worked up for the President's Committee on Foreign Aid. I will study it with great interest. The general approach seems sound to me. I am convinced that if the Marshall Aid Program is to be developed, it must utilize all the existing instrumentalities as a part of a unified objective. A program involving a new agency which might be called the European Recovery Agency or European Production Board, or some such name, and provide assistance in critical areas to handle the fuel and farm products shortages together with an International Bank functioning for longer term credits in the sounder risk areas supplemented by Export-Import Bank credits for industrial raw materials of a self-liquidating nature, would seem to me capable of doing a large part of the job.

I still do not see, however, the answer to the British problem. England, of course, will have to be entirely reorganized and it is very easy to set up a blueprint for doing this, but to meet the human problem involved in political terms is going to be a tremendous undertaking. The Export-Import Bank is, I think, in a good shape to meet its part of the load. We have roughly \$850 million that can be used for short and medium term, self-liquidating industrial credits. I am, however, worried about the International Bank. After having made the recent loans and going to the market for \$250 million, they have left roughly \$500 million. Under current conditions, it is going to be increasingly difficult for them to sell more than \$500 million to a billion dollars of additional bonds, and even this will require a great deal of work and planning. The current situation is not, I fear, helping the market for their bonds. I hope I am unduly pessimistic on this.

I am leaving on a European junket next week and will look forward to talking with you again on my return.

With all good wishes,

Sincerely yours,

Wm. McC. Martin, Jr.
Chairman

Dr. Randolph Burgess,
Vice Chairman,
The National City Bank of New York.