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FE - Mr. Rank

April 10, 1951

FHA - Mr. Esham

Mr. Binzell's March 30 letter to Mr. Lussen, on loan aid.

You have asked for my comments on the attached letter. I will follow the outline of Mr. Binzell's letter, except first to comment on the sixth point under (5), since this appears to be the most contentious.

(1) "Risk". This is an argument for so-called "your man's loans", -- essentially an argument for lending under conditions which the FHA (or other agencies) feel suitable loans, but under which the Ex-Im Bank would agree that the Department had generally not, in my opinion, soundly approved two different types of lending activity. In practice, Mr. Lussen is of the opinion that the Ex-Im Bank has been paying out by the Department's standards and recommendations for loans. I hold that with the progressive development of so-called "your man's loans" through the Ex-Im Bank, we need not and should not go for any special lending mechanism through, for example, FHA loans or FHA guaranteed loans.

(2) Generally, this is certainly a sound statement that suitable projects for assistance in some credit facilities should be the subject of loans, rather than grants, etc.

(3) I generally agree with Mr. Binzell's appraisal of the application of (1) to the Ex-Im Bank's operations. However, I disagree with the recommendation that the Ex-Im Bank should be authorized to the general public. I believe that the Ex-Im Bank should be restricted to the general public and that the Ex-Im Bank should be restricted to the general public.

(4) I agree that it is necessary to consider technical assistance needs in the context of the Ex-Im Bank's operations. I believe that the Ex-Im Bank should be authorized to the general public and that the Ex-Im Bank should be restricted to the general public.

(5) I agree that it is necessary to consider technical assistance needs in the context of the Ex-Im Bank's operations. I believe that the Ex-Im Bank should be authorized to the general public and that the Ex-Im Bank should be restricted to the general public.

(6) I agree that it is necessary to consider technical assistance needs in the context of the Ex-Im Bank's operations. I believe that the Ex-Im Bank should be authorized to the general public and that the Ex-Im Bank should be restricted to the general public.

(5) This paragraph contains six "assumptions as to the way in which loan funds are administered".

First, all banks including the staff of the E.C.F. Bank agree as to the desirability of "program loans". (I remain convinced of a desire to maximize the benefits without a complete planning in general, even when carried out by Americans, and especially when carried out by run-of-the-mill high level civil service employees.)

Second, to be sure, decisions should be quickly implemented. On one question, however, whether "agreements" between the governments is in fact the decision, an loan agreement negotiation is nearly instantaneous. I believe the E.C.F. Bank would support the purpose of this program, unless the fact is clear that they are a proper participant in an agreement on a program. (I would be inclined to say that on the whole, the E.C.F. Bank has acted on the information available with almost instantaneous speed. I would also note that neither we nor the average recipient government would look upon the negotiation of a million \$20 or \$100 million loan as a matter to be settled in hours.)

Third, I think if a working-bank relation was ever to develop, the fact is a long-term relation. However, by the time the loan is made, the working relation is already in place. The fact is that the working relation is already in place. I am sure it should be recognized that I am not a man who has all the answers, but I am sure that I am of the opinion that the working relation is already in place. I would like to see it be.

Fourth, I have had the opportunity to see the way in which the E.C.F. Bank has been operating. I am sure that the way in which the E.C.F. Bank has been operating is the way in which the E.C.F. Bank should be operating.

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The Bank would hope and expect, however, that next year it would have built up a list of possible loan projects for future years, so that it would be able to include one or more of these loanable projects in later programs. However, I believe it might be generally useful and somewhat useful to the Bank to request for FY 1962 that, as to such, it record itself in advance as approving in principle loans for particular projects.

Mr. Bissell's letter might have been a proper place to have touched upon the transference of economic assistance programs to UN agencies, as I believe we all agree, we can get great ideas for ourselves throughout Southeast Asia if we get programs reasonably well started and turn them over to the UN agencies. I note in this connection Mr. Bissell's remarks last night as to the high regard in which the work of the IREU was held by all chiefs of mission at the Bangkok Conference.

SI; FY-Mr. [unclear]; Mr. [unclear]