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STAFF LOAN COMMITTEE

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Minutes of Meeting of Staff Loan Committee Held 10:00 a.m., Thursday, August 10, 1950 in Room 1005

1. There were present:

Mr. R.L. Garner
Mr. W.A.B. Iliff
Mr. D. Crena de Iongh
Mr. A.F. Luxford
Mr. J.B. Knapp
Mr. O.H. Folk, Secretary

In attendance:

Mr. A.L. Morton
Mr. P. French
Mr. H.N. Graves
Mr. C. Flesher
Mr. P.N. Rosenstein-Rodan
Mr. A. Stevenson
Mr. F.M. Oppenheimer

2. Italy

The Committee considered Loan 99, Report of the Italian Working Party on the Program for the Development of Southern Italy and Possible Method of Bank Financing, dated July 27, 1950; E 98, Preliminary Report on the Development Program of Southern Italy dated July 7, 1950; and E 97, The Creditworthiness of Italy dated July 21, 1950; and

AGREED:

- (1) to the conclusion reached in E 97 as to the creditworthiness of Italy;
- (2) that the Bank is prepared in principle to consider a loan to Italy (based largely upon indirect foreign exchange costs) to assist in the financing of the Southern Italy Development Program;
- (3) that, as a matter of technique, the Bank should finance a portion of the total costs of four or five representative projects in the development program;
- (4) a mission be sent to Italy at once to examine the technical feasibility of the program and to select the individual projects for Bank financing;

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- (5) that initial discussions with respect to the amount of the loan should be on the basis of the first year's requirements of \$10 million, but that the Bank would be prepared to consider the first two years' requirements of \$20 million if adequate justification was presented;
- (6) that the working party should prepare a proposal with respect to the type of commitment which the Bank should make to the Italian Government with respect to the ten-year program;
- (7) that a paper should be prepared for early circulation to the Executive Directors setting forth the Italian proposal to the Bank and the results of discussions thereon; and
- (8) that the Bank should set forth in a letter to the Italian Government its interest in and its position with respect to their request for financing in connection with the development program of Southern Italy.

3. The meeting adjourned at 12:30 p.m.

Distribution

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|--------------------------|-----------------------|
| 1. Mr. E.R. Black | 11. Mr. E.R. Burland |
| 2. Mr. R.L. Garner | 12. Gen. R.A. Wheeler |
| 3. Mr. W.A.B. Iliff | 13. Mr. O.H. Folk |
| 4. Mr. D. Sommers | 14. Files |
| 5. Mr. D. Crena de Longh | 15. Mr. H.N. Graves |
| 6. Mr. L.B. Rist | 16. Mr. A.L. Morton |
| 7. Mr. L.B. Rist | 17. Mr. J.B. Knapp |
| 8. Mr. R.H. Demuth | 18. Mr. R.A. Cope |
| 9. Mr. A.S.G. Hoar | |
| 10. Mr. O.A. Schmidt | |