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Series: Chronological files

Dates: 10/01/1974 - 12/31/1974

Fonds: Personal Papers of Eugene H. Rotberg

ISAD Reference Code: WB IBRD/IDA ROTBERG-5901S

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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

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Eugene H. Rotberg chronological files
Vol 13. October-December 1974



1858116

R2004-194 Other #: 3

215304B

Eugene H. Rotberg - Chronological file Volume 13



1858116

R2004-194 Other #: 3

215304B

Eugene H. Rotberg - Chronological Records - Volume 13 - October - December 1974

Eugene H. Rotberg - Chronological file Volume 13

**DECLASSIFIED
WITH RESTRICTIONS
WBG Archives**

OFFICE MEMORANDUM

Chron

TO: Mr. I. P. M. Cargill

FROM: Eugene H. Rotberg *ER*

SUBJECT: Increase in Certificates of Deposit Ceiling

DATE: December 31, 1971

The attached draft board document requests a \$250 million increase in the certificate of deposit limit from \$2,250 million to \$2,500 million. I propose this extension because of the large differential between interest rates on short-term U.S. Government and Agency securities and rates available on certificates of deposit. Presently, 90-day certificates of deposit yield about 9.5% while Treasury bills of the same maturity yield 7.3% - a differential of 210 basis points. Agency securities are yielding about 7.5% for 90 days - a spread of 200 basis points from the certificates of deposit.

Our current investment strategy is to hold shorter term investments to avoid the risk of increases in interest rates and CDs offer a convenient high yielding security in which to hold these funds.

This increase and the previous increase of \$500 million total to approximately one-half of the new borrowings that we have received in the last few weeks. The percentage of the portfolio held in CDs will remain about the same.

Attachment

EHRotberg:jcv

R74-

December 31, 1974

FROM: The President

TIME DEPOSITS

1. This memorandum requests the approval of the Executive Directors to increase the authority to invest U.S. dollar funds of the Bank in time deposit accounts with U.S. commercial banks from the present authorization of \$2,250 million to \$2,500 million (see Annex A).
2. In the absence of objection (to be communicated to the Secretary or Deputy Secretary by the close of business on January 9, 1975) the foregoing will be deemed approved, to be so recorded in the minutes of a subsequent meeting of the Executive Directors.

Robert S. McNamara

Distribution:

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President, IFC
President's Council
Mr. J. Adler
Treasurer
Controller

ANNEX A

Previous Approvals by the Board

February 10, 1958	\$150 million
April 30, 1958 increased to	\$200 million
March 28, 1961 increased to	\$250 million
January 26, 1962 increased to	\$300 million
January 19, 1965 increased to	\$500 million
March 15, 1969 increased to	\$600 million
September 12, 1969 increased to	\$700 million
March 13, 1970 increased to	\$800 million
January 28, 1971 increased to	\$900 million
April 12, 1971 increased to	\$1,100 million
January 14, 1972 increased to	\$1,200 million
March 16, 1973 increased to	\$1,300 million
January 10, 1974 increased to	\$1,400 million
July 26, 1974 increased to	\$1,550 million
October 15, 1974 increased to	\$1,750 million
December 12, 1974 increased to	\$2,250 million

Treasurer's Department

Chron

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: DECEMBER 27, 1974

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

FOR MR. SOEJIMA

RE VISIT TO JAPAN FULLY AGREE WITH YOUR SUGGESTION TO POSTPONE
TRIP STOP CONVENIENT TO COME TO JAPAN WEEK OF JANUARY 27 OR
FEBRUARY 3 STOP BEST REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRBorg:jcv

ORIGINAL (File Copy)

DATE RELEASED: See Secretaries Guide for preparing format

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For Use By Communications Section

Checked for Dispatch

Chron

December 19, 1974

December 27, 1974

Miss Heidi Fiske
Vice President
Institutional Investor Institute
488 Madison Avenue
New York, New York 10022

Dear Heidi:

I look forward to seeing you on March 19. It would be most appreciated if you would change the last two words on the proposed advertisement from "world economics" to "international financial markets." That's far less encompassing a subject and a bit more within my limited expertise.

Love,

Eugene H. Rotberg
Treasurer

EHR:jcv

Chron

10822 Childs Court
Silver Spring, Md.
20901

December 23, 1974

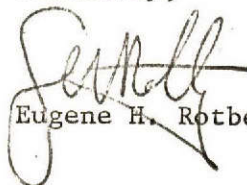
Mrs. Wyatt Taylor
Camp Seafarer
P.O. Box 10976
Raleigh, N.C. 27605

Dear Lil:

Enclosed is the 1975 Application
form for our daughter, Diana.

Best personal regards.

Sincerely,


Eugene H. Rotberg

Encl: Application & \$50 check

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: DECEMBER 24, 1974

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

FOR MR. SOEJIMA

PLEASE ADVISE WHETHER CONVENIENT FOR ME TO VISIT TOKYO MONDAY,
JANUARY 6 THROUGH THURSDAY, JANUARY 9 FOR DISCUSSIONS WITH
BOJ AND MOF ON (A) ROLLOVER OF BOJ OBLIGATIONS AFTER FEBRUARY
1975 AND (B) INVESTMENTS OF OUR YEN HOLDINGS STOP ALSO
PREPARED TO DISCUSS INFORMALLY FEASIBILITY OF PURCHASING OUR
OUTSTANDING YEN BONDS IN MARKET OR THROUGH TENDER OFFER
STOP PLEASE ADVISE SOONEST STOP KINDEST REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch

Chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 23, 1974

Mr. Haig Croubalian
Banking Relations Dept.
Trade Development Bank
2, place du Lac
P.O. Box 874
1211, Geneva 1, Switzerland

Dear Mr. Croubalian:

I want to thank you for the very
beautiful 1975 diary. It was most kind and
thoughtful of you to remember me.

Please accept my best wishes for a
happy and satisfying New Year.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Rotberg", is written over the typed name and title.

Eugene H. Rotberg
Treasurer

OUTGOING WIRE

TO: NOTENBANK
FRANKFURT

DATE: DECEMBER 20, 1974

CLASS OF
SERVICE: FULL RATE

COUNTRY: GERMANY

TEXT:
Cable No.:

ATTENTION: DR. TUENGELER

RE INVESTMENT OF IDA FUNDS STOP FOLLOWING DISCUSSIONS WITH BUNDESMINISTERIUM
FUR WIRTSCHAFTLICHE ZUSAMMENARBEIT WE HEREWITH CANCEL OUR INSTRUCTIONS TO
INVEST DM 356.4 MILLION IN THREE MONTH TREASURY BILLS GIVEN IN OUR CABLE
OF DECEMBER 17 STOP THE AMOUNT OF DM 381.4 MILLION PAID TODAY BY THE
FEDERAL GOVERNMENT SHOULD BE CREDITED TO OUR IDA F CASH ACCOUNT PENDING
FUTURE DISBURSEMENT INSTRUCTIONS ON WHICH REASONABLE ADVANCE NOTICE WILL
BUNDESMINISTERIUM
BE GIVEN WITH COPIES TO THE ~~MINISTERIUM FUR WIRTSCHAFTLICHE ZUSAMMENARBEIT~~ STOP WE
GREATLY REGRET ANY INCONVENIENCE WE MIGHT HAVE CAUSED IN THE CONTEXT OF
THIS CANCELLATION STOP BEST REGARDS TEST 1608

ROTBERG

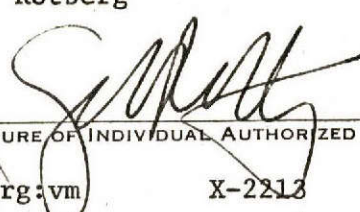
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Eugene H. Rotberg

DEPT. Treasury

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: GRotberg:vm X-2213

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Messrs. Knapp, Cargill, Nurick,
Rotberg, Gabriel, Hittmair
de Boeck

*(all copies have
been distributed)*

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INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTERBANK
BASEL

DATE: DECEMBER 20, 1974

CLASS OF
SERVICE: ~~TELEX~~

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.:

REFERENCE OUR DEPOSIT OF SWISS FRANCES 4,000,000 MATURING ON DECEMBER 27,
1974 PLEASE CREDIT MATURING PRINCIPAL AND INTEREST TO OUR ACCOUNT B WITH YOU
STOP TEST 507

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

TREASURER'S

SIGNATURE
SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE

REFERENCE

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CLEARANCES AND COPY DISTRIBUTION:

Messrs. Rotberg, Hittmair, Dr. Frank
Miss Johnston, Mr. Davies, Mr. Lee

For Use By Communications Section

Checked for Dispatch

OUTGOING WIRE

TO: BMZ D [Bundesministerium fuer Zusammenarbeit] DATE: December 19, 1974
08869452
BONN

CLASS OF
SERVICE: TELEX

COUNTRY: (GERMANY)

TEXT:
Cable No.:

ATTENTION: DR. HORST MOLTRECHT

RE OUR CONVERSATION TODAY THIS IS TO ADVISE THAT BUNDESBANK WAS
ADVISED BY TELEX ON DECEMBER 17 OF FOLLOWING ESTIMATED WITHDRAWALS
FOR DISBURSEMENTS TO IDA BORROWERS:

FISCAL YEAR ENDING JUNE 1975	DM	50 MILLION
FISCAL YEAR ENDING JUNE 1976	DM	75 MILLION
FISCAL YEAR ENDING JUNE 1977	DM	200 MILLION
FISCAL YEAR ENDING JUNE 1978	DM	56 MILLION

IN ADDITION, BUNDESBANK ALSO ADVISED ON DECEMBER 17 THAT IDA WOULD
NEED THIS WEEK DM 25 MILLION FOR SAME PURPOSE STOP KINDEST
REGARDS.

KNAPP
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME J. BURKE KNAPP
DEPT. SENIOR VICE PRESIDENT, OPERATIONS

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE EHRotberg:jcv

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: *Mr. Janssen*
Mr. Knapp
Mr. Gabriel
Mr. DeBoeck
Miss Lennon
Mr. Rothberg ✓
Mr. Hittmair
Miss Johnston
Mr. Schielke

For Use By Communications Section

Checked for Dispatch: _____

Chiron

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. TADASHI SASAKI
C/O BANK OF JAPAN
TOKYO

DATE: DECEMBER 18, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

IT IS WITH REGRET THAT I TAKE NOTICE OF YOUR RESIGNATION AS
GOVERNOR OF THE BANK OF JAPAN AT THE EXPIRATION OF YOUR TERM OF
OFFICE. YOU HAVE INDEED BEEN A SOURCE OF GREAT SUPPORT AND
ASSISTANCE TO THE WORLD BANK AND YOUR WISE COUNSEL AND ADVICE
HAS BEEN MUCH APPRECIATED. MAY I WISH YOU A HAPPY AND PRODUCTIVE
FUTURE LIFE AND I HOPE THAT I CAN CALL UPON YOU AGAIN FOR THE
WISE COUNSEL YOU HAVE ALWAYS GIVEN TO THIS INSTITUTION.
KINDEST REGARDS.

ROBERT S. McNAMARA
PRESIDENT
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DATE TREASURER'S

SIGNATURE SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE

REFERENCE EHRotberg:cmk

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Cleared with and cc to:

Mr. McNamara

For Use By Communications Section

Checked for Dispatch

Chron

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. TEIICHIRO MORINAGA
GOVERNOR
BANK OF JAPAN
TOKYO

DATE: DECEMBER 18, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

I SHOULD LIKE TO EXPRESS MY CONGRATULATIONS TO YOU ON YOUR
APPOINTMENT AS GOVERNOR OF THE BANK OF JAPAN. I LOOK FORWARD
TO CONTINUING THE MOST COOPERATIVE AND PRODUCTIVE RELATIONSHIP
WHICH WE HAVE ESTABLISHED BETWEEN THE WORLD BANK AND THE BANK
OF JAPAN. I LOOK FORWARD TO MEETING WITH YOU AND RECEIVING
THE BENEFIT OF YOUR VIEWS AND GOOD COUNSEL. PLEASE ALSO EXTEND
MY CONGRATULATIONS TO THE NEW DEPUTY GOVERNOR, MR. MAYEKAWA.
KINDEST REGARDS.

ROBERT S. McNAMARA
PRESIDENT
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

TITLE TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (file copy)

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Cleared with and cc to:

Mr. McNamara

For Use By Communications Section

Checked for Distribution

December 18, 1974

AIR MAIL

The Secretary to the Treasury
The Treasury
P.O. Box 5010
Wellington, New Zealand

Dear Mr. Secretary:

We refer to the non-negotiable, non-interest-bearing demand note of the Government of New Zealand which was substituted for currency paid or payable by New Zealand on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. This note is held for our account by our depository, the Reserve Bank of New Zealand.

Please pay on or before January 3, 1975 \$NZ 280,300 against the note dated October 25, 1974 in the original principal amount of \$NZ 2,645,270.33.

The Reserve Bank of New Zealand, as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of said note dated October 25, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Stanley A. McLeod
Executive Director

Reserve Bank of New Zealand
G.P.O. Box 2498
Wellington, New Zealand

E. Asia Region - New Zealand

Messrs. Rothberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray, Duarte

File: IDA - Notes & Obl. - New Zealand

HLanger/and

December 18, 1974

AIR MAIL

Reserve Bank of New Zealand
G.P.O. Box 2498
Wellington, New Zealand

Dear Sirs:

We are enclosing a copy of our letter of December 18, 1974 to The Secretary to the Treasury wherein we request payment of \$NZ'280,300 against the non-negotiable, non-interest-bearing demand note dated October '25, 1974 in the original principal amount of \$NZ'2,645,270.33 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of the said note dated October '25, 1974.

Please credit the amount received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Stanley A. McLeod
Executive Director

E. Asia Region - New Zealand

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray, Duarte

File: IDA - Notes & Obl. - New Zealand

HLanger/amd

1.5

Chrom



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 18, 1974

Dear Milton:

Joan writes me that you had a little debate about whether or not Robert S. McNamara is the President of the World Bank. If he isn't President of the World Bank, an extremely efficient job of cloning has been perpetuated on the world -- even down to his handwriting.

I am sure that the Japanese would be very distressed if the rumor were spread that their bonds were signed by an imposter. I am enclosing a specimen (not the kind you are used to) which you may wish to keep for your records.

Best regards,



Gene Rotberg

Encl.

P.S.: Love to Joan. Please pay us a visit when you come to Washington.

Dr. Milton A. Wohl
1209 Stratford Ave.
Melrose Park, Pa. 19126

Chron

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. TADASHI SASAKI
C/O BANK OF JAPAN
TOKYO

DATE: DECEMBER 18, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ON BEHALF OF MY COLLEAGUES AT THE WORLD BANK MAY I EXPRESS OUR
SENSE OF LOSS AT YOUR LEAVING AS GOVERNOR OF THE BANK OF JAPAN
AT THE EXPIRATION OF YOUR TERM. YOUR SPIRIT OF COOPERATION AND
ASSISTANCE HAS ALWAYS BEEN VERY MUCH APPRECIATED AND WE LOOK
FORWARD TO A CONTINUING AND PRODUCTIVE RELATIONSHIP WITH YOUR
SUCCESSOR. KINDEST REGARDS.

EUGENE H. ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DESIGNATION TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

ORIGINAL (File Copy)

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INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Chen

OUTGOING WIRE

TO: MR. TEIICHIRO MORINAGA
GOVERNOR
BANK OF JAPAN
TOKYO

DATE: DECEMBER 18, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

IT IS WITH PLEASURE THAT I HAVE LEARNED OF YOUR APPOINTMENT AS
GOVERNOR OF THE BANK OF JAPAN. I LOOK FORWARD TO RENEWING YOUR
ACQUAINTANCE AND CONGRATULATE YOU ON YOUR ASCENDENCY TO THIS MOST
IMPORTANT POST. PLEASE ALSO EXPRESS ON BEHALF OF MY COLLEAGUES
AND ASSOCIATES MY WARMEST CONGRATULATIONS TO MR. MAYEKAWA. I
LOOK FORWARD TO MEETING WITH YOU SOON. KINDEST REGARDS.

EUGENE H. ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

D. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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Chron

OFFICE MEMORANDUM

TO: Files

FROM: Eugene H. Rotberg *ER*

SUBJECT: U.S. Bond Issue

DATE: December 16, 1974

DECLASSIFIED

Date: 10/25/2010

CONFIDENTIALSUMMARY OF MEETING

Present: Mr. Robert S. McNamara
Mr. Eugene H. Rotberg
Mr. John Gutfreund, Salomon Brothers

Mr. McNamara and I met with Mr. John Gutfreund on Friday, December 6, re our forthcoming U.S. bond issue and the acceptability of the Bank bonds in the market in general. Gutfreund made the following points:

(1) The market was receptive to a Bank issue. There was a substantial demand for intermediate-term securities and there should be little difficulty in successfully placing the entire \$500 million. He said they would endeavor to price the issue as close as possible to U.S. Agencies. Further, they would seek to price prospectively, i.e. consider not only the market on the day of pricing, but the projected trend over the next several days.

(2) Gutfreund expressed the view that the Bank should be able to raise up to \$2 billion a year in the U.S. market. The Bank's name and overall financial strength were attractive to investors who were seeking the most creditworthy-type obligations. In this connection he noted that there had been a shift of investor preferences as yield spreads increased substantially in the last year between "good" and "prime" quality obligations.

(3) Gutfreund noted that, speaking for his own firm, they would be prepared to offer the Bank advice and suggestions on the kind of instruments which the market might accept; the timing of the issuance of our obligations, and the ways we might condition the market to readily accept substantial placements of our bonds.

(4) Gutfreund observed that the pricing of our forthcoming issue should be done in a manner which would sell the bonds but that the bonds should not be sold too cheaply since that could have a negative effect on downgrading our financial image. He observed that the purchasers of bonds had "short memories" and that, if the buyers thought the bonds were fairly priced, they would be potential buyers for future issues.

cc: Mr. McNamara
Mr. Cargill

EHRotberg:emk

Chrom



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 13, 1974

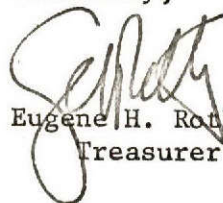
Mr. Charles C. Schley, Jr.
Vice President
Sorg Printing Company Inc.
80 South Street
New York, N.Y. 10038

Dear Mr. Schley:

I want to thank you for sending
the 1975 calendar. It was most kind and
thoughtful of you to remember me.

On behalf of my colleagues, let
me wish you and your associates a happy
and satisfying New Year.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 13, 1974

Mr. Erwin Wehrli
Senior Vice President
Union Bank of Switzerland
Bahnhofstrasse 45
8021 Zurich, Switzerland

Dear Mr. Wehrli:

I want to thank you and your colleagues
for the very beautiful 1975 Almanac. It was
most kind and thoughtful of you to remember me.

Please accept my best wishes for a
happy and satisfying New Year.

Sincerely,


Eugene H. Rothberg
Treasurer

*Chron
file*

10822 Childs Court
Silver Spring, Md.
20901

December 13, 1974

State of Maryland
MOTOR VEHICLE ADMINISTRATION
6601 Ritchie Highway, N.E.
Glen Burnie, Maryland 21061

Attention: Edna E. Whitlock
Central Tag Return Unit

Gentlemen:

Re: Safety Equipment Repair Order 1496554

This refers to your "Notice of Suspension" of the registration plates on our 1969 Oldsmobile. The notice states that we have failed to comply with the Safety Equipment Repair Order issued on April 25, 1974. Apparently there must have been some error.

I am enclosing for your information Customer Service Order No. 562673 dated May 1, 1974, six days after the Suspension Notice, which clearly shows on the bottom, left-hand corner the necessary repair -- the installation of rear lights which had previously burned out. I would very much appreciate your sending to me a revocation of the "Notice of Suspension". Apparently the documentation confirming this repair has either not been sent to you or possibly lost. At any rate, the work was done quite quickly after the notice was given.

Very truly yours,


Eugene H. Rotberg

Enclosures: 2

Chen



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



December 13, 1974

Mr. Giuseppe Trovato
Representative
Banco di Sicilia
1 Wall Street
New York, N.Y. 10005

Dear Mr. Trovato:

I would like to express my appreciation to you for the beautiful art book which you sent me. It was most kind and thoughtful of you to remember me.

On behalf of my colleagues, let me wish you and your associates a happy and satisfying New Year.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eugene H. Rotberg".

Eugene H. Rotberg
Treasurer

Hans

Ronnie will get in touch with you tomorrow (Sunday). He has the Saudi Arabian documents and will clear them. Shoaib also has the documents (I slipped them under his door on Saturday). I have discussed the substance of the changes, which are purely technical, with Shoaib and he has no objections of course.

Ronnie will talk to McNamara on Sunday and will advise you of his discussions with McNamara. Please get the documents to McNamara early on Monday - before 9 if possible - to get McNamara's clearance. Point out that they are simply technical, and changed the form from a note to a bond.

. . .

Also discuss the U.S. document with Ronnie. We may distribute the change late Monday afternoon or Tuesday. That only gives the bond buyer an option between registered and coupon bonds -- a development which occurred during the selling effort after the announcement.

Gene
12/7/74

EHRotberg:emk

December 9, 1974

AIR MAIL

De Nederlandsche Bank N.V.
Postbus 98
Amsterdam--1002
The Netherlands

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to the General Treasury wherein we request payment of f. 7,152,100 against the non-negotiable, non-interest-bearing demand Note No. A201 dated November 29, 1974 in the original principal amount of f. 10,000,000 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of the said Note No. A201 dated November 29, 1974.

Please credit the amount received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. P. C. Whitte
Executive Director

EMENA Region - Netherlands

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs: Davies/Gray

File: IDA - Notes & Obl. - Netherlands

HLanger/jad

Handwritten:
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December 9, 1974

AIR MAIL

General Treasury
Ministry of Finance
Kneuterdijk 22
The Hague
The Netherlands

Dear Sirs:

We refer to the non-negotiable, non-interest-bearing demand notes of the Kingdom of the Netherlands which were substituted for currency paid or payable by the Netherlands on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. These notes are held for our account by our depository, De Nederlandsche Bank N.V.

Please pay on or before January 3, 1975 f. 7,152,100 against Note No. A201 dated November 29, 1974 in the original principal amount of f. 10,000,000.

De Nederlandsche Bank N.V., as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of said Note No. A201 dated November 29, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. P. C. Witte
Executive Director

Financial Attache
Royal Netherlands Embassy
4200 Linnean Avenue, N.W.
Washington, D.C. 20009

De Nederlandsche Bank N.V.
Postbus 98
Amsterdam--1002
The Netherlands

EMENA Region - Netherlands

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Netherlands

HLanger/amd

December 9, 1974

AIR MAIL

Norges Bank
Foreign Department
P. O. Box 735
Sentrum
Oslo 1, Norway

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to Det Kongelige Departement for Handel og Skipsfart wherein we request payment of Nkr 5,300,200 against the non-negotiable, non-interest-bearing demand note dated November 8, 1974 in the original principal amount of Nkr 86,482,550 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of the said note dated November 8, 1974.

Please credit the amount received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Jon Sigurdsson
Executive Director

EMENA Region - Norway

Messrs. Rothberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Norway

HLanger/jad

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758

December 9, 1974

AIR MAIL

Det Kongelige Departement for
Handel og Skipsfart
Valutaavdelingen
Klingenberggaten 4
Oslo, Norway

Dear Sirs:

We refer to the non-negotiable, non-interest-bearing demand note of the Kingdom of Norway which was substituted for currency paid or payable by Norway on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. This note is held for our account by our depository, the Norges Bank.

Please pay on or before January 3, 1975 Nkr 5,300,200 against the note dated November '8, 1974 in the original principal amount of Nkr '86,482,550.

The Norges Bank, as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of said note dated November '8, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Jon Sigurdsson
Executive Director

Norges Bank
Foreign Department
P. O. Box 735
Sentrum
Oslo 1, Norway

EMENA Region - Norway

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Norway

HLanger/and

December 9, 1974

AIR MAIL

Danmarks Nationalbank
Holmens Kanal 17
DK-1093 Copenhagen K
Denmark

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to the Ministry of Foreign Affairs, DANIDA, in which we request payment of DKr 6,582,800 against the non-negotiable, non-interest-bearing demand Note No. 4A dated November 9, 1974 in the original principal amount of DKr 102,798,000 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of Note No. 4A dated November 9, 1974.

Please credit the funds received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Jon Sigurdsson
Executive Director

EMENA Region - Denmark

Messrs. Rothberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Denmark

HLanger/and

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24

December 9, 1974

AIR MAIL

Ministry of Foreign Affairs
DANIDA
Amaliegade 7
DK-1256 Copenhagen K
Denmark

Dear Sirs:

We refer to the non-negotiable, non-interest-bearing demand note of the Kingdom of Denmark which was substituted for currency paid or payable by Denmark on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. This note is held for our account by our depository, Danmarks Nationalbank.

Please pay on or before January 3, 1975 DKr 6,582,800 against Note No. 4A dated November 9, 1974 in the original principal amount of DKr 102,798,000.

Danmarks Nationalbank, as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of Note No. 4A dated November 9, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Jon Sigurdsson
Executive Director

Embassy of Denmark
3200 Whitehaven Street, N.W.
Washington, D.C. 20008

Danmarks Nationalbank
Holmens Kanal 17
DK-1093 Copenhagen K
Denmark

EMENA Region - Denmark

Messrs. Rotberg, De Boeck/Topolsky, Watanabe -
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Denmark

HLanger/ams

December 9, 1974

AIR MAIL

The Bank of Japan
Business Section
Foreign Department
C.P.O. Box 203
Tokyo 100-91
Japan

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to the Minister of Finance wherein we request payment of ¥3,000,000,000 against the non-negotiable, non-interest-bearing demand Note Nos. A83 through A88 dated November 8, 1974 in the original principal amount of ¥500,000,000 each which you, as our depository, are holding for our account in our Securities Custody Account F.

Upon receipt of the above-mentioned funds, you are authorized to cancel and surrender the above notes.

Please credit the funds received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Taro Hori
Executive Director

E. Asia Region - Japan

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray, Duarte

File: IDA - Notes & Obl. - Japan

HLanger/amd

22

December 9, 1974

Minister of Finance
Tokyo, Japan
c/o Embassy of Japan
2520 Massachusetts Avenue, N. W.
Washington, D. C. 20008

Dear Mr. Minister:

We refer to the non-negotiable, non-interest-bearing demand notes of the Japanese Government which were substituted for currency paid or payable by Japan on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. These notes are held for our account by our depository, The Bank of Japan.

Please pay on or before January 8, 1975 ¥ 3,000,000,000 against Note Nos. 'A83 through 'A88 dated November '8, 1974 in the original principal amount of ¥ 500,000,000 each.

The Bank of Japan, as depository of this Association, is being instructed to receive these funds, and upon receipt thereof, to cancel and surrender the above notes.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Taro Hori
Executive Director

Embassy of Japan
2520 Massachusetts Avenue, N.W.
Washington, D.C. 20008

The Bank of Japan
Business Section
Foreign Department
C.P.O. Box 203
Tokyo 100-91, Japan

E. Asia Region - Japan

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray, Duarte

File: IDA - Notes & Obl. - Japan

HLanger/and

December 9, 1974

AIR MAIL

Central Bank of Kuwait
P. O. Box 526
Kuwait, State of Kuwait

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to the Ministry of Finance and Oil wherein we request payment of KD 498,800 against the non-negotiable, non-interest-bearing demand Note No. 14 dated November 7, 1974 in the original principal amount of KD 2,619,629.667 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of Note No. 14 dated November 7, 1974.

Please credit the funds received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Muhammad Al-Atrash
Executive Director

EMENA Region - Kuwait

Messrs. Rothberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Kuwait

HLanger/amd

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December 9, 1974

AIR MAIL

Ministry of Finance and Oil
P. O. Box 9
Kuwait, State of Kuwait

Dear Sirs:

We refer to the non-negotiable, non-interest-bearing demand note of the State of Kuwait which was substituted for currency paid or payable by Kuwait on its advance-contribution to the Fourth Replenishment of the resources of the International Development Association. This note is held for our account by our depository, the Central Bank of Kuwait.

Please pay on or before January 3, 1975 KD 498,800 against Note No. 14 dated November 7, 1974 in the original principal amount of KD 2,619,629.667.

The Central Bank of Kuwait, as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of Note No. 14 dated November 7, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Muhammad Al-Atrash
Executive Director

Central Bank of Kuwait
P. O. Box 526
Kuwait, State of Kuwait

EMENA Region - Kuwait

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Kuwait

HLanger/amd

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December 9, 1974

AIR MAIL

Bank of Canada
234 Wellington Street
Ottawa, Ontario K1A 0G9
Canada

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to the Department of Finance wherein we request payment of Can\$8,484,200 against the non-negotiable, non-interest-bearing demand note dated November 8, 1974 in the original principal amount of Can\$69,009,300 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of the said note dated November 8, 1974.

Please credit the amount received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Claude M. Isbister
Executive Director

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Canada

HLanger/amd

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December 9, 1974

AIR MAIL

Department of Finance
Attn: International Programmes Division
Ottawa, Ontario K1A 0G5
Canada

Dear Sirs:

We refer to the non-negotiable, non-interest-bearing demand note of the Government of Canada which was substituted for currency paid or payable by Canada on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. This note is held for our account by our depository, the Bank of Canada.

Please pay on or before January 3, 1975 Can\$ 8,484,200 against the note dated November 8, 1974 in the original principal amount of Can\$ 69,009,300.

The Bank of Canada, as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of said note dated November 8, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Claude M. Isbister
Executive Director

Canadian International Development Agency
c/o Multilateral Institutions Division
Jackson Building, 122 Bank Street
Ottawa, Ontario K1A 0G4 Canada

Bank of Canada
234 Wellington Street
Ottawa, Ontario K1A 0G9 Canada

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Canada

HLanger/amd

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December 9, 1974

AIR MAIL

Central Bank of Ireland
Foster Place
P. O. Box No. 61
Dublin 2, Ireland

Dear Sirs:

We are enclosing a copy of our letter of December 9, 1974 to the Department of Finance wherein we request payment of Lir 66,700 against Note No. 35 dated November 8, 1974 in the original principal amount of Lir 200,000 which you, as our depository, are holding for our account in our Securities Custody Account A.

Upon receipt of the above-mentioned funds, you are authorized to endorse the partial payment on the reverse of the said Note No. 35 dated November 8, 1974.

Please credit the amount received to our Account F with cabled confirmation to us.

Sincerely yours,

Victor C. Chang
Deputy Controller

Enclosure

cc: Mr. Claude M. Isbister
Executive Director

EMENA Region - Ireland

Messrs. Rothberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Ireland

HLanger/amd

amd

December 9, 1974

AIR MAIL

Department of Finance
Upper Merrion Street
Dublin 2, Ireland

Dear Sirs:

We refer to the non-negotiable, non-interest-bearing demand notes of the Government of Ireland which were substituted for currency paid or payable by Ireland on its advance contribution to the Fourth Replenishment of the resources of the International Development Association. These notes are held for our account by our depository, the Central Bank of Ireland.

Please pay on or before January 3, 1975 EIr 66,700 against Note No. 35 dated November 8, 1974 in the original principal amount of EIr 200,000.

The Central Bank of Ireland, as depository of this Association, is being instructed to receive these funds and, upon receipt thereof, to endorse the partial payment on the reverse of said Note No. 35 dated November 8, 1974.

Sincerely yours,

Victor C. Chang
Deputy Controller

cc: Mr. Claude M. Isbister
Executive Director

Central Bank of Ireland
Foster Place
P. O. Box No. 61
Dublin 2, Ireland

EMENA Region - Ireland

Messrs. Rotberg, De Boeck/Topolsky, Watanabe
Messrs. Davies/Gray

File: IDA - Notes & Obl. - Ireland

HLanger/amd

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OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. I. P. M. Cargill
FROM: Eugene H. Rotberg *EHR*
SUBJECT: Increase in Limit for Time Deposits

DATE: December 5, 1974

The attached memorandum requests approval for an increase in the time deposits limit by \$500 million to \$2,250 million. The increase is requested because of the increased resources available from the expanded borrowing program. Six month Certificates of Deposit now yield about 9%; one year deposits can be placed at 8.50%.

Attachment

FROM: The President

R74-

TIME DEPOSITS

1. This memorandum requests the approval of the Executive Directors to increase the authority to invest U.S. dollar funds of the Bank in time deposit accounts with U.S. commercial banks from the present authorization of \$1,750 million to \$2,250 million (see Annex A).
2. In the absence of objection (to be communicated to the Secretary or Deputy Secretary by the close of business on Thursday, December 12) the foregoing will be deemed approved, to be so recorded in the minutes of a subsequent meeting of the Executive Directors.

Robert S. McNamara

Distribution:

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President, IFC
President's Council
Mr. J. Adler
Treasurer
Controller

ANNEX A

Previous Approvals by the Board

February 10, 1958	\$150 million
April 30, 1958 increased to	\$200 million
March 28, 1961 increased to	\$250 million
January 26, 1962 increased to	\$300 million
January 19, 1965 increased to	\$500 million
March 15, 1969 increased to	\$600 million
September 12, 1969 increased to	\$700 million
March 13, 1970 increased to	\$800 million
January 28, 1971 increased to	\$900 million
April 12, 1971 increased to	\$1,100 million
January 14, 1972 increased to	\$1,200 million
March 16, 1973 increased to	\$1,300 million
January 10, 1974 increased to	\$1,400 million
July 26, 1974 increased to	\$1,550 million
October 15, 1974 increased to	\$1,750 million

Treasurer's Department
December 5, 1974

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 4, 1974

FROM: Eugene H. Rotberg SUBJECT: FY75/79 Financial Policy Paper

I have given my editorial comments to John Adler and Joe Wood and the more reasonable ones are being incorporated into the next draft. I think the paper is an excellent one and goes a long way to explaining the operations of the Bank in a meaningful way. There are, however, several basic comments which you might wish to consider.

The first relates to interest coverage. I have no problem with getting away from that concept -- though I am not certain about the reaction of the financial community. That, though is a matter of education; our liquidity position goes a long way in resolving any possible concern. Besides, there is little we can do (given our capital base and the increments to it, as compared to the volume of projected indebtedness) that can substantially improve the interest coverage ratio. I would, however, set it forth in the paper. It is conspicuous by its absence and I think that most of the Part I Directors will ask what it is and query why it is omitted. In FY79 the coverage would be about 1:1.13.

I would also set forth in the paper the average interest rate on outstanding and disbursed loans - for three reasons: (a) it would serve to demonstrate the lag effect of any increase in the lending rate; (b) it would show the rather marginal impact of raising the lending rate to 8-1/2% even over five years and (c) it would provide a better measure of the aggregate "cost" of Bank loans to our borrowers.

It is clear that the Bank's income will become, for the most part, a function of the interest earned on disbursed and outstanding loans as compared to the cost of total funds - primarily because the volume of disbursed and outstanding loans rises faster than the liquidity position. Accordingly it may be helpful to compare in the paper the interest on outstanding and disbursed loans as compared to the total cost of all funds. Fundamentally, it is the difference between these two figures - less administrative expenses which determines our net income:

	Fiscal Year						
	1965	1970	1975	1976	1977	1978	1979
Bank Lending Rate	5.50	6.95	8.50	8.50	8.50	8.50	8.50
Average interest on disbursed and outstanding loans	5.46	5.78	6.41	6.61	6.87	7.14	7.38
Cost of total funds	2.13	3.35	4.85	5.31	5.63	5.96	6.20

EHRotberg:mb

cc: Mr. Cargill
Mr. Adler

Mr. John H. Adler

December 3, 1974

D. Sommers

Review of IBRD/IDA Program and Financial Policies (11/26/74) draft)

I think this is a good paper and that the actions proposed are a real improvement over the previous position. My doubts concern tactics more than substance.

Although I favor the move to raise the lending rate and safeguard net income, I still believe, as I said last spring, that the stated lending rate policy is wrong in its emphasis on "lowest possible." The 1973 statement, which appears on p.11, is preferable to the George Woods' "guiding principle, which remains applicable today" (p.43) because it introduces the "long-term" concept. But it still leads to what I think is misunderstanding of the Bank's role and gives support to those who automatically oppose increases in lending rates and concern about net income.

The Bank gives a significant subsidy to its borrowers in making available access to the world lending market and to reasonable borrowing terms which would not otherwise be available. Countries with credit that the market would not accept, or would accept only at excessive rates, can attain through the Bank access and rates equal to what is available to borrowers with good credit. In practice borrowers from the Bank have often done even better. But given its present organization and resources, the Bank has no duty to make money available below its cost. I am afraid that the way we explain our policy and the defensive tone with which we talk about increasing lending rates and maintaining net income encourages unreasonable expectations in this regard. For these reasons I think it is time to begin revising rather than reaffirming prior statements of lending rate policy.

I am glad to see the realistic treatment you give to lowered rates for the poorest. Notwithstanding sympathy for tempering the wind, I agree it cannot be done with present resources. (In that connection, I do not see any mention of some extension of maturities without lowering lending rates on loans to the poorest. Would that be feasible and useful?)

Similarly, I like your caution about the third window. I would inject one further doubt. Even if funds were made available for this purpose, I would be reluctant to accept them unless I could be sure that they would not impair the prospects of (or be a deduction from) IDA replenishment or capital increases. I would say something to this effect in the paper.

The most important tactical question in my opinion is how to treat the matter of a major capital increase. You seem to be saying at p.66 and 68 that with an 8 $\frac{1}{2}$ % lending rate (assuming stable borrowing costs) and with the estimated quota changes, the proposed lending program can and should be

Mr. John H. Adler

- 2 -

December 3, 1974

carried out even in the absence of any encouragement about a major capital increase. I question that. Unless within the next few years there appears some fair prospect of a major capital increase, I think a thoroughgoing reconsideration of the lending program or lending rate or both should be undertaken. In my opinion it would be good tactics to start mentioning this possibility and would also be a more complete presentation to the Board.

Finally, although I am not qualified to comment on the size of the lending program, I am still concerned about the prospects of resulting staff increases. My worry is less about budget implications, although those are not negligible, than about the effectiveness of the organization. If the program is to be on the proposed scale, the Bank had better redouble its effort to improve management methods, efficiency and productivity and to avoid duplicative and wasteful procedures. I would be happier if this were recognized in the paper.

DS:hm

YIELDS ON TEN-YEAR U.S. AGENCY ISSUES

<u>First of Month</u>	<u>Yields</u>
1974 January	7.28%
February	7.32%
March	7.29%
April	7.98%
May	8.22%
June	8.28%
July	8.66%
August	8.88%
September	9.14%
October	8.52%
November	8.15%
December	8.05%

Source: Salomon Brothers

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Rotberg:

Mr. McNamara would like you to
obtain for him the percentage yield of
the new U.S. 10-year agency issues as
of the first of each month starting
with January 1, 1974.

Kessie
12/2/74 3:05 p.m.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION
INTERNATIONAL FINANCE
CORPORATION

Mr. McNamara

Bob:

Attached are the following papers:

- (1) Summary of comments of
Executive Directors;
- (2) A draft statement which I
would propose making to the
Board. I will be in the
office by 8:00 tomorrow
morning. I would appreciate
your comments;
- (3) Draft Board document on
Saudi Arabia. It may have
to be supplemented
(assuming U.S. approves)
based on Board discussion
tomorrow;
- (4) Yields on 10-year issues by
month since January 1974.

Gene Rotberg
Dec. 2, 1974

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg *ER*

SUBJECT: Proposed U.S. Bond Issue

DATE: December 2, 1974

Bob:

The following reflects the substance of points made by certain Executive Directors concerning the forthcoming U.S. bond issue.

United States (Reynolds). No objection on financial grounds. U.S. Treasury, however, may have a problem because: (a) U.S. doesn't want us to rely on OPEC for borrowings because it may cause them to exercise "too much control" over the Bank; (b) OPEC is getting too much "mileage" or credit from what are essentially market operations; (c) OPEC should make concessionary money available.

United Kingdom (Browning). No problem. Particularly pleased that excess borrowings will be denominated in dollars.

France (Wahl). Will not object but noted that we are really betting that interest rates will be higher two or three years from now. Also noted that we had committed ourselves to a five-year program and, therefore, it was our burden to prove why, from a financial point of view, we were proposing to exceed it. Pleased that there was no cost to carrying liquidity.

Germany (Janssen). No problem as long as he could receive assurance that there was no cost to carrying liquidity and that there might, in fact, be a profit.

Canada (Isbister). Strong support. Would have objected if the Bank had limited itself to \$2.5 billion and had foregone opportunities to borrow.

Belgium (de Groote). Supports proposal. He would not expect us to be able to predict what interest rates will be two years from now; nonetheless, at that time we will know whether we made a wise decision in accelerating borrowing.

Australia/New Zealand (McLeod). Supports proposal. Notes however that borrowing in excess of 8% may cause us to have to raise the lending rate, which he thinks is necessary. Possible objection, therefore, from developing countries.

EHRotberg:emk

DRAFT
EHRotberg:emk:mb

December 2, 1974

PROPOSED BOARD STATEMENT: U.S. ISSUES

The matter before you relates to a proposed borrowing in the capital markets of the United States in the amount of \$500 million. The proposed issues consist of the following:

(Describe terms of issue; current market conditions and pricing procedures.)

As you may observe from the document before you, the proposed borrowings in the United States, and the refinancing of issues maturing with Central Banks (including the Bundesbank and The Bank of Japan) and contemplated borrowings from OPEC would cause us to exceed the borrowing ceiling in FY75 of \$2,550 million. We would expect to propose for your approval borrowings in excess of that previously established ceiling because, based on our very recent negotiations, there are now substantial amounts of resources available at reasonable cost to the Bank. All of these operations would be denominated solely in dollars. ^R Had we known at the time of the submission to you of the most recent five-year program that substantial funds would be available to the Bank at terms now before you, we would have phased our proposed borrowings so as to reflect that circumstance. But, at that time, in July, rates were at the 9-1/2% level and our negotiations with OPEC were not at all well advanced. But as you may recall, even then, we noted in the Financial Policy Paper that there was a possibility of advancing a part of the borrowings from FY76 and 77 if it could be done at little or no cost. That is precisely the situation today. The proceeds of this bond issue can be invested at no cost to the Bank because of the higher rate for one-year investments than for five and ten-year obligations. Therefore, the

acceleration of our borrowing program, as contemplated in the previous Financial Policy Paper, will provide us with substantial resources at reasonable costs without any carrying cost for the additional liquidity. And, indeed, with a good probability of profit.

In this connection I might note that the Bank does not develop its borrowing program (which in turn is derived from its liquidity policy) or the phasing of that program according to projections of interest rates in the future; we are, quite frankly, unable to predict with any degree of certainty what interest rates are likely to be one or two years from now. We cannot, therefore, speculate on the state of the markets for raising the necessary liquid resources. I might note in passing however that interest rates have declined by almost 200 basis points in the five-year market and by more than 100 basis points in the 10-year market in the last two or three months. And, whatever the prospects for the world economy may be, in the immediate future, there are few projections, if any, which predict over the next several years a [low] rate of inflation which would assure lower long-term interest rates.

I think it is worth noting that we still will have a substantial borrowing program in the years 1976 and beyond and, while I would not wish to preempt the discussion of the five-year Policy Paper I believe that we will find even after the proposed rephasing of our borrowings, that we will have to borrow amounts in excess of \$3 billion in each of the years commencing FY76. Essentially, what we are doing here is simply evening out our ^{five-year} borrowing program by taking advantage of resources as they are available at reasonable cost. I would point out to you in this connection that ⁱⁿ ~~under~~ the July Financial Policy Paper we had projected a \$2-1/2 billion borrowing program for FY75, ~~a~~ \$3.5 billion gross borrowing in 1976 and \$3.9 billion in 1977. Fundamentally, that substantial

increase or jump between FY75 and FY76 would be leveled out by the proposed program and, I might add again, at no additional cost and, most likely, at a profit to the Bank.

YIELDS ON TEN-YEAR U.S. AGENCY ISSUES

<u>First of Month</u>	<u>Yields</u>
1974 January	7.28%
February	7.32%
March	7.29%
April	7.98%
May	8.22%
June	8.28%
July	8.66%
August	8.88%
September	9.14%
October	8.52%
November	8.15%
December	8.05%

Source: Salomon Brothers

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Rotberg:

Mr. McNamara would like you to
obtain for him the percentage yield of
the new U.S. 10-year agency issues as
of the first of each month starting
with January 1, 1974.

Kessie
12/2/74 3:05 p.m.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg 

SUBJECT: Cost of Carrying Liquidity

DATE: November 27, 1974

Attached is the memorandum on the cost of carrying the "excess" liquidity. The memorandum makes several different points. First, if we were to make investments in maturities precisely equal to the length of time by which we accelerated our borrowings, we would purchase \$500 million one-year CD's; \$250 million two-year bonds and \$250 million three-year bonds. The attached memorandum shows that, if we followed that particular investment strategy, we would lose \$5 million. In order to compensate for that \$5 million loss, the memorandum notes that yields for a 10-year IBRD bond would have to rise to 8.32% or 7 basis points above the projected cost of this issue. Stated another way, an increase of 7 basis points over the cost of the proposed borrowing is equivalent to the precise loss which we would suffer if we invested in maturities exactly equal to the time periods by which we accelerated our borrowings.

There is, however, a second approach. We need not invest the "excess" \$1 billion as stated above -- rather we could invest the entire \$1 billion in a one-year Certificate of Deposit. Since, however, we are accelerating our borrowings by an average of one year and nine months, we calculated the break-even yield on our investment strategy for the remaining nine months. If for that remaining period we invest at 7.92% we break even and suffer no loss in the carrying of the liquidity. If rates on the cost of borrowing then rise above 8.25%, the acceleration will have been financially profitable; if below 8.25, financially unprofitable.

Therefore, if interest rates were to decline one or two years from now, we would suffer an opportunity loss, i.e. we should have waited and borrowed later rather than now -- but that concept is not relevant to the cost of carrying liquidity -- defined as the marginal yield on investments for the period versus the interest cost of the marginal borrowing.

Attachments

EHRotberg:emk

(3-70)
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: November 27, 1974

CLASS OF
SERVICE: TELEX

(Ext. 2213)

COUNTRY: FRANCE

TEXT:

Cable No.: FOR I.P.M. CARGILL. RE U.S. ISSUE BOARD MEETING SCHEDULED FOR
DECEMBER 3 FOR U.S. BOND ISSUE. DOCUMENTS HAVE BEEN DISTRIBUTED FOR
ISSUE OF 300 MILLION FIVE-YEAR BONDS AND 200 MILLION TEN-YEAR BONDS.
BASED ON CURRENT MARKET TOTAL COST TO BANK INCLUDING ALL UNDERWRITING
COMMISSIONS, FEES, ETC. WOULD BE 8.35 PERCENT FOR ENTIRE PACKAGE.
EXACT PRICING OF ISSUE SCHEDULED FOR AFTERNOON OF DECEMBER 10. REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

Eugene H. Rotberg

POST

Treasurer's

SIGNATURE

SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE

RECEIVED:

REFERENCES AND COPY DISTRIBUTION:

cc: Mr. Cargill's office

For Use By Communications Section

ORIGINAL (File Copy)

(ADDITIONALLY: See Secretaries Guide for preparing form)

Checked for Dispatch

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Eugene H. Rotberg (signed) Eugene H. Rotberg
SUBJECT: Cost of Holding an Additional \$1 billion in Liquidity

DATE: November 25, 1974

To compute the cost of moving forward \$1 billion in borrowings from FY76-78 to FY75, I have compared the cost of the Bank's marginal borrowing opportunities to the yield on probable investments of such funds. Deciding which borrowings are "marginal" in this particular case is somewhat difficult since the Saudi Arabian \$750 million issue at 8.5% is above the market and is being negotiated, at least in part, to facilitate other borrowings from OPEC countries. The United States borrowing is marginal and is likely to cost 8.25%; the Nigerian \$200 million issue at 8.0% is offset against our lending to Nigeria; the Iranian issue is likely to be 8%; the cost of the projected Libyan borrowing is unknown. The remaining future borrowings are roll-overs with Central Banks - which should not be considered as "excess" borrowing.

In computing the cost of the excess \$1 billion of borrowings for FY75, I have assumed an average cost of 8-1/4% and that such borrowings are in anticipation of \$500 million borrowings in FY76 and \$250 million in each of the following two years. Although we could label the most expensive borrowings as those we held for the shortest period, for simplicity sake we have not made that allocation. The table below shows the net effect over three years of investing \$500 million at 8-1/2% in one-year Certificates of Deposits; \$250 million at 7.75% in Agencies of a two-year maturity; and \$250 million at 7.75% in Agencies of a three-year maturity - which are prevailing rates for these maturities.

MATCHING INVESTMENTS WITH ACCELERATED BORROWING

		Additional Interest on Debt (Millions)	
\$500 Million	8.25% - 1 year	\$ 41.25	
\$250 Million	8.25% - 2 years	41.25	
\$250 Million	8.25% - 3 years	<u>61.88</u>	
	Total		\$144.38

		Additional Income on Investments	
\$500 Million	8.50% - CD's (1-yr maturity)	\$ 42.50	
\$250 Million	7.75% - US Agencies (2-yr maturity)	38.75	
\$250 Million	7.75% - US Agencies (3-yr maturity)	<u>58.13</u>	
	Total		<u>139.38</u>

Cost of Carrying Liquidity by Matching Maturities to Accelerated Borrowing	<u>\$ 5.00</u>
---	----------------

November 25, 1974

An alternative to matching maturity of investments to the time periods by which the borrowings have been accelerated, would be to assume that the entire \$1 billion was invested in one-year CDs at 8.5% for the first year. At the end of that year, the \$500 million moved forward from FY77 and 78 would then be reinvested for one and two years respectively. The break-even yield for these subsequent investments would be 7.92%. If yields are higher, there will be no cost of carrying liquidity; if lower there would be a cost.

The most important fact^{or}, however, in determining whether these borrowings should be made now as opposed to waiting is the comparison of today's borrowing costs as compared to projected future costs. Assuming that the cost of the excess borrowing is 8.25%, if borrowing costs for 10-year bonds rise to 8.32%, it would compensate for a \$5 million cost of carrying the extra liquidity.

Rotberg/Michaelcheck:emk

Cleared and cc Mr. Adler

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg

SUBJECT: Proposed U.S. Bond Issue

DATE: November 22, 1974

The following records the substance of my conversation with Salomon Brothers, First Boston and Morgan Stanley this afternoon, November 22, at 3:15 p.m.:

Five-Year Issue

Size: \$250 million - \$500 million. Size of issue has no effect on rate;

Yield to Public: 8.10/8.125%;

Cost to Bank: Approximately 8.27%.

Seven-Year Issue

Size: \$250 million - \$300 million;

Yield to Public: 8.20/8.25%;

Cost to Bank: Approximately 8.36%.

Ten-Year Issue

Size: \$150 million - \$200 million;

Yield to Public: 8.30/8.35%;

Cost to Bank: 8.43%.

Twenty-Two Year Bond (average life) - Final Maturity 26 years

Size: \$250 million;

Yield to Public: 8.75/8.875%;

Cost to Bank: 8.90/8.95%.

After discussion the combinations of five and seven-years or seven and ten-years were rejected because the maturities are too close to each other.

. . .

Mr. Robert S. McNamara

- 2 -

November 22, 1974

A five-year issue can be "mixed" with a 22-year issue up to \$500 million as long as the 22-year issue does not exceed \$250 million.

A five-year issue can be "mixed" with a 10-year issue up to \$500 million so long as the 10-year issue - at the maximum - does not exceed \$200 million.

I recommend that we issue \$300 million five-year bonds and \$200 million 10-year bonds. Average life of the package will be seven years and average cost to the Bank would be about 8.34%. It is possible that as the market develops over the next few days that there might have to be some slight adjustment between the two issues, i.e. we may have to do, say, \$350 million five-year bonds and only \$150 million 10-year bonds.

I believe that the Bank should not lock itself into a long-term issue at a cost of close to 9% at this time.

I discussed this matter with Mr. Cargill and he agrees with the foregoing recommendation to you.

. . .

I have talked to the U.S. Treasury and they have given approval for the \$500 million, with the understanding that we would not announce or publicize this issue in any way until after the pricing of the FNMA \$1.2 billion issues which are scheduled for pricing on Monday afternoon. Therefore, we would propose distributing the Board documents this weekend for Board approval on Tuesday, November 26, and public announcement of the issue shortly thereafter.

The actual pricing of the issue is scheduled for Tuesday, December 10 but if, on the basis of the indications of interest after November 26 the issue is successfully placed, the pricing could be accelerated to Wednesday, December 4, or Thursday, December 5.

There will be a "Due Diligence" Meeting in New York in the morning of Wednesday, December 4. The Underwriters would like to have you present - although this is not indispensable.

It would be most appreciated if you would advise me as soon as possible with respect to our recommendation so that we might prepare and distribute the Board documents.

cc: Mr. Cargill

EHRotberg:emk

Chrom

TO: Executive Dining Room Manager

I request a reservation in the Executive Dining Room on Thursday Nov. 21 for the
 following 15 people, of which (a) 15 will be Official Charges
 (b) _____ will be Staff Hospitality Charges
 (c) _____ will be Personal Charges to Host
 (d) _____ will be Personal Charges to Individual

Name	Title	Organization	Charges (check one)			
			Official	Hospitality	Host	Individual
Host:						
Eugene H. Rotberg	Treasurer	IBRD			1	
Other Bank Group Staff:						
A. Broches	General Counsel	IBRD	1			
L. Nurick	Associate Gen. Counsel	IBRD	1			
H.C. Hittmair	Deputy Treasurer	IBRD	1			
Victor Chang	Deputy Controller	IBRD	1			
R. E. Deely	Chief, Securities Div. Treasurer's Dept.	IBRD	1			
J. Uhrig	Asst. Chief, Sec. Div. Treasurer's Dept.	IBRD	1			
D. Harris	Sr. Securities Officer Treasurer's Dept.	IBRD	1			
<i>JP Morgan</i>	<i>VP</i>					
Others:						
John Gutfreund	General Partner Salomon Bros.	Salomon Brothers	1			
Lawrence Parker	Managing Director	Morgan Stanley	1			
Vance Van Dine	Managing Director	Morgan Stanley	1			
Ed. Townsend	Senior Vice Pres.	First Boston	1			
<i>Mr. Murphy</i>						
Squire Reamer	Vice President	First Boston	1			
Fred Smith	Vice President	First Boston	1			
William Ivey	Lawyer	Sullivan & Cromwell	1			
Warde Foshay	Lawyer	Ditto	1			

Signature of Host:

[Signature]

Department to be charged for Official/Staff Hospitality:
 Treasurer's

Date:

Nov. 20, 1974

(3-70)

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT*Nov. 20.*
Chun
INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ESTITHMAR
KUWAIT

DATE: NOVEMBER 11, 1974

CLASS OF
SERVICE: TELEX

COUNTRY: (STATE OF KUWAIT)

TEXT:
Cable No.:

FOR MR. HAMAD AL-BAHAR, GENERAL MANAGER

DELIGHTED TO SEE YOU ON WEDNESDAY NOVEMBER 20 STOP CAN YOU HAVE
LUNCH WITH ME AND SOME OF MY COLLEAGUES AT THE BANK STOP IF NOT
APPOINTMENT AT TWO THIRTY OR THEREAFTER SATISFACTORY STOP
BEST REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch

Chron

10822 Childs Court
Silver Spring, Md.
20901

November 13, 1974

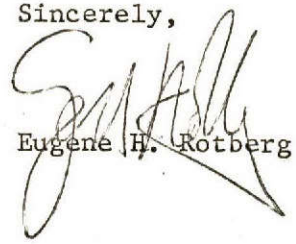
METRO
Bus Operations Dept.
2250 26th Street, N.E.
Washington, D.C.

Dear Sirs:

It would be most appreciated if you
would send to me the bus schedules for buses
between Lockwood Drive at Colesville Road
and (a) Silver Spring, Md. and (b) Wheaton,
Md. and (c) Downtown D.C.

Thank you very much.

Sincerely,


Eugene H. Rotberg

Chen

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg *ER*

SUBJECT: Proposed Borrowing from Trinidad and Tobago

DATE: November 19, 1974

Attached is the proposed Board paper cleared with the Region and Legal Departments for Mr. McNamara's approval. Also attached is the consent letter to the U.S. Government.

Although approval in principle for this transaction has been obtained from Trinidad, final approval is not expected before Thursday, November 21, and I would recommend that we not distribute the paper until after we receive their formal approval. Board consideration is scheduled for November 26.

I have also attached for your information a short memorandum from the Region which sets forth the calculation supporting the statement that the average life of the loan to Trinidad is less than five years.

Attachments

EHRotberg:emk

10822 Childs Court
Silver Spring, Maryland
20901

November 18, 1974

Dear Murray:

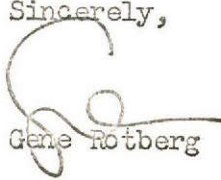
Thank you for your letter. I have made several inquiries around the Bank to see if there was any way that your daughter, Marcia, could do some research in a developing country. The Bank, unfortunately, does not have any program for hiring or using young students. Indeed, its summer hiring program is almost exclusively limited to either secretarial help or young professionals who are between college and graduate school and these assignments are always located in Washington.

I would suggest, as an alternative, that you get in touch with the United Nations. They may have some research projects under their UNESCO program which Marcia might find interesting and in which they could use her services.

These kinds of jobs are very difficult to find since funding is low, most agencies are looking for highly trained specialists and there is usually a substantial linguistic requirement. Perhaps I can be more helpful after Marcia finishes her schooling.

Best personal regards. Please keep in touch.

Sincerely,



Gene Rotberg

Mr. Murray B. Weiner
100 West Shore Drive
Pennington, New Jersey 08534

10822 Childs Court
Silver Spring, Md.
20901

November 15, 1974

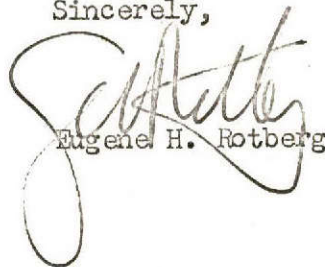
Mr. Jon L. Brunenkant
3818 S. Stafford Street
Arlington, Virginia 22206

Dear Mr. Brunenkant:

Thank you very much for your letter. I regret that I am unable to accede to your request to change your grade to "credit only". That option would permit you, after the fact, to have an advantage not available to your fellow students.

The reasons that you give for deserving that option - i.e. (a) you did not spend as much time on the paper; and (b) that I convinced you into believing that you would do "very well" - are not, to say the least, convincing. I cannot believe that you seriously contend that I should change your grade (and thereby give you an advantage over your fellow students) because I misled you into thinking that you would do better than turned out to be the fact.

Sincerely,



Eugene H. Rotberg



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAPRAD

November 14, 1974

Mr. Jean P. Carriere
Director, European Office
World Bank
66 Avenue d'Iena
75116 Paris, France

Dear Jean:

With reference to your memorandum of November 7 to Peter Cargill regarding borrowings in oil producing countries, there is enclosed a schedule setting forth our borrowings to date, both in local currency and in dollars, in countries members or associate members of OPEC. Purchases by these countries of our Two-Year Bonds in US dollars are included in the two separate schedules enclosed herewith.

Borrowing operations in Kuwait and Libya, which commenced several years ago, have so far always been in local currency. However, we have not had a borrowing in these countries after 1973. Our more recent borrowings in Abu Dhabi and Saudi Arabia and our first transaction in Venezuela were denominated in local currency as a first step towards establishing a borrowing relationship with these countries. On the other hand, our second borrowing in Venezuela was in bolivares only to the extent of 20 percent of the total transaction of \$500 million equivalent signed in August 1974, and our borrowings in Iran and Oman were all in dollars.

Henceforth, perhaps with the possible exception of one transaction in Kuwait, all of our borrowings in OPEC countries are expected to be denominated only in US dollars. The Bank wishes to avoid placing what might become a considerable exchange risk on our borrowers if we were to borrow and disburse the "local" currency of oil exporting countries. Only if there was an overriding reason, such as the need for the Bank to refinance a maturity of an earlier borrowing in a local currency, would the Bank agree to denominate any substantial portion of a new borrowing transaction with an oil exporting country in a local currency. We may also have to continue making some token borrowings in local currencies as a first step in countries in which we have not borrowed previously - and we would probably do so if we could receive a commitment that subsequent borrowings would be only in US dollars or SDR's.

Mr. Jean P. Carriere

-2-

November 14, 1974

Regarding prospective borrowing operations we are currently engaged in discussions with Saudi Arabia, Nigeria, Trinidad and Tobago and Ecuador. We also plan to have discussions within the next few weeks in Abu Dhabi, Kuwait and Libya.

With best regards,

Sincerely,


Gene

Enclosures

Out of curiosity - did you ever
receive these schedules?

K /

A handwritten signature or set of initials, possibly 'WJ', written in dark ink. The strokes are fluid and cursive, with a large loop at the top and a diagonal slash at the bottom.

10822 Childs Court
Silver Spring, Md.
20901

November 13, 1974

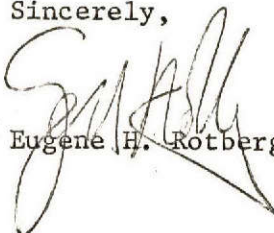
METRO
Bus Operations Dept.
2250 26th Street, N.E.
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Dear Sirs:

It would be most appreciated if you
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between Lockwood Drive at Colesville Road
and (a) Silver Spring, Md. and (b) Wheaton,
Md. and (c) Downtown D.C.

Thank you very much.

Sincerely,


Eugene H. Rotberg

Cham

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. I.P.M. Cargill *AW*

FROM: Eugene H. Rotberg

SUBJECT: Portfolio Statement: October 31, 1974

DATE: November 12, 1974

Attached is the portfolio statement for October 31, 1974. Because of substantial changes in interest rates in the United States, this report will set forth in somewhat more detail than previous reports a description of our recent activities, prospects for the future, and some general comments concerning the management of our liquid assets. The book yield on the portfolio is currently 9.20%. It has increased fairly steadily since December of 1972. We think it highly unlikely that these yields will increase further because of the substantial decline in market interest rates in the last several months.

The book yields on our portfolio have risen against a recent decline in market yields primarily because of the acquisition of three to five-year investments in July, August and September and the liquidation of repurchase agreements. The lengthening of our portfolio into longer-term maturities was done in the expectation that the rate of return over 3-6 months would be higher for three to five-year bonds than for other alternative strategies. As a result of these decisions, the unrealized loss (which reflects in large part our total rate of return) in our dollar portfolio has declined from \$90 million in August to about \$5 million currently.

The chart immediately following shows the market yields for August 26, 1974 as compared to November 9, 1974. You may observe the wide spread between direct Government obligations and U.S. Agency obligations in August (when we priced our Central Bank issue) and the current much narrower and normal spread between these instruments. A swap of Government securities into Agency obligations would have been appropriate in August; currently, based on past relationships, we should sell our two-year agencies and shift into U.S. Government obligations of the same maturity. The more difficult problem is to determine when aberrations such as these are not in fact aberrations but represent a fundamental or longer-term change in the relationships between different securities or segments of the market.

There are some other observations that might be made about the attached yield curve chart. Note that the negative yield curve in August has now disappeared and that the yield curve is positive from three months out to five years - (and continues so out to 25 years). Further, the considerable yield premium offered by commercial banks in August for 3-6 month instruments, as compared to one-year Certificates of Deposit, indicates the strength of the belief at the time that yields would decline. Banks expected to buy money cheaper in the immediate future. They were correct in their evaluation.

It is also useful to learn the lesson of forgoing the higher yield of almost 13% for three months as against the 11% one-year Certificate of

Mr. Robert S. McNamara
Mr. I.P.M. Cargill

- 2 -

November 12, 1974

Deposit. The table below shows the rate of return for the period August 26, 1974 to November 6, 1974 for various maturities. Clearly, the purchase of the lowest yielding investment on August 26, 1974 - a five-year U.S. Agency security - resulted in the highest rate of return.

	<u>Yield</u> <u>Aug. 26, 1974</u>	<u>Yield</u> <u>Nov. 8, 1974</u>	<u>Rate of</u> <u>Return</u>
3 Mos. Treasury Bill	10.31	7.54	11.28
3 Mos. Certificate of Deposit	12.875	9.10	13.92
6 Mos. Certificate of Deposit	12.50	8.75	17.85
1 Year Certificate of Deposit	11.125	8.50	20.35
1 Year Treasury Bill	10.40	7.76	14.59
2 Year Treasury Note	9.11	7.62	21.07
2 Year Agency	9.80	7.79	25.91
5 Year Treasury Note	8.80	7.75	29.06
5 Year Agency	9.60	8.12	37.90

As can be observed from the above, there is a considerable benefit in predicting a change in interest rates for intermediate maturity securities. Conversely, an error -- and we have made them in this area -- will result in a negative rate of return for the period because of the higher risk in holding longer-term instruments. (A change in yield of 20 basis points after two months for a five-year security is equivalent to a change of 240 basis points after two months for a six-month instrument.) That is one of the reasons why we attempt to integrate our investment decisions with our projected cash inflow from borrowings. We cannot, given a substantial net cash outflow from our operations (loan repayments plus net income, less disbursements), take the chance of placing too high a proportion of our holdings in long-term instruments. If we are wrong in our interest rate forecasts, these instruments would have to be liquidated (absent a regular and steady flow of new borrowings) into the market at considerable loss and, more significant, at what might be a financially imprudent time. We therefore have maintained substantial holdings of Certificates of Deposit. In an inflationary environment, these holdings normally offer three advantages: (a) they provide a high current yield; (b) they form a large "cash" reservoir to be used for shifting into longer-term maturities when interest rates rise; and (c) they provide ready liquidity to meet our disbursement requirements.

The question now, however, is what posture to take on our investments as currently constituted. We believe that the decline of about 175 basis points for five-year Agencies from their August highs represents most of the prospective gain over the next six months. We therefore are reluctant to purchase more five-year bonds at current yields. We believe there is a greater probability that somewhat shorter maturities would provide us a better rate of return over the next six months or so and with less market

risk. In short, we think that inflationary pressures limit the probability of equivalent yield declines (in rate of return terms) for a five-year instrument as compared to two-three year maturities. On the shorter end of the maturity scale, we have sold CD's which were scheduled to mature in December 1974, and January and February 1975, and replaced them with longer-term instruments (9 to 12 month maturities), at a somewhat lower yield, on the premise that these will afford a higher rate of return over the next six months as compared to very short instruments.

Currently we only have approximately \$1.0 billion maturing through FY75 of a total dollar portfolio of \$3.3 billion; most of these investments mature April/June 1975. Accordingly, even a further substantial decline in short-term yields should have little effect on our income this fiscal year.

The portfolio management programs and systems developed in the last year or two have proven to be quite valuable. They have enabled us to identify market aberrations, changing patterns of yield spreads among different securities and in different segments of the market in an efficient and precise manner. We are currently attempting to identify that portion of our rate of return which can be attributed to taking advantage of market aberrations or shifts of investments within the same maturity versus improvements (or mistakes) caused by changes in the maturity structure of the portfolio occasioned by our interest rate forecasts. In this connection, I have attached to this report a summary of some informal remarks I made setting forth some of the approaches and methods used in the management of our liquid assets.

. . .

Capital Markets and Liquidity

Although there has been some improvement in capital markets outside the United States, borrowing costs still remain in the 9-1/2 to 10% range. Only in the United States has there been substantial improvement - as set forth in more detail in the October Capital Markets report. Currently, there is a negative differential between the marginal cost of borrowing and investing dollars - a reflection of the slightly positive yield curve. As noted above, even one-year Certificates of Deposit are not readily available at yields higher than the cost of intermediate or long-term borrowing. However, there is a favorable spread in the yield differential between currencies. Thus, the Bank can borrow dollars (either in the U.S. or elsewhere) for virtually any maturity from 5 to 25 years, disburse the proceeds on loans, maintain our cash position by recalling Deutsche Mark and Guilders currently outstanding on loans, and reinvesting these currencies at higher yields in instruments denominated in such currencies. Thus, the marginal cost of carrying liquidity should remain positive because of yield differential between currencies and the facility by which the Bank can change the mix of currencies on loans vis-a-vis the currencies held as part of our liquid investments.

Attachments

Chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



November 11, 1974

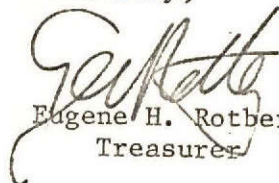
Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank of Japan, Ltd.
Marunouchi, Tokyo, Japan

Dear Mr. Suzuki:

Thank you very much for your
letter of October 29 enclosing IBJ's
latest Bond Market report. I
appreciate your thoughtfulness in
sending me these reports and continue
to find them most interesting.

Best regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



November 11, 1974

Miss Katey Doherty
2356 - 40th Street, N.W.
Apartment 203
Washington, D.C. 20007

Dear Miss Doherty:

With reference to your conversation
with Mr. Rotberg today, I am sending you
herewith an application form for the World
Bank.

Sincerely,

Edith M. Kesterson

Secretary to
Mr. Rotberg

Encl.

Chrom.

(3-70)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ESTITHMAR
KUWAIT

DATE: NOVEMBER 11, 1974

CLASS OF
SERVICE: TELEX

COUNTRY: (STATE OF KUWAIT)

TEXT:
Cable No.:

FOR MR. HAMAD AL-BAHAR, GENERAL MANAGER

DELIGHTED TO SEE YOU ON WEDNESDAY NOVEMBER 20 STOP CAN YOU HAVE
LUNCH WITH ME AND SOME OF MY COLLEAGUES AT THE BANK STOP IF NOT
APPOINTMENT AT TWO THIRTY OR THEREAFTER SATISFACTORY STOP
BEST REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

EHRotberg:emk

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(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch

Chron

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION

Mr. Cargill

Peter:

RECENT BOND PRICING

AAA Dupont (7 years)	----	8.05%
AAA Dupont (30 years)	----	8.45%

AA Caterpillar Tractor (8 years)	--	8.375%
AA Caterpillar Tractor (25 years)	--	8.75%

Probable -- not yet confirmed.

AA Armstrong Cork (10 years)	--	8.45%
------------------------------	----	-------

Salomon Brothers estimate for World Bank

"intermediate-term"	--	8.25%
Long-term (25 years)	--	8-5/8 - 8-3/4%

John Gutfreund of Salomon Brothers suggests that there is room for further improvement in the intermediate-term market, particularly if new issues are absorbed in the market.

Gene Rotberg
Nov. 6, 1974

cc: Mr. McNamara

Chron

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ASIANBANK
MANILA

DATE: NOVEMBER 6, 1974

CLASS OF
SERVICE: TELEX

COUNTRY: (PHILIPPINES)

TEXT:
Cable No.:

FOR MR. TAKEUCHI

REUR TELEX TODAY WILL BE PLEASED TO MEET WITH YOU 1030

DECEMBER 9 STOP REGARDS

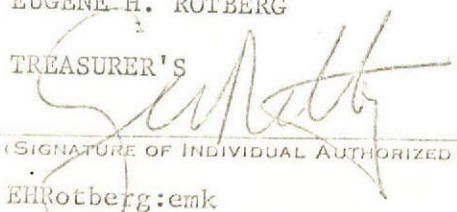
ROTBURG
INTBAFRAD

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AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT TREASURER'S

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OFFICE MEMORANDUM

TO: Mr. Aron Broches

DATE: November 5, 1974

FROM: Eugene H. Rotberg *E. Rotberg*

SUBJECT: \$50 million repurchase facility with Chase/FNCB

As you know we are about to enter into an agreement whereby we can execute repurchase agreements through the Federal Reserve Bank for up to \$25 million each with Chase Manhattan Bank and First National City Bank.

This is to confirm that such repurchase agreements will only be made to avoid overdrafts caused by delivery or settlement problems arising from unforeseen circumstances resulting in a short-fall in the amount to be credited to our account pursuant to our instructions.

Each repurchase transaction is expected to be terminated the following working day. The special facility will in no event be used to purchase additional investment securities or increase our cash resources except in the limited circumstances noted above.

Chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



November 5, 1974

Mr. Yasuo Kanzaki, Manager
The Nikko Securities
Co. (Europe) Ltd.
Royex House, Aldermanbury Square
London, EC 2V 7LJ, England

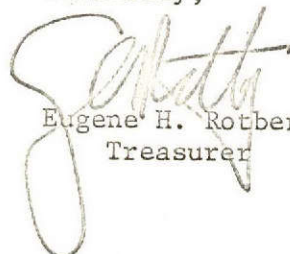
Dear Mr. Kanzaki:

I must apologize for not writing to you before this to offer you my warmest congratulations on your new assignment as Manager of the London office of Nikko Securities. I am sure you will find this new position very challenging. Please accept my best wishes for your future success.

On your next visit to Washington please give me a call so that we can arrange to have lunch together.

Kindest personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

TO: Mr. J. Burke Knapp

FROM: Eugene H. Rotberg

SUBJECT:

DATE: November 1, 1974

Burke:

Attached are some indices of bond portfolios. Please note that the Standard & Poor's weekly index consistently shows a lower yield than the Moody's weekly index. This is because the Standard & Poor's index includes more low-coupon issues whose yields are lower because of the lower tax rate on capital gains in the U.S. I have also attached a bond index prepared monthly by the Federal Reserve Bank of New York. This index is closer to Moody's. Please note, however, the substantial difference on the Federal Reserve index for new AAA utility bonds as compared to seasoned corporate bonds. The difference is occasioned partly by the fact that the utilities are new (i.e. all high coupons), and partly because of difficulties even AAA utilities are having in the market.

Finally, and most important, see the different indices prepared by Salomon Brothers which show the substantial variations in indices depending upon whether the bond is utility or industrial and whether it has a low coupon or high coupon.

The choice of an index will depend on what you want to use it for.

Attachments

Chron.

REGISTERED
AIR MAIL

October 30, 1974

Ministere des Finances
B. P. 1630
Yaounde
United Republic of Cameroon

Gentlemen:

Enclosed please find Capital Stock Certificate No. 113
certifying that the United Republic of Cameroon is the owner of
111 fully paid shares of the capital stock of the International
Finance Corporation.

Sincerely yours,

(signed) Eugene H. Rotberg

Eugene H. Rotberg
Treasurer

7
Enclosure: 1

cc: Embassy of the United Republic
of Cameroon
2717 Connecticut Ave., N.W.
Washington, D.C. 20009

cc: Mr. Kochman
Mr. von Hoffmann
Mr. Richards
Mr. Hassan
Mr. Steckhan
Mr. Damry
Mr. Cirillo
IFC Circulation (2)

cc: Mr. Rotberg
Mr. Hittmair
Mr. De Boeck
Mr. Dillard

VCManion/gg

OUTGOING WIRE

TO: MR. ARITOSHI SOEJIMA
INTBAFRAD
TOKYO

DATE: OCTOBER 31, 1974

CLASS OF (TELEX)
SERVICE:

COUNTRY: JAPAN

TEXT:
Cable No.:

ONE: WOULD VERY MUCH APPRECIATE YOUR SEEING MR. MAX SKALL AND M. PINET ON
DECEMBER 3. THEY ARE REPRESENTATIVES OF A. G. BECKER & CO. AND THEIR
AFFILIATE WARBURG, PARIBAS/BECKER STOP AS YOU MAY KNOW THE WARBURG,
PARIBAS NEW YORK OFFICE HAS MERGED WITH A. G. BECKER. ANY INFORMATION
ADVICE OR MEETINGS YOU CAN ARRANGE FOR THEM WILL BE HIGHLY APPRECIATED.

TWO: WILL RESPOND TO YOUR QUESTIONS CONCERNING YEN INVESTMENTS IN A FEW DAYS
AND WILL ALSO ADVISE METHOD BY WHICH WE WOULD EXPECT TO ACCUMULATE
NECESSARY YEN AND TIMING OF OPERATION. WE AGREE OF COURSE IN PRINCIPLE
TO THE OPERATION.

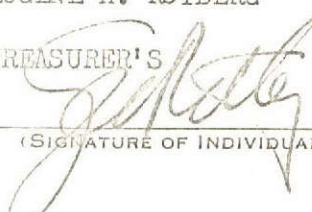
THREE: WE ARE ALSO REVIEWING RECOMMENDATIONS TO PURCHASE OUTSTANDING YEN BONDS.
THIS MAY PROVE DIFFICULT UNLESS WE WERE TO MAKE TENDER FOR ALL BONDS
OUTSTANDING OF A PARTICULAR SERIES. WE HAVE CONSIDERED THIS MATTER IN
CONNECTION WITH BOND ISSUES IN OTHER COUNTRIES BUT NO RESOLUTION YET
MADE AS ANY MEANINGFUL PURCHASE WOULD REQUIRE SUBSTANTIAL DRAW DOWN OF

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. ARITOSHI SOEJIMA
INTBAFRAD
TOKYO

DATE: OCTOBER 31, 1974

CLASS OF (TELEX)
SERVICE:

COUNTRY: JAPAN

TEXT:
Cable No.:

PAGE TWO

OF OUR LIQUIDITY. NONETHELESS THE QUESTION REMAINS OPEN AND UNDER
STUDY HERE. THANK MR. SAKAI FOR HIS SUGGESTION. WILL DISCUSS
MATTER FURTHER WITH YOU ON NEXT VISIT TO JAPAN. BEST REGARDS.

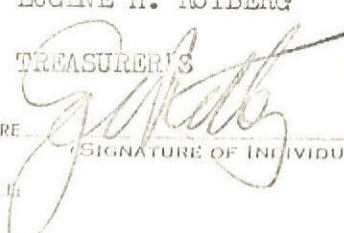
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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REMARKS: See Secretariat Cable for preparation found

Checked for Dispatch



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



Chron

October 24, 1974

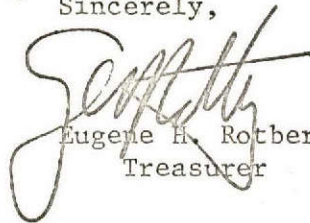
Mr. Guy Demole
Pictet & Cie.
6, rue Diday
Case Postale 436
1211 Geneve 11
Switzerland

Dear Mr. Demole:

Thank you for your letter of October 9.

While I was sorry to have missed seeing you and Mr. Tucker at the time of our Annual Meeting, I can fully understand how one's plans are changed at the last minute. I look forward to meeting with you when you next visit Washington.

Sincerely,


Eugene H. Rotberg
Treasurer

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. R. P. Messerly, Travel Office
FROM: Eugene H. Rotberg, Treasurer
SUBJECT: Unused Metroliner Ticket - NYC/Washington - October 22, 1974

DATE: October 23, 1974

I am attaching hereto unused Amtrak Ticket No. 0 507 169.

Last minute change of plans necessitated my returning to the office and I, therefore, purchased an Eastern Airline shuttle ticket, for which I have requested reimbursement.

Attachment

cc: Administrative Expense Division



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



October 24, 1974

Mr. Richard C. Taylor
Vice President
T. Rowe Price Associates, Inc.
1660 L Street, N.W.
Washington, D.C. 20036

Dear Dick:

Enclosed is a rough draft, derived from my notes, of some informal remarks that I made at the Institutional Investor Bond Conference. The speech, of course, has never been published and I would not wish it to be disseminated - so please keep it for your own internal use.

Best regards,


Eugene H. Rotberg
Treasurer

Chron

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill

DATE: October 21, 1974

FROM: Mr. Eugene H. Rotberg *ER*

SUBJECT: Trinidad and Tobago - Borrowing

Peter:

The Trinidad and Tobago transaction will be considered by the Board on October 29. The documents will be circulated during the week of October 21. The only aspect of the borrowing which is unique is the provision that Trinidad and Tobago has the right to request prepayment of the loan if their total foreign assets are less than one-third of their merchandise imports. The specific relevant clauses in the agreement are set forth below:

(i) the term "Foreign Assets Position" means the aggregate of the gross position of the Government in the International Monetary Fund, its Special Drawing Rights holdings and such foreign assets or claims (all valued at current market rates of exchange) as can be used to meet a deficit in the balance of payments of Trinidad and Tobago, including gold, bank deposits, Treasury bills, government short and long-term securities, other marketable securities and marketable real estate (other than real estate used for Government official activities abroad) held by the Government, the Central Bank of Trinidad and Tobago, any public funds or agencies of the Government or the commercial banks in Trinidad and Tobago, but excluding (1) the Loan and any loan (or evidence of indebtedness representing a loan) with a remaining maturity of one year or more granted by the Government or its monetary agencies to, or for the benefit of, other Caribbean countries for balance of payment support or development purposes or to the Inter-American Development Bank or the Caribbean Development Bank and any shares of the capital stock of the Bank, and (2) foreign exchange balances or foreign securities required to be held for the purpose of a sinking fund for the amortization or redemption of, or as collateral to secure, debt for money borrowed in foreign exchange in accordance with the instrument creating or securing such debt.

(ii) the term "Agreed Import Value" means the recorded c.i.f. value of merchandise imports into Trinidad and Tobago, excluding imports under Section 3 of the Standard International Trade Classification brought in under petroleum processing agreements for processing and re-export.

Mr. I. P. M. Cargill

October 21, 1974

(b) If, on the basis of any review under paragraph (a), it is determined that the Foreign Assets Position at the end of the relevant period shall have been less than one-third of the Agreed Import Value for such period, and the Government shall so request the Bank by written notice delivered to the Bank at least 60 days before May 1 of the calendar year immediately following the review under paragraph (a), then the Bank shall on such date repay to the Government at par the principal amount of the Loan then outstanding.

At the present time, the Central Bank reserves alone reached a level sufficient to cover more than four months' imports as of July, 1974, even though Trinidad had received no more than two quarterly oil payments since the January 1 price increase. Thus, the risk is quite small that Trinidad would be able to trigger the prepayment clause. I propose telling the Board that in our view it is highly improbable that the prepayment clause would be triggered. Further, Trinidad has advised us that even if their reserves declined to two months of imports they would be reluctant to ask for prepayment as they look upon the loan to us as a long-term investment.

If pressed on the "precedent" implication of the formula, I would state that even though the risk is quite small, we would be reluctant to offer this kind of a privilege if the amounts involved were a substantial portion of our liquid holdings. We can afford to take some risk of prepayment (even though we think it is minimal) if we are talking about \$15 million out of \$4 billion. I think financial prudence would dictate not taking any risk if the amount to be prepaid were \$500 million/\$1 billion out of our \$4 billion.

I would appreciate any suggestions you may have.

EHR/ebf

cc: Mr. Gerald Alter
Mr. Hans C. Hittmair



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3 6360 • Cable Address - INTBAPRAD

October 18, 1974

Ms. Christine Kelly
Student Affairs Officer
Columbia University
Graduate School of Business
Office of Student Affairs
New York, New York 10027

Dear Ms. Kelly:

Thank you for your letter of October 11, concerning the scheduling of speakers at Columbia University. It would be agreeable to me to speak in the early spring, and I look forward to hearing from Mr. Putich of the American Finance Association.

Sincerely yours,


Eugene H. Rotberg
Treasurer

EHR/ebf



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

October 18, 1974

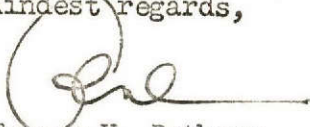
Mr. Martin L. Leibowitz
Vice President
Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Martin:

Thank you very much for your book on Rate of Return Analysis on Taxable Portfolios. It's a pleasure to read something which makes such good sense. Unfortunately, the dialogue does not lend itself to movie-making - it isn't quite sexy enough - although it should be extremely interesting for generally mature audiences.

It was very nice seeing you at the Bond Conference. Please keep in touch.

Kindest regards,


Eugene H. Rotberg

EHR/ebf

Chen

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ROTHSCHILD
LONDON EC4

DATE: OCTOBER 16, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (ENGLAND)

TEXT:
Cable No.:

FOR CAROLE WILSON, SECRETARY TO MR. RODNEY LEACH
REURTELEX OCTOBER 14 STOP DATES FOR 1975 WORLD BANK/IMF MEETINGS
TO BE HELD IN WASHINGTON NOT YET ESTABLISHED STOP WILL ADVISE
YOU WHEN SUCH INFORMATION KNOWN REGARDS

XXXX KESTERTON
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

POST. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: ERROTberg:emk

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Chen



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



October 10, 1974

Dear Michelle:

Thank you for all your help concerning the car. I have today sent Mrs. Le Roux a check payable to IBRD in the amount of \$357.46.

Again many thanks. I look forward to seeing you when I am next in Paris.

Best regards,


Gene Rotberg

Mme. Michelle Bazin
International Bank for
Reconstruction and Development
66 Avenue d'Iena
75116 Paris
FRANCE



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 13 - October - December 1974		Barcode No. 1858116		
Document Date 10 October, 1974	Document Type Letter			
Correspondents / Participants To: Kirsten Le Roux From: Eugene H. Rotberg				
Subject / Title Car rental fee				
Exception(s) Personal Information Financial Information iv				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023			

OFFICE MEMORANDUM

Chen

TO: Mr. Poul H. Kryger

DATE: October 9, 1974

FROM: Eugene H. Rotberg *ER*

SUBJECT: Investment of the Bank's Liquid Assets

In the meeting of the Executive Directors held on October 8, 1974 an inquiry was made as to the criteria used for the investment of the Bank's liquid assets. This question was raised in the context of Board document R74-199 of October 1, 1974 requesting the increase in the authority to invest Bank funds with U.S. commercial banks in the form of time deposits from the present level of \$1,550 million to \$1,750 million. A further more specific question referred to possible investment alternatives to such time deposits.

The basic investment criteria for the Bank's liquid assets are:

- (a) the maximum return obtainable in the markets for any specific currency held;
- (b) the high quality of investment instruments to assure the safety of the investment, and
- (c) the high degree of liquidity of the investment instrument in order to provide the necessary flexibility in meeting the Bank's requirements.

In making investment decisions all three basic criteria have to be met. The investment work is guided by various Board Resolutions which have been passed over the years and which determine various specific aspects of the above criteria.

One limitation that has been imposed is a ceiling on the authorization to place time deposits with U.S. commercial banks. The present authorization stands at \$1,550 million and has been fully utilized. The return on the outstanding time deposits as of September 30 was 10.47%. The reason for the request to the Executive Directors for an increase to \$1,750 million is that substantial dollar amounts (\$230 million) are receivable in mid-October in partial settlement of three bond issues. The increase in the authorization would be required to take advantage of a 2-1/2 to 3% spread between the rates available for short-term dollar certificates of deposit and U.S. Treasury obligations of comparable maturity which would have to be considered as prime investment alternatives.

Great care is taken by the Bank to assure the high quality of the time deposit investments. The Bank never holds more than a small proportion of the deposits of any single bank. For working purposes the ceiling for any given bank is set at 1% of its total deposits, in the case of the large U.S. banks it is in practice

Mr. Poul H. Kryger

- 2 -

October 9, 1974

considerably less. Our deposits have been placed with some 50 banks who either have deposits in excess of \$1 billion or who are branch offices of large non-U.S. banks. The distribution of the Bank's CD portfolio however concentrates on 25 to 30 of the largest U.S. banks. It should be pointed out that there is a strong and active secondary market for certificates of deposit which assures a high degree of liquidity for such investments.

The general topic of managing the Bank's liquid assets was discussed last January by the Treasurer, Mr. Rotberg; his statement as of January 18, 1974 is attached as further information on this subject.

EHRotberg:HCHittmair:mb

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Borrowings from OPEC

DATE: October 10, 1974

Attached is a schedule showing World Bank borrowings from OPEC for the period July 1, 1973 through September 15, 1974. Currently, we are in the process of negotiating other substantial borrowings from OPEC. In FY75 we expect to borrow significant amounts (aggregating over \$1 billion) in Saudi Arabia, Nigeria, Abu Dhabi and Libya. We also expect to negotiate transactions with Ecuador, Gabon, Trinidad and Tobago, Iraq and Iran, which will serve to more than offset our FY75 commitments to these countries.

Attachment

EHRotberg:emk

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Borrowings by the World Bank from Members of The Organization of Petroleum Exporting Countries (OPEC) in the fiscal year July 1, 1973 to June 30, 1974 and in the current fiscal year beginning July 1, 1974 through September 15, 1974.

LONG-TERM BORROWINGS BY THE BANK FROM OPEC

	Amounts (Expressed in millions of US dollars)	
<u>Borrowings Prior to the Oil Price Increase</u>		
8/09/73 - Libya 7-5/8% 10-Year Libyan Dinar Bonds (Average Life 9.75 yrs)	101.3	
12/15/73 - Kuwait 7-1/4% 15-Year Kuwaiti Dinar Bonds (Average Life 9.0 yrs)	<u>84.4</u>	185.7
<u>Borrowings Post Oil Price Increase</u>		
3/01/74 - Venezuela 7% 13-Year Venezuelan Bolivar Bonds (Average Life 8.3 yrs)	23.3	
4/15/74 - Iran 8% 12-Year U.S. Dollar Loan	100.0	
5/15/74 - Iran 8% 12-Year U.S. Dollar Loan	100.0	
5/15/74 - Abu Dhabi 8% 15-Year Dirham Bonds (Average Life 10.5 yrs)	<u>76.0</u>	<u>299.3</u>
Total Long-Term Borrowings from OPEC in FY74		485.0
Add: OPEC Purchases of World Bank 2-Year US dollar bonds		<u>80.0</u>
<u>Total Borrowings by World Bank from OPEC in FY74</u>		<u>565.0</u>
<u>Long-Term Borrowings July 1, 1975 through September 15, 1975</u>		
* Oman 8% 15-Year US dollar Loan (Average Life 14.8 yrs)	30.0	
** Saudi Arabia 8% 10-Year Riyal Bonds	140.8	
*** Venezuela 8% 15-Year US dollar Loan (Average Life 11.0 yrs)	400.0	
*** Venezuela 8% 15-Year Venezuelan Bolivar Loan (Average Life 11.0 yrs)	100.0	
**** Iran 8% 12-Year US dollar Loan	<u>150.0</u>	
Total Long-Term Borrowings from OPEC during the period July 1, 1974 through September 15, 1974	820.8	
Add: OPEC Purchases of World Bank 2-Year US dollar bonds	<u>73.9</u>	
Total Borrowings by World Bank from OPEC during the period from July 1, 1974 through September 15, 1974		<u>894.7</u>
Total World Bank Borrowings in OPEC during the period July 1, 1973 through September 15, 1974		<u><u>1,459.7</u></u>

* Arrangements for borrowing in Oman made in May, 1974, settlement in fiscal 1975.

** Arrangements for borrowing in Saudi Arabia made in June, 1974, settlement in fiscal 1975.

*** Arrangements for borrowing in Venezuela made in August, 1974, settlement in tranches through January, 1975.

**** Arrangements for borrowing in Iran made in September, 1974, settlement in two tranches of \$75 million each on October 15, 1974 and March 17, 1975.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.

October 9, 1974

Ms. Shoya Zichy
Institutional Investor Magazine
488 Madison Avenue
New York, New York 10022

Dear Shoya:

Regarding our conversation yesterday about the Kuwait Investment Company, the World Bank has done six bond issues with KIC in which they placed bonds for us on a quasi-public/private basis. The first of these issues was in 1968 and the most recent in 1973. The issues ranged in size from approximately \$51 million equivalent to \$91 million equivalent (I say "equivalent" because the issues were denominated in Kuwaiti dinars.) The aggregate amount of money raised by the World Bank through KIC is equivalent to about \$435 million.

Kindest regards,


Gene

Chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



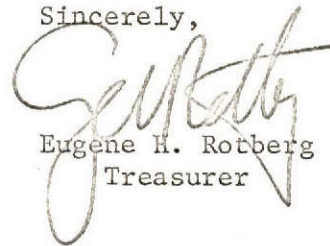
October 7, 1974

Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank of
Japan, Limited
Maurunouchi, Tokyo, Japan

Dear Mr. Suzuki:

Thank you very much for your
letter of September 30 enclosing IBJ's
latest Bond Market Report. I continue
to find this information interesting and
appreciate your sending it to me.

Sincerely,


Eugene H. Rotberg
Treasurer

Chrow.

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg *ER*

SUBJECT: Lending Rate Paper

DATE: October 7, 1974

Peter:

I have several points re the lending rate paper. First, I think the paper is a good one and focuses on the issues quite well. I suggest adding the following:

(1) Add in the text a statement (or table) showing the current interest rate on disbursed loans, i.e. 6.3%, and the interest rate by, say, 1982 under an 8% lending rate and a 9% lending rate. I believe this will show clearly the rather small difference in the average cost of our borrowers' indebtedness incurred by increasing the lending rate by 1%.

(2) I would make clear the deterioration of our debt/equity ratio by showing the actual changing cost of "total funds" (debt plus equity). The cost has increased from 2.5% in 1965 to 4.7% currently and will approach 7% by 1982 even under an 8-1/2% lending rate. This is due to both the cost and the amount of heavy debt financing as compared to the minimal increases in our equity and reserves.

(3) The cost of total funds in 1982 should be compared to the interest receivable on our major income-producing asset, i.e. our loan income. Currently, the interest receivable on outstanding loans is 150 basis points over the cost of all funds. This is down from over 300 points as of June 30, 1969. That spread (which essentially will determine our profit in future years) would deteriorate to only 22 basis points by the early 1980's under an 8% lending rate. It is that shrinking spread which we seek to stabilize. The only reason that our profit is maintained at around \$220 million in the early 1980's is because the commitment fee by that time produces income of \$162 million out of a projected net income of \$227 million - under the standard 8% projection. By comparison, our commitment fee currently only results in \$60 million out of a \$250 million net income.

cc: Mr. Adler
Mr. Taylor

EHRotberg:emk



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



10822 Childs Court
Silver Spring, Md.
20901

October 2, 1974

Mrs. Edith Nash
Principal
Georgetown Day School
4880 MacArthur Boulevard, N.W.
Washington, D.C.

Dear Mrs. Nash:

I would like to take this opportunity to introduce myself and to request consideration for the admission of our daughter, Diana, to your school in September 1975. It would be most appreciated if you could send to me the necessary application forms and advise us what interviews or other information are necessary to process her application. She currently attends public school in Montgomery county and would hope to enter the tenth grade in September 1975.

I have heard fine compliments about your school from my colleagues, friends, and their children who attend Georgetown Day and look forward to hearing from you soon.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Rotberg", is written over the typed name.
Eugene H. Rotberg



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



10822 Childs Court
Silver Spring, Md.
20901

October 1, 1974

Dear Yona and David:

I tried to call both of you yesterday but was unable to get in touch with you. Iris and I had delayed until the last minute responding to the kind invitation to the Bar Mitzvah of your son, Derek. But, regrettably, there was just an overwhelming series of meetings during the day and in the evening at the Annual Meeting which simply could not be put off.

Please accept our warmest congratulations. Let's get together soon.

Sincerely,

Gene Rotberg

Mr. and Mrs. David Goldberg
3353 East West Highway
Chevy Chase, Maryland

Oct 1
Bar
Mitzvah

Reception

Tuesday evening, the first of October
at eight-thirty o'clock
3353 East West Highway
Chevy Chase, Maryland

The favour of a reply
is requested

Our son, Derek

דורון

will read a portion of the Haftorah
on the occasion of his Bar Mitzvah
on Tuesday morning, the first of October
the first day of Succoth
at ten o'clock

Adas Israel Congregation
Connecticut Avenue and Porter Street, Northwest
Washington, District of Columbia

We would be happy to have you share
this happy occasion with us, and to join
us for the Kiddush following the services.

David and Yona Goldberg



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



Chris
October 1, 1974

Dear Mr. Fellman:

Mr. Cargill and I would like to express our appreciation for the very lovely reception and dinner which you prepared for us last evening. The ambience was most conducive to a delightful evening. We certainly appreciate your efforts and our compliments to the chef.

Sincerely,

Eugene H. Rotberg
Eugene H. Rotberg
Treasurer

Mr. Carl Fellman
Maitre d'hotel
The Madison Hotel
15th & M Streets, N.W.
Washington, D.C.